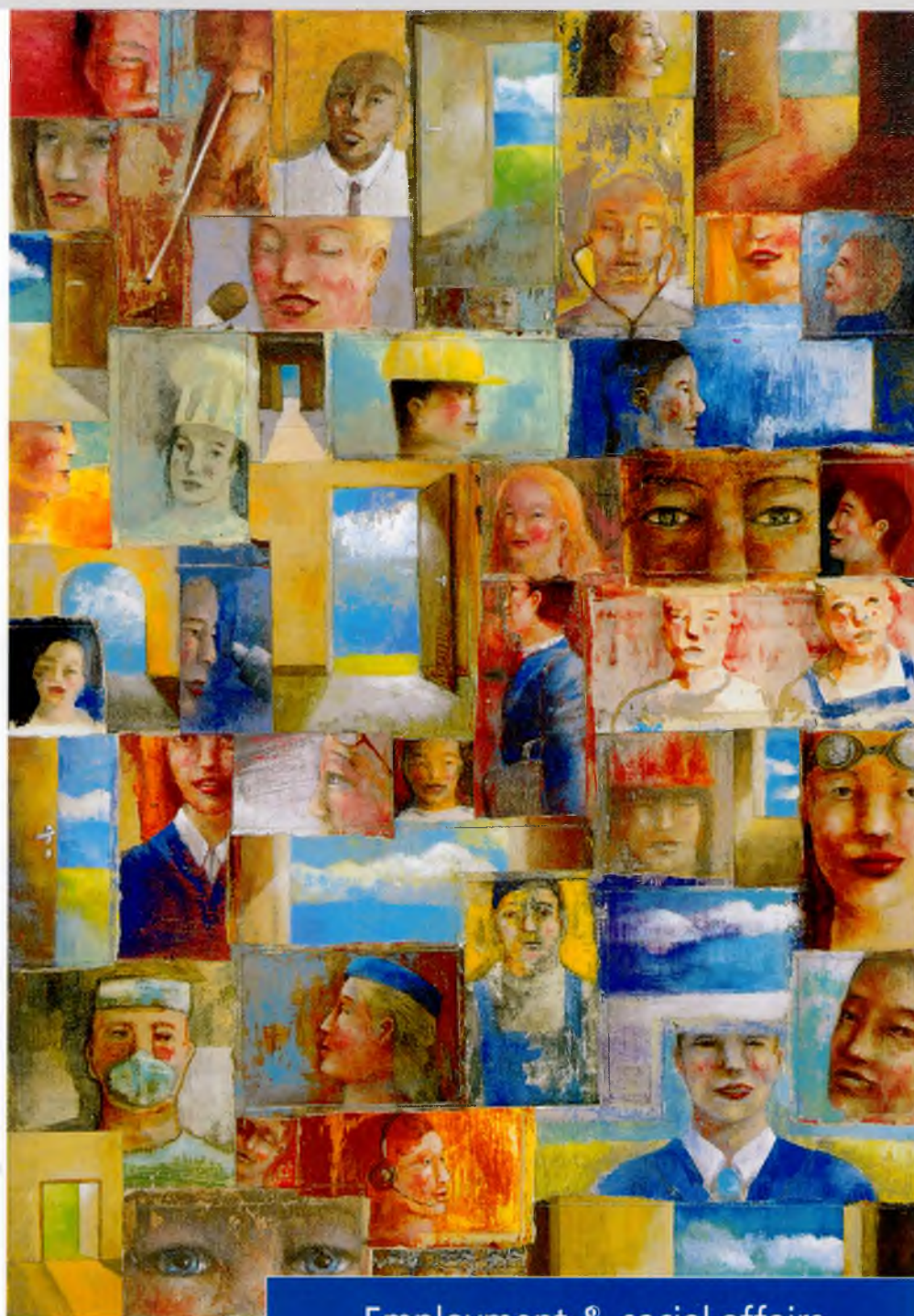


The European Social Fund

an overview of the
programming period 1994-1999

European Social Fund



Employment & social affairs



European Commission

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A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu.int>).

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F O R E W O R D



Foreword by Pádraig Flynn, Commissioner with special responsibility for Employment and Social Affairs

For over 40 years, the European Social Fund has been the European Union's main source of finance to help people to help themselves - by funding training, guidance, counselling, employment creation, and a host of other activities which enable people to improve their jobs or their prospects on the jobs market.

It has done this in two main ways. Within the less developed regions of the Community, it has been a major driving force behind the improvement of education, training and re-training. Elsewhere, it has played an important role in helping Member States to match their labour supply to the ever changing needs of the economy.

It has thus been a tangible manifestation of Europe's concern for the issues of social inclusion and of equality of opportunity for all, helping to spread the vast improvement of living standards over those 40 and more

years, to as many people as possible. Between 1994 and 1999 (the current 'programming period') the Commission will have spent some ECU 47 billion through the European Social Fund on these aims.

And yet there has never been one single publication bringing together what the Fund does, which is why I am happy to commend this one to you. Here you can see how the Fund sets out to support Member States in their efforts against unemployment, and get an overview of the wider thematic issues (such as Equal Opportunities) across the Fund as a whole. Now that the European Employment Strategy, which the Treaty of Amsterdam calls for, has been well and truly launched by the Luxembourg jobs summit in November 1997, it is appropriate that the Union's only Fund aimed specifically at people should be presented in this easily comprehensible and accessible manner.



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I N T R O D U C T I O N

What is the ESF ?

The European Social Fund (ESF) invests in people. Its purpose is to improve the prospects of those who face the greatest obstacles in finding, keeping or regaining work. In this way the ESF enables millions of people throughout the European Union to play a fuller role in society and thus improve their quality of life.

The ESF provides funding on a major scale for programmes which develop or regenerate people's employability by providing them with the right skills, both for work and for social interaction, improving self-confidence and adaptability in the job market.

The ESF channels its support into strategic long-term programmes which help regions across Europe, particularly less prosperous ones, to upgrade and modernise workforce skills and to stimulate entrepreneurial initiative.

The ESF is the main tool through which the European Union translates its employment policy aims into action. In the six years 1994-1999 the ESF, which operates in all Member States, will have made available ECU 47 billion, accounting for almost ten per cent of the European Union's total budget.

Through a joint-funding principle, the ESF adds to the scope and the impact of active measures being undertaken by Member States to increase people's employment prospects.

The ESF's aims are both preventive and remedial. To help prevent future long-term unemployment, the ESF focuses its support on programmes which prepare young people better for working life, which help those in employment adapt or develop their skills to meet the challenges of change in the workplace, or which intervene early to help those losing their jobs who may be at risk of long-term unemployment to regain work quickly. For those who have reached the stage of long-term unemployment, the ESF concentrates on supporting coordinated programmes which provide a step-by-step path for getting people back into work. Underlying all the ESF's work is the principle of ensuring equal access to employment for men and women, the disabled, and disadvantaged minorities at risk of social exclusion.

About this publication

Information on the ESF is currently dispersed among a number of sources at Community and national level. The only option open to those seeking a comprehensive overview of the Fund's activities and how it works is to consult the relevant Community legislation and the various programming documents (CSFs, SPDs, OPs). The information contained in these texts is not always specific to the ESF and is consequently somewhat fragmentary, while the programming documents are often available only in the national language.

This publication is an attempt to fill the existing gap. A sort of 'guide' to the ESF, it brings together for the first time in a single publication the different aspects of ESF programming for the period 1994-1999 and the context in which they are set, together with a description of how the Fund is administered and implemented.

The greater part of the report is devoted to a description of the Fund in each Member State. These 15 summaries present rather than analyse the choices made by the Member States in the form of programmes devised in accordance with ESF financing criteria and guidelines. They are based for the most part on national programming documents, which is why the level of detail may vary from one Member State to another. The aim is to

provide an overview of the manner in which each of the 15 Member States intends to implement its operations in the different areas covered by the ESF Regulation, in the light of its own social, economic and administrative situation and, of course, its priorities. The report also provides the different ESF players with information on the Fund's activities outside their own country.

The first part of the report outlines the legal and administrative framework in which the Fund has evolved since its creation and provides a detailed description of the current situation (operational, budgetary and financial aspects). The aim is not to analyse the Funds' activities, still less to evaluate them, hence the absence of information from which to draw qualitative conclusions on the current state of play.

The report might best be described, in fact, as a sort of inventory: a basic reference tool for anyone wishing to enhance his knowledge of the Fund, notably ESF key players and training and employment professionals. It should also be of use to all those who, inside or outside the European Union, want to know more about the ESF.

The Employment and ESF Information Sector





THE ESF FROM 1957 TO 1993
historical background and legal framework

CHAPTER 1

Evolution of the ESF from 1957 to 1988

CHAPTER 2

The 1988 reform of the Structural Funds

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The 1993 review;
future developments

Evolution of the ESF from 1957 to 1988

The European Social Fund has naturally undergone many changes since its establishment with the evolution of the social and economic situation, the changing nature of Community policies, the progressive enlargement of the Union from six to fifteen Member States and not least through the periodical reviews of the effectiveness and suitability of its role, management and impact. The importance of keeping the Fund geared to changing needs was in fact recognised by the inclusion of a review clause in each of the major reforms outlined in this chapter.

1957-1971

The Initial Phase (1957-1971)

The European Social Fund (ESF), the longest established Structural Fund, was set up by the Treaty of Rome (Article 123) to improve job opportunities in the Community by promoting employment and increasing the geographical and occupational mobility of workers.

The management of the ESF was entrusted to the Commission, assisted by the Social Fund Committee, consisting of representatives of governments, trade unions and employers - a body which continues to function to the present day.

The original rules (Article 125 of the Treaty) provided for grants reimbursing public authorities in the Member States half the cost of vocational training and resettlement allowances and grants to workers suffering a temporary drop in wages during restructuring operations in their enterprises. In the case of the conversion of an enterprise, aid was granted only when the government concerned had obtained prior approval from the Commission to the plan and the workers were fully employed again within six months. The objective was to assist workers moving from one region to another in search of work and those needing to acquire new skills in sectors undergoing modernisation or conversion of production methods. Training for the public sector and for self-employment were specifically excluded.

In those early years, unemployment was nothing like the problem it was later to become and to the extent that it did exist, it was thought that it could be largely contained by a policy of support for the training and mobility of workers exercising their right of freedom of movement within the Community. Economic growth was expected to solve unemployment problems by itself without the active social and labour market policies that were to become indispensable as conditions worsened in later years.

Outputs

The ESF provided grants totalling some 400 million units of account (at then current prices) in the period September 1960 to 31 December 1973 for the retraining of almost a million workers and the resettlement of 700,000. In terms of numbers assisted, Italy was the main beneficiary with 65% of the total, followed by Germany with 25.5%. Many Italian workers were trained with ESF aid in Germany, France and Belgium. From the financial aspect, Germany, with its well developed training system and its extensive programme for the rehabilitation of workers with disabilities, was the major beneficiary with 42%, followed by Italy with 36%. Grant applications rose from ECU 8.2 million in 1965 to ECU 46.2 million in 1970.

Weaknesses

The Fund was financed up to 1969 (when the Community budget based on 'own resources' was introduced) by direct contributions from the Member States. It was agreed that some Member States would contribute relatively more to the ESF and others less. As Italy, although among the countries paying relatively less, was expected to be the major beneficiary, this arrangement reflected an intention to give the ESF a redistributive role.

This proved to be the case to a certain extent in the earlier years, but from 1967 onwards the most prosperous Member State, Germany, became the major beneficiary. This failure to effect redistribution of resources was seen as one of the main drawbacks of the Fund at the time of its first review. The timing of the review was fixed in the Treaty as the end of the twelve-year transitional period for the establishment of the Common Market. The Council was empowered (Article 126) to make, at this stage, the changes in the operational system of the ESF necessary for the most effective attainment of its objectives.

The other main problem to become apparent during the lifetime of the first ESF was the fact that the system of retrospective grants precluded any

Community influence on national labour market and vocational training policies.

1971 Reform - Adding the Community Dimension

By the mid-sixties, earlier ideas about counteracting unemployment were being questioned, and there was a growing realisation that part of the unemployment problem was due to the impact of community policy, particularly in the economic field. It was also becoming evident that, in some regions, employment was hampered by structural factors. The expectations of a single European labour market failed to materialise.

It was against this background that the Commission presented, in 1969, its opinion on the first reform of the ESF. The aim was to extend and strengthen the Fund as an instrument responding to Community rather than purely national objectives, while introducing greater efficiency and flexibility in its management. The new Fund which emerged (adopted in 1971 with effect from 1 May 1972)¹ had substantially greater resources, exceeding in its first two years the total budget for the twelve years of the previous Fund. The new structure was a compromise between Member States advocating a focus on specific categories of workers and those favouring an emphasis on structural unemployment in the less developed regions. This feature was to re-emerge in the subsequent reviews of the ESF up to the adoption in 1988 of the principles underlying the present-day structure. The system of retroactive funding was replaced, in the 1971 review, by new rules providing for applications to be submitted prior to the beginning of operations.

The Council Decision adopted in 1971² replaced the provisions in Article 126 of the Treaty with a new system providing the following two types of intervention:

- ◆ Article 4 provided for ESF intervention to improve the balance in supply and demand of labour within the Community, or where employment was affected by Community policies. The categories of persons covered were to be decided by the Council in subsequent decisions, the first of which related to people leaving agriculture.³ This was subsequently extended to workers in the textile and later still the clothing sector⁴ which was undergoing large-scale re-structuring and

redundancies with movement towards trade liberalisation. Further openings which followed are referred to below;

- ◆ Article 5 was to provide support for action, carried out in the framework of national policies, to promote employment in less developed regions, in sectors of the economy and groups of firms restructuring because of technical change and for the rehabilitation of persons with disabilities.

At least half of the entire budget was to go to the Article 5 regions. The decision stated that this provision should be reviewed by the next reform of the Fund on the understanding that in the long term the greater part of the budget would be for Article 4.

Admission of the Private Sector

A further innovation was the opening up of ESF aid to the private sector. For the first time, private bodies became eligible for ESF grants to the extent that a public authority guaranteeing the scheme was also contributing.

Innovation

Provision was also made, for the first time, for pilot actions to promote innovation in training.

Activities Supported

The new rules for assistance eligible under the ESF⁵ provided for continued support for training and re-settlement together, with allowances for the training of instructors and trainees. Wage subsidies in Article 5 regions were made available for workers being trained during their first six months of employment. Similar grants applied to workers over 50 and for the adaptation of work stations to the needs of people with disabilities.

Most of the resources (90%) went, in practice, to vocational training.

The 1977 and 1978 Amendments

Although the next major review of the ESF was not foreseen until the early eighties, the serious deterioration in the unemployment situation, especially for young people and in the least developed regions, led to other amendments in the intervening years.

1 Council Decision 71/66/EEC

2 Council Decision 71/66/EEC

3 Council Decision 72/428/EEC

4 Council Decision 76/206/EEC

5 Council Regulation (EEC) No. 2396/71

The eligible categories under Article 4 were enlarged in 1977 to include:

- ◆ migrant workers and their families⁶;
- ◆ women over 25, unemployed, or wishing to return to work after a long period out of the labour market⁷;
- ◆ unemployed young people under 25 especially first job seekers⁸.

Regional Aspect

Reflecting the increasing attention to regional disparities, which led to the establishment of the European Regional Development Fund (ERDF) in 1975, the Council adopted a Regulation⁹ on 20 December 1977 applying a higher grant rate of 55% to Greenland, the French Overseas Departments, Ireland, Northern Ireland and the Italian Mezzogiorno. The naming of these regions in a Council text - subsequently termed the absolute priority regions - (a precursor to today's Objective 1 regions) gave considerable authority and impetus to the role which the Commission increasingly envisaged for the ESF as a support for regional development.

Aid for Job Creation

With concern growing over unemployment, the European Council of 6/7 July 1978 at Bremen called for additional action by the ESF in this field. This led to the introduction of a new type of aid for job creation, applicable from 1979, in a Fund hitherto limited to supporting vocational training and mobility. The ESF was empowered to contribute up to ECU 30 per week for a maximum of twelve months¹⁰ for young job-seekers under 25 in addition to jobs which either provided experience likely to equip them for recruitment to permanent employment or related to projects fulfilling a public need.

1983

1983 Revision - Combating Youth Unemployment

The worsening unemployment situation, especially among young people, was a major influence on the 1982 review of the Fund. In that year the total number

of unemployed in the Community had reached 10.5 million, of whom 42% were under 25. Many young people lacked the basic schooling and training to get them on the employment pathway. Conventional qualifications, moreover, even at graduate level, were often ill-adapted to the needs of the job market. Programmes for young people accounted for 44% of ESF beneficiaries in 1982 but Member States were drawing up new education-to-work schemes and demand was growing for the ESF to help more.

The Commission reported to the Council that the structure of the Fund had proved too rigid and complicated to cope with changing needs and proposed a new scheme concentrating on the fight against youth unemployment. The Commission's objective was 'to provide support for the implementation of a training guarantee for all young people and to promote a dynamic response to the problem of youth unemployment';¹¹.

This new regime¹², which came into force in 1984, stipulated that young people must make up at least 75% of the total beneficiaries of the Fund.

The priorities for youth schemes subsequently defined in the Commission's guidelines¹³ for the management of the Fund comprised:-

- ◆ schemes for the under 18s combining vocational training and work experience which offered employment prospects;
- ◆ vocational training for young people (18-25) with inadequate qualifications for jobs involving new technology;
- ◆ job premium schemes in the absolute priority regions.

Regional Focus Accentuated

The new decision required 40% of the budget to be allocated to Greece, Greenland, the French Overseas Departments, Ireland, the Mezzogiorno and Northern Ireland. This was increased to 44.5% in 1985 when the list was extended to include Portugal and some Spanish regions¹⁴. The remaining appropriations were to be concentrated on similar actions assisting operations carried out within the framework of national labour market policies in areas affected by high long-

6 Council Decision 77/803/EEC

7 Council Decision 77/804/EEC

8 Council Decision 77/802/EEC

9 Council Regulation (EEC) No. 2895/77

10 Council Regulation (EEC) No. 3093/78

11 COM (82) 485 of 8/10/82 - Opinion of Commission on review of ESF

12 Council Decision 83/516/EEC

13 Commission Decision of 30 April 1985; OJ No. L133, p.26

14 Council Decision 85/568/EEC

term unemployment or industrial restructuring. These areas were defined by the Commission in the guidelines for the management of the Fund through a statistical method based on unemployment and GDP. They coincided to a large extent, as was to be expected, with the regions eligible for assistance from the ERDF. The guidelines, which set the selection criteria, gave priority to projects forming part of integrated operations involving other Community instruments, transnational projects and innovative approaches, especially those concerned with aligning national practice and Community policy.

The guidelines also reflected the regional mission of the Fund; in 1982, nearly 42% of the ESF budget was allocated to projects in the absolute priority regions (to which Greece had been added); little more than 10% of the ESF went outside the less developed regions.

Other Changes

Other changes introduced new facilities for grants for training aimed at the modernisation of small and medium-sized enterprises (SMEs), assistance for the training of instructors, vocational guidance and placement experts and development agents for local initiatives. The proportion of resources for innovative actions to combat unemployment and the validation of the effectiveness of schemes aided by the Fund was increased to 5%.

The New System in Practice

The new system with overlapping and sometimes conflicting 'quotas' for underdeveloped regions and beneficiaries under 25 proved complex to manage, both for the Commission and the Member States. This was compounded by the growth in the volume of demand on the Fund. With rising unemployment, budgetary resources, though reaching ECU 237 million in 1986 compared to ECU 155.6 million in 1982, remained seriously inadequate in meeting applications fulfilling the priority criteria. The Commission had little option but to operate a linear reduction system to deal with this problem; in the absence of national quotas there was no incentive for Member States to limit applications.

Serious disadvantages were also arising for project promoters in the face of uncertainties about what changes to expect in the selection criteria and the impact of the linear reduction - factors which, combined with the fact that most grant approvals were only for one year at a time, gave rise to a certain insecurity and made planning difficult. The task of adjudicating on a rapidly growing number of applications (exceeding 10,000 in 1982), while presenting advantages from the perspective of preserving a Community

dimension, was straining the Commission's capacity, with limited staff resources, to deal with the workload and raising questions about whether this was any longer the best way to manage the Fund.

The project approach, moreover, required individual processing of thousands of payment applications, which led to long delays in the capitals as well as Brussels as the volume of demand grew. There was, moreover, an increasing tendency towards the view that local planning, a bottom-up approach, would lead to more effective use of funds. The single project system was considered to have outlived its usefulness and to be ill-adapted to the enhanced scale of the Funds' operations especially with the enlargement of the Community to twelve Member States. The growth of the subsidiarity idea - later to be enshrined in the Maastricht Treaty - also influenced the move to decentralise the administration of the ESF, through the introduction of integrated programming.

A foretaste of what was to come appeared in a Commission report in 1983¹⁵ which recommended 'the introduction of a Community development and structural adjustment policy in the service of priority activities defined by the Community and implemented by the entire armoury of the Community's Structural Funds and other financial instruments.'

Integrated Mediterranean Programmes (IMPs)

The first real examples of such integrated action with the involvement of partnerships were the Integrated Mediterranean Programmes launched in 1986, to cushion the Mediterranean regions of France, Italy and Greece against the impact of the enlargement of the Community to Spain and Portugal.

These programmes involved assistance for industrial and agricultural conversion by the ERDF and EAGGF with the essential human resources component provided through the ESF, in a framework of multiannual programming.

Around the same time, other Member States were encouraged to submit Integrated Development Operations constructed on the same lines as the IMPs but despite the priority offered them in the guidelines for the management of the ESF, the response was limited.

Special Support for Greece in the Social Field

Following the accession of Greece to the European Community, the Greek Government applied for a series of measures, in the social as well as other policy areas to assist the integration of Greece into

15 COM (83) 501 of 28/7/83 - Commission report on increasing the effectiveness of the Structural Funds

the Community. This led to the adoption of Council Regulation (EEC) 815/84 providing aid, totalling ECU 120 million, over a period of five years (later extended to ten) for the construction, adaptation and equipment used for:

- ◆ vocational training centres for the general population in Athens;¹⁶
- ◆ centres for the rehabilitation of persons with mental disabilities throughout the country.

The objectives in promoting improvements in these sectors included helping the Hellenic Republic to put in place the essential infrastructure to develop training services qualifying for ESF support and promoting the reform of the psychiatric system.

This Regulation, although strictly speaking not part of the Structural Funds' Regulations and Budgets, was managed by the ESF services.

1988

1988 - A Radical New Approach

The adoption of the Single European Act, which entered into force on 1 July 1987, providing for the completion of the single market and incorporating a new commitment to the economic and social cohesion of the Community, set the scene for the fundamental reform of the Structural Funds which was put forward by the Commission in 1988.

The notion of Community solidarity in itself was not new; the Treaty of Rome contained a protocol calling for the use of the ESF to help tackle the structural problems of the Mezzogiorno. Both the ESF and the ERDF, as already mentioned, had been contributing substantially to the underdeveloped regions. The magnitude of this task had increased, of course, with the admission in the eighties of new Member States with severe problems of regional underdevelopment - Greece, Spain and Portugal.

Article 130a obliged the Community to ensure the reduction of disparities between regions and to improve the position of the least-developed regions.

The European Regional Development Fund (ERDF) was given the mission under Article 130c to contribute to the cohesion objective by helping to redress regional imbalances in the Community by aiding the least-developed regions and the conversion of declining industrial regions.

Article 130d called on the Commission to submit a comprehensive proposal to the Council on the changes necessary in the Structural Funds (ESF, ERDF and EAGGF (guidance section)) to co-ordinate their activities and increase their efficiency so as to promote the objectives of Article 130a and 130c.

The Commission put forward, therefore, in 1988 a proposal for the fundamental reform of the Structural Funds involving the doubling of resources in the period up to 1992, and using the funds in a concentrated, integrated way to promote economic and social cohesion in the Community.

¹⁶ Athens was at the time excluded from the ERDF for this kind of aid.

The 1988 reform of the Structural Funds

A New Way of Working.

The major reform adopted in 1988 radically changed the largely isolated way in which the Structural Funds had previously operated in favour of a global system of integration of their respective roles, working together towards the goal of economic and social cohesion. The Community's other financial instruments, such as the European Investment Bank (EIB), were also included in this co-ordinated approach. Total structural funding was to double between 1989 and 1993 and a framework was established which, with some revision in 1993, constitutes the basis on which the system works today.

The relevant legislation consisted of two Regulations which re-defined the tasks of the Funds,¹⁷ specifying the framework in which they should operate and co-ordinate between themselves and other financial instruments, such as the EIB. These were complemented by separate regulations for each individual Fund.¹⁸

BREAKDOWN OF STRUCTURAL FUND ALLOCATIONS (1989-1993)



Four Principles

The new approach was built on four basic principles - *concentration, partnership, programming and additionality*.

Concentration applied in various ways. Five Objectives were set out to be achieved by the Funds collectively in the combinations appropriate to each Objective. Two of these, combating long-term unemployment (Objective 3) and ensuring a start for young people in working life (Objective 4) applied EU-wide and involved solely the ESF. The Social Fund was also involved in the regional Objectives (1, 2 and 5b), which applied to designated regions; its role was to ensure the development of the human resources needed to maximise the investment in regional and rural development financed by the ERDF and the EAGGF. In practice, this reinforced the ESF's traditional role insofar as much of the human resource support for the development of the less prosperous regions was targeted at people at risk of unemployment eligible under Objectives 3 or 4.

The concentration principle applied also in the form of a sharp focus of resources on the least developed regions. Structural Fund aid for Objective 1 was to double between 1988 and 1992. Eligibility was for the most part limited to regions with a GDP of around 75% of the EU average, covering 21.7% of the Community's population. Objective 2 - for regions with severe unemployment due to industrial decline - was to be limited to 15% of the EU population while the Objective 5b regions, with rural development deficits, accounted for no more than 5% of the total EU population.

ECU billion 1994 prices

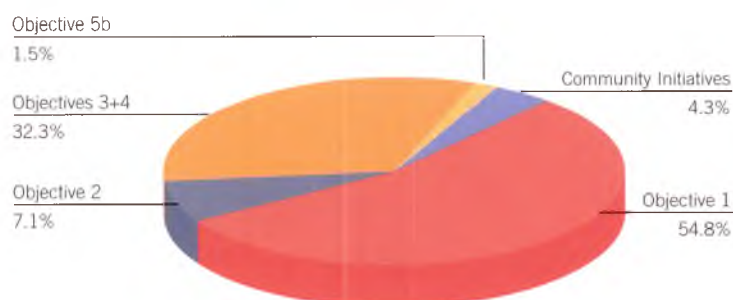
ESF	20
ERDF	30.1
EAGGF	11.3
Others	1.8
Total	63.2

¹⁷ Regulation (EEC) No. 2052/88 and Regulation (EEC) No. 4253/88

¹⁸ In the case of the ESF, Regulation (EEC) No. 4255/88

Objective	Funds Involved
1 development of least prosperous regions	ESF, ERDF, EAGGF
2 regions hit by industrial decline	ESF, ERDF
3 combating long-term unemployment	ESF
4 employment pathways for young people	ESF
5 (a) adaptation of agricultural structures (b) development of rural areas	EAGGF ESF, ERDF, EAGGF
EIB loans available under all Objectives	

ESF FUNDING PER OBJECTIVE AND COMMUNITY INITIATIVES (1989-1993)



ECU million - current prices

Objective 1	11,329
Objective 2	1,469
Objective 3+4	6,670
Objective 5b	316
Community Initiatives	885
Total	20,669

The new implementation procedures were based on *partnership* and *programming*.

Each Member State submitted its plans, at regional level where appropriate, analysing its situation and outlining national or regional strategies in relation to the aims of the new Objectives. On this basis, discussions were held in a partnership involving the Commission departments dealing with the various Structural Funds and national/regional authorities in

the Member States. This resulted in Community Support Frameworks (CSFs) setting out the priorities for Structural Fund assistance with indicative allocations from each Fund over the entire *programming* period 1989-1993. Separate Operational Programmes (OPs) and Global Grant schemes were subsequently agreed for each field of activity. This process involved a new level of integration between the workings of the Commission departments, which was reflected also in enhanced cooperation between different ministries within Member States.

The *partnership* concept was continued into the implementation and monitoring phases with the Commission working with the national, regional and local authorities in tracking the progress of the various OPs and Global Grant schemes to identify the fine-tuning and changes indicated through experience. Partnership in this phase frequently involved a wide range of local social and economic actors as well.

The *additionality* principle required that the Structural Funds should not be used merely to replace national funds. The increased EU aid was to result in at least an equivalent increase in total EU and national aid in the Member States, taking macro-economic considerations into account. The observance of this principle was verified during the partnership discussions on the CSFs. Compatibility with the other aspects of Community policy, in the fields of competition and the environment, for example, was also ensured.

Community Initiatives, Innovative Projects and Studies

The CSFs were allocated about 85% of the total budget and constituted the mainstream activities of the Funds; the balance was used to finance Community Initiatives (referred to below) and innovative actions and studies relating to new approaches in vocational training and employment policies.

Extending the Scope of the ESF

It had become clear that the administrative structures in many of the Objective 1 regions needed to be strengthened, if they were to be in a position to maximise aid from the Structural Funds. This led to an extension of the ESF eligibility rules in these regions to cover the training of public servants in subjects relevant to the Structural Funds.

The growing links between education and work and the erosion of what came to be seen as obsolete distinctions between education and training also led to the enlargement of eligibility for ESF funding in Objective 1 regions. It now included young people over compulsory schooling age being trained within the education system as well as the off-the-job part of apprenticeship training.

Eligibility Rules and Types of Assistance

The eligibility rules for participants in schemes covered by the new Regulation¹⁹ were very broad. They included, in the Objective 1, 2 and 5b regions, the unemployed, people threatened with unemployment and workers in SMEs or integrated development schemes. In Objective 1, eligibility was wider, extending to the additional categories referred to in the preceding paragraph.

Objective 3 was for people over 25 and out of work twelve months or more, but this minimum period was waived in the case of women returning to work and people with disabilities. Young people, to be eligible under Objective 4, had to be over compulsory school age and under 25.

As in the past, ESF funding supported recruitment aids for new jobs including self-employment (up to a maximum period of 12 months); other types of recruitment subsidies were phased out from 1992. Vocational training for trainees and instructors together with related services such as guidance, counselling and placement were also supported. Provision for *technical assistance* was an important innovation in the new system, helping to raise standards and effectiveness with support ranging from the preparation to the execution and evaluation of pro-

grammes. The proportion of the overall budget allocated to this and related studies was up to 0.3%.

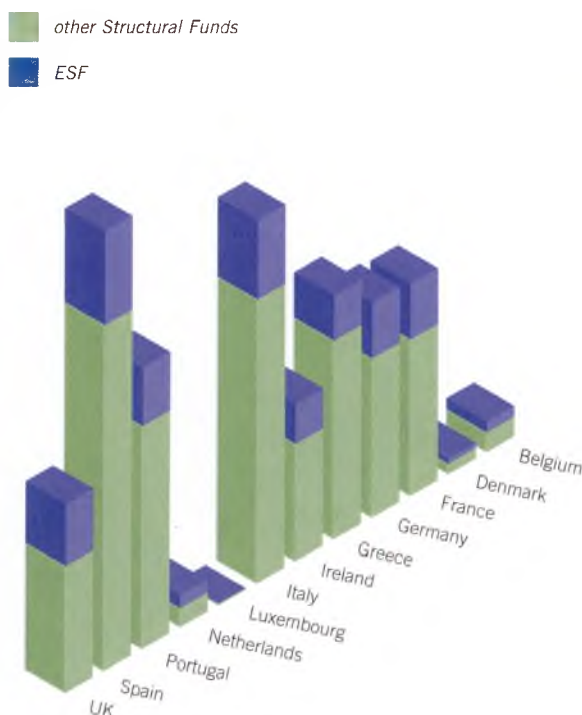
Social dialogue also became eligible for ESF support: this financed schemes involving workers in different Member States in the transfer of knowledge relating to the modernisation of production systems.

The User

From the user's standpoint, much had changed. Decisions on project applications were decentralised and taken at national or, sometimes regional level. The increased budget meant greater chances of funding even if this was offset to some extent by increasing demand and the wider range of applications in Objective 1 for newly eligible actions. The new system, moreover, with its multi-annual programming, promised greater security, continuity and flexibility. A new payments system was designed to reduce previous delays and cash flow problems. This provided for an initial advance of 50% within two months of the approval of the project and a further 30% when half the initial advance had been used.

The new system, which took effect from 1989, had much greater budgetary resources, involved multi-annual programming and largely decentralised planning and management of the schemes covered by all the Structural Funds.

FUNDING PER MEMBER STATE (1989-1993)



ECU million current prices

	Structural Funds	ESF
Belgium	740	411
Denmark	402	184
France	5907	2112
Germany	6015	2131
Greece	7528	1714
Ireland	4460	1500
Italy	10753	2982
Luxembourg	55	12
Netherlands	725	470
Portugal	8450	2209
Spain	13100	3533
UK	4816	2344

Community Initiatives excluded

Source: 'The impact of structural policies on economic and social cohesion in the Union 1989-99'.
European Commission 1997.

19 Council Regulation (EEC) No. 2052/88

Guidelines

The Commission drew up guidelines²⁰ relating to vocational training and employment policy to highlight policy priorities relevant to planning and programming under Objectives 3 and 4. These included the special attention needed for persons with particular disadvantages in relation to the labour market such as migrant workers and people with disabilities.

The need to promote the integration of women in occupations in which they were under-represented was also highlighted. Emphasis was put on innovation, transnational projects and training in advanced technology and the improvement of training structures.

Special efforts were made in several Objective 1 regions to raise training standards through multi-fund programmes with the ERDF financing infrastructure and equipment and the ESF supporting training and related measures.

Community Initiatives

Mainstream structural funding is designed essentially to support Member State policies in the drive towards economic and social cohesion. The new system also provided for Community Initiatives to promote the Community dimension through innovative transnational projects testing new approaches which could influence mainstream practice. The Human Resources Initiatives - EUROFORM, NOW and HORIZON were approved on 18 December 1990²¹. They involved mainly the ESF, accounting for almost 3.8% of its total resources for 1989-1993, with investment in infrastructure aided by the ERDF.

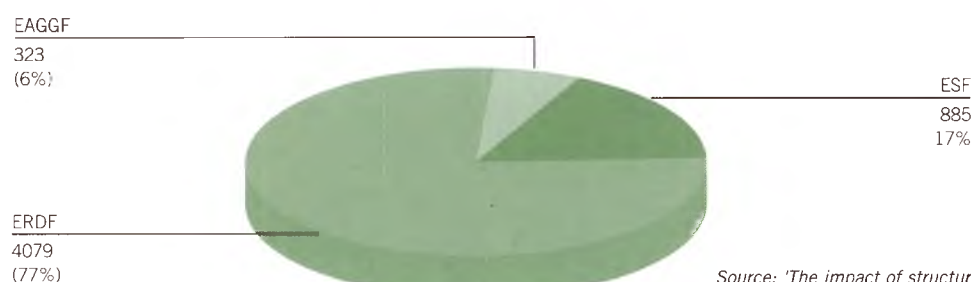
EUROFORM (ECU 300 million) was aimed at developing new qualifications and employment opportunities for the single market; NOW (ECU 156 million) was concerned with promoting equality of opportunity for women vis-à-vis the labour market and HORIZON (ECU 304 million) with improving job prospects for people with disabilities or at risk of exclusion from employment for other reasons.

The ESF also contributed, during 1989-1993, a total of ECU 125 million to the human resource content of the following other Community Initiatives:

ENVIREG,
RENAVAL,
PRISMA, REGIS,
INTERREG,
STRIDE,
REGEN,
KONVER,
RECHAR,
LEADER,
RESIDER,
RETEX
and TELEMATIQUE.

BREAKDOWN OF COMMUNITY INITIATIVES BY STRUCTURAL FUND (1989-1993)

current prices
ECU million



Source: 'The impact of structural policies on economic and social cohesion in the Union 1989-99'. European Commission 1997 p.154

²⁰ C45/6 OJ of 24.2.89

²¹ OJ No C327, 29.12.1990

The 1993 review

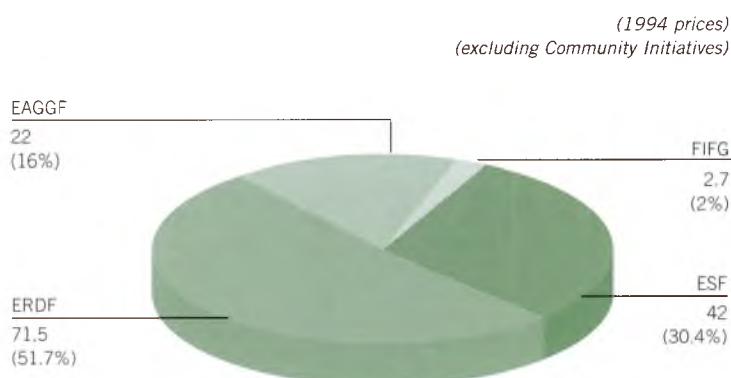
The review of the Structural Funds in 1993 took place against a background of rising unemployment, a range of vigorous, inter-related responses by successive European Councils in terms of both funding and policy measures and further moves towards the strengthening of economic and social cohesion.

Edinburgh

The European Council at Edinburgh in December 1992 decided on significant increases in the budgets of the Structural Funds. Almost ECU 142 billion was allocated for the period 1994-1999, i.e. practically double the amount for the preceding period. Nearly 70% of this was for the Objective 1 regions; assistance to Greece, Spain, Ireland and Portugal was to double in real terms between 1992 and 1999. In addition, the decision in principle was taken to set up the Cohesion Fund, financing environmental projects and trans-European transport networks in these four countries with GDP less than 90% of the EU average. A new Structural Fund, moreover, was instituted to assist restructuring in the fisheries sector - the Financial Instrument of Fisheries Guidance (FIFG).

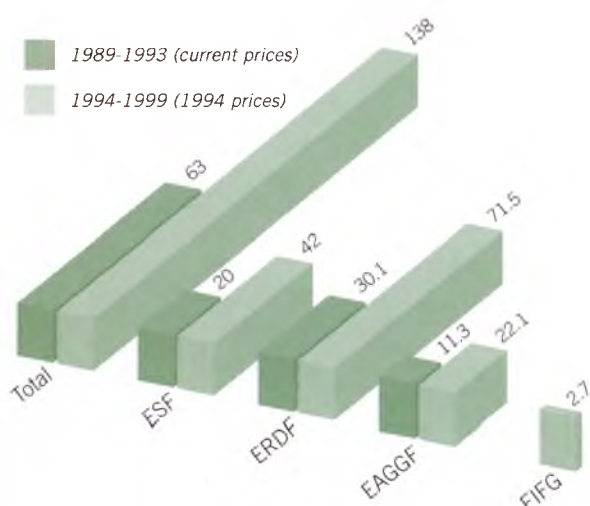
This massive increase in aid, particularly for the least developed regions, anticipated the additional impetus given to economic and social cohesion in the Maastricht Treaty, then under negotiation, particularly in the context of moves towards economic and monetary union and the establishment of a single currency.

BREAKDOWN OF STRUCTURAL FUND ALLOCATIONS
(1994-1999)



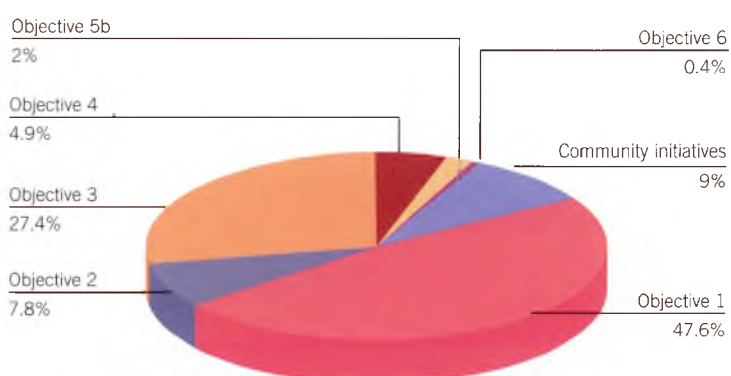
COMPARISON OF STRUCTURAL FUND
ALLOCATIONS 1989-93 AND 1994-99

ECU billion (excluding Community Initiatives)



ESF FUNDING PER OBJECTIVE AND COMMUNITY
INITIATIVES (1994-1999)

(1994 prices)



Source: 'The impact of structural policies on economic and social cohesion in the Union 1989-99'.
European Commission 1997 p 154/155

White Paper on Growth, Competitiveness and Employment

Despite the growth engendered by the creation of the Single Market which contributed to the creation of 9 million jobs in the Union, the rise in unemployment, which had started in the early 70s and paused only for a few years in the late 80s, had resumed its upward trend and affected 16 million people in 1993. The Commission's White Paper on Growth, Competitiveness and Employment, endorsed at the Brussels European Council of December 1993, proposed solutions based on increasing the competitiveness of the European Union, seeking healthy growth leading to stable jobs, and enhancing flexibility in the labour market with the emphasis on new kinds of jobs.

The White Paper called for a significant increase in investment in human capital and greater and more effective efforts in vocational training. This implied increasing skill levels, especially in the new technologies, and promoting life-long learning.

White Paper

Four inter-dependent targets

- ◆ **adapt working time and incidence of taxation to encourage job creation and labour market flexibility;**
- ◆ **improve employment situation in the least-developed regions and for socially disadvantaged groups; tackle youth and long-term unemployment, social exclusion and promote equal opportunities. Employment services to become more productive;**
- ◆ **increase the stock of human capital through life-long learning and upgrading of skills; basic training for new technologies;**
- ◆ **develop new, labour intensive opportunities in environment, health and care sectors and boost employment in the audio-visual sector, arts, culture and tourism. Emphasis on SMEs.**

The greatly increased resources agreed at Edinburgh raised structural funding for 1994-1999 to 33% of the EU budget as compared with 20% for the preceding period. The White Paper called for the development of new economic activities in viable sectors and greater efficiency in education and training structures and in the operation of the employment market. Guidance and placement was to be made more effective, targeting local job prospects identified through co-ordinated action by public and private bodies.

Youth unemployment was a particular concern; the ESF was to be used to help implement a guarantee to provide access to recognised education or training for all young people under 18; standards needed to be raised in education and initial training to encourage an entrepreneurial spirit among young people.

Greater effort was also called for to help the adult long-term unemployed, whether registered or not, into employment pathways, making greater use of essential supports to training such as child care, literacy and numeracy instruction and confidence-building.

The importance of equality of treatment between men and women was again emphasised with a call for the elimination of fiscal barriers that limited women's participation in employment on equal terms.

Two additional considerations were highlighted which influenced the 1993 Review. The predicament of the groups at risk of social exclusion was seriously worsening and although they had, of course, been eligible in the previous period, it was felt essential to give more emphasis to this problem. Secondly, there was growing awareness of the importance of the preventive aspect of the fight against unemployment; incentives should be provided to anticipate changes in job skills in industry and services in accordance with the redefinition of ESF measures in Article 123 of the Maastricht Treaty.

All these considerations had implications for a whole range of issues within the domain of the Structural Funds, especially the ESF, and profoundly affected changes made to the rules for the period 1994-1999. As in the 1988 reform, the legislative framework consisted of two Regulations common to all the Structural Funds and specific Regulations relating to the individual Funds. Council Regulation (EEC) No 2081/93 redefined the tasks of the Funds and laid down how they should be co-ordinated between themselves and with the EIB and other financial instruments. Council Regulation (EEC) No 2082/93 contained further provisions which applied to all the Structural Funds. Finally specific provisions relating to the ESF were contained in Council Regulation (EEC) No 2084/93.²²

²² For texts of these Regulations see appendices.

New Objectives

New Objectives were set for the period 1994-1999 but the general structure and principles established in 1988 were maintained with adjustments to take account of the practical lessons of the earlier period and significant policy developments in the meantime.

A new Objective 3 combined the old Objectives 3 and 4 - combating long-term unemployment and integrating young people into working life. In addition, specific reference was made to promoting equal opportunities in the labour market between men and women and providing pathways to employment for people at risk of social exclusion. Definitions were, moreover, made more flexible, extending eligibility to people at risk of long-term unemployment or exclusion from the world of work, as well as those already in either of these situations.

A new Objective 4 was introduced to provide throughout the Union, without regional limitation, training and guidance for workers facing change in industrial or production systems and for developing or improving training structures in this field. A further feature which underscored the new preventive approach was the financing of the forecasting of change and its consequences for vocational qualifications.

The remaining Objectives continued as before with the ESF acting in coordination with the development aims of the other Funds to support employment, growth and stability.

A new Objective 6 was created on the accession of the newest Member States on 1 January 1995. Both Sweden and Finland contain vast areas with extremely low population density whose structural development pose particular problems which were not covered by the criteria for existing Objectives. Such areas come within the new Objective 6 (where population density is no more than 8 persons per square kilometre); they are accorded the same treatment as the Objective 1 regions.

COMPARISON OF STRUCTURAL FUND ALLOCATIONS BY OBJECTIVE - 1989-1993 AND 1994-1999

ECU million
1989-1993: current prices
1994-1999: 1994 prices

	1989-1993	1994-1999
Objective 1	43818	94000
Objective 2	61281	15400
Objective 3+4	6670	15200
Objective 3		12900
Objective 4		2300
Objective 5a	4100	6113
Objective 5b	2231	6859
Objective 6		700

COMPARISON OF EUROPEAN SOCIAL FUND ALLOCATIONS BY OBJECTIVE - 1989-1993 AND 1994-1999

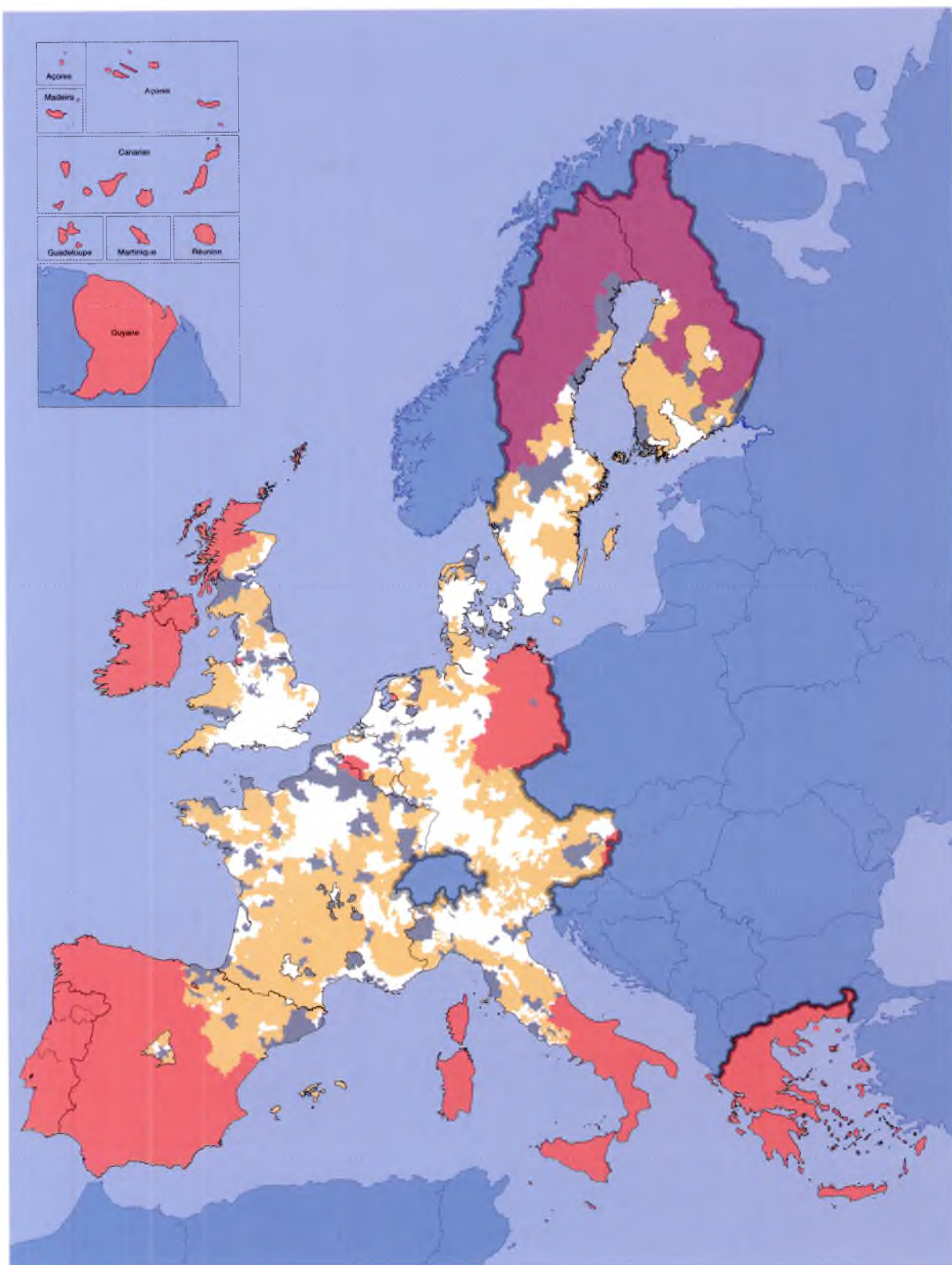
ECU million
1989-1993: current prices
1994-1999: 1994 prices

	1989-1993	1994-1999
Objective 1	11329	22051
Objective 2	1469	3533
Objective 3+4	6670	15200
Objective 3		12900
Objective 4		2300
Objective 5b	316	1041
Objective 6		167

Source: 'The impact of structural policies on economic and social cohesion in the Union 1989-99'. European Commission 1997

Objectives 1994-1999	Funds Involved
1 development of the least prosperous regions.	ESF, ERDF, EAGGF, FIGF
2 adapting regions of industrial decline	ESF, ERDF
3 facilitating the integration into working life of young people and those exposed to exclusion from the labour market; combating long-term unemployment; promoting equal opportunities for men and women in the labour market.	ESF
4 facilitating the adaptation of the workforce to changes in production.	ESF
5 (a) speeding up the restructuring of agriculture and fisheries (b) furthering the development of rural areas	EAGGF, FIGF ESF, ERDF, EAGGF
6 assisting the development of sparsely populated areas	ESF, ERDF, EAGGF, FIGF
EIB loans available under all Objectives	

- Objective 1
- Objective 2
- Objective 3
- Objective 4
- Objective 5b
- Objective 6



Other changes common to all Structural Funds

Regional Concentration

While the criteria remained unchanged, the Objective 1 regions were enlarged to include the new German Länder, and parts of Belgium (Hainaut), France (Avesnes, Douai and Valenciennes), the Netherlands (Flevoland), Spain (Cantabria) and the UK (the Highlands and Islands and Merseyside). Of the existing regions, only Abruzzi (Italy) failed to qualify, with effect from the end of 1996. Nevertheless, the financial concentration on Objective 1 regions continued; 68% of all Structural Fund resources will go to Objective 1 in the current period and in the case of the four Member States eligible for the Cohesion Fund, Structural Fund allocations will double between 1992 and 1999.

Objective 2

The new Regulations for Objective 2 contained two main changes. The eligibility criteria were widened, particularly to include areas undergoing restructuring in the fisheries sector. Secondly, the partnership principle was expanded to give Member States greater say in determining eligible areas. Growing economic and unemployment problems made the selection of regions very difficult; the list ultimately agreed covers 16.8% of the Union's population, a little above the 15% envisaged.

Objective 5(b)

The selection criteria for eligible areas were relaxed in the 1993 rules which provided more flexibility, taking in fisheries restructuring and giving greater weight to depopulation and low population density factors. The new list covers 8% of the EU population as compared with 5% in the previous period.

Programming

The new rules provided for the option of a Single Programming Document (SPD) to replace the CSFs and OPs. This reduced administrative procedures and so helped to get programmes under way quicker, while at the same time shortening and simplifying the procedures for transfers to cope with variations in priority needs during the operational phase. Because of these advantages SPDs have become the preferred method and most of the programming documents in the current period take this form. Most SPDs and OPs run for the six-year period 1994-1999 but in the case of Objective 2 two phases were envisaged, 1994-1996 and 1997-1999. Objective 4 was also programmed in two phases, to facilitate the revision of operations which initial experience of this new Objective might show to be necessary.

Partnership

The partnership requirements in the new Regulations were amended to include economic and social partners in the Member States. In the case of the ESF, this has particular importance for Objectives 3 and 4; much of the experience and expertise in dealing with problems of social exclusion and industrial change lies outside the public sector and success in these fields can only be based on a bottom-up approach with the full participation of all relevant actors. The participation of the Social Partners is also particularly relevant for ESF projects; the Commission wishes to see this practice become more widespread and effective.

The ESF Committee

In the case of the ESF, the committee set-up in the Treaty of Rome (1957) comprising representatives of governments, trade-unions, and employers continues to:

- ◆ advise the Commission on proposals relating to the ESF;
- ◆ provide a valuable forum for discussion and feedback on the implementation of the ESF.

Information and publicity

The new Coordination Regulation²³ also added to the previous rules, now requiring Member States to implement measures to make the general public as well as potential beneficiaries aware of the various measures financed by the Structural Funds.

Additionality

The 1988 provision was strengthened in the new rules to require the Member State to maintain its public structural or comparable expenditure at least at the same level as in the previous programming period. Account was to be taken of macro-economic conditions, and specific circumstances such as privatisations, exceptional levels of public expenditure in the preceding period and business cycles. Detailed rules for verifying additionality before and during implementation were to be included in the programming documents.

Assessment and monitoring

Greater emphasis on assessment and monitoring is another feature of the new rules. This starts with agreement on a definition of the initial situation and

²³ Council Regulation (EEC) No. 2082/93

on results to be achieved at various stages of the programmes. Indicators regarding the global situation of a region are drawn up for the appraisal of plans, together with quantified targets. At a more detailed level, specific strategic and policy aims are identified for each priority, indicating the expected improvements and outputs. Detailed targets are set for each measure including physical aims such as numbers of beneficiaries.

The monitoring committees play an important role in overseeing the effectiveness of ESF assistance and in proposing adjustments to take account of modifications to the programmes in the light of practical, operational experience. This function is of particular importance in tailoring programmes to evolving Community policy.

Appraisal and evaluation

This is the joint responsibility of the Commission and the Member States and should be carried out in partnership. Effectiveness is gauged in relation to the measures themselves, their contribution to wider programmes and their impact on social and economic cohesion.

Mid-term review

A mid-term review of the current programming period involving evaluation by independent experts was recently completed; the results were not available as this document went to press.

Compatibility with other Community policies

The 1988 legislation required that measures financed by the Structural Funds should be compatible with other Community policies. The new rules maintain this provision with specific mention of equality of opportunity

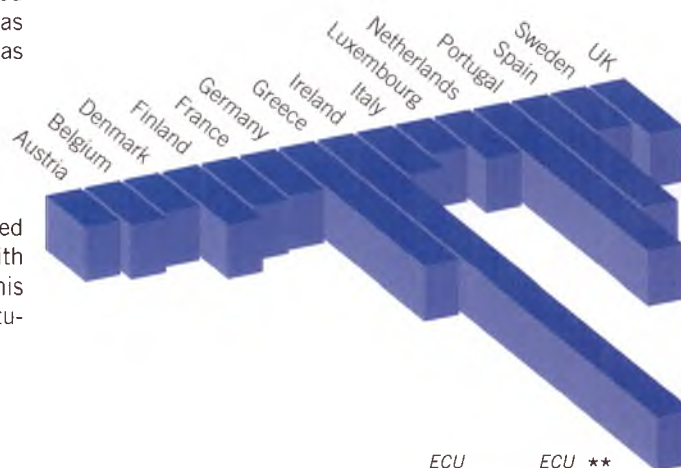
between men and women, competition rules and environment policy; plans must explain how national environmental authorities are involved both in the programming and in the appraisal of the environmental impact of the plans to ensure sustainable development.

European Parliament

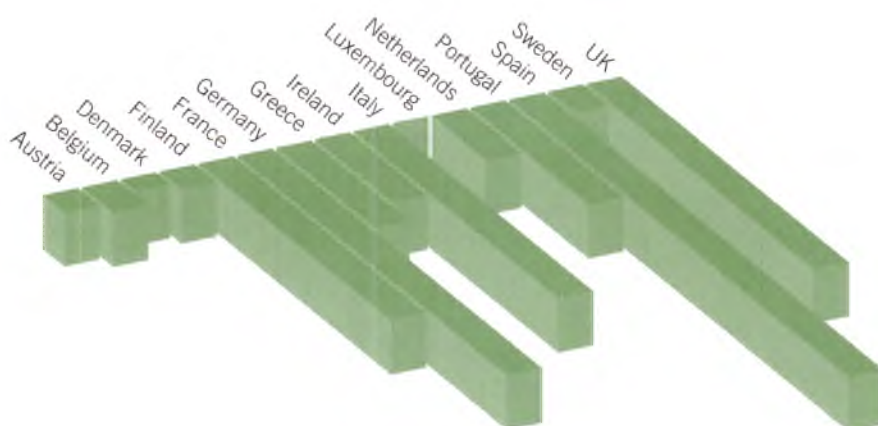
The new rules provided for greater involvement of the European Parliament in the implementation of the Structural Funds. Parliament would receive lists of Objective 2 and 5b areas, development plans for these regions submitted by Member States, texts of all CSFs and SPDs and arrangements for monitoring and publicity. Proposals for Community Initiatives now have to be notified to Parliament so that its view can be taken into account before adoption.

In fact, following a code of conduct agreed between the Commission and the Parliament in 1993, the latter receives regular and detailed information on all the Funds. A joint working group of Commission officials and members of Parliament complements this information flow.

ESF FUNDING 1994-1999 (PER HEAD OF POPULATION OF WORKING AGE: 16-64)*



ESF FUNDING PER MEMBER STATE (1994-1999)



* Population Statistics from 1995-Eurostat, Community Labour Force Survey
 ** prices valid at time of Decisions

Main features of the new ESF rules

This section deals with the main features of the workings of the ESF within the overall framework already described. Summary descriptions of regulatory provisions are used in the interests of brevity; the full texts of the Regulations relevant to the ESF are reproduced as appendices to this report.

Concentration of assistance

The new ESF Regulation requires assistance to be concentrated on the most important needs and the most effective operations. This has led in practice to focusing, in the programming of CSFs and SPDs, on one or more of the following aspects of the priority needs of the regions in question:-

- ◆ geographic targeting;
- ◆ measures to strengthen capacity and efficiency of education, training and employment services;
- ◆ innovative measures and projects designed to bridge gaps in existing services;
- ◆ measures to raise standards in quality, efficiency and certification and to increase the number of trainees expected to progress to further training or employment;
- ◆ projects offering a mix of training, counselling and job search.

From the financial perspective, the Regulations set minimum as well as maximum grant rates. The range of grants permitted for Objective 1 and 6 regions is 50 - 75% of total eligible costs and 25 - 50% for other regions. In exceptional cases, however, grants of up to 80% are payable in Greece, Ireland, Portugal and Spain and up to 85% in very remote regions.

Proposed rates

The Commission has set guidelines, operated in a flexible manner, to ensure that assistance is provided for a relatively small number of coherent measures at a substantial rate of intervention. These guidelines suggest that the following rates should apply:

- ◆ Greece, Ireland Portugal and Spain
50 - 75%
- ◆ Other Objective 1 and
Objective 6 regions
60 - 70%
- ◆ Other regions
25 - 50%

In those Objective 4 projects, for example, which are part-financed by private firms, it is recommended that the investment be shared equally by the firms concerned, the national authority and the ESF.

Priorities

The current priorities of the ESF may be summarised under the following three themes:

- ◆ improving access to and the quality of education and initial training as well as boosting human potential in research, science and technology. Special emphasis is put on helping young people with no or few qualifications to make the transition from school to the world of work;
- ◆ increasing competitiveness and preventing unemployment by adapting the workforce to the challenge of change through a systematic approach to continuing training;
- ◆ improving the employment opportunities of those exposed to long-term unemployment and exclusion from the labour market by developing a package of measures forming a pathway to integration.

The issue of equal opportunities runs right through all three priority themes. Equal access to education, training and employment opportunities needs to be ensured. In addition to care services for dependants this may require more flexible delivery of education, training and employment services.

ESF allocations per priority theme (1994-1999) (all Objectives)

Integration of young job-seekers	20.2%
Support for employment, growth and stability	19.0%
Integration of long-term unemployed	18.8%
Improvement of education and training systems	12.2%
Integration of people at risk of exclusion	10.8%
Adaptation to industrial change	9.9%
Technical assistance	3.1%
Promotion of equal opportunities *	3.1%
Boosting human potential in research, science and technology	2.4%
Training of public officials	0.5%

Source: *The Structural Funds in 1995 - Seventh Annual Report*

* This theme is common to all programmes. Figure relates to specific actions only.

Plans

The Commission's approach in examining plans submitted by the Member States from the perspective of human resource development, and in subsequent discussions with Member States, is to ensure that resources are concentrated on the greatest needs and the most effective operations.

It must be clear that the strategy, measures and financial allocations are appropriate to achieving the targets, that there is a proper balance between the various Structural Funds and that their respective roles are complementary. It is important to ensure that there is a reasonable balance between innovation and continuity and that the principle of equal opportunities is observed across all measures.

The potential for synergy with other Community programmes concerning industrial change and vocational training is also verified and it has to be clear that the education, training and employment services concerned have the capacity to deliver what is required and that the appropriate accreditation methods are in place.

The involvement of the social partners and delivery organisations in planning and implementation also has to be assured and it has to be verified that information and publicity requirements are met.

All plans have to include adequate financial control, monitoring and evaluation systems.

Labour Market data to be included in plans

- ◆ imbalances between supply and demand (including female employment);
- ◆ characteristics of vacancies;
- ◆ employment opportunities;
- ◆ measures proposed and numbers involved;
- ◆ how equality of opportunity is promoted;
- ◆ role of economic and social partners;
- ◆ involvement of bodies combating long-term and youth unemployment and social exclusion;
- ◆ skill deficits relating to industrial change; links with other EU programmes and involvement of training bodies.

Actions and Target Groups

The following tables summarise the categories of persons eligible for the various types of action financed by the ESF.²⁴ It will be noted that there is special provision in Objective 1 and 6 areas for the improvement of education and training systems and for the training of public officials in ESF-related issues.

It should be noted that in Objective 1, 2 and 5b regions, the eligibility rules, also cover workers in employment, especially in SMEs and the staff of research establishments. Elsewhere in the Union, those in employment are also eligible for assistance in the context of industrial change projects financed under Objective 4.

Eligible Expenditure

- ◆ Trainee costs - remuneration, subsistence and travel;
- ◆ Course preparation, operation, management and evaluation (after deduction of any revenue which may be involved);
- ◆ Cost of employment aid (as defined by the partnership in the programming stage).

Actions	Eligible Groups
Objective 3 <ul style="list-style-type: none"> Initial and continuing vocational training (including apprenticeships for young people) Upgrading of basic skills (including literacy and numeracy) Guidance, counselling, community employment, work-placement and job-search assistance Temporary employment aids (including aids to promote geographical and occupational mobility, and to encourage employers to introduce more flexible patterns of work and recruitment subsidies) Development of training, employment and support structures, including training of staff and the provision of care for dependants Specialised advisory services for those exposed to exclusion Action to promote equal opportunities for men and women especially in areas of work where women are under-represented (including confidence building and information campaigns) 	
Objective 4 <ul style="list-style-type: none"> Anticipation of labour market trends and vocational qualification requirements Vocational training Retraining Guidance and counselling Assistance for the improvement and development of training systems 	
Objectives 1, 2, 5b and 6 As under Objectives 3 and 4 with the addition of: <ul style="list-style-type: none"> Continuing vocational training Guidance and counselling Development of training systems Improvement of employment services Boost human potential in research, science and technology (including post-graduate training and the training of managers and technicians in research establishments) 	
Objectives 1 and 6 As under Objectives 3 and 4, 1, 2, 5b and 6 with the addition of: <ul style="list-style-type: none"> Strengthening education and training systems Training of staff Building links between training centres and education establishments and firms Supporting training within the national secondary and higher education systems where there is a clear link with the labour market, new technology or economic development Training of public officials for the implementation of development and structural policies 	

Unemployed (whether registered or not) exposed to long term unemployment
 Young people in search of employment
 Adults and young people exposed to exclusion from the labour market
examples:
the very long-term unemployed, people with disabilities, lone parents, older people, travelling people, ex-offenders, drug addicts.

Workers facing industrial change or changes in productions systems, especially those threatened with unemployment or working in SMEs.

The unemployed and workers, especially those in SMEs and those threatened with unemployment.

The unemployed,
 Students and staff of education and training establishments,
 Public officials.

Article 6 - support for innovation

In addition to the Community Initiatives, the ESF Regulation ²⁵ continues to provide other means, on a smaller scale, to finance innovative projects. Up to 1.5% of the Fund's budget may be used for studies initiated by the Commission, or pilot projects relating to the Community labour market in connection with the implementation of Community vocational training policy, exchanges of experience, information and publicity.

Social Dialogue

Article 6 also supports projects implemented in the context of the Social Dialogue. Actions are oriented towards three broad themes: the economic and institutional framework of the EU; new methods of production and work organisation; the introduction of new technologies in all sectors of the EU economy. These projects involve people from both sides of industry and services in two or more Member States and deal with transferring specialised knowledge relating to modernising production apparatus and complementing related work on adaptation to industrial change financed through Objective 4 and ADAPT.

Information strategy

Finally, special attention is also being paid to promoting information and visibility to raise awareness of the ESF and the valuable contribution it makes both at European and at Member State level. The Commission has drawn up a new strategic communications and information action plan following a communications audit and after consultation with Member States. This involves:

- ◆ information collection and distribution;
- ◆ an expanded range of new publications and other information materials;
- ◆ a planned events programme;
- ◆ a selective editorial media information programme.

The action plan sets out a new, consistent and clear way of describing the policy and purpose of the ESF, encapsulating its key messages so as to create over time a cumulatively powerful and persuasive impact on the ESF's key audiences. The present document is regarded as a significant step in this direction.

A Commission Decision of 31 May 1994²⁶ lays down the manner in which the publicity obligations of the Member States under Article 32 of Council Regulation (EEC) 2082/93 should be carried out.

²⁵ Council Regulation (EEC) No. 2084/93. Article 6.

²⁶ OJ L 152/39 of 18.6.94

Community Initiatives

The 1993 Regulations renewed the Commission's mandate to promote Initiatives designed to strengthen the Community dimension of the operation of the Structural Funds, up to a maximum of 9% of the Structural Funds budget.

The policy considerations outlined above applied equally to the Community Initiatives which were instituted to support transnational projects developing innovative approaches to the themes financed under the mainstream ESF.

The Commission proposed to group the Initiatives around five main themes:

- ◆ cross border, transnational and inter-regional cooperation;
- ◆ rural development;
- ◆ the extremely remote regions;
- ◆ employment and the development of human resources;
- ◆ management of industrial change.

Here, as with mainstream funding, the Structural Funds combine in an integrated way towards the achievement of the aims. While there is an ESF component in most of the Initiatives, this Fund predominates in the case of Employment and Adapt.

The new **Employment** Initiative approved in 1994, with an ESF budget of ECU 1.5 billion, contained three interdependent strands, two of which were developed from the original NOW and HORIZON Initiatives :

- ◆ **NOW** - to promote equal opportunities for women;
- ◆ **HORIZON** - promoting pathways to employment for persons with disabilities and others threatened with exclusion;
- ◆ **YOUTHSTART** - integrating young people under 20 into the labour market, especially those without adequate training or qualifications.

The structure was modified with the introduction of a new strand, **INTEGRA**, specialising in the employment barriers faced by immigrants, refugees and other people at risk of exclusion. HORIZON continued to serve the needs of people with disabilities.

The new **Adapt** Initiative (with a budget of ECU 1.4 billion), drawing on previous experience with EUROTECHNET and EUROFORM, complements the new Objective 4, assisting innovative approaches to the challenges of preparing workers for industrial change.

A new priority within the Adapt Initiative -Adapt-Bis- was added to address the labour market implications of the Information Society.

A reserve budget was drawn on to finance the new strands; this provided an additional ECU 460 million for Employment and Adapt.

Special Initiative for Peace and Reconciliation

The Peace and Reconciliation Initiative applies to Northern Ireland and the six border counties of Ireland. The Structural Funds allocated some ECU 300 million (80% for Northern Ireland and 20% for Ireland) to this Initiative for the period 1995-1997, ECU 128 million of which was provided by the ESF. For the years 1998 and 1999, ECU 100 million will be provided each year with the ESF contributing nearly 45% of the total allocation. The aim of this Initiative is to consolidate peace moves in Northern Ireland by providing the necessary resources to promote the social and economic regeneration of the areas that have suffered most in the conflict.

The Structural Funds as a support for the European Employment Strategy

Since the 1988 reform, the Structural Funds have been operating in an integrated co-ordinated way to achieve specific Objectives. At the same time, they have been actively contributing to aspects of the global strategy contained in the White Paper on Growth, Competitiveness and Employment and developed further by successive European Councils.

The European Council at Essen (December 1994) made five recommendations relating to employment, calling for:

- ◆ greater investment in vocational training, especially for young people and for life-long learning;
- ◆ an increase in the employment-intensiveness of growth through more flexible organisation of work, moderation of wage settlements and support for job creation in growing sectors such as environmental and social services;
- ◆ a reduction in non-wage labour costs;
- ◆ a move from a passive to an active labour market policy, eliminating disincentives, providing suitable income support measures and reviewing the effectiveness of instruments of labour-market policy;
- ◆ improved measures to help people hit particularly hard by unemployment, especially unqualified school leavers, the long-term unemployed, unemployed women and older job seekers.

The 1993 reform of the Structural Funds preceded Essen but already included many of the policy measures in gestation which later figured in these recommendations.

Many of the CSFs and SPDs had already been approved, but the Member States and the Commission were able, through the Monitoring Committees, to ensure that project selection systems took due account of the Essen recommendations. This applied particu-

larly to the annual application of the deflator²⁷ which amounted to over ECU 2.1 billion in 1995 and to the re-allocation of unspent resources. These and subsequent recommendations were also implemented in the negotiation of the 1997 phase of the Objective 2, 3 and 4 programmes and in the programming of Structural Fund assistance to the new Member States.

The work of the Commission and Member States in developing a common employment strategy taking in macroeconomic and structural policies as well as labour market reforms, to encourage active rather than passive approaches, was endorsed by the European Councils which followed Essen. This is of particular importance for the ESF as the Union's main financial instrument to support the Member States in improving the skill levels and adaptability of the workforce, raising standards in the educational and training systems and providing for people facing the greatest obstacles to getting jobs.

The Structural Funds have a pivotal role to play in helping Member States make their adjustments and reforms required to make this policy operational.

The ESF, as a policy-driven instrument, continues to promote greater coherence with the European employment strategy on an ongoing basis. Further policy documents²⁸ in 1996 contained the following four main recommendations to increase the impact of the Structural Funds on employment:-

- ◆ the available financial margins for manoeuvre (ECU 5.5 billion additional resources provided by the deflator effect, and the ECU 8 billion for the second phase of Objective 2 programming) should be used to give priority to job creation and employment;
- ◆ the interim and mid-term evaluation exercises should give preliminary indications on the contribution of the Structural Funds to the Essen strategy and, where necessary, changes should be introduced to improve effectiveness;

²⁷ Mechanism used to adjust national allocations, approved in ECU, to currency changes.

²⁸ Commission Communication on Structural Assistance and Employment, March 1996 and the Communication on 'Action for Employment in Europe - A Confidence Pact'.

- ◆ there should be more emphasis on anticipation of industrial change; on innovative measures for SMEs and on stronger links between the Structural Funds and the European Investment Bank;
- ◆ encouragement should be given to local initiatives for development and employment, including territorial pacts which mobilise all the key actors to boost employment and job creation.

These recommendations have been followed up in the partnership between Member States and the Commission. The mid-term review will also provide material on how to improve the effectiveness of the Structural Funds.

The Dublin Summit (December 1996) welcomed the idea of Local Territorial Pacts. The Commission drew the attention of Member States, social partners and Monitoring Committees to the possibilities of using financial margins in the Structural Funds, and the resources available under technical assistance to organise the implementation of the employment actions included in these Pacts, scheduled to begin in 1997.

The negotiations for the new Objective 2 programmes were carried out in the framework of guidelines giving greater weight to human resource development and non-material investment as well as new sources of jobs and local employment initiatives.

Developments in 1996/1997

A labour market expert was appointed in each Member State to recommend means of improving the targeting of Objective 3 programmes to people most in need. Procedures are reviewed by the Member States and the Commission to identify the scope for further simplification and streamlining within the existing rules. The Commission has put proposals on this topic to the ESF Committee. Areas being examined include:- complexities in financial, information and communication flows; scope for the simplification of procedures through a more flexible interpretation of existing regulations and the identification of points which could be changed at the next review of the Funds.

An action plan to improve budget forecasting and execution has been implemented and is already yielding good results. Work is also progressing well on evaluation, with independent evaluators now in place in most of the Member States. The mid-term review should provide pointers to possible improvements.

The objective in the Amsterdam Treaty (June 1997) of promoting a high level of employment, requiring this to be taken into account in all Community policies, further underlined the need for a global integrated approach.

This led to the European Council Decision at Luxembourg on 20/21 November 1997, setting guidelines - including targets to be achieved within five years - offering the young and long-term unemployed a training opportunity within six or twelve months respectively

Links with other EU programmes

Policy development and implementation under the Structural Funds are also linked to other EU programmes, especially Leonardo Da Vinci, which supports and complements actions in the Member States to improve the quality of training policy and practice through transnational projects. Close synergy has been developed with ESF operations, especially under the Employment and Adapt Initiatives. Socrates which is intended to raise teaching standards, adapt training systems to new technologies and promote life-long learning is also close to ESF Objectives.

The prevention of social exclusion, a main theme of the ESF, also forms part of the Leonardo and Socrates objectives and has been supported by other EU programmes in this field such as the actions initiated under Helios to promote the integration of people with disabilities.

Furthermore, the equality of opportunity provisions in the Structural Fund legislation gives practical support to important aspects of the Fourth Action Programme on Equal Opportunities for Men and Women.

Future developments

The Commission has announced in Agenda 2000,²⁹ (proposals for tackling the future challenges of the Union) the main lines of its preliminary thinking on Structural Funding for the period 2000-2006, which is expected to see the accession of several new Member States. While the current way of working is set to continue, a considerable further effort in simplification and concentration is envisaged.

The main points are as follows:

- ◆ the number of Objectives should be reduced to three: Objective 1 (least developed regions), Objective 2 (covering regions with serious structural problems and the present Objectives 2 and 5b) and Objective 3 (Human Resources) which would extend over the entire territory of the EU. There would be special arrangements for the current Objective 6 regions;
- ◆ the number of Community Initiatives would also be reduced to three dealing with cross border and inter-regional cooperation, rural development and human resources respectively;
- ◆ innovative measures and pilot projects would be strengthened to concentrate on significant projects and simplifying implementation.

The new Objective 3 should complement the European Employment Strategy by:

- ◆ accompanying economic and social change;
- ◆ promoting life-long education and training systems;
- ◆ supporting active labour market policies to fight unemployment;
- ◆ combating social exclusion.

Concentration

The percentage of the EU population (15 Member States) covered by Objective 1 is set to be reduced from 51% to 35-40%. Because of their high level of unemployment, 60% above the EU average, support for the Objective 1 regions will be maintained at its present level of two-thirds of total structural funding. ECU 45 billion is to be reserved for the new Member States out of a total budget of ECU 275 billion (at 1997 prices) for structural funding in the period 2000-2006.

Increasing efficiency

Management simplification is also proposed - giving more scope to monitoring committees in the implementation of programmes. More financial leverage is also envisaged, involving greater use of loans, guarantees and equity participation in addition to grants. Additional payments (up to 10%) could be made by the half-way stage to regions with verifiable good records in budgetary implementation.

Review

The approach, set out in Agenda 2000, will be the basis for the Commission's proposals for the next review of the Structural Fund Regulations due to be completed by 31 December 1999.



ESF PROGRAMMING 1994 - 1999
overview of the situation in each Member State

CHAPTER 4

Austria

CHAPTER 5

Belgium

CHAPTER 6

Denmark

CHAPTER 7

Finland

CHAPTER 8

France

CHAPTER 9

Germany

CHAPTER 10

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CHAPTER 11

Ireland

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Italy

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Luxembourg

CHAPTER 14

The Netherlands

CHAPTER 15

Portugal

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CHAPTER 17

Sweden

CHAPTER 18

United Kingdom

General comments

Austria

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1995-1999

Economic situation

The Austrian economy, which had been progressing, was hit by recession in 1993, a year in which GDP declined by 0.3% and exports were reduced. Industrial production, tourism and investment all suffered. However, the recession proved to be a short-term phenomenon and by 1994 the economy had improved, with economic growth rising by 2.7%; this progress continued into 1995, the year in which GDP per head was 13% above the EU average.

Labour market

Traditionally Austria has low unemployment, but for some years prior to 1995, the country experienced an upward trend, which was compounded by the recession. Though each Land was hit by the recession to varying degrees, related to their differing industrial make-up, there are general features which applied to the labour market across all regions.

In the period up to 1993, some 300,000 jobs were created, but the size of the population of working age rose and there was a significant shift from the primary and secondary sectors to the tertiary; factors which along with the recession, resulted in a rise in unemployment which reached 6.8 % (220,000 people) in 1993. A year later unemployment had decreased slightly to 6.6% but at the time of Austria's accession to the EU the upward trend had resumed. Moreover, Austria had anticipated redundancies in certain sectors resulting from accession to the EU. Long-term unemployment as a proportion of the total unemployed (in Austria, classified as people who have been unemployed for 6 months or more) also rose to 24.8% in

1993 and reached 31.9% in 1994. The rate for people who had been unemployed for more than one year stood at 17% of the unemployed in 1993, and reached 18.5% in 1994.

Seasonal workers (mostly in tourism, agriculture, forestry and construction) made up a large proportion of the unemployed (40%), as did those in the services sector. During 1993 and 1994, 6.8% of all registered unemployed were women and in 1993, between 10 and 11% of the working population over 50 years were unemployed. People with disabilities represented about 10% of the unemployed and immigrants were also badly affected. The recession substantially reduced the chances of these groups finding employment. The situation was made worse by the fact that many unemployed people only had compulsory schooling; 45% of unemployed people only had the lowest level of education and the unemployment rate among this group was 70% higher than the average. Many young people, especially young girls, experienced difficulty in finding work because of their lack of qualifications.

The Austrian labour market policy is aimed at creating quality jobs, especially for women, through investment in infrastructure, export promotion and the improvement of the investment and research climate in general. Extending job-related training and childcare are recognised as central.

The Austrian employment programme comprises measures to improve active labour market policy targeting the long-term unemployed, the disadvantaged, women and young people. Actions include: stepping up training related to skills and jobs; better job counselling, information and placement services; programmes for the integration of the long-term unemployed including training; efforts to increase the number of apprenticeship places; assistance for the creation of self-employed activities, business and cooperative start-ups; support for companies in job creation and actions to make daily and weekly hours more flexible.

SECTION 2

Structural Fund programmes in Austria

A. Allocation by Fund and Objective

Over the period 1995-1999 Structural Fund contributions to Austria under the EU-wide Objectives 3, 4 and 5a and the regional Objectives 1, 2 and 5b will total ECU 1.46 billion. ESF aid amounts to about ECU 531 million, equivalent to approximately 36.4% of total structural funding. In addition Austria also receives assistance from the Community Initiatives amounting to ECU 136 million of which the ESF component is ECU 50 million.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1995-1999

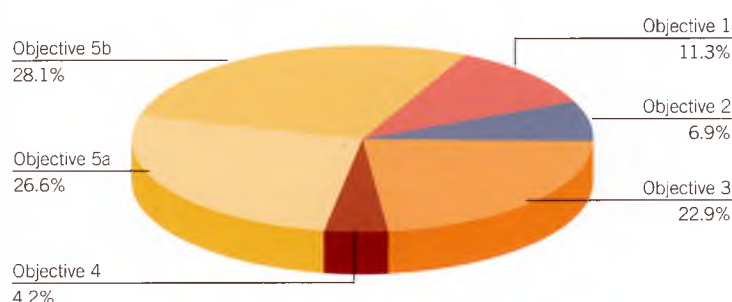
ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	165	33	107	25	
Objective 2	101	31			
Objective 3	334	334			
Objective 4	61	61			
Objective 5a Agric.	386			386	
Objective 5a Fish	2				2
Objective 5b	411	72	175	164	
Total	1460	531	352	575	2
Community Initiatives					
Employment	23	23			
Adapt	11	11			
Others	102	16	72	14	
Total	136	50	72	14	
General Total	1596	581	424	589	2

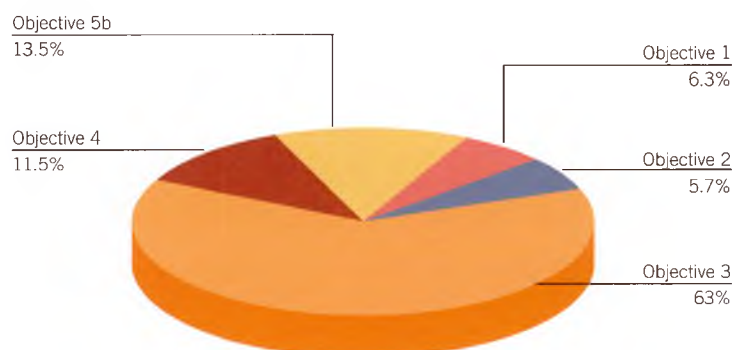
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



The Austrian authorities have chosen to programme actions co-financed by the Structural Funds through Single Programming Documents (SPDs).

In total there are fourteen Austrian SPDs as follows, all of which include an ESF component :

Objective 1:	1 multifund SPD
Objective 2:	4 multifund SPDs
Objective 3:	1 ESF SPD
Objective 4:	1 ESF SPD
Objective 5b:	7 multifund SPDs

B. Main features of the ESF component in the Structural Fund programmes

Eu-wide Objectives 3 and 4 - involving only the ESF

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

In July 1995 a SPD was adopted to co-finance Objective 3 actions in Austria. The SPD amounts to ECU 334 million, which accounts for 63% of the total ESF allocation to Austria and 31.2% of total Structural Fund aid. The SPD applies to the whole of Austria except Burgenland which has an Objective 1 programme.

In harmony with Austrian labour market policy, the aims of the SPD are directed towards creating pathways to employment for groups who are at a particular disadvantage on the labour market.

Priorities

The priorities for ESF action under the SPD are:

Priority 1

Support for those hit by structural change.
ECU 25.8 million

Under this priority, special focus is given to people affected by economic trends resulting from accession to the EU and the speed of economic change. People in the freight-forwarding sector and in the food industry are targeted.

Priority 2

Integration of the long-term unemployed, older people and those threatened with exclusion. ECU 113.8 million

The main ESF emphasis is placed on helping people exposed to exclusion from the labour market.

The main target groups are as follows:

- ◆ people with physical, psychological or mental disabilities (specific focus is given to this group under the next priority);
- ◆ immigrants;
- ◆ people difficult to place because of lack of qualifications and basic skills;
- ◆ groups with social problems such as ex-offenders, people at high risk, drug addicts, the homeless, and people with heavy debts.

Priority 3

Integration of people with disabilities.
ECU 95.2 million

Nearly one third (28.5%) of ESF aid is directed to actions to help people with disabilities.

Priority 4

Aid for the integration of young people into employment.
ECU 22.9 million

Priority 5

Promotion of equal opportunities. ECU 61.3 million

Women benefit from actions under all the priority areas, but helping women to integrate into occupations where they are traditionally under-represented is a particular feature under this priority.

Priority 6

Technical Assistance, including evaluation and implementation. ECU 15.3 million

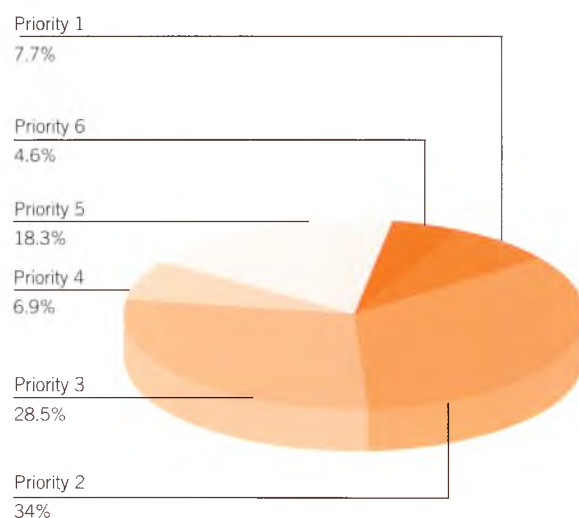
There are a variety of measures under these priority areas which centre around: training (initial, basic and vocational); guidance, advice and counselling; vocational rehabilitation; support for SME start-ups, and employment aids to encourage job creation.

Beneficiaries

The expected beneficiaries under Objective 3 priorities in the period 1995-1999 are as follows:

Priority 1	12,300
Priority 2	31,061
Priority 3	12,000
Priority 4	7,000
Priority 5	10,909
Total	73270

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3



Key points - Objective 3

- ◆ ECU 334 million = 63 % of ESF aid and 31.2% of total structural funding to Austria
- ◆ 28.5% of ESF aid to assist people with disabilities
- ◆ assistance for SMEs and workers affected by Austria joining the EU

Targets are: SMEs; older workers; the unskilled or workers with obsolete skills; people whose employment is threatened by the Single Market (for example customs agents); workers in key positions and part-time and seasonal workers.

Priority 3

*Improvement and development of training system.
ECU 8.4 million*

Innovative concepts or new methods of training and upskilling within companies are features under this priority.

Priority 4

Technical assistance. ECU 2.1 million

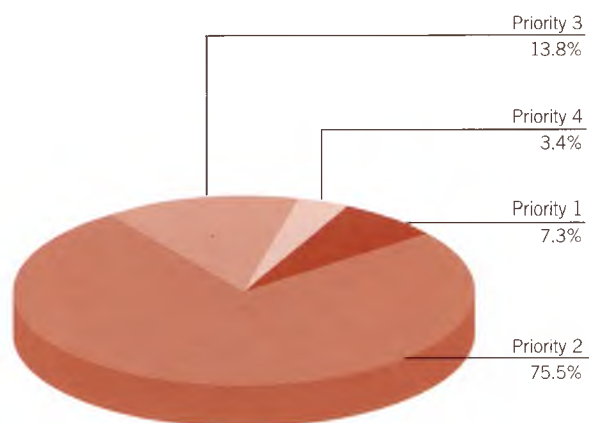
► Objective 4

OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

The SPD for Objective 4 was also adopted in July 1995. The ESF contribution is ECU 61 million, equal to around 11.5 % of the total allocation for Austria. The whole of Austria is covered by the SPD except Burgenland which has a programme under Objective 1. Continuing education and training to adapt workers to change is a relatively new concept in Austria and programming will be reassessed over the 1995-1999 period.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



Priorities

The aim of the SPD is to assist employees adapt to industrial change and new production methods and upgrade their skills.

The priority areas for ESF action correspond to the policy aims of Objective 4 and are as follows:

Priority 1

Anticipation of labour market trends and up-dating qualifications. ECU 4.5 million

This includes setting up systems for evaluation and analysis of trends.

Priority 2

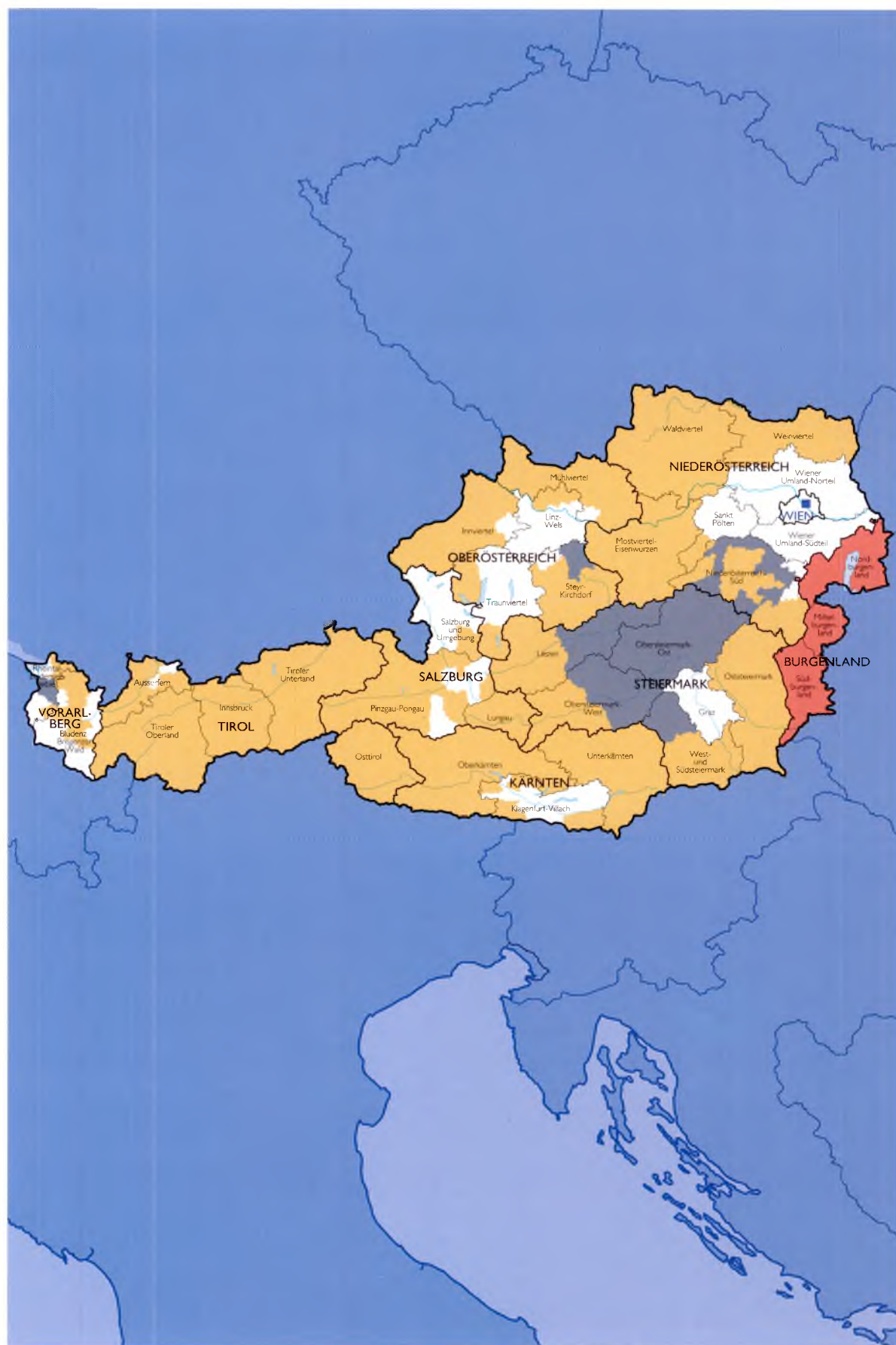
Vocational training. ECU 46 million

The greatest concentration of ESF funding (75.5%) is directed to training and some 43,000 people are expected to benefit. The focus is on supporting job mobility within enterprises or between sectors, and improving the qualifications of employees.

Key points - Objective 4

- ◆ ECU 61 million- 11.5% of ESF allocations to Austria
- ◆ 75.5% of ESF aid to vocational training
- ◆ updates skills and equips workers for new job requirements
- ◆ focus on workers in SMEs
- ◆ assistance for workers threatened with unemployment due to the Single Market

- Objective 1
- Objective 2
- Objective 3
- Objective 4
- Objective 5b



Regional Objectives - in which the ESF integrates with other Structural Funds

► Objective 1

OBJECTIVE 1

Development of the least prosperous regions

One of the Austrian regions, Burgenland, qualifies under Objective 1 and has a multifund SPD providing just over ECU 33 million in ESF assistance (which was adopted on 15 November 1995). Total Structural Fund aid under the SPD amounts to ECU 165 million; the ESF allocation is equivalent to about 20 %.

Some 270,000 people live in Burgenland, a region of 4,000 km² of mainly rural land bordering Slovenia, Hungary and Slovakia. This is among the least prosperous regions in the Community, with GDP in 1995 at 70% of the EU average. Unemployment was 7.7% in 1994 and 7.8% in 1995, higher than the Austrian average. The northern part of the region, close to Vienna and on the way to Budapest, has much better potential than the south where the concentration is on tourism and on crossborder trade and services.

The ESF works with the other Structural Funds to develop the region and enable it to make use of its potential as a gateway to both the east and west. The ESF boosts human resources potential by upgrading skills and encouraging job and enterprise creation.

Priorities

Under this SPD the ESF concentrates on:

- ◆ providing training schemes for people with shortfalls in skills;
- ◆ supporting vulnerable groups who suffer disadvantages in the labour market (long-term unemployed, older people, young people and women);
- ◆ providing support for people in work with training profiles which need to be adjusted to new requirements resulting from structural change.

The ESF component focuses on the following three priority areas:

Trade and industry:

- ◆ Training of middle and senior management in SMEs (ECU 3 million, representing 9% of ESF aid under Objective 1).

Research and development:

- ◆ the operation of technology and technology

transfer centres (which aim to help transfer know-how to educational establishments and businesses) (ECU 0.5 million);

- ◆ training of the unemployed and young entrepreneurs in RTD and other technology related fields (ECU 2.5 million).

Promotion of growth and stability in employment:

- ◆ training, advice and guidance to improve qualifications of employees especially in SMEs and to enhance the management skills of owner/managers (ECU 15.62 million);
- ◆ integration of the long-term unemployed, young people and those threatened with exclusion (ECU 8 million);
- ◆ adaptation of workers to change (ECU 2 million).

In total, ESF aid under this last heading represents ECU 25.62 million or 77.5% of Objective 1 ESF funding.

The ESF also contributes ECU 1.5 million to technical assistance.

Overall, there is a focus on ways of increasing job opportunities for women and unskilled labour and young people in rural areas, in an effort to counteract migration and depopulation.

Measures to train and upgrade the local workforce are aimed at meeting the requirements of the local economy and industry, training SME entrepreneurs in technology, promoting local economic development, protecting the environment and encouraging SMEs to become more international in their outlook.

Beneficiaries

It is anticipated that 7,300 new jobs will be created in the period 1995-1999: 6,000 in industry, 1,000 in technology-related SMEs and 300 in technological centres.

Key points - Objective 1

- ◆ Burgenland
- ◆ 6.3% of ESF aid to Austria;
20 % of total Objective 1 funding
- ◆ 77.5% to employment, growth
and stability
- ◆ SMEs
- ◆ training in new technology

Objective 2

Converting the regions seriously affected by industrial decline

The Austrian Objective 2 area includes parts of the regions of: Steiermark, Niederösterreich, Oberösterreich and Vorarlberg. Structural Fund assistance amounts to ECU 101 million, of which the ESF contribution is about ECU 31 million, representing around 30.7% of total aid under this Objective, and 5.7% of ESF aid to Austria. Four SPDs have been adopted, one for each region concerned.

The ESF allocation is divided between the regions as follows:

BREAKDOWN OF ESF FUNDING BY REGION - OBJECTIVE 2

	ECU million
Steiermark	19.2
Niederösterreich	4.5
Oberösterreich	3.6
Vorarlberg	3.5

The Objective 2 regions are home to 640,000 inhabitants and a diverse range of industries, mainly in declining traditional sectors. Steel, heavy engineering and metals were the mainstay of industry in Steiermark, whereas Niederösterreich concentrated on a mix of mainly SMEs. Oberösterreich specialised in the automobile and mechanical industries, and in Vorarlberg, the main industry was textiles, which employed mostly women. The gradual decline of these industries caused serious unemployment among workers whose qualifications and skills did not match the needs of the up-and-coming sectors.

The unemployment rate in the Objective 2 regions reached a peak of 10.3 % in 1993 (compared with 6.8% for Austria as a whole). Steiermark was worst affected with a rate of 8.4% in 1994; long-term unemployment in this region stood at 47% of the total unemployed and 43.9% of the female workforce were unemployed.

Priorities

Overall, the ESF upgrades human resources and interacts, in particular, with the ERDF to develop the regional economy. The ESF component in the individual SPDs concentrates on the specific human resources requirements of the regions concerned:

Measures

Steiermark:

Improving the management of regional education and training systems; co-ordination and developing structures to support training, guidance, advice and innovation;

- training in industry, the services sector including tourism and RTD;
- facilitating the reintegration of the unemployed and people threatened with unemployment especially metal workers;
- continuing training in RTD, including training instructors and teachers to adapt to new technology;
- training in technical schools.

Niederösterreich:

More flexible employment in industry, trade and services; innovative training schemes in tourism; training for women; vocational guidance; support for active job search and advice and assistance for SME start-ups.

Oberösterreich:

Initial vocational training and continuing training of men and women as a prerequisite to diversifying the industrial structure. There is focus on including people who are raising children.

Vorarlberg:

Advice, guidance and qualification of workers and managers;

- reintegration of the unemployed and integration of people threatened with unemployment especially in the textile and metal industries;
- technical secondary school training linked to regional needs.

Provision is made for *technical assistance* under each SPD.

Beneficiaries

About 11, 000 jobs are expected to be created or maintained in these regions over the current period as a result of programmes supported by the ESF.

Key points - Objective 2

- ◆ 5.7% of all ESF aid to Austria
- ◆ targets SMEs, women, the unemployed, young people and the socially excluded
- ◆ focus on training, guidance, advice and counselling, and support for job and SME creation
- ◆ emphasis on training in new technology and RTD

Objective 5b

The development and structural adjustment of rural areas

Structural Fund aid totalling ECU 411 million is allocated to seven SPDs for the Objective 5b regions of Austria. ESF aid accounts for around ECU 72 million of this and represents 13.5% of all ESF aid to Austria.

The Objective 5b regions contain 2, 270, 000 inhabitants (29% of the Austrian population) and 50, 000 km² of rural territory. The economies of the regions are dependent on primary production - agriculture, forestry and tourism.

The ESF contribution is divided as follows:

BREAKDOWN OF ESF FUNDING

BY REGION - OBJECTIVE 5b

	<i>ECU million</i>
Kärnten	8.2
Niederösterreich	20.2
Oberösterreich	15.9
Salzburg	2.6
Steiermark	17
Tirol	6.9
Vorarlberg	1

Priorities

The individual SPDs cater for the diverse needs of the regions concerned. Although, generally, the ESF focuses on human resources development in the Objective 5b areas, the emphasis of the ESF component is different under each SPD.

Measures

Kärnten:

- diversification of the agricultural and forestry sectors through training and qualification in new skills;
- training, qualification and employment through innovative tourism schemes; training and employment in trade and industry; industrial development in the services sector;
- job creation and self-employment.

Niederösterreich:

- increasing qualifications through specific training in key areas such as communications systems, risk and quality management, new technology and innovative training measures. SMEs and tourism are targeted.

Oberösterreich:

- vocational guidance and adaptation from work in agricultural to non- agricultural areas;
- training and continuing training for both the unemployed and the employed.

Salzburg:

- improving qualifications in the construction, forestry, services and tourism sectors; training for unemployed entrepreneurs, and the reintegration of women;
- improving support structures.

Steiermark:

- improving qualifications to support and adapt the trade, industry and tertiary sectors; continuing training and on-the-job training;
- training of farmers and agricultural personnel for employment in non-agricultural sectors.

Tirol:

- employment and training measures to reinforce the competitiveness of local enterprises in rural areas; innovative training measures in the tourism and services sectors;
- qualitative adjustment of labour force potential for regional needs; teleworking, improvement of regional training institutes, and training in RTD and science.

Vorarlberg:

- improving organisation and content of training and qualifications;
- improved training and job opportunities for women;
- training; improvement of guidance and job search assistance; improvement of qualifications in tourism; training employers and managers in SMEs.

Each SPD makes provision for technical assistance.

Key points - Objective 5b

- ◆ ECU 72 million representing 13.5% of ESF aid to Austria
- ◆ there are 7 SPDs covering 7 rural regions
- ◆ focus on training to develop and diversify the regional economies

Human Resources component of Community Initiatives

Over the period 1995-1999, ECU 23 million of ESF aid will be directed to Austria under Employment and its four strands, and a further ECU 11 million under Adapt.

The Austrian programme is closely tuned to the different Employment strands: NOW (ECU 5.7 million) projects aim to improve women's employment prospects and training opportunities, and access to senior management positions, and assist business start-ups. HORIZON (ECU 11.1 million) projects encourage employment opportunities for people with disabilities through support for work placements, training, counselling and the adaptation of the workplace; YOUTH-

START (ECU 4.5 million) addresses the needs of young people who are either poorly qualified, live in poor regions or suffer from disabilities; and INTEGRA (ECU 1.7 million) improves employment prospects for those who are at risk of exclusion from the labour market.

The Adapt initiative, for which the ESF contributes ECU 11 million, is seen as a chance for Austria to improve existing programmes and systems, creating new innovative approaches through exchange of experiences and the application of new concepts and instruments. This is particularly important in the field of SME development.

In addition, the ESF contributes amount, totalling ECU 16 million through other Community Initiatives: Leader, SME, Urban, Interreg, Rechar, Resider and Retex.

SECTION 3

Programme content and policy aims

A. Vocational integration of people threatened with long-term unemployment

From 1990 to 1994 the proportion of the unemployed registered for longer than one year rose from 13.1% to 18.5%. Older people (over 50) make up the majority of this group. Young people may lose their jobs more often but they normally remain unemployed for a shorter period of time than older people. In the case of the more highly qualified older people, the problem is that they are generally recruited through internal labour markets and when they lose their jobs they find it difficult to approach the market from outside. Older workers may also suffer from outdated skills or physical disabilities making it difficult for them to compete on the labour market.

Additionally, unemployment has been exacerbated because when jobs are lost as a result of economic restructuring in a certain area, new jobs are not always created in the same location. Long-term unemployment in Austria is closely associated with the decline of traditional industries (metal working, textiles and chemical and electrical industries). Furthermore, Austria's accession to the EU has had a profound affect on the employment situation in the road haulage, food, drink and tobacco industries.

For the unemployed affected by large scale redundancies, particularly in the latter industries, the ESF is supporting projects which provide vocational reorientation through 'labour foundations'. These foundations are set up by employers to help soften the blow of the economic and social impact on workers in the industries affected by structural change. The employers take some measure of responsibility for their workers even though their formal working relationship has ended. The aim of the foundations is to provide support for the workers over a period of three years by providing further training, vocational guidance, counselling and support for job search, skills training and assistance for business creation.

A combination of ESF measures aimed at providing pathways to employment, tailored to the needs of the unemployed and long-term unemployed, is available to prepare people for integration into the labour market. The ESF backs comprehensive guidance, advice and counselling and practical training projects. Support is given to vocational training and education which assists job mobility. Transfrontier cooperation to assist job mobility

across borders is also supported.

Training projects assisted include courses that are specifically targeted and courses in new fields, such as those aiming to reduce the dependency of older unemployed people on other people, and in the environment, new technology and ecology engineering. Advice and guidance for unemployed women is an important facet and considerable emphasis is placed on this.

Additionally, ESF finance is used for projects which develop support structures to help job search; which provide employment incentives to employers to take on unemployed workers; and which assist entrepreneurs who wish to start their own businesses, especially women. Foundations and voluntary organisations which provide services to the unemployed are also supported.

B. Vocational integration of young people

The under 19s, (especially males), participate in the Austrian dual training system, which is essentially an apprenticeship system, and accordingly, for this age group unemployment has not been very much of a problem. In 1994 the unemployment rate of the 15-19 age group was just 2.8%. However, for the 19-24 year age group the situation is very different; on average, unemployment for this group stood at 7% between 1993 and 1995. Young women are particularly affected by unemployment, largely because they are less likely to go on to medium-level vocational training after completing their compulsory schooling.

A special ESF-supported programme is devoted to young women, 'Focus on Girls' ('Mädchen im Mittelpunkt'), which provides careers guidance and vocational guidance and training.

ESF support is given to the career-search process and expansion of advisory services; this involves essentially vocational guidance and counselling for young people in order to improve their career choices. Young people who have made a wrong first career choice are assisted by intensive one-to-one guidance and advice on alternative opportunities available to them.

Young people who have had good practical experience but who are not expected to achieve good academic results, receive extra basic training to boost their chances of obtaining employment.

ESF backing is also given to projects that assist young

people with learning difficulties or social problems who are not in a position to take up a job, but who, after intensive training, would be able to embark on a vocational training course or working traineeship. These young people receive initial practical on-the-job training. In addition financial assistance is given to foundations and associations which provide services to unemployed young people.

C. Integration of persons at risk of exclusion from the labour market

A range of ESF-backed measures is available to assist people who are at risk of exclusion from the labour market. These measures centre around training, temporary employment aids to encourage job creation, and the development of training, employment and support structures. With the involvement of local services, a pathway to employment is developed which is tailored to the particular person's needs. This involves a combination of training, vocational rehabilitation, guidance, advice and counselling.

An important area of ESF backed action under this policy aim relates to people with disabilities who have limited education and vocational training or have not worked for some time. With the help of nearly one third of ESF Objective 3 funding, an innovative boost to labour market policy measures is being achieved. The main aim is to integrate people with disabilities into the open labour market. The secondary aim is to promote special training and create work places in sheltered workshops for this group. Traditionally, vocational training for people with disabilities had always taken a back seat but now it is emphasised.

Special focus is given therefore to activities which create job opportunities and improve the qualifications of people with disabilities.

The main measures centre around: improving qualifications through training and vocational rehabilitation; aid to job creation, counselling and assistance with job search. Counselling and training may be on a one-to-one basis or in a group. Incentives, such as reductions in social costs, are made available to companies who try to integrate people with disabilities and to companies wishing to employ them. An innovative ESF co-financed action is the development of 'Arbeitsassistenten', which is a general support structure that assists people with disabilities (one branch supporting people with physical disabilities and the other, people with mental disabilities) in search of appropriate job opportunities.

D. Promotion of equal opportunities in the labour market between men and women

Equal access to the labour market underlies all the ESF's work in Austria and women benefit generally from the measures taken under all ESF policy aims. Nevertheless, specific provision is made to further equal opportunities by supporting the return of women to the labour market through guidance and counselling, extending training and employment measures and assistance for childcare. Incentives, such as lower social costs, are given to employers wishing to employ women.

The aim of training activities for unemployed women (without qualifications or with out-dated qualifications) is to give them better access to those sectors of the labour market where they are under-represented or non-traditional sectors. Young women, in particular, are encouraged to enter jobs in which they have been under-represented. Women who have interrupted their careers to look after children benefit from ESF-backed vocational guidance and counselling that helps to ease their way back into employment.

E. Anticipation of labour market trends and adaptation of worker skills to change

The safeguarding of jobs by equipping those in work with the skills needed to deal with changes in production systems, work organisation or the labour market, has been identified as a new strategic priority for Austrian labour market policy. The Austrian approach is to support structural change and workers affected by it, by recognising and analysing opportunities and problems at an early stage, offering training which fits new needs, and developing new training structures and models.

In order to achieve this, the Austrian Labour Market Service uses two means which work in tandem. These are as follows:

- ◆ a person-oriented measure. Principally this focuses on training, for instance, preparing workers for the introduction of new technology.
- ◆ an innovation-oriented measure. This uses a combination of research and strategic projects with the development of innovative training approaches to create new forms of vocational training.

The ESF supports measures which harmonise with Austrian national policy. Close attention is paid to the needs of the regions to make the most out of their human resource potential. Workers in SMEs receive special attention in ESF programmes because normally they do not have easy access to continuing vocational training and yet almost all new job creation in Austria is in SMEs.

As continuing education and training is a new concept in Austria, ESF activities are to be assessed during the 1995-1999 programming period and, in the light of results, adjusted accordingly.

Actions supported by the ESF focus on:

Anticipation of labour market trends

An ongoing system of analysis and evaluation, linked to specific priorities adapted to regional or sectoral needs is being established, and different levels of analysis are being incorporated into research and forecasting. The needs of undertakings and workers are taken into account. Actions also include surveys and specific studies in order to identify needs.

'Round Tables' for discussion of economic and labour-market aims, involving all interested parties at local and regional level, are being set up as well as other discussion forums, workshops and training strategy conferences.

Vocational training

About 75 % of Objective 4 aid is directed to vocational training projects. Overall, the goal of ESF actions is to stabilise employment through an increase in job mobility, either within companies or in sections of the labour market.

In order to improve know-how and social skills, ESF training actions focus on developing worker's skills and competence in new fields: in law (particularly EU law); commerce; technology; communications technology, and languages.

Training is targeted at workers who: are older, unskilled or have outdated skills; are in key positions; are employed part-time or seasonally; work in SMEs; or are affected by the Single Market (such as customs personnel). In addition, actions supporting occupational mobility and further training are provided for workers who are threatened with unemployment.

Improving and developing vocational training systems

The ESF supports projects that develop innovative concepts and models to develop further vocational training. These projects are at the interface

between labour market and social policy - the boundary where new technology and the socially acceptable introduction of technology meet. This means balancing the advantages of new technology with the social cost of its introduction in terms of redundancies.

These projects are supplemented by others that develop training strategies and advice and counselling, and create a business culture that supports continuing education and training.

ESF support is also given to actions that develop:

- ◆ new training methods and apply new training in practice, for example, models for work-related instruction (learning on-the-job);
- ◆ computer-supported self-learning programmes;
- ◆ models linking technological and communication skills;
- ◆ skill and personnel development models;
- ◆ projects that combine RTD with concrete training measures, and,
- ◆ training measures with specific emphasis on the needs and working patterns of part-time workers.

In addition, 'test training' projects are supported by the ESF. These are directed at simplifying and improving the organisation and conduct of training in SMEs, starting out by assessing the needs of the companies. Training documentation and methods in certain subjects, such as communications, are adapted for small firms; if successful further subjects are added, and this is followed by test training. The results are assessed and then distributed to other SMEs in the Community through the Internet.

F. The ESF - an instrument of regional development

Employment growth and stability

The range of programmes intended to boost employment growth and stability in the regions include actions to assist the employed and unemployed, such as training and continuing training, advice and guidance, and support for SME start-ups and job creation in SMEs.

Actions supported by the ESF respond to the needs of the specific region and also those arising from changes in technology or production systems. They include training in RTD, other new technology and teleworking.

The groups targeted include managers in SMEs, farmers, women and workers threatened with unemployment

in specific industries. For example, the ESF supports projects providing childcare for parents on low incomes and gives assistance to information centres and special foundations for women which provide guidance and counselling, vocational training and support for business start-ups.

Programmes supporting employment growth and stability under Objective 1 feature training and advice for management and employees. This involves:

- ◆ promoting counselling and training of employees in close connection with the needs and demands of the labour market;
- ◆ developing employment opportunities, innovative jobs and support for business start-ups by the unemployed;
- ◆ training of instructors;
- ◆ drawing up new curricula for training colleges;
- ◆ training with a special international dimension, and,
- ◆ training of engineers to EU product standards.

To promote employment growth and stability for the long-term unemployed, young people and the most vulnerable groups, the ESF supports actions relating to: training to improve qualifications in line with business needs and the potential of the individual; incentives for employers to create jobs; and counselling, guidance and support measures such as assistance with childcare and job placement for people with disabilities.

Other programmes include adapting employees to changes in production systems or work organisation. Actions focus on upgrading workers' qualifications, promoting staff in key areas and training for qualifications in innovative areas, such as new technology. For example, the ESF supports projects that develop models and prepare pilot projects to adapt workers to change resulting from technological innovation. Companies are given the chance to decide, in conjunction with specialist advisors, on

new products that match a company's goals, regional infrastructure and current level of employees' qualifications, and at the same time to plan training. The first stage is to create a method for informing employees about technological trends and obtaining their views; a pilot company is then chosen to test the systems in action.

The ESF also supports training activities in the electronic media using seminars and other types of meetings that improve the qualifications of entrepreneurs and managers in SMEs and help them adapt to structural change.

Boost human potential in the fields of research, science and technology

The ESF co-finances projects that operate technology and technology transfer centres, including actions to:

- ◆ promote links between education establishments and enterprises;
- ◆ develop cooperation between international and national research institutes and regional educational institutes;
- ◆ provide counselling and technology transfer, and,
- ◆ establish centres for business start-ups which are related to RTD and new technology.

Projects are also supported that provide post-graduate training and qualifications in technology centres for graduates who have completed their studies in technology institutes and universities in the same or similar field of practice to that of the technology centre. The ESF supports training programmes in RTD, science and technology (including teleworking), for the unemployed and young entrepreneurs. The training of teachers and instructors, and the development of technical schools are also assisted. These technical schools are tailored to the sector concerned and to the changing industrial environment, focusing on information technology and other new technologies rather than traditional activities.

SECTION 4**Management and follow-up****Implementation structures**

At national level, the overall responsibility for coordination of the ESF lies with the Federal Ministry of Social Affairs and Health (BMAGS). Project selection is administered principally by the Labour Market Service and, in the case of Objective 3, in conjunction with the Federal Offices for Social Affairs and the Disabled. Some programmes under Objectives 1, 2 and 5b are administered by other Federal Ministries.

The social partners play a vital role in the Labour Market Service, with functions in control and decision making. Social partners are involved in all ESF deci-

sions; a meeting takes place every two months in the BMAGS with the social partners, where the basic themes of the ESF and its development are discussed. Working groups are set up on specific issues and involve experts as well as interested parties.

Each specific Bundesland has responsibilities for the implementation of actions at regional level under Objectives 1, 2 and 5b. The Labour Market Service and Federal Offices for Social Affairs and the Disabled both have regional offices which deal with labour market activities at a regional level. The Labour Market Service also has offices at local level. The social partners are also involved in decision-making at regional and local level.

Belgium

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

Belgium is a small open-economy, depending to a large extent on exports. Moreover, the Belgian economy has been undergoing a constant process of internationalisation, with foreign investments in industry (from the 1960s onwards), industrial restructuring during the period 1975 to 1985, and with '1992' in mind, mergers and takeovers, and cooperation agreements in almost every sector. The important opening-up of markets and the high level of internationalisation, together with the country's geographical position are the reasons for the importance of sectors connected with trade (transport, distribution, catering), which account for more than a quarter of the GDP. Business services together with family and financial services, also represent some 25% of GDP. On the other hand, the share of the manufacturing industry in Belgian GDP has continually fallen, reaching 22% at the beginning of the 1990s. This decline is also shown in the level of industrial activity: from 31.8% in 1970 it fell to 20.8% in 1990.

Although the growth in employment is positive, it has generally been less than that of its European neighbours. According to the 'Bureau du Plan', the only sector with growth potential is the important sector of commercial services (trade, hotels and catering, financial services).

Labour market

In 1993, according to the European definition, 436 000 people were unemployed, i.e. 8.% of the working population. If we add to this figure those people who are unemployed but undergoing vocational training; older people who are fully unemployed and receiving benefit; unemployed people involved in resettlement programmes; people who are not occupied but exempt - all of these categories are not included in the European definition - then, 911 989 people are unemployed, i.e. more than double.

In spite of the fact that the rate of unemployment in Belgium is lower than the European average (10.4%), it remains an extremely serious problem. It must also be noted that the rates vary according to region: in 1993, the unemployment rate was 6.6% in Flanders, 11.3% in the Brussels region and 12% in Wallonia.

The main characteristics of unemployment in Belgium are:

- ◆ almost three out of five unemployed people are women;
- ◆ over half of those unemployed are long-term unemployed (unemployed for more than a year), and of those, the very long-term unemployed (more than two years) form a considerable proportion (40%);
- ◆ unemployment among young people increased considerably from 1990 to 1992, and their percentage of the unemployed population rose from 13.7% to 14.7%. It has become quite common that unemployment is the first experience of the adult world for young people reaching working age.

Administrative structure of the Member State

Belgium is a Federal State composed of three regions and three communities.

The three regions are the Walloon region, the Flanders region and the Brussels region. The three communities are the Flemish community, the French community and the German-speaking community. In the Flemish part of the country, the region and the community have merged into one single administration (de Vlaamse Regering) wielding community and regional power. In the other cases, the distinction between region and community has been maintained. Each body is run by its own administration. With the Federal Government, Belgium is thus, run by six administrations distributed over three levels of competence (federal, community and regional). The community affairs of the Brussels region are run jointly, by three commissions - the Commission Communautaire Française, the Flemish Community Commission and the Common Community Commission.

This results in a complex breakdown of responsibilities between the three levels, with regard to employment, education, training and integration issues and affects the way Structural Funding assistance is managed.

- ◆ the Federal State is responsible for redistributing the national effort as regards training, integration and employment. It is responsible for the provision and implementation of unemployment legislation in the broad sense;
- ◆ the regional authorities have responsibility for economic policy and active employment policy (placement of job-seekers, recruitment aids, job creation in the public and non-market sectors);
- ◆ the communities deal with compulsory education, education for social development, cultural schemes of continuous education. The Flemish and German-speaking communities are also responsible for post-school vocational training and occupational integration.

SECTION 2

Structural Fund programmes in Belgium

A. Allocation by Fund and Objective

Belgium qualifies for Structural Fund assistance under the EU-wide Objectives 3, 4 and 5a and in the case of certain regions under the regional Objectives 1, 2 and 5b.

This means that all of the Structural Funds - ERDF, EAGGF, ESF and FIGF apply in Belgium. During the period 1994 - 1999, Belgium will benefit from total structural funding amounting to more than ECU 1835 million. The ESF portion amounts to ECU 718 million, around 39.1% of total allocation.

In addition, some ECU 325.1 million are allocated through Community Initiatives, ECU 111.3 million of which is contributed by the ESF.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING

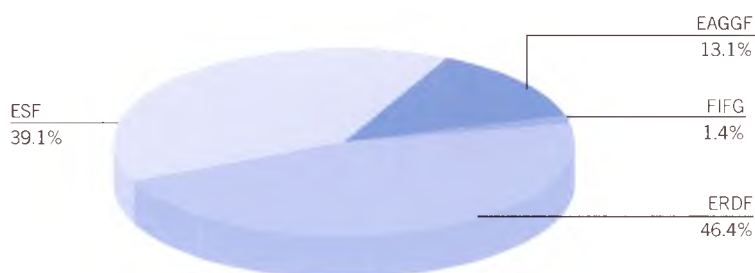
ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIGF
Objective 1	730	166.7	515.9	47	0.4
Objective 2	366.5	73	293.5		
1994-1996	160	30	130		
1997-1999	206.5	43	163.5		
Objective 3	396.2	396.2			
Objective 4	68.8	68.8			
Objective 5a Agric.	170			170	
Objective 5a Fish	25.5				25.5
Objective 5b	78.1	13.2	41.1	23.8	
Total	1835.1	717.9	850.5	240.8	25.9
Community Initiatives					
Employment	45.8	45.8			
Adapt	38.6	38.6			
Others	240.7	26.9	206.4	5.4	2
Total	325.1	111.3	206.4	5.4	2
General Total	2160.2	829.2	1056.9	246.2	27.9

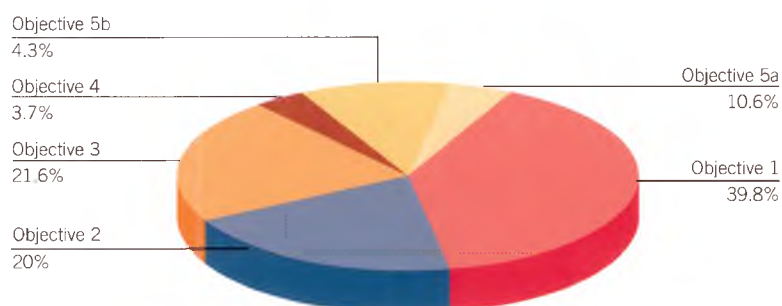
Compared to Belgian expenditure on the labour market amounting to ECU 8600 million for 1994, ESF assistance is 1.6%.

In the same way, it should be noted that public expenditure allocated by Belgium on active market measures amounted to ECU 2870 million in 1994, ESF assistance accounted for 4.7% of this amount.

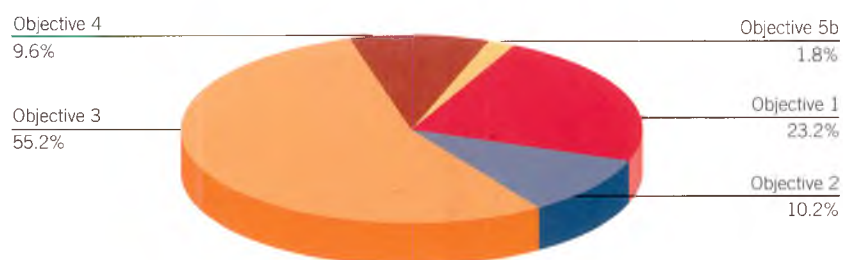
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



Structural Fund assistance is divided into 25 programming documents - the ESF contributes to 19 programmes.

The Belgian authorities have adopted two approaches - CSFs with Operational Programmes (OPs), in respect of assistance under Objectives 3 and 4, and Single Programme Documents (SPDs) under Objectives 1, 2, 5a and 5b. The ESF contributes to all of these programmes, with the exception of the seven SPDs under Objective 5a.

The programming documents involving the ESF are as follows:

Objectives

- 1 1 SPD
- 2 4 SPDs 1994 - 1996, 3 SPDs 1997 - 1999
- 3 1 CSF and 5 OPs
- 4 1 CSF and 5 OPs
- 5b 3 SPDs

In addition, the ESF contributes to 22 OPs for the Community Initiatives.

B. Main features of the ESF component in the Structural Funds programmes

EU-wide Objectives 3 and 4 - involving only the ESF

A total of ECU 465 million has been allocated to Belgium under Objectives 3 and 4. The Belgian authorities have decided to allocate 85.2% to Objective 3 and 14.8% to Objective 4.

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

Objective 3 in Belgium is programmed in a CSF adopted in 1994 and represents ESF assistance worth ECU 396.2 million, which is 55.2% of the total ESF allocation to Belgium.

Due to the complex administrative structure of the country, this allocation is spread across five OPs. One OP has been planned for each authority that originally applied:

- ◆ 1 OP for the Federal Ministry of Employment
- ◆ 1 OP for the Flemish administration
- ◆ 1 joint OP for the French Community administration, the Walloon administration and the Brussels regional administration (COCOF);
- ◆ 1 OP for the Brussels regional administration;
- ◆ 1 OP for the German-speaking community.

Based on the particular situation of Belgian labour market policies, the CSF is focused on five priorities which correspond to the four strategic aims of the ESF under Objective 3.

These priorities target the whole of Belgium, with the exception of the Province of Hainaut, which is eligible under Objective 1.

Priorities

Priority 1

Integration of the long-term unemployed and unemployed persons exposed to long term unemployment. ECU 132.98 million

Priority 2

Vocational integration of young job-seekers. ECU 84.85 million

Priority 3

Integration of people threatened with exclusion from the labour market. ECU 124.56 million

Priority 4

Equal opportunities for women and men. ECU 26.43 million

Priority 5

Support to training and integration structures and horizontal measures. ECU 27.37 million

BREAKDOWN OF ESF ALLOCATION BY PRIORITY - OBJECTIVE 3



BREAKDOWN OF OBJECTIVE 3 FUNDING BY OP

	ECU million	%
Federal Ministry for Employment and Labour (MET)	36.04	9.1%
Brussels region	12.24	3.1%
French community/Walloon region/ Brussels region	156.61	39.5%
Flemish government	185.8	46.9%
German-speaking community	5.5	1.4%

Measures

Priority 1 to 4 have the same objective: to address the difficulties encountered by specific categories of people vis à vis their integration in the labour market. Therefore, they call for a common approach. Thus, each of them is implemented by two common types of measure

- ◆ the first type of measure covers the concept of 'pathways to integration': actions include personal guidance, counselling, tailored vocational training, monitoring and active job-seeking. The process is adapted according to the social, economic, physical and psychological situation of the different target groups;
- ◆ the second type of measure concerns work placement. It is targeted at unemployed persons who, through employment aids, can be directly integrated in the labour market without recourse to training. This type of measure, as required by the ESF Regulation, will be time-limited.

Key points - Objective 3

- ◆ 55.2% of ESF assistance to Belgium and 21.6% of total Structural Funds
- ◆ priority given to the 'pathways to integration' approach for all integration measures. Emphasis on partnership and effective collaboration between operators and between public authorities to guarantee effectiveness of pathways to integration

► Objective 4

Facilitating the adaptation of workers to changes in production systems

The CSF for Objective 4 was adopted at the end of 1994 for a period of two years (1994 - 1996) with an ESF allocation of ECU 25.56 million. The CSF was subsequently amended in 1996, extending its duration up to 1999 and increasing the ESF contribution to ECU 68.8 million. This amount is 9.6% of the total ESF allocation to Belgium.

Taking into account the special situation of Belgium, the strategy for achieving Objective 4 is based on four main priorities:

Priority 1

Anticipating trends in the employment market and qualification needs. ECU 22.5 million

Priority 2

Improving training and advisory systems. ECU 17.5 million

Priority 3

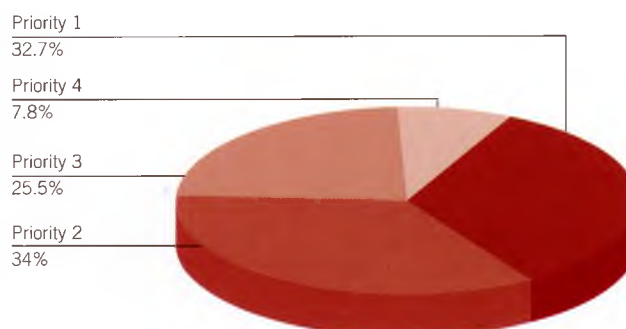
Developing the training and guidance effort. ECU 23.4 million

Priority 4

Measures having a horizontal effect on the whole of the CSF. ECU 5.4 million

As in Objective 3, the measures under these priorities will be carried out in the form of Operational Programmes. Again, there is one OP for each authority.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



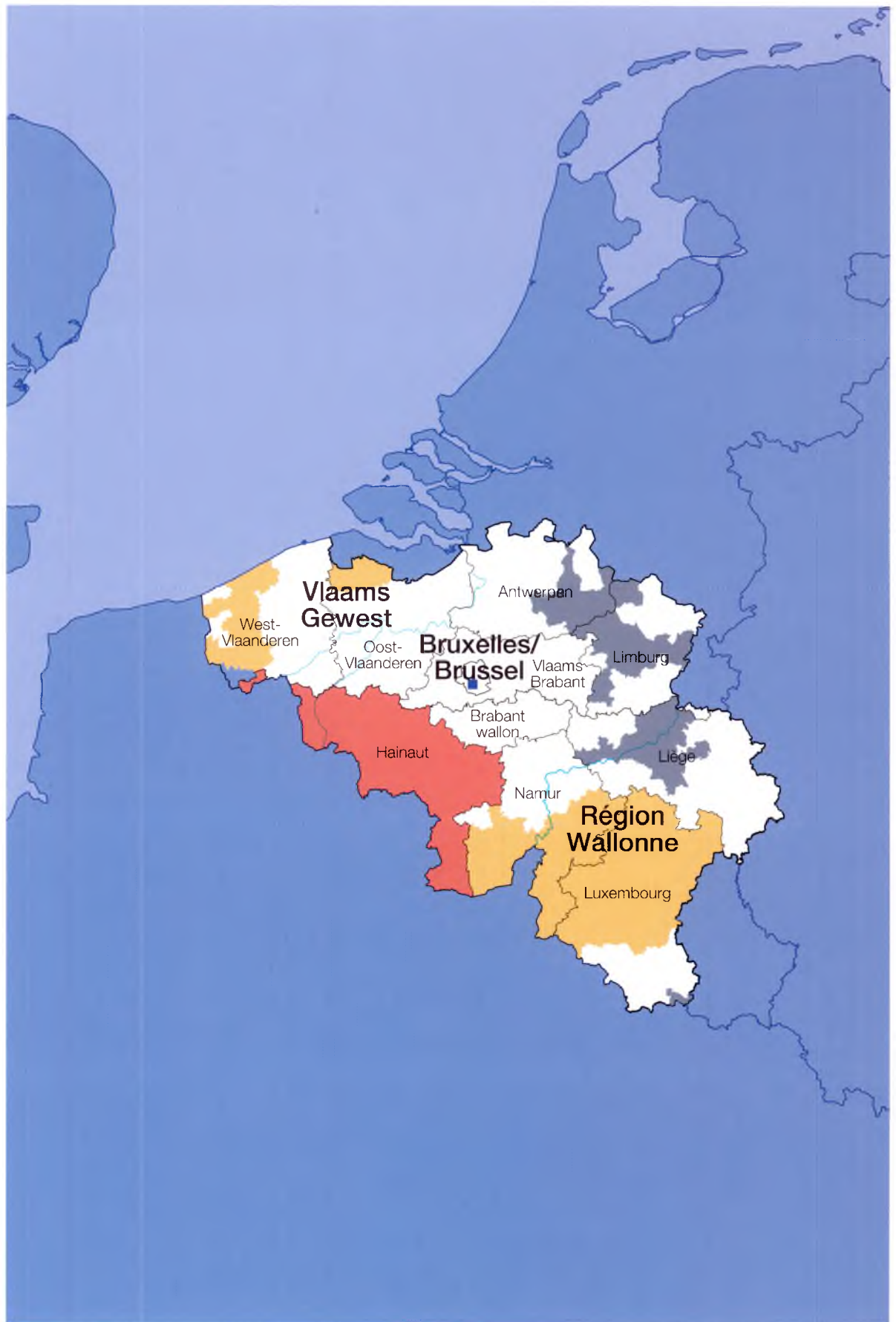
Key points - Objective 4

- ◆ 9.6% of ESF assistance to Belgium
- ◆ anticipation is the cornerstone of measures supported by the ESF
- ◆ intensive partnership between public authorities, promoters and social partners
- ◆ priority given to improving training and advisory systems
- ◆ measures target workers with very low qualifications, those at risk of losing their jobs and SMEs facing difficulties in adapting to industrial change

BREAKDOWN OF ESF FUNDING BY OP

	ECU million	%
Federal Ministry for Employment and Labour (MET)	5.96	8.7%
Brussels region	2.16	3.1%
French community/Walloon region/Brussels region	17.39	25.3%
Flemish government	42.8	62.2%
German-speaking community	0.49	0.7%

- Objective 1
- Objective 2
- Objective 3
- Objective 4
- Objective 5b



Regional Objectives - in which the ESF integrates with other Structural Funds

► Objective 1

OBJECTIVE 1

Development of the least prosperous regions

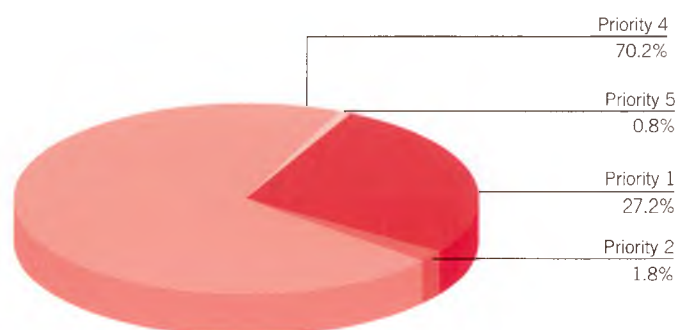
Eligibility under Objective 1 was granted for the first time to a Belgian province during the period 1994-1999. Hainaut with the areas of Mons, Mouscron, Ath, Soignies, Charleroi, and Thuin is the only Belgian province eligible under this Objective. The area covers a very small part of the Belgian territory (12.4%) but it has a very important density of population: 1.28 million people live in this area, amounting to 39.4% of the total population of the Walloon region. The SPD was adopted in June 1994. The total contribution from the four Structural Funds amounts to ECU 730 million. The ESF contributes ECU 166.7 which is more than 22.8% of total structural assistance.

The strategy adopted for the development of human resources in Hainaut is aimed at:

- ◆ helping workers in companies, at all levels, adapt to new production systems and change;
- ◆ developing a very strong policy aimed at the integration of young people and people facing social exclusion into the labour market;
- ◆ strengthening and improving education systems;
- ◆ adapting training to local needs.

The ESF contributes to four out of the five priorities set out in the SPD:

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 1



Key points - Objective 1

- ◆ 23.2% of total ESF assistance to Belgium
- ◆ within the Objective 1 SPD, the share of ESF assistance is 22.8%
- ◆ 70.2% of ESF assistance for Objective 1 is allocated under the equal opportunities priority

ECU million

	Total Structural Funds	ESF
Priority 1 Stimulation of economic activity	480.1	45.5
Priority 2 Attracting investment in the region	90.6	3
Priority 3 Transport infrastructures	309	
Priority 4 Equal opportunities	124.6	117
Priority 5 Technical assistance	3.8	1
Total	730	166.7

► OBJECTIVE 2

Converting the regions seriously affected by industrial decline

Four out of the ten Belgian provinces have areas where unemployment rates combined with levels of decline in industrial employment are worse than the EU average; this makes them eligible under Objective 2. The areas concerned are the commune of Aubange in the Luxembourg province, the area of Meuse - Vesdre in the province of Liège, the province of Limburg in the northern part of the Flemish region and the area of Turnhout located in the East part of the Antwerpen province. All together, around 1.4 million people live in these areas.

The total structural allocation for Objective 2, for the period 1994 - 1996 was ECU 160 million, out of which the ESF contributed ECU 30 million. New SPDS have been adopted for 1997 - 1999 with a total structural assistance amounting to ECU 206.5 million to which the ESF contributes ECU 43 million. Between 1994 and 1999 ESF assistance will amount to ECU 73 million which is 19.9% of the total structural assistance under Objective 2 and 10.2% of the total ESF allocation to Belgium.

The ESF strategy adopted under the two series of SPDS is aimed at:

- ◆ stimulating growth and reconversion based on research and technological innovation;
- ◆ supporting the competitiveness of SMEs;
- ◆ diversifying the regional economy;
- ◆ improving the tourism and environmental sectors.

Key points - Objective 2

- ◆ 10.2% of total ESF assistance
- ◆ priority given to boosting the development of SMEs
- ◆ emphasis on training in advanced technology
- ◆ diversification of activities (tourism and environment)
- ◆ support to continuing training systems

BREAKDOWN OF ESF FUNDING - OBJECTIVE 2 SPDS

ECU million

Region	ESF	Total Structural Funds	% of ESF contribution
Aubange	0.43	2.3	18.7%
Meuse -Vesdre	32.5	193.3	16.8%
Limburg	28.6	114.6	24.9%
Turnhout	11.5	56.2	20.5%

► Objective 5b

OBJECTIVE 5b

The development and structural adjustment of rural areas

Three areas are eligible under Objective 5b two in the Flanders region and one in the Walloon region. They cover 22% of the Belgian territory and 4% of the entire population live in those areas.

Between 1994 and 1999, total structural funding allocated to Objective 5b will total ECU 78.1 million, divided between three SPDs. The ESF contributes to ECU 13.2 million, representing 16.9% of the total Structural Fund allocation to this Objective.

Human resources component of the Community Initiatives

The four strands of the Employment Initiative - NOW, HORIZON, INTEGRA and YOUTHSTART - provide an allocation of ECU 45.8 million over 1994-1999 to Belgium to foster best practice in the field of human resources development through innovation, local partnership and transnational co-operation.

Under the Adapt Initiative, the ESF allocates ECU 38.6 million for the co-financing of innovative transnational projects for employees at risk of unemployment due to industrial and technological change.

In addition, the ESF contributes amounts totalling ECU 26.9 million through the other Community Initiatives: Interreg, Leader, Konver, SME, Retex, Rechar and Urban.

BREAKDOWN OF ESF FUNDING BY SPD - OBJECTIVE 5b

ECU million

Region	ESF	Total Structural Funds	% of ESF contribution
Bastogne, Marche, Neufchateau, Dinant			
Philippeville	8.7	41.4	21%
Meetjesland	1.6	10.3	15.6%
Westhoek	2.9	26.4	11%

The main priorities under this Objective are to boost economic development, develop SMEs and enhance training linked to diversification(tourism).

Key points - Objective 5b

- ◆ only 1.8% of total ESF allocation
- ◆ priority given to the development of SMEs by appropriate training
- ◆ promotion of rural tourism
- ◆ emphasis on training in the agricultural sector

SECTION 3**Programme content and ESF policy aims****A. Vocational integration of people threatened with long-term unemployment**

Despite a remission between 1988 and 1992, long-term unemployment remains a very serious problem in Belgium. Long-term unemployment accounted for 39.4% of total unemployment in 1992. This form of unemployment affects women more than men: in 1992, 63.2% of long-term unemployed persons were women. Note also that the maximum educational level of over 75% of the long-term unemployed corresponds to lower secondary school; and out of these, 57.5% have only completed primary education. Some 23% of the total ESF resources are used to combat long-term unemployment, mostly through actions undertaken under Objective 3 and Objective 1.

The first priority axis of Objective 3 is primarily targeted to people, including young people, who have been unemployed for at least 10 months and to people over 45 years old, even though they have been unemployed for less than 10 months, as they are particularly threatened with long-term unemployment in the current economic setting. The very long-term unemployed (over two years unemployed) are taken into account under the policy aim relating to the integration of persons at risk of social exclusion. Given the high proportion of women in unemployment, special attention is given to combating female unemployment. In the case of women returning to work, the period of absence from paid work is counted as a period of unemployment.

'Pathways to integration' occupies a central position and is the main measure developed to fight long term unemployment. This process allows for an individual assessment of each unemployed person resulting in the design of a tailored programme aiming at his/her integration into work. This process provides for guidance and counselling actions as well as monitoring, foundation courses combining vocational training and social aptitude measures, appropriate vocational and technical training combined with work experience, active job-seeking and entry to work. The final stage consists in the monitoring of a trainee after his/her placement. To make pathways to integration fully coherent and to prevent complexity, emphasis is put on the effective collaboration between the operators and public authorities. This is why the first year of programming and part of the second are used to establish and strengthen the cooperation between all actors. During this phase, the

actions selected must have the potential to be incorporated into the arrangements for managing the pathways to integration. Measures implementing a partnership approach is an absolute priority.

Work placement through job subsidies is the second type of measure developed to tackle long-term unemployment. This measure targeted to unemployed people without qualifications and people over 45 years old, allows them to be directly integrated into the labour market without having to be trained before working. This measure is time-limited.

Under Objective 1, actions are targeted to unemployed persons threatened with long-term unemployment. Preventive actions such as guidance and counselling, pre-training, upgrading of basic skills and retraining are provided.

B. Vocational integration of young people

Youth employment has declined steadily in Belgium, even when economic recovery was at its strongest. From 1984 to 1989 it fell by 9%, while total employment in Belgium grew by 7% in the same period. In 1992, the rate of young unemployed people had reached 16%, representing 14.7% of total unemployed people.

It should be noted that the problem of youth unemployment seems to be linked more to the structure and workings of the labour market rather than to the 'employability' of young people. Youth unemployment does not result in low educational levels among young people in search of work; 34.4% have completed secondary level and 9.2% have completed higher or university education.

Belgium is devoting around 14% of ESF resources to combating youth unemployment.

Most of the measures are implemented in the framework of the Objective 3 CSF and the Objective 1 SPD.

The measures are targeted at young people who have been looking for a job for less than 10 months and young people in compulsory part-time education.

A first type of measure aims at supporting sandwich courses. It provides the optimum combination of training and work experience. Training takes place either at school, in training centres or in firms. Schools and training centres are in charge of exploring employment opportunities for young people after the training period. Placement can be supported by an employment grant.

Another type of measure consists of employment

subsidies (similar to those described under the long-term unemployment aim). This type of measure is destined exclusively to young people with a low level of education or with no qualifications. It aims at giving them initial work experience.

Particular attention is also given to young people under 20 excluded from the labour educational system, in order to provide them, with access to a full-time job through recruitment subsidises or other wage-cost-reduction measures. Other actions aim at facilitating their access to a recognised form of education or training.

C. Integration of persons at risk of exclusion from the labour market

More than 17% of ESF resources go towards this aim, allocated to a specific priority under Objective 3. The first sub-programme targets people with disabilities. The second one relates specifically to CPAS (public centre for social support) recipients, benefiting from 'minimex' or equivalent assistance: the very long-term unemployed persons, women with low qualifications, migrants and people excluded from the social security system or from any replacement income. Again, 'pathways to integration' is the main measure developed to help these groups integrate into the labour market. Emphasis is given to guidance, counselling and to assistance after the person has found a job. Some actions develop individual training within firms. Specific actions for very long-term unemployed young people aim at offering them temporary jobs, in the context of projects developed by public authorities in the non-market sector.

D. Promotion of equal opportunities between men and women

Although women benefit from ESF actions under all policy aims, around 4% of ESF resources are allocated to specific actions for women. The actions developed are more specifically addressed to women wishing to return to work after at least, 10 months' inactivity and young women job-seekers - all of them with low vocational qualifications. 'Pathways to integration' is the main approach. Priority is given to training in occupations where women are generally under-represented. Actions are also developed to facilitated access to training for women with young children: child-care facilities, flexible schedule of training.

E. Anticipation of labour market trends and adaptation of workers to industrial change

Anticipation

As far as anticipation is concerned, the approach developed by Belgium is based on a contractual policy with the social partners, giving preference to an intersectoral and regional approach. Anticipation is given high priority as 34% of total allocation under Objective 4 is allocated to this measure. Actions include forecasting studies of the employment market, of qualifications and of needs with regard to vocational training. These studies are repeated on a regular basis to monitor any change or evolution. Support is also provided to the functioning of anticipatory structures. The results of the studies will help define the content of training measures aimed at the adaptation of workers. Training measures have to be accompanied by prospective and strategic thinking, in terms of development of skills and qualifications. In the same way, measures relating to the development of training systems have to demonstrate how they meet the anticipated needs.

Improving training systems

Measures developed aim at ensuring that better account is taken of the needs of workers as regards training. Actions include the development of new tools, the training of instructors and of advisers for SMEs. Support to SMEs is given to help them in the design and management of their training plans. Public awareness campaigns are also envisaged to encourage the development of training schemes.

Training

The objective of the measures developed are twofold. First, they are to prevent the occupational exclusion of staff working in firms, affected by industrial change, as a result of the inadequacy of their qualifications; second, they are to guarantee employees that their skills will be maintained and that their qualifications will be raised or adapted. Priority is given to intersectoral measures whose characteristics can allow transferability to other sectors. Thus, training focuses on horizontal skills, appropriate to different sectors. Special attention is paid to the needs of SMEs.

- ◆ training in business and marketing strategies;
- ◆ training in new technologies;
- ◆ training in management control, financial analysis.

F. The ESF - an instrument of regional development

Employment growth and stability

With the aim of fostering employment stability and boosting new employment opportunities, continuing training measures and employment aids are developed. Underlying these measures is a closer link between training and local needs.

Measures include

- ◆ training for the development of SMEs by the training of management staff and future entrepreneurs; SMEs guidance and counselling operations, management training seminars for head of companies;
- ◆ strengthening the technological potential of companies by the provision of training and a thorough knowledge of subjects linked to new technologies; encouraging cooperation between training/technology centres and companies;
- ◆ developing alternative activities in different sectors such as health, tourism, the environment, trade and services.

Boosting human potential in the fields of research, science and technology

The ESF supports measures which promote research and technological development as well as innovation. Actions focus on training for technicians, awareness raising and information targeted to SME managers to encourage the use of telecommunications, and to support the allocation of personnel to research centres.

SECTION 4

Management and follow-up

Structures

At Federal level, the Ministry of Employment and Labour is the official interlocutor of the Commission.

Within the Ministry, the ESF mission plays a coordination role as far as Objectives 3 and 4 are concerned. In practice, each of the four other administrations (see section 1) - the Flemish administration, the French community administration/Walloon administration/COCOF, Brussels region and the German-speaking community manage their relevant Objective 3 and 4 OPs directly.

The same management applies to the regional Objectives, for which the ESF component within the SPDs is dealt with by the relevant administrations. Each of these administrations has its own ESF mission.

Monitoring Committees

Monitoring Committees have been set up at CSF level both for Objectives 3 and 4. They are chaired at Federal level by a representative of the Ministry of Employment and Labour.

In addition, in order to improve effectiveness of work, monitoring committees have also been set up for each OP and SPD.

The committees are made up of the usual representation: representatives of all the administrations involved in the programme, social partners, and key programme operators.

Denmark

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

The Danish economy had been enjoying a very favourable period since the beginning of the nineties. The GDP had been steadily growing and rose by 4.4 % in 1994, because of strong interior demand, particularly in the field of private consumption which was on a constant upward trend. Forecasts for the future were equally favourable but the very open nature of the Danish economy means that its evolution is heavily influenced by the economic situation in the rest of the European Union.

Labour market

Productivity growth exceeded increases in production between 1990 and 1993, leading to a drop in employment rates. About 349 000 people, 12.4 % of the active population, were unemployed in 1993. Unemployment was not spread evenly across the Danish regions, ranging from 8.4 % in the counties of Frederiksborg and Ringkøbing to 15.5 % in the municipality of Copenhagen. Similarly, not all categories had been affected in the same way: people between the ages of twenty and twenty-nine had been hit the most and unemployment rates were somewhat higher among women.

Long-term unemployment had risen substantially over the years - by more than one third between 1989 and 1993. By the end of this period, 39 % of the unemployed were in the long-term unemployed category. People with low qualification and skill levels are those most affected and at risk of long-term unemployment.

The main problem of the labour market was therefore unemployment and Danish efforts were focused on reducing unemployment rates while, at the same time, developing a stable and sustained economy. To this end, reforms of the labour market were adopted in January 1994 with a marked emphasis on the development of active labour market measures and are providing concrete actions for the unemployed. Reforms of vocational training were also introduced on this date, and both of these developments recognised the key role of vocational training among active labour market measures.

SECTION 2

Structural Fund programmes in Denmark

A. Allocation by Fund and Objective

Denmark qualifies for Structural Fund aid under horizontal Objectives 3, 4, and 5a and, in the case of some regions, under Regional Objectives 2 and 5b. This means that all of the Structural Funds - ERDF, EAGGF, ESF, and FIGF apply in Denmark.

A total of ECU 745 million is allocated to Denmark to cofinance programmes for development and the fight against unemployment, for the period 1994 - 1999.

The ESF contributes ECU 339 million, which is 45.5 % of the total Structural Fund allocation. In financial terms, the ESF is therefore the most important Structural Fund operating in Denmark. In addition, some ECU 105.3 million are allocated through Community Initiatives, ECU 58.3 million of which is contributed by the ESF.

The financial contribution of the ESF represents 2% of the national cost of active employment measures in Denmark.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

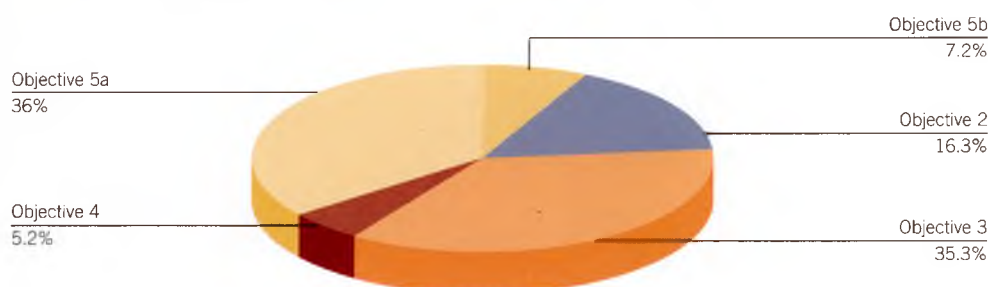
ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIGF
Objective 2	122	27	95		
1994 - 1996	56	12	44		
1997 - 1999	66	15	51		
Objective 3	263	263			
Objective 4	38	38			
Objective 5a Agric.	127			127	
Objective 5a Fish	140				140
Objective 5b	55	11	22	22	
Total	745	339	117	149	140
Community Initiatives					
Employment	14	14			
Adapt	31.7	31.7			
Others	59.6	12.6	36.5	3.2	7.2
Total	105.3	58.3	36.5	3.2	7.2
General Total	850.3	397.3	153.5	152.2	147.2

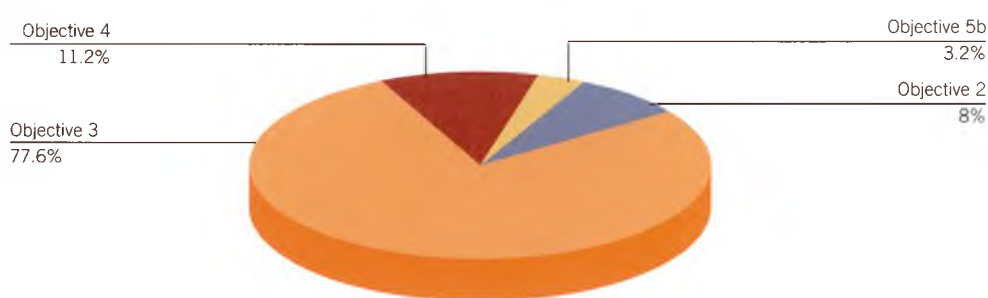
BREAKDOWN OF ALLOCATION BY FUND



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



This chart highlights the importance attached to Objective 3 which absorbs more than 35% of the total Structural Fund allocation (78 % of the ESF allocation)

Structural Fund aid is divided between eight SPDs - The ESF contributes to five of these programmes

The Single Programme Document (SPD) approach is used for the programming of all cofinanced Structural aid actions. The total Structural Fund allocation to Denmark is shared between 8 SPDs; 2 horizontal SPDs (Objectives 3 and 4), 3 Regional SPDs (2 for Objective 2 and 1 for Objective 5b) and 3 horizontal SPDs under Objective 5a in which the ESF is not involved. In addition to these, the ESF contributes ECU 58.3 million to Operational Programmes under Community Initiatives, out of which ECU 14 million for the Employment Initiatives and ECU 31.7 million under the Adapt Initiative.

B. Main features of the ESF component in the Structural Fund programmes

EU-wide Objectives - involving only the ESF

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

More than 78 % of the ESF contribution to Denmark is concentrated on the following four priorities established in the SPD for Objective 3:

Priority 1

Facilitating the vocational integration of young people. ECU 55 million

Priority 2

Supporting unemployed people threatened with long-term unemployment. ECU 144 million

Priority 3

Helping people at risk of exclusion from the labour market. ECU 58.5 million

Priority 4

Technical assistance, particularly for financing ESF coordinators working at regional level and for the coordination of job-rotation programmes. ECU 5.5 million

These priorities reflect the aims of the ESF under Objective 3 and, at the same time, complement Danish labour market policy as it was defined in the important reform of the labour market which came into effect on 1 January 1994. Heavy emphasis was placed on the need to reduce unemployment through an active labour market policy geared to meeting the needs of the unemployed, employees and enterprises. The reform contains very concrete measures for the unemployed: job opportunities, education and training linked to tax rebates and a revision of the unemployment benefit system, protected forms of employment for disadvantaged groups; stimulating demand for low-skilled labour; and giving regional labour market authorities an opportunity to adapt their activities so as to gear them more closely to the needs of the unemployed and the requirements of local labour markets.

These priorities are very much in line with the general strategy for national active measures developed in Denmark, which is why the focus is not so much on defining very specific priorities but on allowing each SPD to develop a whole range of active measures to promote employment.

In conformity with Danish practice, all of the target groups and specific measures are defined at regional level. This allows for greater flexibility in the use of ESF aid.

The ESF cofinances a number of measures which complement the 'obligatory measures' provided for in national legislation. These measures may be integrated with the 'obligatory measures' if they can contribute something new to them or enhance their quality, but under no circumstances may the ESF contribution be used to directly finance the obligatory measures as such.

Within the framework of the priorities set in each SPD, preference is given to measures that enable participants to attain a qualification in order to enhance their competitiveness in the labour market. This normally takes the form of long-term training. These measures are tailored to the specific needs of the participants and the requirements of the labour market. One of their purposes is to foster direct links between the participants and the open labour market.

BREAKDOWN OF ESF FUNDING
BY PRIORITY - OBJECTIVE 3



Key points - Objective 3

- ◆ ESF support used to complement and contribute to the development of active measures in the labour market
- ◆ special focus on the most disadvantaged target groups
- ◆ priority to measures designed to fight long-term unemployment and to promote the vocational integration of young people
- ◆ use of ESF resources to develop innovative measures and to identify new and more effective ways of combating unemployment.

► OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

The SPD for Objective 4 was first adopted for the period 1994-1996 with an allocation from the ESF totalling some ECU 13 million. The SPD was subsequently extended to the end of 1999 bringing the total ESF contribution to ECU 38 million.

In defining the strategy and priorities of the SPD, the Danish authorities took into account the situation on the labour market, future prospects, and the reform of the labour market which came into effect on 1 January 1994. Some of the new regulations coincided with the strategic guidelines of Objective 4. They provided for training leave designed to promote a job rotation system in which the continuing training of workers can be combined with vocational training schemes for unemployed people; the idea was that the latter can substitute for workers temporarily absent on training courses. Other new initiatives promoted the retraining of adults and the upgrading of skills for heads of enterprises.

Priorities were established in the light of the following features of the Danish labour market:

- ◆ most of the labour force lacks adequate vocational qualifications and is therefore at risk of unemployment;
- ◆ Danish society is being restructured, shifting towards a society of services, information and technology;
- ◆ there have been rapid developments in the fields of information technology, the environment and bioethics. The importance of these sectors is destined to grow and should lead to the development of new products and jobs;
- ◆ the labour market must be monitored continuously to ensure a dynamic employment policy; and
- ◆ the importance of counselling SMEs.

Four priorities were therefore decided upon:

Priority 1

Measures to anticipate the evolution of the labour market. ECU 5.7 million

Priority 2

Vocational training measures, counselling and guidance. ECU 19.4 million

Priority 3

Measures to enhance and develop vocational training systems. ECU 11.4 million

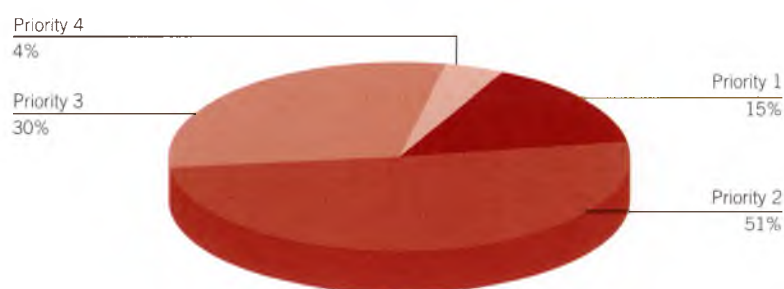
Priority 4

Technical assistance. ECU 1.5 million

Key points - Objective 4

- ◆ setting up an effective anticipation system and using the results in a targeted and coordinated way;
- ◆ enhancing labour market monitoring systems
- ◆ enhancing vocational training systems to promote greater flexibility in the labour force in relation to skill requirements
- ◆ development of vocational training in new technology used in the services sector
- ◆ emphasis on providing counselling to enterprises, particularly SMEs, in order to optimise results from the anticipation system

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



Regional Objectives - in which the ESF integrates with other Structural Funds

► Objective 2

Converting the regions seriously affected by industrial decline.

Two areas qualified under Objective 2 at the time of programming, and each has its own SPD: the North of Jutland and the region of Lolland. About 8.5 % of the Danish population lives in these two regions and they get Structural aid totalling ECU 122 million, ECU 27 million of which is from the ESF (22 %).

The region of North Jutland receives by far the greater allocation with 16 municipalities qualifying under Objective 2, compared to only 6 in the previous period. This region therefore absorbs about 83 % of the Objective 2 Structural Fund aid and almost 79 % of the ESF share. North Jutland is currently in a transitional phase, with a significant shift from the primary to the secondary sector, due a decline in agriculture and fisheries. The overall strategy in these Structural Fund actions is to renew and adapt the economy to the needs of national and international markets. The programme should lead to the creation of some 2200-2900 direct jobs and help enterprises raise turnover, particularly through new exports. The need to raise skill qualification levels in the manufacturing, construction and tourism sectors is emphasised all of the three priorities established in the SPD for North Jutland.

There has also been a substantial increase in the number of areas qualifying for aid under Objective 2 in the Lolland region, compared to the previous programming period. Industry in this region is characterised by a predominance of small enterprises, little experience of development activities, lack of qualified and expert labour, and an exodus of young people. Lolland also has the highest unemployment rate in the country and its employment level has dropped more than that of other regions. This is partly due to its heavy dependence on agriculture and the problematic reconversion of agriculturally-based activities and other sectors affected by the closure of the Nakskov Skibsvaert shipyard. The objective is to boost development in the region, to strengthen the economic base and to create short and long-term employment.

Key points - Objective 2

- ◆ development of indigenous potential
- ◆ expansion continuing training
- ◆ transfer of know-how from research institutes to enterprises
- ◆ facilitating access to employment for persons with medium or high level training, especially in SMEs



► Objective 5b

Objective 5

The development and structural adjustment of rural areas

Some eleven counties comprising 43 rural municipalities and 27 small and large islands are eligible under Objective 5b and about 7 % of the population lives in these regions. Structural Fund aid under this Objective is grouped together in one SPD. Some ECU 54 million is allocated to this Objective, ECU 10.6 million of which comes from the ESF (20 %). This represents 3.3 % of the total ESF allocation to Denmark.

The strategy of the programme is to create and sustain employment, improve the standard of living, and contribute to the protection of the environment. Three priorities were established, in addition to technical assistance: diversifying and protecting the environment in agriculture and forestry; developing enterprises and tourism.

Key points - Objective 5b

- ◆ 3.3 % of the ESF contribution
- ◆ the need to enhance qualification levels and develop human resources.

The Human Resources component in Community Initiatives in Denmark

The four strands of the Employment Initiative - NOW, HORIZON, INTEGRA and YOUTHSTART - provide an allocation of ECU 14 million to encourage the development of good practice in the field of human resources through innovation, transnational cooperation and local partnerships.

The ESF allocates more than ECU 31 million within the framework of the Adapt Initiative to cofinance transnational and innovative projects designed to help wage-earners and workers to anticipate and adapt to changes in production systems.

In addition to this, the ESF contributes ECU 12.6 to other Community Initiatives: - Leader, Pesca, SME, Urban, Interreg, and Konver.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

There has been a very substantial increase in long-term unemployment over the past few years. More than 144,000 (39%) of the people out of jobs in 1993 were in long-term unemployment (out of work for more than ten months) and almost half of them had been unemployed for more than two years. About 86% of the long-term unemployed were in the 29-59 age group and a little more than half were women. It has also been established that more than 60% had had no vocational training. It is therefore not surprising that Denmark has chosen to allocate 54.7% of Objective 3 resources to measures aimed at people at risk of long-term unemployment. It is significant that this priority alone represents close to 44.5% of the total ESF contribution to Denmark. The measures put in place give preference to people over the age of twenty-five, those who have been unemployed for more than 12 months and people in the 35-50 age group whose employment is at risk of becoming long-term unemployed even if it is only short periods initially. Special emphasis is placed on people who have either never started or completed vocational training, and people whose skills have become obsolete.

The actions cofinanced by the ESF are mainly training or courses which combine theoretical training with job placements assisted by temporary job subsidies. Three types of actions are available:

- ◆ vocational training including retraining or training tailored to the specific needs of people at risk of long-term unemployment;
- ◆ counselling and guidance, as well as preparatory training leading to vocational training. There is also provision for assisting people at the end of their training, either by helping them in their search for a job or in identifying and integrating them in training leading to a higher qualification;
- ◆ actions combining training with job placements, fostering direct links between training and employment.

Generally speaking, the training should lead to a qualification, whether it be a basic or qualified. The ultimate aim is to give trainees vocational qualifications suited to the needs of the labour market or to prepare them for more specialised vocational training. Practical training is included in

the training module wherever possible. Job placement actions are organised within the framework of the job rotation schemes.

All of these actions are adapted to the individual needs of the participants, the situation on the local labour market and local complementary training opportunities.

Actions must strive as much as possible to boost direct contacts between the beneficiaries and the open labour market. They must also lead to the attainment of a certificate.

Priority is given to courses involving a package of individual measures, lasting for a period of at least six months.

About 18000 people are expected to obtain training, under the Danish SPD. The average duration of training cofinanced by the ESF is 730 hours, which is equivalent to 20-37 weeks of training, depending on the number of training hours per week. These cofinanced measures are integrated with national measures, bringing the average duration of training to a minimum of six months per beneficiary.

B. Vocational integration of young people

In 1993, 56000 young people between the ages of sixteen and twenty-four were unemployed, corresponding to 11.3% of the active young population. About 89% of these young unemployed were between the ages of 20 and 24.

Certain groups in the young unemployed category are particularly vulnerable and at risk of falling into long-term unemployment: young people without skills or work experience, young mothers, and immigrants. One third of the young people of each generation fails to complete vocational training or other forms of education once they have left the school system. This is why Denmark has set the vocational integration of young people as an important priority in the SPD for Objective 3 and allocated close to 17% of the ESF allocation to this goal.

The measures which are cofinanced by the ESF integrate with national measures already being implemented in Denmark to give young people an opportunity to integrate recognised forms of vocational training with a job. These measures are targeted at

young people under the age of twenty-five who have been unemployed for more than three months. Preference is given to those who have never started or who never completed vocational training, those who have spent only nine or ten years in the school system, and those, like immigrants and young mothers, who are at risk of long-term unemployment or being excluded from the labour market.

The actions cofinanced by the ESF are very similar to those developed within the framework of the vocational integration of the unemployed threatened with long-term unemployment and are, of course, adapted to the specific needs of young people.

Some 7000 young people are expected to undergo training within the framework of measures cofinanced by the ESF. The average duration of training supported by the ESF is 975 hours, carried out over a six to twelve months period. This is integrated with national training measures which means that each youth can expect one year's training or more.

C. Integration of people at risk of exclusion from the labour market

Denmark clearly attaches a lot of importance to this priority since it has chosen to devote more than 18% of its total ESF allocation to this purpose. This is the third priority of the SPD for Objective 3 and actions are concentrated on: immigrants, persons with disabilities, and other vulnerable categories of the population subject to very long periods of unemployment. The unemployment rate among immigrants is almost four times the national average. Unemployment rates are also particularly high among people with disabilities. People from these categories run the risk of being permanently excluded from the labour market, if they have been unemployed for more than two years. Actions developed within the framework of this priority are designed for people who are at risk of exclusion from the labour market but still have a chance of finding a job, with the help of active measures in the labour market. Special attention is given to young people under the age of twenty-five.

Measures developed under this priority are also very similar to those implemented under two other areas of intervention. Wherever possible, training is provided within the framework of general training to avoid isolated forms of training. Because exclusion is a very complex phenomenon, there is an effort to integrate co-financed measures as much as possible with global strategies that encompass more than training and include other support actions.

The target groups are defined as follows:

- ◆ persons with disabilities, defined as persons whose employment prospects are limited because of a mental or physical disability;
- ◆ immigrants, including: nationals of foreign origin, immigrants who have acquired Danish citizenship and second generation immigrants. Measures may include language courses and the duration of the measures can be tailored to individual needs.
- ◆ vulnerable groups in very long-term unemployment, defined as those who have been out of work for more than two years. These are people who are very unlikely to find employment in the open labour market because they either lack the necessary skills or the qualifications they have are unsuited to the requirements of the local labour market.

About 6000 people are expected to benefit from training cofinanced by the ESF in this SPD, for a duration of 825 hours, covering a period of 22-41 weeks, depending the length of the training week.

D. Promoting equal opportunities between men and women

For several reasons Denmark did not consider it necessary to devote a specific priority to this area of intervention; the fact that the participation rate of women between the ages of 25 and 49 is particularly high in Denmark; the absence of any substantial difference between male and female unemployment rates (13.7% for women and 11.3% for men); the fact that women and men were equally affected by long-term unemployment - and, finally, because over the past few years, more women than men had benefited from measures cofinanced by the ESF.

It should also be noted that most Danish women prefer to participate in actions open to men and women, rather than courses specifically geared to women.

There is, however, one measure which is explicitly intended for women and designed to facilitate the integration of young mothers into the labour market.

More generally, it is often the case that women often get priority in certain measures because they tend to fulfil the eligibility criteria especially in regard to low skill levels.

E. Anticipation of labour market trends and adaptation of worker skills to change

Anticipation

Denmark has chosen to devote 14.6% of its allocation to anticipation which constitutes the first priority of the SPD for Objective 4. Measures under this priority are designed to guarantee more reliable forecasts of labour market trends, both at regional and national level. The aim is to strike a balance between emerging skill and qualification requirements, and the development of human resources.

Measures are therefore aimed at:

- ◆ developing and enhancing the national anticipation and monitoring system;
- ◆ promoting the use of anticipation and monitoring systems in industrial circles, particularly in enterprises; and
- ◆ setting up a standing evaluation committee.

There are four different types of actions:

- ◆ raising the number and quality of monitoring methods and instruments: this should enable certain sectors to analyse qualification gaps, both at a general and specialised level, and to foster links between the mainstream and peripheral labour force with the aim of generating new forms of employment, in sectors such as services for example;
- ◆ boosting coordination to promote a more widespread dissemination and better use of the results of anticipation and monitoring systems in enterprises;
- ◆ coordination is also boosted to make better use of the methods and lessons drawn from studies conducted at regional level, by labour market authorities, municipalities, pedagogical establishments, sectoral research institutes, enterprises, the social partners and professional organisations; and
- ◆ setting up a permanent evaluation committee to devise and implement new monitoring and anticipation instruments and methods. The conclusions drawn by this committee are then used to establish the priorities for each Objective and in the annual revisions of allocations in order to optimise the use of ESF resources.

Vocational training to adapt workers to qualification needs on a continuous basis

About 51% of the ESF contribution to the SPD for Objective 4 is allocated to measures designed to adapt the skills levels of workers a continuous basis. Various forms of training and counselling are included:

Training

Actions include: continuing training and retraining focused on specific qualifications; multisectoral training schemes and experimentation with educational tools; the use of new technology and materials, and new ways of organising work. There is also provision for reconversion measures to enable workers to adapt to higher quality standards and environment-friendly production methods.

Due to the nature of the Danish labour market and its skill levels, measures are mainly focused on:

- ◆ workers threatened with unemployment due to insufficient vocational training;
- ◆ unemployed workers, particularly workers who have been in and out of jobs over the past five years;
- ◆ workers who have had vocational training but who, with more specific training, could have a chance to attain a higher skill level and, consequently, a new job; and
- ◆ heads of enterprises managers and people in charge of training in firms, particularly in SMEs, as well as the personnel responsible for job placements.

Counselling.

Counselling measures (often integrated with other actions) are mainly aimed at SMEs to help them develop human resources in fields such as: technology, marketing, organisation, and finance. It should also be noted that a network has been set up for the systematic exchange of information on the organisation of work, continuing training and retraining. There is even cooperation, which has practically been institutionalised; for personnel exchanges between enterprises and other joint activities.

F. The ESF - an instrument of regional development

In view of raising the level of skills and qualifications, ESF actions focus on training and retraining, targeted at people working in SMEs. To boost human potential in the fields of R&D, actions are developed to encourage transfer of know-how from research centres to companies, through an appropriate network.

SECTION 4**Management and follow-up****Implementation structures**

The Ministry for Labour is responsible for all aspects of the implementation of the ESF in Denmark.

Inside the ministry, it is the Directorate General for Employment, Placement and Vocational Training which is in charge of monitoring and control of all of the financial aspects of the fund, as well as maintaining direct liaison with the Commission.

This department is responsible for the coordination of all ESF actions in Denmark and endeavours to ensure that they are implemented as effectively and consistently as possible in all regions.

Day to day management of the ESF is carried out at both national and regional level.

Programmes managed at national level

Objective 4 Programmes and the Adapt Initiative are managed at national level. A National Selection Committee is in place to examine and approve projects. This Committee comprises the social partners and representatives from the regional committees of the ESF to ensure coordination at regional level.

Objective 5b Programmes are also managed at national level but with an important level of involvement from the Regions.

Programmes managed at regional level

Objective 3 Programmes and the Employment Initiative are managed at regional level. They are administered by the regional committees of the ESF, comprising representatives from the Labour Market Councils, the social partners and representatives from the regional and municipal authorities. These Committees are assisted by a secretariat directed by an ESF coordinator.

The Committees initiate, guide, manage and supervise the programmes. They are also responsible for financial aspects and for organising the monitoring committees.

A small part of the Objective 3 measures is managed at national level - when the programmes involve more than one Region.

Both Objective 2 Programmes are managed regionally and all decisions pertaining to financing are taken by local executive committees.

The monitoring committees

Each SPD has its own Monitoring Committee. These Committees meet twice a year and comprise representatives from the authorities that manage the programmes and the organisations involved in their implementation. The social partners are represented and play an active role in all of these Committees.

Finland

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1995-1999

Economic situation

In the years prior to Finland's accession to the EU, the economic boom of the 1980's was put well and truly in the past and the Finnish economy suffered the deepest recession it had ever known. This was mainly attributable to the global recession and the end of the Soviet Union, which had been one of Finland's main trading partners. Recession affected Finland more than most other industrialised countries. Growth fell into negative territory and domestic demand plummeted when exports to the Eastern bloc collapsed and the competitiveness of Finnish products in Western markets was eroded. During the period 1990 to 1993, overall production declined by 13%. Although by 1993 an upswing in exports had occurred and the recession was diminishing, Finland was left heavily indebted; debt rose to 63% in 1994 and stood at 65% in 1995, from just 10% prior to the recession. The recession was not helped by the fact that there was a narrow industrial base in Finland, which concentrated mainly on large companies in traditional sectors like forestry, agriculture and engineering. The number of SMEs was below the EU average and most were oriented towards the domestic market. While telecommunications and information technology was fairly advanced, many SMEs lacked a technological dimension.

Labour market

A major effect of the recession was that unemployment rose over six-fold in just five years. In 1990 the unemployment rate was 3.6%, but by 1994 it had reached 18.4% almost double the EU average; in 1995 it was around 22 %. From 1990 to the first quarter of 1994 some 475, 000 jobs had been lost, accounting for one-fifth of the work-force. The construction, forestry, mining, hotel, insurance and industry sectors felt the brunt of the recession. Long-term unemployment was a severe problem, accounting for 27.4% of all unemployed (136, 000 people) in 1994. Older people were hard hit; over 50% of the unemployed over 55 years of age were long-term unemployed. Young people were also particularly affected; in 1994 over 9, 500 young people under 25 had been unemployed for over a year, representing 11% of all young unemployed; by 1995 this had risen to 18% (14, 000 young people). Youth unemployment was a problem and in 1994 the unemployment rate for the under 25s was 33.6%. By the end of 1994, the employment situation for young people was beginning to improve, mainly due to education and training projects. Moreover, the number of people facing total exclusion from the labour market grew rapidly during the recession and by 1994 represented 9.5% of the unemployed (45, 200 people); this figure grew to around 50, 000 in 1995.

In Finland, education and training policy is well developed, and equality of education is among the highest of any industrial country. A high proportion of young people are willing to be educated and undertake training. Despite these strengths there are deficiencies in education and skills. On-the-job and vocational training facilities are in short supply and many people do not have adequate qualifications; around 63% of the long-term unemployed had only completed compulsory comprehensive education, 32% had completed medium level and only 5% had any third level education and training.

The Finnish Government is committed to halving the jobless figure by the year 2000 and employment-generating programmes have been stepped up to help meet this challenge. The key Government strategy, as defined in their 'Multiannual Employment Programme', is to promote economic growth and to enhance its impact on employment. Some of the measures the Government has put in place to achieve this aim are:

Easing fiscal charges on the use of manpower

Employers' and employees' contributions have been slightly reduced as an incentive to job creation and the Government is working on ways to reduce other disincentives to recruitment and reform income tax as well as social contributions.

Strengthening education and training for the information society

Education is being developed so as to fulfil the needs of the labour market. To this end the number of vocational training places has increased and apprenticeship training is expanding.

Reforming working conditions to facilitate employment

Reforms are taking place in relation to recruitment, the functioning of work communities and job sharing. A host of legislation is being introduced to eliminate rigidities impeding job creation and recruitment. A job sharing scheme has been introduced.

Shifting the main focus of labour market measures from unemployment benefits to active measures

A comprehensive reform of unemployment benefit and the subsidy system is underway; for example, a young person under 20 years of age is not entitled to labour market support if he/she has not applied for education or has refused work, training or education.

SECTION 2

Structural Fund programmes in Finland

A. Allocation by Fund and Objective

Finland qualifies for Structural Fund aid under the EU-wide Objectives 3 and 4, the regional Objectives 2, 5b, and, because Finland is a country with problems caused by low population density, under regional Objective 6. Over the period 1995-1999, Finland will receive total Structural Fund assistance of ECU 1.5 billion (see table below). The ESF contribution is ECU 525 million, about 33.8% of total aid. Community Initiatives also make a significant contribution to Finland amounting to ECU 151.5 million of which the ESF component is ECU 78.5 million.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1995-1999

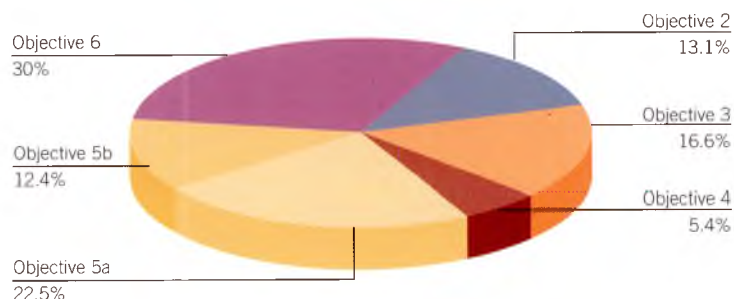
ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 2	201	43	158		
1995 - 1996	69	14	55		
1997 - 1999	132	29	103		
Objective 3	258	258			
Objective 4	85	85			
Objective 5a Agric.	331			331	
Objective 5a Fish	23				23
Objective 5b	195	33	95	67	
Objective 6	461	106	173	178	4
Total	1554	525	426	576	27
Community Initiatives					
Employment	33	33			
Adapt	23.5	23.5			
Others	95	22.3	54.5	16.3	2.2
Total	151.5	78.5	54.5	16.3	2.2
General Total	1705.5	603.5	480.5	592.3	29.2

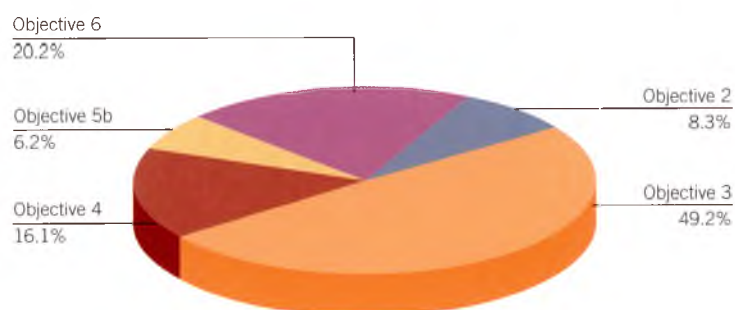
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE 1995-1999



The Finnish authorities opted for Single Programming Documents (SPDs) to programme actions to be assisted by the Structural Funds over the period 1995-1999. There are seven SPDs, one each in respect of Objectives 3, 4, and 6, two for Objective 5b and two for Objective 2, one covering the period 1995-1996 and the other, 1997-1999. In addition, there are a number of Community Initiative Operational Programmes.

B. Main features of the ESF component in the Structural Fund programmes

EU-wide Objectives 3 and 4 - involving only the ESF

A range of innovative measures is available to fulfil the ESF priorities including:

- ◆ tailor-made packages of pathways to working life for those threatened with exclusion or long-term unemployment;
- ◆ training former employees of SMEs and providing pathways to self-employment;
- ◆ innovative workshops, apprenticeship training at basic and further levels for young people.

Action to promote equality between men and women in the labour market is inherent in all priorities and measures under Objective 3.

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

Beneficiaries

It is expected that approximately 100,000 unemployed people will be assisted under Objective 3 during the period 1995-1999.

The Objective 3 SPD for 1995-1999, approved on 25 July 1995, provides ECU 258.4 million to help the long-term unemployed, young people and those faced with exclusion; this is equivalent to 49.2% of all ESF funding to Finland. The SPD covers the whole of Finland except the regions eligible under Objective 6 and includes a sub-programme for the Åland Islands.

Priorities

The ESF actions centre around the following priorities:

Priority 1

Pathways to employment for the long-term unemployed and people exposed to social exclusion. (ECU 110 million)

Priority 2

Employment creation and human resources development in SMEs. (ECU 61.5 million)

Priority 3

Youthstart, integrating young people into the labour market. (ECU 82.2 million)

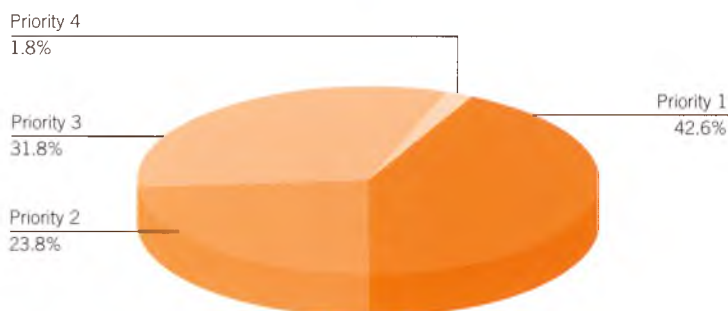
Priority 4

Technical assistance and measures for the Åland Islands. (ECU 4.17 million)

ESF actions under the sub-programme for the Åland Islands focus on the following priorities:

- ◆ preventing long-term unemployment and exclusion from the labour market;
- ◆ the integration of young people into the labour market.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3



Key points - Objective 3

- ◆ ESF aid ECU 258.4 million = 49.2% of ESF aid to Finland
- ◆ emphasis on innovative ESF actions to reduce unemployment and develop growth
- ◆ focus on training for the long-term unemployed and young people, and training and job creation in SMEs
- ◆ around 100, 000 people to benefit

Objective 4

Facilitating the adaptation of workers to changes in production systems

The Objective 4 SPD, also adopted on 25 July 1995, represents ECU 84.6 million, accounting for about 16.1 % of total ESF aid to Finland.

ESF activities under the SPD encourage life-long learning to help workers adjust to industrial changes and new production methods.

Priorities

The ESF focuses on four priorities that reflect the policy goals of Objective 4:

Priority 1

Anticipating changes in working life, the labour market and vocational requirements. ECU 7.6 million

This involves measures to create, develop and use systems to analyse working life and qualifications in order to shape subsequent training courses.

Priority 2

Vocational training and retraining; guidance and counselling. ECU 47.5 million

Measures include training in changing work skills, information and advice about training for those with jobs, and training for those with little training and older workers;

Priority 3

Promotion of expertise and innovation structures and networks. ECU 25.5 million

Featured under this priority are actions to: develop model centres of expertise; devise new methods of instruction; train instructors, including in evaluation and help organisations, particularly SMEs, to develop human resources.

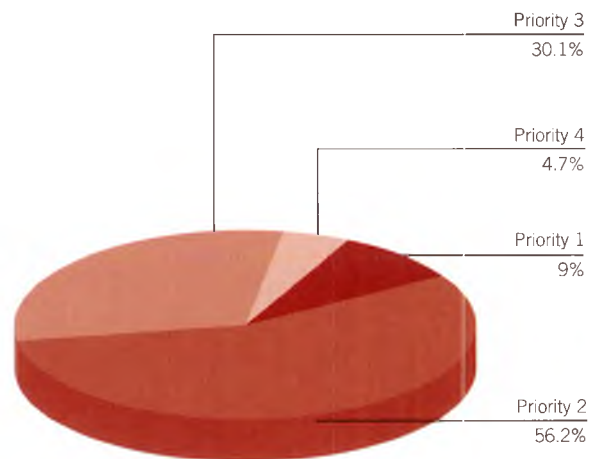
Priority 4

Technical assistance and measures for the Åland Islands. ECU 4 million

Under the sub-programme for the Åland islands, the ESF priorities are:

- ◆ education and quality training which involves measures aimed at the development of skills;
- ◆ national measures such as surveys and analysis of educational needs; continuous follow up and evaluation of education, training and technical support measures.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



Beneficiaries

All in all, about 34,500 workers should benefit from Objective 4 actions during the period 1995-1999. Staff in SMEs, entrepreneurs (both potential and existing) and workers such as training planners and instructors will be the major beneficiaries.

Key points - Objective 4

- ◆ ESF aid is ECU 84.6 million = 16.1% of ESF aid to Finland
- ◆ focus on training, innovation and anticipating trends
- ◆ workers in SMEs, entrepreneurs, instructors and training planners are targeted

Regional Objectives - In which the ESF integrates with other Structural Funds

► Objective 2

OBJECTIVE 2

Converting the regions seriously affected by industrial decline

Finland's Objective 2 area encompasses parts of the regions of Varsinais-Suomi, Satakunta, Pijät-Häme, East Uusimaa, Kymenlaako, South Karelia, Central Finland and Central Ostrobothnia. Though regional variations exist, the weaknesses common to these regions are a tendency to be dependent on a few large companies in traditional industries such as forestry, chemicals and metal manufacturing, and the fact that existing SMEs are too domestically oriented and lack an international dimension. Constant erosion of these traditional sectors has led to an unemployment rate which is much higher than the average in Finland. In 1994 the average unemployment rate in the Objective 2 regions stood at about 23%. Young people, women and the long-term unemployed were particularly affected. As a result of the severe unemployment problem many people left the area in search of work.

The ESF allocated ECU 14 million under the first Objective 2 SPD approved on 11 July 1995 for the years 1995-1996. A second SPD was approved in 1997 for the period 1997-1999 providing for ECU 29.8 million. Overall, Objective 2 ESF funding is equivalent to 8.3 % of ESF aid to Finland and totals ECU 43.8 million.

Priorities

The ESF works with the ERDF to develop the economy of these regions. Essentially the ESF concentrates on:

- ◆ increasing, developing and internationalising entrepreneurship. The main ESF measure is staff development. This includes action to increase human resources support for the development and internationalisation of SMEs, to improve co-operation between companies, training and research institutions and to develop human resources supporting business activity including training in entrepreneurship;
- ◆ raising the level of skills and technology supporting business activity. This includes actions to increase human resources development relating to the implementation of new technology, developing technological competence and staff know-how.

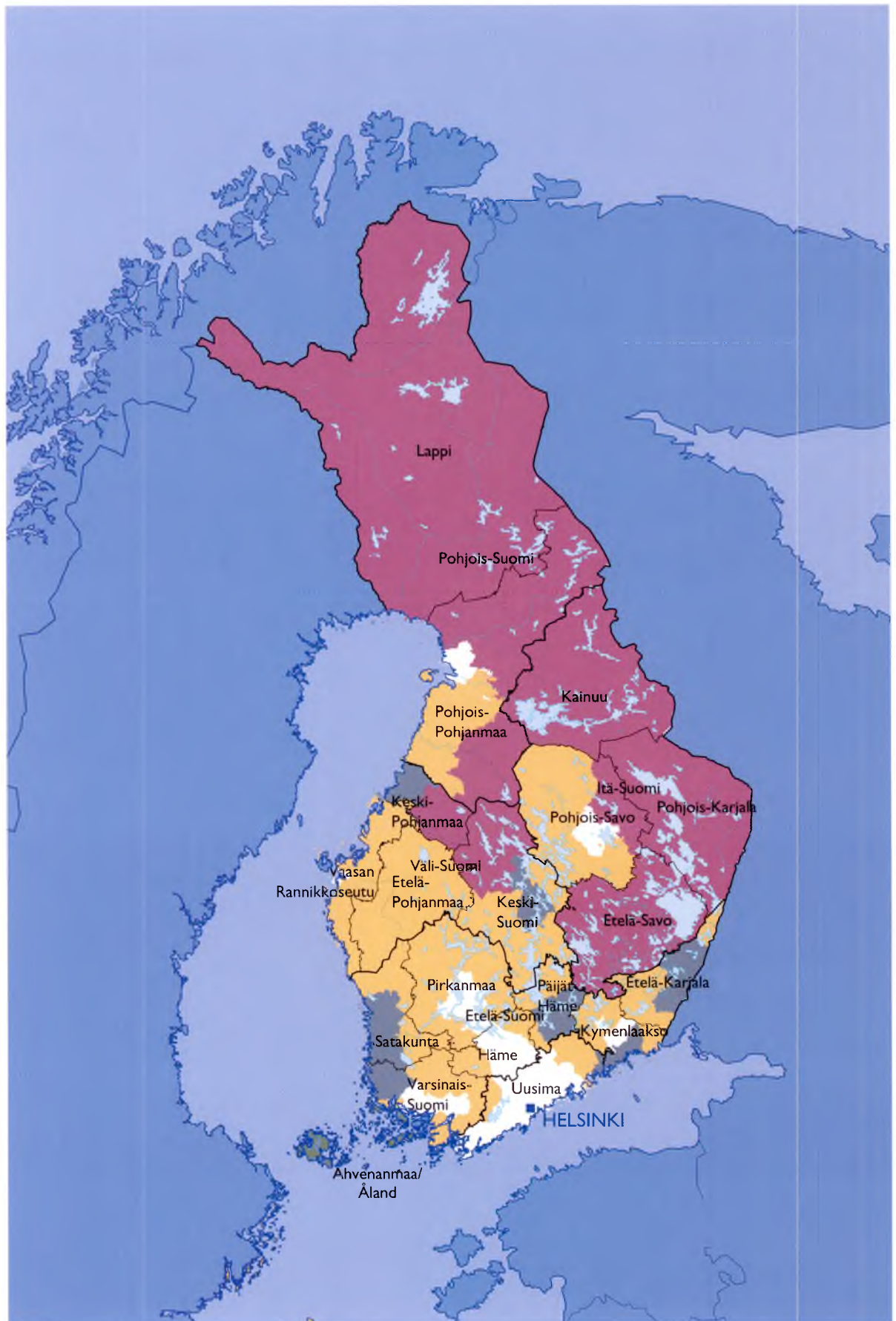
Beneficiaries

It is expected that around 5,000 people will benefit under Objective 2 programmes.

Key points - Objective 2

- ◆ ESF aid totals ECU 43.8 million or 8.3% of ESF aid to Finland
- ◆ ESF focus on staff development and actions to develop technological competence
- ◆ SMEs are targeted

- Objective 2
- Objective 3
- Objective 4
- Objective 5b
- Objective 6



► Objective 5b

The development and structural adjustment of rural areas

Two SPDs, one for the rural parts of fourteen of the nineteen regions of mainland Finland and the other for the Åland Islands, were adopted on 13 November 1995. Total Structural Fund aid of ECU 194 million is allocated to Finland under this Objective, ECU 2.6 million to Åland and ECU 191.4 million to mainland Finland. The ESF share amounts to ECU 32.8 million, which is equivalent to approximately 6.2 % of ESF aid to Finland. Of this, ECU 0.28 million goes to Åland and the balance of ECU 32.54 million to mainland Finland. The total area covered amounts to 95, 219 km² and has a scattered population of 1.094 million (21.3% of the national population).

The regions are dependent on primary production (agriculture and forestry) which provides 23.5% of total employment in the area, but there is a great need for adaptation to change and diversification in this sector. In recent years job losses in this and industry and public services sectors have handicapped the regional economy.

Priorities

The ESF component in each of the SPDs focuses on:

- ◆ diversification of primary production and the development of tourism in the Åland Islands; this includes training related to the development of villages and farm tourism;
- ◆ raising the level of skills and technology supporting business activity by: developing education and training structures and the know-how of the workforce, using information generated by RTD units, and promoting and developing business activity and entrepreneurship by increasing skills in SMEs.

Beneficiaries

Some 15,400 are estimated to benefit under Objective 5b in the period 1994-1999.

Key points - Objective 5b

- ◆ ECU 194 million Structural Fund aid
- ◆ ESF aid ECU 32.8 million = 6.2 % of total ESF aid
- ◆ focus on diversification of primary production, raising the skills level and fostering tourism development in the Åland Islands
- ◆ SMEs are targeted

► Objective 6

OBJECTIVE 6

Development and structural adjustment of regions with an extremely low population density

Structural Fund allocations to the Finnish Objective 6 regions amount to ECU 459.9 million and ESF assistance accounts for about 23 % of this (ECU 105.8 million). ESF aid under this Objective amounts to 20.2 % of all ESF aid to Finland.

The Objective 6 regions: Lappi, Kainuu, Pohjois-Karjala and South Savo, and parts of North and Central Ostrobothnia, Pohjois-Savo and Keski-Suomi, Pohjois-Savo, make up 60 % of the area of Finland and form the EU's north-eastern border. However, they account for only 16.6% (840, 000) of the Finnish population. The main feature of the Objective 6 regions is that their population density is less than 4 people per square kilometre and many of the municipalities in these regions are getting smaller.

On the whole, the economy is dependent on declining forestry, agriculture and public sectors and an unbalanced industrial sector which concentrates on a few major traditional industries and a small number of SMEs. A cold harsh climate and long distances from major markets make commuting and living costs high. Career opportunities are very limited and many people move away to find work, leaving an ageing population vulnerable to long-term unemployment. Unemployment in the region is the highest in Finland (24% in 1994). This has exacerbated the regions' problems by causing more migration among the young, especially those with education.

Priorities

The ESF actions combine with those supported by the ERDF, to stimulate new economic activity in the regions in order to generate jobs; focussing on:

- ◆ strengthening entrepreneurship and improving company competitiveness.

This involves: promoting the establishment of companies and entrepreneurship, primarily SMEs, providing staff training to underpin the competitiveness of SMEs in key sectors (forestry, agriculture, metals, tourism) and supporting investment of key importance for the regions.

- ◆ developing human resources and know how through research, technology and training in key sectors.

Human resources actions aimed at the development of the information society are a special feature. In addition the ESF focuses on fostering cooperation and networking, and promoting transfer of expertise.

Provision is also made for Objective 3 and 4-type measures to provide training and counselling for the unemployed and to people at risk of redundancy.

Beneficiaries

About 11,000 people are expected to benefit under Objective 6 during the period 1995-1999.

Key points - Objective 6

- ◆ ESF aid ECU 105.8 million, 20.2% of ESF aid to Finland
- ◆ SMEs are targeted
- ◆ focus on strengthening entrepreneurship and competitiveness, and developing human resources and know-how
- ◆ emphasis on telecommunications and development of the information society

Human Resources component of Community Initiatives

The Employment and Adapt initiatives play a vital role in Finland. In total the ESF is allocating ECU 56.5 million to Finland under these Initiatives for the period 1995-1999.

The national priorities for Adapt are:

- ◆ the internationalisation of enterprises, particularly SMEs;
- ◆ the promotion of teleworking to help deal with the problems caused by isolation;
- ◆ improving the quality and productivity of working life;
- ◆ improving the quality and productivity of employment in adapting to structural change;
- ◆ the promotion of networking;
- ◆ the evaluation of training, including distance learning, in enterprises;
- ◆ the promotion of the introduction of new technology in enterprises; the creation of databases to support employment services.

It is anticipated that 2, 000 people will benefit, mostly those in SMEs, especially those with less than 50 employees. Partnerships between large and small firms are also encouraged, as large enterprises are often an important source of know-how. Personnel in the public sector may, in exceptional cases, benefit from Adapt where they are affected by the cuts in public expenditure causing them to leave public service and find work in the private sector or as entrepreneurs.

The Adapt budget of ECU 23.5 million is divided between:

- ◆ supply of training, counselling and guidance (40%)
- ◆ anticipation, promotion of networking and new employment opportunities (30%)
- ◆ adaptation of support structures and systems to structural change (20%)
- ◆ information and dissemination (10%)

Employment, on the other hand, aims to raise qualifications which improve opportunities in the labour market and the setting up of new firms with innovative features to improve growth and productivity. The ESF allocation is ECU 33 million.

In addition, the ESF contribution amounts to ECU 22 million through other Community Initiatives: Urban, Interreg, Leader, Pesca and SME.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

In April 1995 the number of unemployed people over 25 stood at 70, 550 (excluding Objective 6 regions) and it was estimated that about 20% of this group was in danger of becoming long-term unemployed. Hence, reducing unemployment and preventing long-term unemployment is a major goal in Finland and accordingly, 33% of ESF aid is allocated to this policy aim. As employment policy is well advanced in Finland, innovative measures are a feature of the activities which are aided by the ESF.

Pathways to employment

The individual pathways to employment for people over 25 is a good example of the innovative approach.

With ESF assistance, a customised pathway is drawn up by the labour office for the individual unemployed person. This consists of a career plan, involving a period of training to upgrade vocational skills, either basic or retraining, together with the provision of subsidised work or practical training at work. Together, these elements form an effective combination. The programme can also include group activity sessions and training and can last around 1, 050 hours.

Services are being developed to support these customised programmes providing: job-seeking advice, guidance; advisory services; career planning; training, and, opportunities for self-employment.

Training of specialists in SMEs

As part of the effort to prevent long-term unemployment, unemployed people over 25 with specialist qualifications (e.g. legal, commercial, social behavioural science, administrative, engineering or business graduates) may benefit from ESF assistance to training in SMEs.

Theoretically-based supplementary training is combined with company-related development ventures as part of on-the-job training. The unemployed person is involved with furthering the development of a business, which involves developing international markets, product development and quality improvements. It is hoped that around 70% of those who participate will be employed at the end of the training. Recognised certificates are available for those

who successfully conclude the training, which lasts around 1, 350 hours.

Pathways for entrepreneurship

It is estimated that there is room for about 100, 000 new enterprises in Finland and there is a clear need to encourage new business start-ups to use the human potential which is available and to prevent long-term unemployment. Pathways for entrepreneurship programmes are available for the unemployed over 25. An unemployed person with a commercial idea, and who is judged to have the capability to start a business, can receive a livelihood grant which helps him survive while starting-up (the grant is not intended to be used as capital for the business).

Entrepreneurship training, in either group or module form, is also an option. This lasts for around four months (600 hours) and the start-up grant is for five months (750 hours). Training relates to marketing, internationalisation, taxation and product development. The aim is for the trainee to start-up a small business during or after training. Those who establish a business are supported through individually tailored training which can be carried out partly by distance learning.

Åland Islands

Unemployment in the Åland islands was high by their standards in 1994 (9%) and January 1995 (8.7%). The ESF is supporting measures in the Åland sub-programme which are aimed at preventing long-term unemployment and exclusion from the labour market by complementing the education of the unemployed with practical training or subsidised work places.

B. Vocational integration of young people

In April 1995, there were around 90, 000 young people registered as unemployed, of whom 14% were 15-24 year olds. Of these, 29, 000 were under 20, which is equivalent to 9% of all 15-19 year olds.

In Finland, the participation rate in education and training is high, but there is a group of young people who are not particularly interested or are simply unwilling to study. In accordance with the Youthstart

principles and the Finnish Government's own policy, particular attention is paid to the integration of young people without basic vocational skills into working life. About 19% of ESF funding is devoted to this policy aim in Finland.

Apprenticeship training

Alternative training options are needed for this group and they are provided through on-the-job training and special activation and motivation for further training. For those under 20 years of age without skills, basic apprenticeship training projects are available, as an alternative way of obtaining a qualification for those who are not interested in traditional theoretical study.

Most basic apprenticeship training is co-funded by the ESF. This form of training leads to the same vocational qualifications as training in educational institutions. The student has a contract of work with an employer and is paid during the training period. Training is provided through a nationwide programme, on the basis of which an individualised programme is prepared in conjunction with the enterprise, the provider of the theoretical training and the trainee. Most of the training takes place in the workplace and theoretical study is also arranged. Usually the training lasts for two to three years, 20%-30% of which is made up of theoretical study.

Further apprenticeship training, which was previously available only for those over 25, has now been extended to people under 25. Most of this activity is planned under the ESF programme. This training is intended to improve the young persons' prospects of finding work once training is finished and again, consists of work contracts with employers; the young people receive pay and have individualised training programmes for which the employer is paid a training subsidy.

Workshops

To try and bridge the gap between work and school, innovative workshops (a formula which started in Finland in the 1980s), are being developed in the following seven main areas:

- ◆ promoting the apprenticeship programme;
- ◆ support for entrepreneurship;
- ◆ workshop schools;
- ◆ workshops in vocational schools for unemployed young people;
- ◆ activities in master-apprenticeship areas;
- ◆ workshops for activity centres for young people, and;
- ◆ support for young people who are exposed to exclusion.

These workshops provide much needed vocational training that helps young people under 25 years of age to integrate into society or education or find work after the training is completed. These workshops also take a much more active role in the future of the young person than was previously the case and guide the young person towards entrepreneurship and self-employment.

Beneficiaries

Around 10, 600 young people annually are expected to benefit and a certificate is available at the end of the completed training period.

Åland Islands

Youth unemployment in the Åland Island amounted to 15.1% in January 1995. The ESF is supporting the integration of young people into the labour market through education and practical work concentrating on training which is not fully covered by general education. The programmes for young people out of work concentrate on areas where there are future job prospects, including preserving old handicrafts and the practical use of language and culture.

C. Integration of persons at risk of exclusion from the labour market

The combination of persistent high unemployment and the growing impact of structural changes increases the risk of exclusion among unemployed immigrants and people with disabilities. The combination of unemployment and deficient or outdated occupational skills are characteristics of these groups. In order to reintegrate them and make use of their employment potential, Finland is developing new kinds of cooperation between inter-departmental services such as organisations for persons with disabilities, the unemployed and mentally ill people, and introducing new work models and encouraging a new kind of work culture.

Essentially, action supported by the ESF involves devising pathways to employment which combine various measures such as guidance and counselling, rehabilitation, training and subsidised employment. These pathways are customised to the person's own individual requirements. The participants, the Employment Office and relevant groups or organisations all join in designing the pathway. The target group are the unemployed socially disadvantaged under 55 years of age.

D. Promotion of equal opportunities in the labour market between men and women

Though the female labour market participation rate of 61.3% is among the highest in Europe, women still find themselves at the lower ends of both the management structure and the pay scales. Women are often hindered by opting for training in traditional sectors and a lack of opportunities for part time work. Moreover, as a result of redundancies in the public, commercial and services sector, - the number of unemployed females is anticipated to rise.

Women benefit generally from all ESF actions taken in Finland because promotion of equal opportunities is an integral part of all measures under all programmes; under the pathways to entrepreneurship outlined above for example, women entrepreneurs are particularly encouraged.

E. Anticipation of labour market trends and adaptation of worker skills to change

Working life in Finland is going through a period of great change. To help workers to adapt to this change 22% of ESF aid is allocated to this policy aim.

Establishing, developing and utilising systems of analysis

In Finland, ESF-supported projects are being undertaken with the aim of creating a more systematic approach to anticipating trends. Projects are organised as follows:

- ◆ research into the labour market and working life including adapting to structural change through teleworking;
- ◆ statistical studies on trends and systematic collection of information;
- ◆ analysis of information from employment centres such as, information on the workplace, job-seekers, graduates and people undergoing training. The aim here is to build-up a continuous information system relating to changes in working life.

The ESF is supporting the establishment and development of a functional system to analyse changes in:

- ◆ working life;
- ◆ training needs in the industrial and information society;
- ◆ vocational education;

- ◆ productivity, and,
- ◆ the labour market and skill requirements.

This network aims to accumulate information on the various trends and needs and form a chain of analysis with which to forecast strategic and innovative developments.

Developing staff skills

ESF-supported action to develop the skills of people in SMEs and, potential or existing entrepreneurs, consists of vocational training which enables these people to operate in rapidly developing occupations and production fields which are subject to constant change.

The focus is on SME employees who are under threat of redundancy because of lack of skills. Training focuses on themes which include: developing an international perspective; management; entrepreneurship; collaboration between SMEs; improving quality and productivity; marketing; environmental know-how; teamwork; information technology and communication skills.

Maintaining working capacity through developing staff and the working environment is another area of ESF action. This consists of training for older employees so they can keep their skills up to date.

Educational guidance and advice

ESF aid is helping actions aimed at providing a single, nationwide, coordinated information system on training and education opportunities. The aim is to ensure that information reaches employers and employees and they become aware of what is available and are motivated to take up training.

Projects include developing: advice and information networks, and support functions for these networks; counselling services and information channels including the media; newsletters; call centres providing expert advice, and computer-based information.

Centres of Expertise models

To further the transfer of research and development knowledge from theory into practice through training and information services, the ESF is supporting the development of the Centres of Expertise model. This programme was set up by the Finnish Government to improve the conditions for establishing and developing companies that need a high level of expertise. The Centres operate as networks of universities, polytechnics and other educational institutes. ESF support is primarily aimed at funding training in these Centres for personnel in the SME sector who use new technology and who are developing networking.

Teaching, learning and evaluation methods

The ESF is helping to develop new teaching, learning and evaluation methods for people responsible for training, instructors and educational institutes. The aim is to ensure that these people, and in turn industry and business, can cope with the needs of the new and rapidly changing information society. Information technology is therefore, the main emphasis of projects under this measure,

SMEs are particularly targeted. Projects are of a broad application, although the new methods that are developed will concentrate on: developing an international perspective; management; entrepreneurship; collaboration between firms; improving quality and productivity; marketing; environmental know-how; teamwork; information technology and communications skills.

To assist work organisations develop their human resources, the ESF is supporting training projects which improve companies' and outside trainers competence in SME staff training; for instance, the ESF helps SME management identify their training and development needs.

F. The ESF - an instrument of regional development

Employment growth and stability

About 12% of ESF funds assist actions under this theme. Essentially, the ESF boosts employment, growth and stability by training the workforce, with an emphasis on SMEs, developing an international perspective and information technology.

Projects offer both unemployed and employed people training focusing on: developing an international perspective; quality and efficiency; marketing environmental know-how; team work; information technology; cooperation skills; projects for developing the working environment; training of trainers and entrepreneurial training.

Enterprises and self-employed people can benefit from ESF co-financed actions such as: the training of personnel related to the introduction of new technology; development training; recruitment by apprenticeship contracts and multinational education and development work opportunities for enterprises.

A good example of the links between Finnish policy and ESF policies is the fact that actions being co-financed by the ESF include personnel and entrepreneurial training in SMEs supporting economic growth and job creation.

Boost human potential in the fields of research, science and technology

Expenditure on research and development in Finland is among the highest in Europe and promoting links between educational centres and research institutes and companies is one of the main aims of the ESF in Finland. The ESF support for the expansion of Centres of Expertise is important in this regard as it helps to transfer skills and innovation to industry at regional level.

Advancing the information society and reducing the problems caused by long distances and the severe climate through the well developed telematics systems in Finland, is also an area where the ESF is playing a vital role. Applying new technology helps to open up new job opportunities particularly in the area of distance working. This is demonstrated by the ESF's support for the Objective 6 sub-programme 'Distance Working- Virtual Proximity' of the 'Paideia plan'. In Kainuu, East Finland, where employment opportunities are very limited, distance employment or teleworking opportunities are being developed. ESF-supported training is provided to people already working in this field and to people interested in investing in this new way of working.

In the Objective 6 regions overall, the operational objectives aim at increasing the number of SMEs engaged in technological cooperation with other companies or research institutes. The regions focus on different aspects to boost research; in Central Finland, the ESF supports actions with an emphasis on the improvement of training systems, data networks and distance learning, whereas in Lapland the ESF focus is on developing training in communications, management and foreign trade.

Strengthening and improving education and training systems

An innovative approach is taken in regard to strengthening education and training systems. This approach is linked to addressing practical issues in the context of regional development. The ESF is contributing to the development of Institutes of Higher Education in the Objective 6 regions in order to improve the level of education in the area and encourage people to stay in the regions. The ESF is also helping to develop the Centres of Expertise programme set up by the Finnish Government in 1994 to support regional specialisation; examples of this are, the Centre of Forestry Expertise under the management of the University of Joensuu and the Centre of Tourism Expertise linked to the University of Lapland. The Finnish Government aims to establish eight such centres by 1998.

SECTION 4

Management and follow-up

Implementation structures

When Finland joined the EU on 1 January 1995, the Government decided to organise the administration so that ESF and national labour policies were integrated. As a result, all ESF assistance in Finland is routed through the Ministry of Labour which is responsible for co-ordinating the horizontal Objectives 3 and 4, as well as the Community Initiatives Adapt and Employment.

The Ministry of the Interior co-ordinates ESF actions under the regional programmes and the Ministries of Trade and Industry, and Education also have a part in their implementation.

Evaluation structures have been set up so that Objective 3 and 4 programmes have separate measure/priority level evaluators together with programme level evaluators. Co-operation between various Ministries: Labour, Education, Interior, Trade and Industry, is encouraged.

There are three keys to ESF support in Finland: making the eligibility criteria and administration easier to under-

stand, careful monitoring of ESF projects and simplification of bureaucracy and administration systems.

A large scale information campaign has been undertaken about the ESF which has helped the Finnish people understand more about the benefits of EU membership.

At regional level, activities are combined in both the advisory committees of the labour districts and regional management committees. All projects are reviewed by the Committees before final decisions are taken by the competent authorities.

Monitoring Committees

Monitoring Committees have been set up for each Objective. These committees include representatives of the Commission; the Social Partners; the Ministries; local government and employers' associations.

France

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

Between the end of December 1993 and March 1994, France submitted to the Commission its plans setting out the proposed strategies and priorities for actions to be cofinanced by the ESF for the period 1994-1999. These plans were drawn up in a climate of political and economic tension, with a difficult labour market situation. The French economy is increasingly affected by global trends and subjected to the economic cycles common to all western European countries. Although a temporary rise in exports had led to some recovery in economic activity, they dropped again as Europe gradually slid into recession. The economy reached its lowest point in the first quarter of 1993 as France reported a 1% fall in GDP and a marked downward trend in demand.

The economic forecast for 1997 conducted by the Commissariat Général au Plan (the planning authority) is not very optimistic. The report points out that, although growth will continue at current levels, it will still be insufficient to have any significant positive impact on unemployment rates; these will at

best remain stable, but would markedly increase if international growth were to prove to be too weak. Growth will depend mainly on exports but foreign markets will be subjected to different trends varying from one sector to another. Intermediary production for example such as steel and basic chemicals, will not benefit from the globalisation of the market because of competition from the new industrialised economies which will lead to new job losses. The liberalisation of national markets in the European Economic Area has re-ignited competition between the large international groups. If they are to keep their competitive edge, developed countries like France will have to enhance the added-value of their production, both in the industrial sector and in services. This approach will have important consequences for employment and skill levels. The mastering of new technologies and advances in information and communication technology have therefore become key factors in ensuring the competitiveness of enterprises.

Labour market

The difficult situation on the labour market has been accentuated by a rise in the active population, due to pressure from young people and an increase in the participation rate of women. Despite the great amount of public resources which has been invested in social and employment policies and the fight against unemployment, the number out of work continues to grow steadily - a trend which has persisted over the past twenty years. In June 1993, the unemployment rate was as high as 11.6 %, compared to an average of 10.6 % for the European Union. The number of unemployed had in fact risen from 390,000 in 1973 to more than 3 million at the end of February 1993, and the number of people seeking employment is on a constant upward trend. Certain categories, such as low-skilled workers, are hit particularly hard (20%). The substantial proportion

of people in long-term unemployment constitutes a major problem: the average duration of unemployment in 1993 exceeded fourteen months and the unemployment rate of young people was very high. (22%).

Job creation and the fight against unemployment were therefore the main challenges to be addressed by social and economic policies. Actions were mainly targeted at the long-term unemployed and young people. To correct imbalances on the labour market, the French Government took a number of important decisions, including, particularly, the Five-year Law of 20 December 1993 relating to labour, employment and vocational training. This law provides for the promotion of job integration in enterprises, whether combined with training or not. The emphasis is on rationalising, simplifying and increasing the effectiveness of existing facilities, rather than creating new schemes.

SECTION 2

Structural Fund programmes in France

A. Allocation by Fund and Objective

Because of its socio-economic situation, France qualifies for Structural Fund assistance under horizontal Objectives 3 and 4 over its entire territory and, in the case of certain regions, under regional Objectives 1, 2 and 5b.

This means that all of the Structural Funds - ERDF, EAGGF, ESF and FIGF apply in France. The basic Structural Fund allocation to France for the period 1994-99 is ECU 13.5 billion to cofinance development

actions and programmes to combat unemployment. The ESF contributes ECU 4.7 billion which amounts to almost 35 % of the total allocation.

In addition, some ECU 1581 million are allocated through Community Initiatives, ECU 593 million of which is contributed by the ESF.

The ESF contribution is to be seen with national funding under employment and vocational training policy which amounted to about ECU 4.9 billion in 1995, and is increasing annually. About half of this (approximately ECU 2.3 billion) goes towards promoting employment.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIGF
Objective 1	2190	525.5	1194.9	431.4	38.2
Objective 2	3948	665	3283		
1994 - 1996	1763	310	1453		
1997 - 1999	2185	355	1830		
Objective 3	2562.4	2562.4			
Objective 4	653.4	653.4			
Objective 5a	1935.3				
Objective 5a Agric.	1745.5			1745.5	
Objective 5a Fish	189.8				189.8
Objective 5b	2237.9	292.	938.3	1007.1	
Total	13527	4698.8	5416.2	3184	228
Community Initiatives					
Employment	191	190.5	0.6		
Adapt	278	255	23		
Others	1112.4	148.2	779.1	164	20.8
Total	1581.4	593.7	802.7	164	20.8
General Total	15108	5292.5	6218.9	3348	248.8

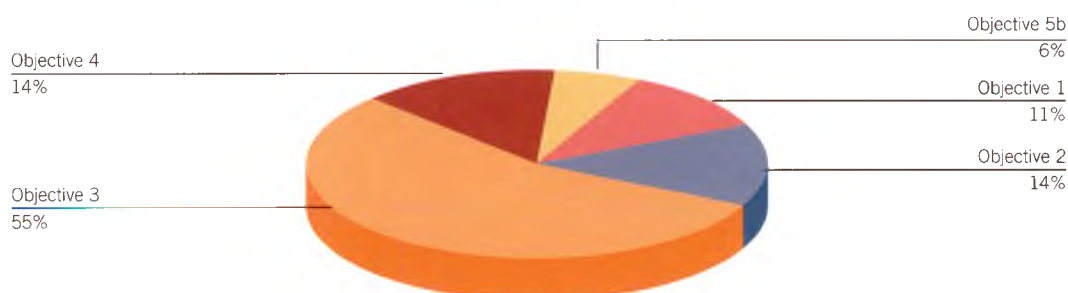
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



This chart shows the priority accorded to Objective 1; some 16 % of total Structural Fund allocation goes to six French regions which include only 4.4 % of the total French population. They benefit from more than 11% of the total allocation for the development of human resources.

with the actions required to implement them. Yet the number of programmes remains important

Structural Fund aid is divided between fifty-four SPDs which establish the priorities to be implemented by France to achieve the five Objectives:

Structural Fund aid is divided into 54 SPDs - the ESF contributes to 51 programmes

- ◆ two horizontal SPDs (Objectives 3 and 4);
- ◆ forty-nine Regional SPDs (Objectives 1, 2 and 5b); and
- ◆ three horizontal SPDs under Objective 5a.

The French authorities and the Commission opted for the Single Programme Document (SPD) approach for each Objective in defining strategies, establishing priorities, and developing programmes and financial plans for actions cofinanced by the Structural Funds. This approach was chosen, not only because it offered a quicker and simpler procedure, but also because the specific objective of each strategy could be very clearly defined by simultaneously presenting the general strategy and priorities

The ESF contributes to all of these programmes, with the exception of the three SPDs under Objective 5a.

Community Initiatives, are implemented through two Operational Programmes for the Human Resource Initiatives: Employment, Adapt and 70 OPs for the other Initiatives: the ESF contributes to most of these programmes.

B. Main features of the ESF component in the Structural Fund programmes

EU-wide Objectives 3 and 4 - involving only the ESF

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

The SPD relating to Objective 3 covers the period 1994-1999 with an allocation of ECU 2.6 billion, representing 54.5 % of total ESF aid. It is focused on the five priorities which correspond to the four strategic aims of the ESF under Objective 3.

Priority 1

Facilitating the vocational integration of people at risk of long-term unemployment ECU 705.8 million

Priority 2

Facilitating the vocational integration of young people seeking employment: ECU 987.2 million

Priority 3

Facilitating the integration of people at risk of exclusion from the labour market: ECU 714.6 million

Priority 4

Promoting equal opportunities between men and women: ECU 17.9 million

Priority 5

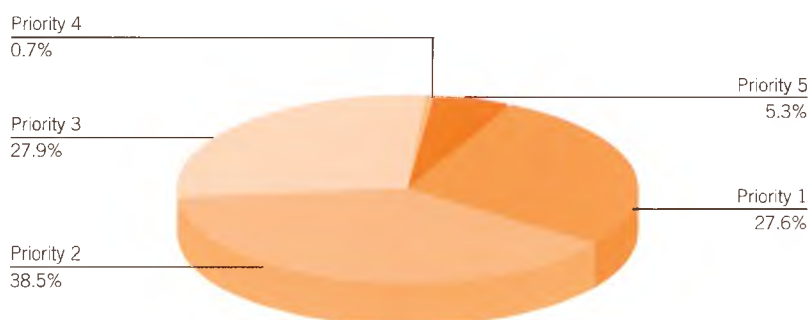
Technical assistance and specific target actions: ECU 136.9 million

These priorities faithfully implement the 'Five-year Law on Employment and Vocational Training' which was approved by the French Government in Autumn 1993, and establishes four main priority areas under national employment policy: access to employment,

the creation of activities, raising the quality of training, and adapting training to the requirements of the market. These national guidelines integrate very well with the aims of the ESF under Objective 3 since both approaches are not only perfectly compatible but complement each other. The national priorities correspond to the eighteen measures of the Operational Programme under the first four priorities of the SPD.

It is also interesting to observe that the SPD reflects the new emphasis in the 1993 Regulations in regard to target groups (people at risk of exclusion for example), and kinds of action (pathways to integration, improving the quality of training systems, apprenticeships, etc.)

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3: PRIORITY TO YOUNG PEOPLE



A total of ECU 2.4 billion (ESF allocation excluding Priority 5) is divided between the four priorities and allocated to what France regards as priority target groups.

The breakdown is divided between actions defined under each priority in conformity with the four national guidelines, clearly highlights French priorities:

- ◆ measures to facilitate access to employment and the acquisition of skills through work experience: 39.7 %
- ◆ actions to adapt skill-levels to labour market requirements: 23.5 %
- ◆ raising the quality of training: 21.4 %
- ◆ actions to promote new activities: 15.3 %

The SPD for Objective 3 is currently being re-programmed. A substantial part of the allocation which currently goes to Priority 1 (the integration of people at risk of long-term unemployment) will be transferred to Priority 3 (the integration of people at risk of exclusion from the labour market).

Key points - Objective 3

- ◆ emphasis on measures with a pathway to integration approach, no longer on single and isolated forms of training.
- ◆ training measures designed for young people, based on a combination of theoretical and practical on-the-job training.
- ◆ specific measures for seriously disadvantaged groups: individualised pathways to integration in cooperation with local initiatives, enterprises and voluntary organisations.

► OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

The SPD for Objective 4 was adopted in December 1994 for a period of two years (1994- 1996) with an ESF allocation of ECU 299.6 million. The SPD was subsequently amended in April 1996, extending its duration up to 1999 and increasing the ESF contribution to ECU 653.4 million (14 % of the total ESF allocation to France).

The issue of changes in production systems was already well developed in France and a number of provisions already existed. To anticipate future developments, the State enters into forecasting study contracts with organisations representing each professional category. These are basically agreements, reached at national or regional level, setting up diagnostic and forecasting tools on employment prospects and qualification and training needs. Regional Employment and Training Observatories, known as OREF (observatoires régionaux de l'emploi et de la formation) had been set up in each

region. The old global planning approach is replaced by studies which are carried out at national or local level in response to specific demand, in a spirit of cooperation with the actors directly concerned (enterprises, professional representatives, employees, training organisations, and local bodies).

With regard to training needs resulting from changes in production systems, the agreements of the National Employment Fund (training and adaptation), between the State and enterprises, provide for reconversion and skills-upgrading based on forecasting future competence requirements. These apply to all enterprises, whatever their size. Special agreements for the development of training known as EDDF are made by the State with individual companies or employers' organisations. These are binding contracts which establish training targets based on an analysis of skill needs,

improving the attitude of enterprises to training and encouraging a spirit of advancement among workers.

It was on the basis of this experience that the SPD for Objective 4 was drawn-up. This concentration of ESF resources should give an additional fillip to the adaptation of workers to changes in production systems and help to increase awareness among enterprises of the need to anticipate and plan for training needs.

The main features of the SPD are:

- ◆ a special focus on certain priority targets, specifying to categories of workers, and the type and nature of the actions concerned;
- ◆ project selection on the basis of an ongoing call for proposals. Some 80 % of these projects are managed at regional level which means that all of the actors concerned (enterprises, employees, public and private bodies) can be mobilised for the planning process.

Priorities

The programme has four priorities, each containing one measure:

Priority 1

Anticipation of qualification and skill needs

Priority 2

Development of the training itself

Priority 3

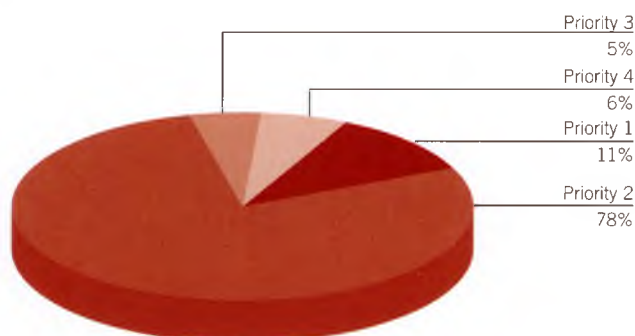
Improving training systems

Priority 4

Technical assistance

It should be noted that, although an entire priority has been devoted to anticipation, this dimension is also inherent in the other priorities and is an integral part of each action. All projects submitted must be accompanied by a forecast of future prospects, particularly in terms of skill and qualification requirements. Similarly, project proposals designed to enhance training systems have to be able to demonstrate how they respond to the anticipated needs of enterprises.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



Key points - Objective 4

- ◆ priority to actions helping of low-skilled workers and SMEs:
- ◆ workers: with the lowest skill-levels, whose jobs are at risk of becoming obsolete, or who are mid-way through their working lives
- ◆ SMEs benefit from specific support such as: preparing submissions, counselling in the organisation of training courses; management training, training in advanced production technology, exports and marketing and logistics. Projects may involve several enterprises in the same employment zone.
- ◆ Objective 4 is largely regionalised: 80 % of the funds are allocated at regional level, with the remainder managed nationally.

Regional Objectives - in which the ESF integrates with other Structural Funds

Almost half of the population of France (47,5 %) is covered by the Regional Objectives.

Only one region, Ile de France, qualifies under Objectives 3 and 4 only. All other French regions are eligible for funding, not only under Objectives 3 and 4, but, because of their specific characteristics, under one or other of the Regional Objectives.

► Objective 1

Development of the least prosperous regions

Six regions qualify under Objective 1 for the period 1994-1999. In addition to Corsica and the Overseas Departments (Guadeloupe, Guyana, Réunion, and Martinique), which had already qualified under Objective 1 for the period 1989-1993, eligibility under this Objective was extended in the current programming period to include, because of their very low GDP, the areas of Valenciennes, Douai and Avesnes in the Nord/Pas de Calais region

Some 16.8 % of French territory comes within Objective 1 which has a population of about 2.46 million (4.4 % of the French population).

Structural Fund aid for Objective 1 totals just over ECU 2 billion and is divided between the six Regions concerned in accordance with the financial plans for each of the six SPDs adopted on 29 July 1994.

The ESF contributes ECU 525.5 million which is 24 % of total Structural Fund aid to these Regions and about 12 % of the total ESF allocation to France. About 78.4 % of the ESF contribution is for the Overseas Departments, while 15.7% is allocated to Douai, Avesnes and Valenciennes and 5.9% to Corsica.

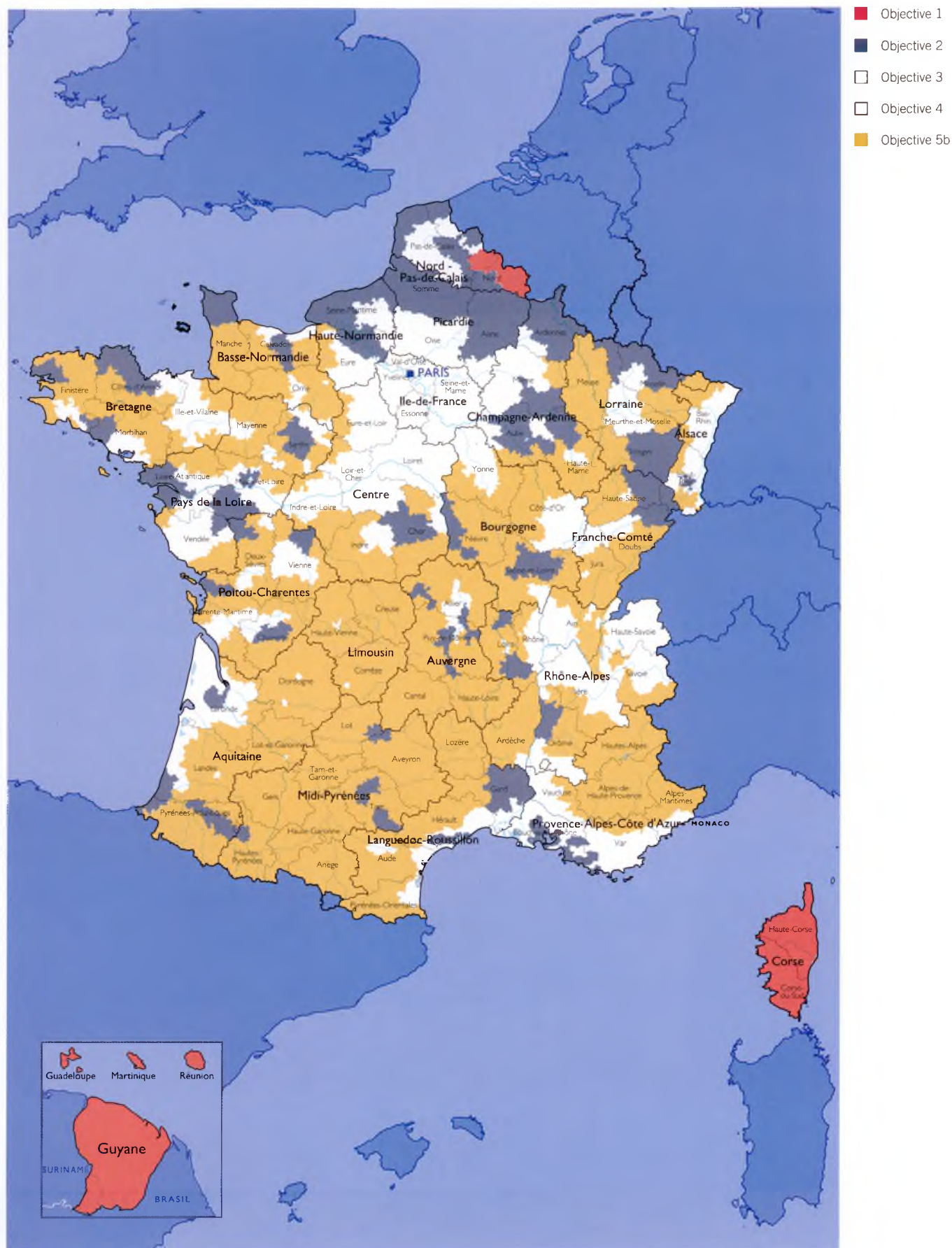
BREAKDOWN OF ESF FUNDING PER REGION

ECU million - 1994 prices

Guyana	35 800
Guadeloupe	104 300
Martinique	89 000
Réunion	183 000
Corsica	31 000
Douai, Valenciennes and Avesnes	82 400
TOTAL	525 500

Key points - Objective 1

- ◆ while there are differences between the Regions concerned, the ESF contribution is focused on four main lines:
- ◆ raising qualification levels, particularly for young people (initial training)
- ◆ skills-upgrading for workers (continuing training)
- ◆ vocational integration of people with difficulties
- ◆ enhancing employment systems and training structures



► Objective 2

OBJECTIVE 2

Converting the regions seriously affected by industrial decline

Some 50 areas throughout 19 of the 22 Regions of metropolitan France have unemployment rates combined with levels of decline in industrial employment which are worse than the EU average; this makes them eligible under Objective 2. More than 14.620 million people, 25% of the French population, are covered by this Objective. Community Aid to the Objective 2 Regions totals almost ECU 3.9 billion for the period 1994-1999. Nineteen regional SPDs were adopted in December 1994 for a period of two years² : Alsace, Aquitaine, Auvergne, Basse-Normandie, Bourgogne, Bretagne, Centre, Champagne-Ardenne, Franche-Comté, Haute Normandie, Languedoc Roussillon, Lorraine, Midi-Pyrénées, Nord/Pas de Calais, Pays de la Loire, Picardie, Poitou Charente, Provence/Alpes/Côte d'Azur, and Rhône-Alpes.

The ESF contributes ECU 665 million, representing about 1.7 % of total Structural Fund aid and 14.1 % of the total ESF contribution. Allocations vary greatly from region to region, according to their different socio-economic situations; the Alsace Region receives - from the ESF - about ECU 11,5 million, for example, while Nord/Pas de Calais is allocated ECU 119 million.

Generally speaking, there is a very clear integration of the Structural Funds in the SPDs as a whole; the content of the measures financed by the ESF is consistent with the priorities of the ERDF. The ESF measures are not grouped under a single priority but are more often spread across the various priorities of the SPDs so that they can complement and work in synergy with the ERDF measures. An ESF measure, for example, which aims to adapt the skill-levels of job-seekers and workers to the requirements of enterprises, and develop ways of re-directing them towards employment complements the corresponding aid from for the development of enterprises provided by the ERDF. In the same way, an ESF measure for the training of trainers and the development of new training tools combines with an ERDF measure for the equipment of training and apprenticeship centres. This synergy between the ERDF and the ESF enhances the quality of training as a whole, and should ensure that training responds more effectively to the needs of enterprises.

Although measures are adapted to the specific features of each region, the SPDs under Objective 2 are generally characterised by a close link to local development.

Key points - Objective 2

- ◆ adapting the qualification levels of job-seekers and workers to the needs of enterprises in the areas concerned, particularly SMEs;
- ◆ targeted training closely linked to local development and new activities capable of generating employment (environment, tourism, culture);
- ◆ development of training in RTD;
- ◆ developing new teaching tools; extending access to training (distance learning, multimedia)

² New SPDs for the period 1997 - 1999 were adopted in 1997

► Objective 5b

The development and structural adjustment of rural areas

Objective 5b concerns most of the French territory. In fact, apart from the Overseas Departments and Corsica, the only other regions not covered by this Objective are Picardie, Nord/Pas de Calais and Ile de France. Objective 5b therefore covers 54 % of the French territory and more than 9.8 million people (17% of the population).

Structural Fund aid allocated to Objective 5b totals some ECU 2.2 billion and is divided between twenty-four SPDs:

- ◆ Eighteen regional programmes, (Alsace, Aquitaine, Auvergne, Basse Normandie, Bourgogne, Bretagne, Centre, Champagne-Ardenne, Franche-Comté, Haute Normandie, Languedoc Roussillon, Limousin, Lorraine, Pays-de-la-Loire, Poitou-Charentes, Provence/Alpes/Côte d'Azur, and Rhône-Alpes);
- ◆ Five Inter-regional Programmes grouping together the mountainous regions (Massif Central, Massif des Pyrénées, Massif des Alpes, Massif du Jura and Massif des Vosges);
- ◆ and one national technical assistance programme.

The ESF contributes ECU 292.5 million, representing 13 % of total Structural Fund aid for this Objective.

There is a clear integration of the Structural Funds in the SPDs; all of the interventions are multifunded.

The Funds interact in a common approach in which the ESF aims at optimising human resources through the following actions:

- ◆ enhancing training linked to diversification in agricultural production;
- ◆ training linked to the development of new activities, especially in SMEs and, and the industrial and services sectors, (tourism, heritage, environment).

Human Resources component of Community Initiatives in Sweden

The Employment Initiative, with its four strands - NOW, HORIZON, INTEGRA and YOUTHSTART - receives an EU contribution of ECU 191 million - almost all of which coming from the ESF - to foster best practice in the field of human resources development through innovation, transnational co-operation and local partnership.

Under the Adapt Initiative, the Structural Funds allocate ECU 278 million - out of which 255 from the ESF and 23 from ERDF- for the co-financing of innovative transnational projects targeted at employees at risk of unemployment due to industrial and technological change. The focus is on SMEs and the structures and methods which can support them and their employees to improve their ability to anticipate and cope with future conditions and needs.

In addition, the ESF contributes amounts, totalling ECU 148.2.million, through the other Community Initiatives; Leader, Pesca, SME, Urban, Interreg, Konver, Rechar, Regis and Resider.

Key points - Objective 5b

- ◆ training closely linked to local development
- ◆ training linked to diversification and potential new activities (rural tourism)
- ◆ aid for the development of new SMEs (services)
- ◆ importance of complementary measures at all stages, ranging from counselling, support in setting up, implementation and evaluation.
- ◆ efforts to facilitate access to training, particularly in isolated and disadvantaged areas, by developing and establishing more training centres at local level or introducing multi-media distance learning.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

The fight against long-term unemployment plays a central role in French employment strategy. More than 1 million of the 3.2 million people who were unemployed in September 1993 came within this category. There is also a growing number of people in very long-term unemployment (out of work for more than two years). Moreover, long-term unemployment, which in the past affected mainly women and young people, is now increasingly affecting middle-aged men. The French authorities are addressing these problems, using the support of the ESF to boost, enhance and diversify measures designed to facilitate the vocational integration of these groups.

Measures to facilitate access to employment and skills acquisition through work experience

The aim is to give people work experience in the public, semi-state and private sectors and, at the same time, the opportunity to acquire the skills they require. The ESF contribution is used to finance the training component.

These measures are focused on

three types of actions:

Facilitating access to training and employment, through employment-solidarity contracts for priority target groups: people on RMI (minimum integration income); people who have been unemployed for more than a year; the long-term unemployed over the age of fifty, and job-seekers who have been registered with the ANPE (employment office) for more than three years. These are part-time or half-time work contracts of a limited or unlimited duration in which the remuneration is subsidised by the State.

The return to employment contract for the reintegration of people who have been cut-off from the labour market for a long time. This contract makes provision for training during working hours relevant to the job concerned.

Training schemes to facilitate access to enterprises. These are full-time vocational training schemes for groups or individuals to enable job seekers to upgrade their skills to meet the requirements of job vacancies notified to ANPE (Employment Office).

Measures to facilitate the creation of new activities

Special actions known under the acronym of ACCRE (Aides aux Chômeurs Créateurs et Repreneurs d'Entreprises) have been set up to help the unemployed start or relaunch an enterprise. ACCRE aid can cover all sorts of economic activities, whether for employees or self-employment.

The assistance of the ESF has enabled ACCRE to increase the number of beneficiaries.

Preparing the unemployed for business start-ups by providing suitable training to enable them to acquire the skills that are essential to the viability and success of their projects. The ESF cofinances these pathways to training, (introductory sessions, short training courses, self-diagnosis systems).

Measures to enhance the quality of training systems

This aim is achieved in several ways:

through services which map routes back to employment for people who have been made redundant for economic reasons and are at risk of long-term unemployment, and through counselling and guidance. Training leave agreements enable enterprises to support routes back to employment outside the firm by offering redundant workers a substitute income, the support of an employment service and an opportunity to undergo training. This provision is designed to prevent long-term unemployment enabling workers to re-cycle and integrate into new jobs before their contracts expire. The ESF finances the training costs.

Personalised training systems, involving individual skill assessments designed to identify the most suitable forms of training; creating tools to personalise and modulate courses or to promote self-training. Consultation is carried out with enterprises to bring training into line with market requirements, particularly at local level; this involves studying job profiles in new employment areas (environment, waste processing, social services, new technologies);

The training of instructors and tutors.

As a result of the ESF contribution, the number of beneficiaries has been increased and the concept of pathways to training and supports has been broadened.

Refresher and skills training

These are mainly focused on unemployed managers and consist of general education and basic training in technology. Individual help is given to people wishing to be involved in a social or work project. There are also measures to support sandwich courses and training leading to skilled qualifications in enterprises. The ESF cofinances personalised training workshops (flexible forms of training with suitable time-tables and locations) and innovative forms of training or instruction organised in regional development projects.

offered. Young people and enterprises in all regions are showing a greater interest in this improved form of apprenticeship. The ESF focuses most of its efforts on increasing the number of apprenticeships available and improving the effectiveness of the system.

Measures to facilitate the creation of new activities

The aim is to provide aid for unemployed young people wishing to set up or participate in an activity especially in the crafts sector. Actions are coordinated by the Crafts Guilds which provide support for introductory services, counselling and information as well as help to potential employers and assistance in the drawing up of projects. These local schemes are supplemented by a national programme, funded by the ESF, for the training of local trainers and project promoters and which supports pilot projects and the development of effective tools.

Measures to enhance training

To enhance training, the main emphasis has been placed on developing an individualised approach to pathways to training for young people. This aid is provided in the form of:

- ◆ support for the organisation of courses, such as putting in place measures to develop individual training (including refresher courses, personalised support and help with job search);
- ◆ adapting training to the requirements of new jobs (in the environment, new technologies) identified by sectoral studies;
- ◆ supporting the training of trainers and tutors, with an emphasis on sandwich training and fostering links with enterprises.

The contribution of the ESF is used to increase the number of beneficiaries.

The network of local missions is also developing an interesting approach. An out-reach scheme provides counselling and guidance for young people under the age of 26. Each person is assisted by a mentor who helps the trainee through the various stages of the pathway. The mentor can call on all the opportunities available from the local partnerships, as well as social, health and housing aid. At the same time, the mentor establishes the necessary links with enterprises which offer vocational and integration contracts and apprenticeship or sandwich training. The ESF partly finances the network of local missions with an emphasis on those

B. Vocational integration of young people

France has one of the highest youth unemployment rates in the European Union (22%), affecting about one in every five of the young active population (one in four for females). Young people who leave the educational system without qualifications are those most affected, but unemployment is also beginning to hit a growing number of young people with baccalaureates or higher qualifications. This is why France attaches so much importance to ESF intervention in this area. The measures are aimed at bridging the gaps between schools and the labour market and at developing services which are increasingly tailored to individual needs, based on working experience and promoting an enterprise spirit.

Measures to facilitate access to employment and skills acquisition through work experience

The diversification and updating of apprenticeship takes the form of initial sandwich training provided in the framework of work contracts. This form of training is designed for young school-leavers to enable them to obtain a recognised vocational qualification. General training is provided in apprenticeship training centres combined with technical or practical training in enterprises. The duration of the courses varies from one to three years. A number of actions in particular sectors are implemented at national level: the employment-apprenticeship programme in the sports sector; raising the skill levels of apprentices in areas of importance for the development of enterprises and apprenticeships in the building and public works sectors.

Most apprenticeships, however, are organised at regional level and developed so that apprenticeship and training courses respond more closely to the specific needs in each region. There has been a substantial increase in this type of training, both in terms of the number of categories and places

in urban areas working with disadvantaged social groups who need help most.

Measures to adapt skills to the requirements of the labour market

The purpose of these measures is to raise the qualification levels of young people and to restore skill levels in fields such as communications, robotics, tourism, transport and crafts. The actions are specifically designed for young people in particular circumstances, such as young offenders. The measures are complemented by assessment, counselling, and actions to promote social reintegration and autonomy, without which the training and integration measures would have only a limited chance of success, given the difficulties facing these young people. There is provision for full immersion training schemes in enterprises. Each youth is followed by an adult mentor who continuously monitors the youth's progress.

Another type of action for young people between the ages of sixteen and twenty-six is designed to enable them to develop a personalised pathway to training leading to a recognised qualification. Counselling is provided to help them define their career plans, outlining each stage of implementation to ensure that they are compatible with the requirements of the labour market. The ESF contributes to the part of this sandwich training which, though itself does not yield a qualification, gives access to a recognised apprenticeship or qualification. The ESF also supports actions leading to qualifications to promote diversification in employment for women.

C. Integration of persons at risk of exclusion from the labour market

France has seen a very rapid increase in the phenomenon of exclusion in recent years and an aggravation of the difficulties for the growing number who find themselves in this situation. In most cases, it is the long-term unemployed who are affected and their difficulties can be aggravated by age, the lack of basic training, perhaps even illiteracy, a physical or mental disability, drug or alcohol dependency, or the fact they have recently come out of prison. In order to facilitate the progressive vocational reintegration of these disadvantaged groups, France has launched a whole series of actions to support initiatives being undertaken by organisations and associations, including enterprises. The ESF makes a substantial contribution to these actions.

Measures to facilitate access to employment and skills acquisition through work experience

The local plans for economic integration (PLIE) are geared to a range of categories such as: adults, young people, people with disabilities, and people on minimum income (RMI) who are marginalised and at risk of long-term exclusion from the labour market or who may have acquired a number of social and working disabilities.

The PLIE is managed by local authorities and organises individual pathways to employment combining introductory services, guidance, social assistance, work search, sandwich training, job experience and follow-up in employment. This type of action uses existing local schemes but there is provision also for the setting up of new arrangements where necessary. The ESF cofinances PLIEs in 21 French Regions.

The integration of young people and adults at risk of exclusion through employment is based on employment aids for recruiting enterprises. It works through job subsidies which compensate recruiting enterprises for the extra costs they incur because of the low productivity of the trainees initially and in providing them with the necessary social and technical supports.

An interesting action in this field has been launched to set up multiservice centres in crisis areas and local districts. The ESF contribution makes it possible to increase the number of beneficiaries and to enhance the quality of the training provided by actors working in the field of integration through employment. It also supports individualised follow-ups.

Measures to promote the creation of new activities

The aim is to give people at risk of exclusion, who have no qualifications or have difficulties in integrating, access to jobs providing help with daily living to people with disabilities. These jobs are managed by voluntary organisations and the contribution of the ESF is used to extend the geographic areas covered by this type of service and to enhance the value of existing jobs of this nature.

Measures to enhance the quality of training

The main aim is to improve training structures providing introductory services, follow-up and assistance. This action targets trainers, promoters of projects middle management, but also users, such as: immigrants, refugees, and people on minimum income (RMI). The ESF contribution is used to raise the competence levels of the actors involved

in the training of trainers and project promoters. Measures to adapt the skill levels of disadvantaged groups to the requirements of the labour market: refresher courses

Provision is made for training specifically targeted at people with major difficulties, such as immigrants, members of minority ethnic groups, prisoners and people with disabilities. The aim is to enable them to acquire the basic knowledge which is an essential prerequisite for further training. Actions include pathways to training in prisons to prepare inmates for their release; preparatory training as well as courses leading to a qualification for people with disabilities, training in vocational schools, language instruction, and courses for immigrants, particularly in the building sector. These actions all include guidance. Because of ESF funding, the number of beneficiaries is greater than it otherwise would have been.

D. Promotion of equal opportunities in the labour market between men and women

As in many other countries, the massive increase in the number of women on the labour market has led to a major change in the structure of the active population in France. The activity rate of women between the ages of twenty-five and forty-nine has been growing by one percentage point every year since 1990. In the precarious state of the labour market, female unemployment is one of the predominant features of long-term unemployment. France has invested less in this specific area because it regards equal opportunities as a horizontal principle which applies to all fields of intervention. Nevertheless, although France has allocated only a small portion of ESF resources specifically to this aim, it acknowledges the importance the Commission attaches to equal opportunities, by applying the maximum grant rate of 50% to specific measures for women. A number of actions targeted at women with particular difficulties have also been developed.

Facilitating access to training for women

Financial aid is provided to cover extra costs linked to training, such as the care of children and other family members. Costs of transport and housing may also be covered. Preference is given to women living alone on low incomes, the unemployed, women with one or more children, women on single parent benefit, or women whose partners are in long-term unemployment. Training, in these cases covers all sectors of activity and levels of qualification.

Again the availability of ESF funding increases the number of beneficiaries will be increased. Refresher courses

Specific additional services, complementing training schemes, will be made available to women wishing to return to work after a period of interruption. These include preparatory courses and skills training and counselling to help participants to draw up plans and actions which can broaden their career options.

Once again the number of beneficiaries will be increased because of ESF funding.

E. Anticipation of labour market trends and adaptation of worker skills to change

Anticipation

The French approach to anticipation is based on a contractual policy with the social partners and is aimed at mobilising professional categories and sectors at national, regional and local level, as well as individual enterprises. Actions are designed to anticipate future skill and qualification needs.

Actions are conducted in various fields:

- ◆ professional categories: prognostic study contracts are designed to aid professional categories to take the necessary measures in anticipation of changes in production and labour systems in a context of economic, technological, social and organisational change;
- ◆ these studies are intended to inform training, employment, and qualification strategies;
- ◆ enterprises: counselling operations, particularly in the management of human resources, and understanding the consequences of technological change.

SMEs: diagnostic looks to counsel SMEs on technological and organisational developments, and to enable them to forecast skill needs and training strategies.

Studies conducted on subjects such as improving working conditions; the coherence of the industrial and social strategies of SMEs; forecasting and managing future skill requirements. These are aimed at improving working conditions and the efficiency of enterprises.

France attaches a lot of importance to anticipation. It therefore allocates a considerable part of its resources to this purpose and is keen to see forecasting play an important role in all measures related to the adaptation of workers to changes in production systems.

Developing training for adaptation of workers to change - special efforts for SMEs

Priority is given to this measure designed to raise the qualification levels of workers, helping them to keep their existing employment while giving them an opportunity to convert to other jobs.

The approved measures are targeted at workers affected by changes in production systems such as operatives in manufacturing, low skilled workers, personnel in environmental services, technicians, engineers and managers, and executives of SMEs. They encompass a series of coherent actions for enterprises adapting to changes in production systems and are designed for workers who wish or need to attain a qualification or convert to a new job.

- ◆ actions in favour of manufacturing operatives and low-skilled workers;
- ◆ broadening competences in manufacturing units to include production coordination, maintenance and control through specific training in each new function;
- ◆ raising the technical skill levels of staff: for conversion to automated production or less repetitive working;
- ◆ broadening the skill range of operators to make them more polyvalent, enabling them to perform several different function;
- ◆ actions in favour of technicians and master craftsmen.

Since the process of change in production systems involves the reduction of the hierarchical structure, the master craftsmen will be to become team leaders through general as well as high-level training in technology and management.

There is also provision for conversion training to set up new firms for worker who have been affected by the reduction in supervisory levels.

- ◆ actions in favour of engineers and the managers and directors of SMEs;
- ◆ training to help managers and engineers adapt to the consequences of the growing autonomy of manufacturing units and the reduction of supervisory levels;
- ◆ training aimed at mastering and managing new automated engineering technology which shortens the time-span for launching new products;
- ◆ training in marketing, financial analysis, management control, and logistics for the staff of SMEs, including chief executives.

F. The ESF - an instrument of regional development

Section 2B summarises the ESF actions which integrate with the other Structural Funds in the regional Objectives 1, 2 and 5b.

Employment growth and stability

About 16 % of the ESF allocation goes towards actions which combine with the other Funds for regional and rural development. Each of the region takes into account its specific needs and focuses on the sectors which play a major role in its social and economic development.

Actions focus on

- ◆ training aimed at promoting the creation of SMEs and the improvement of technical and managerial skills in companies in order to improve their competitiveness;
- ◆ support to training systems through the training of trainers and the improvement of employment services; actions may include training of people working in the public sector specifically in health establishments (training of nurses).

Strengthening education and training systems

Provision is made for the development of training systems and the training of instructors in each of the Objective 1 SPDs and in most of the Objective 2 SPDs.

SECTION 4

Management and follow-up

Implementation structures

Responsibility at national level

The State is responsible for the management of the Structural Funds in France and organises the relevant functions and division of tasks between the different administrations.

The Secretariat General of the Inter-ministerial Committee for European Economic Cooperation (SGCI)

This inter-ministerial body coordinates the French positions and ensures consistency of presentation to the EU institutions.

The DATAR

The DATAR (Regional planning authority) comes under the authority of the *Ministre à l'Aménagement du Territoire de la Ville et de l'Intégration* (The Ministry for Town Planning and Integration) and is responsible for the overall coordination and implementation of the Structural Funds (particularly under Objectives 1, 2 and 5b)

The ESF Mission

The European Social Fund is managed at national level by the ESF Mission of the Employment Delegation in the Ministry responsible for employment and vocational training.

The ESF Mission maintains direct liaison with the Commission and is responsible for the overall implementation of the ESF

For national programmes under Objectives 3 and 4 and the EMPLOYMENT and ADAPT Initiatives, the Mission is responsible for the initiation, piloting, and supervision of programmes, as well as all financial aspects, control and support; it centralises decisions taken by the regional authorities and questions relating to the organisation of the Monitoring Committees.

The Mission plays a less important role in the case of regional Objectives 1, 2, 5b and the regional Initiatives; these programmes are managed by DATAR. The ESF Mission is, however, responsible for all financial dealings between the Commission and France; it is represented in all Monitoring Committees and has general supervision for ESF interventions in all programmes.

Responsibility at regional level

The regional SPDs (Objectives 1, 2, and 5b) and a number of Community Initiative programmes are run at regional level, the prefects of the regions are entrusted with their implementation; they organise the local partnerships and supervise the functioning and financial management of the programmes. This overall responsibility of the prefects is reflected the role they play in the Monitoring Committees.

About 40% of the Objective 3 Programme and 80% of the Objective 4 Programme are implemented at regional level. The role of the prefects is equally important here since they pilot and manage these programmes in their regions, with the support of the local offices of Department of Employment and Vocational Training (DRTPF) which work under their authority. The ESF Mission is responsible for the overall coordination of the programmes.

Each prefect chairs a committee, in which the Commission does not participate, to select projects on the basis of studies and reports presented by technical committees.

Monitoring Committees

Broadly speaking, the involvement of the social partners is greater as compared with the previous programming period and they are now systematically consulted. Nevertheless, this participation in the Monitoring Committees is still relatively formal and it is very rarely exercised during the negotiation and programming stages.

Regional Objectives 1, 2 and 5b

Each Monitoring Committee is chaired by the prefect of the region and co-chaired by the chairman of the regional council (and the General Council of Objective 1).

The following participate:

- ◆ representatives from the Commission; ERDF (Objectives 1 and 2), from EAGGF (5b), the FIG (Objective 1) and the ESF;
- ◆ various central State services (including DATAR, the Ministry for Overseas Departments and the Ministry for Labour)
- ◆ the Regional Council and General Council;
- ◆ consultative bodies (Chamber of Commerce)

The exact composition of the committees varies from region to region, particularly regarding the participation of socio-professional representatives.

Objective 3

The National Monitoring Committee, chaired by the Délégué de l'Emploi (employment delegate) meets twice a year. It comprises representatives from the Commission, national administrations, the DRTEFP, Regional Councils, social partners, the Association Nationale des Elus Régionaux (national association or regional deputies), the Association of Mayors, and the coordinating committees of the regional apprenticeship and vocational training programmes. The social partners are represented by the employers of large enterprises and SMEs and confederation of workers.

The meetings are prepared by a technical committee comprising national and regional representatives.

Objective 4

The National Monitoring Committee is chaired by the Délégué de l'Emploi. It comprises representatives from the Commission, the Ministry of Employment and Vocational Training, the Ministry for Industry, the Ministry for Post and Telecommunications, the regional authorities, the social partners, local associations, elected representatives and social organisations.

Germany

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Due to the significantly divergent economic and labour market situations between the former West German Länder and the new German Länder their respective situations are treated separately.

Former West German Länder

The former West German Länder are: Schleswig-Holstein, Hamburg, Bremen, Niedersachsen, Nordrhein-Westfalen, Hessen, Rheinland-Pfalz, Saarland, Bayern, Baden-Württemberg and West Berlin.

Between 1993 and 1994 the general economic situation was marked by deep recession. The economic downturn had a significant impact on unemployment with 2.5 million people registered out of work in 1993. The number of job vacancies had dropped by 6% and in comparison with 1992 the average number of workers on short-time - 766,900 had almost tripled.

All Länder registered an increase in average unemployment in 1993, though not all to the same extent. The biggest increases were in Baden-Württemberg (+47%), Bayern (+33%) and Rheinland-Pfalz (+32%). Hessen (+29%), Saarland (+24%) and Niedersachsen (+23%) were near the average increase (+26%). Lower increases were registered in Nordrhein-Westfalen (+21%), Bremen and Schleswig-Holstein (+16%), in West Berlin (+11%) and Hamburg (+10%). GDP had fallen by 1.9% in 1993 compared with the previous year.

The worsening situation on the labour market was also attributable to a significant increase in the numbers of job-seekers, without any increase in the number of available jobs; many of those available for work were discouraged by the increasing difficulty of finding a job and temporarily withdrew from the labour market.

Another factor was the changed emphasis in labour market policy. As a result of the 1992 Tenth Amendment to the Employment Promotion Act (Arbeitsförderungsgesetz-AFG), and of budgetary constraints, the contribution to instruments for reducing

unemployment had decreased. The number of people facing particular problems in relation to the labour market had also grown. By 1993, around 594,000 people had been unemployed for a year or more, and around 323,000 young people were unemployed.

New Länder

Five new Länder and East Berlin make up what was once East Germany: Mecklenburg-Vorpommern, Brandenburg, Sachsen-Anhalt, Sachsen and Thüringen. At the time of Structural Fund programming these regions were undergoing serious social and economic changes as a result of their transition to a market economy.

Real growth in 1993 was about 7%, but from a base nearly two-thirds below that of the former Federal Republic. Progress at this stage had been insufficient to trigger a self-supporting growth process in the new Länder.

Since 1990, one in three jobs had disappeared, resulting in more than 16% of the workforce looking for work. Women were disproportionately affected. The number of women in employment fell from over 4.5 million in 1991 to 3 million in 1992 and by 1994 over 60% of all the unemployed in the former GDR were women. Youth unemployment was also a problem, with one in every four registered as unemployed after completing vocational training in 1993.

The new Länder and Berlin were characterised by a grossly oversized industrial sector, a total lack of a service sector and little or no SMEs. Productivity was one-third of that of the former Federal Republic, with outdated plants and production systems that were obsolete from an environmental point of view. In the production sector, there was a decline in capital goods and by 1992, manufacturing accounted for only half of the net production sector output against 85% in the Länder of the Federal Republic. The lack of competitiveness was due to many factors including wage costs that were 46% above those in the Federal Republic, poor product quality and deficiencies in management

and marketing. Many firms had lost their eastern markets and found it difficult to break into new outlets due to lack of investment. Agricultural co-operatives and state farms were transformed into holdings of different legal forms, but due to a lack of competitiveness, 75% of those employed in this sector had lost their jobs.

German policy on growth and employment is based on the principle that measures taken in the fields of economic, financial, monetary, labour market and social policy, must be integrated if they are to have maximum effect. They must also be accompanied by wages and working-time policy negotiated between management and labour.

Central to labour market policy in Germany are the activities of the Federal Labour Office based on the AFG (the Employment Promotion Act). These generally take the form of long-term measures rather than one-off programmes of limited duration.

In this context the aims of national labour market policy are to:

- ◆ prevent or alleviate unemployment, under-employment or labour shortages;
- ◆ improve job mobility;
- ◆ assist workers to adjust to technological and structural change;
- ◆ promote the vocational integration of persons with physical or mental disabilities;
- ◆ counter sex discrimination in training and job opportunities;
- ◆ contribute to the vocational integration of older and disadvantaged workers; and
- ◆ improve employment structures.

As part of its strategy to implement the recommendations of the White Paper on Growth, Competitiveness and Employment, the Federal Government adopted, in 1994, a package of measures to promote vocational training. These included the promotion of foreign-language learning, opportunities to gain work experience abroad, a general improvement of the training on offer and the provision of continuing training throughout working life. Consolidating the vocational training system is seen as a way of improving Germany's competitiveness in a global economy

In Germany, solid basic training for young people, through combined work/training schemes in conjunction with life-long learning in the work place, is also a top priority.

To attract more young people into the combined work/training system and create more opportunities for groups at risk in relation to the labour market, the Federal Government adopted the following measures:

- ◆ increased vocational training options for all;
- ◆ a call to industry to create more promotion opportunities for skilled workers;
- ◆ more flexible training capable of adapting quickly to the changing needs of industry;
- ◆ more effective careers advice for young people by schools, careers advisory bodies and professional associations; and
- ◆ vocational training geared more fully to the needs of the individual and especially of adult learners.

SECTION 2

Structural Fund programmes in Germany

A. Allocation by Fund and Objective

Germany qualifies for Structural Fund assistance under the EU-wide Objectives 3 and 4 and under the regional Objectives 1, 2 and 5. In total nearly ECU 20 billion will be provided by all Structural Funds over the period 1994-1999. The ESF's contribution is around ECU 6.7 billion. In addition Germany receives funding from the Community Initiatives of ECU 2074 million out of which almost ECU 666 million is from the ESF.

The German authorities have chosen to programme ESF co-financed measures by Community Support Framework documents (CSFs) and Operational Programmes (OPs) in respect of Objectives 1, 2, 3 and 5b, and a Single Programming Document (SPD) in respect of Objective 4.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

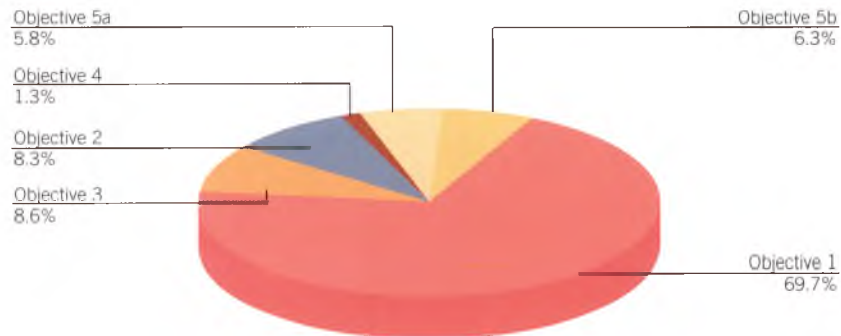
ECU million - prices valid at time to Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	13641	4092	6820	2645	84
Objective 2	1634	480	1154		
1994 - 1996	733	219	514		
1997 - 1999	901	261	640		
Objective 3	1682	1682			
Objective 4	260	260			
Objective 5a Agric.	1070		1070		
Objective 5a Fish	75				75
Objective 5b	1227	231	474	522	
Total	19589	6745	8448	4237	159
Community Initiatives					
Employment	156.8	156.8			
Adapt	256.7	256.7			
Others	1660.5	252.4	1264.4	142	3.6
Total	2074	665.9	1264.4	142	3.6
General Total	21663	7410.9	9710.4	4379	162.6

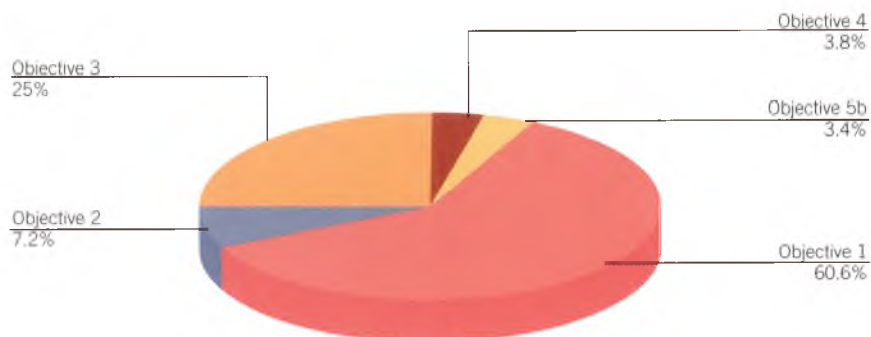
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



B. Main features of the ESF component in the Structural Fund programmes

EU-wide Objectives 3 and 4 - involving only the ESF

► OBJECTIVE 3

Combating long-term unemployment and facilitating the integration into working life of young people and persons exposed to exclusion from the labour market; promoting equality of opportunity

About ECU 1.7 billion goes towards Objective 3 (25% of the total ESF allocation to Germany).

Priorities

The ESF strategy for Objective 3 focuses on four priorities:

Priority 1

*The vocational integration of the long-term unemployed.
ECU 952 million*

Priority 2

*The vocational integration of young people.
ECU 442 million*

Priority 3

*The vocational integration of people threatened with exclusion from the labour market.
ECU 78 million*

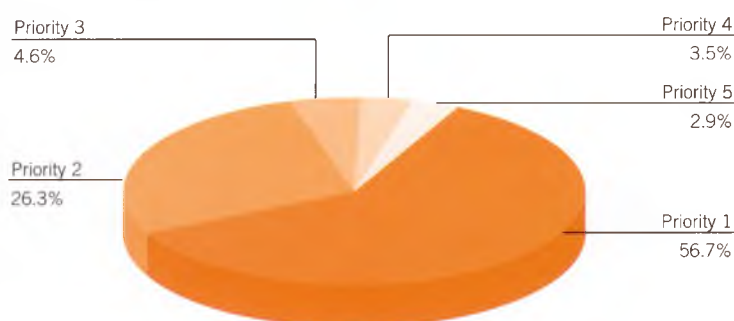
Priority 4:

*Promoting equal opportunities between men and women.
ECU 160 million*

Priority 5

Provision is also made for technical assistance and pilot projects amounting to around. ECU 50 million.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3



The ESF priorities are implemented through a CSF and by means of twelve OPs, one for Federal programmes and one for each of the eleven Länder of the former West Germany, including West Berlin. The Federal Programme will receive about ECU 887.5 million from the ESF and the regional programmes a total of about ECU 794.5 million.

The allocations for the areas covered by the Objective 3 CSF are:

ESF ALLOCATION	ECU million	%
Federal programme	887	52.7
Schleswig-Holstein	34	2
Hamburg	39	2.3
Niedersachsen	121	7.2
Bremen	39	2.3
Nordrhein-Westfalen	281	16.6
Hessen	50	2.9
Rheinland-Pfalz	29	1.8
Baden-Württemberg	52	3.2
Bayern	56	3.5
Saarland	41	2.5
West Berlin	51	3
TOTAL	1682	100

As it is ESF policy to improve the scope and flexibility of instruments available at both national and Länder level, the ESF funds used at national level concentrate on measures which go beyond the remit of national market policy set out in the AFG (the Employment Promotion Act). These measures are called AFG Plus and include, work experience abroad, improvement of social skills and general educational welfare measures.

At Länder level the idea is to concentrate efforts on specific measures.

Actions assisted under the Objective 3 CSF are based on four principles:

- ◆ measures should meet local or regional needs in qualifications;
- ◆ training projects should provide close links with employers;
- ◆ measures should provide the highest qualifications and where possible include certification; and
- ◆ training providers should co-operate amongst each other to make the best use of knowledge and resources.

ECU 160 million (10% of all ESF resources under Objective 3 for 1994-1999) is allocated to programmes specifically for women.

Beneficiaries

It is estimated that 400,000 people will receive assistance under this Objective throughout the duration of the CSF.

Key points - Objective 3

- ◆ ECU 1.7 billion, 23.4% of ESF allocations to Germany and 8 % of total Structural Funds
- ◆ special focus on women and equal opportunities
- ◆ links with regional needs and employers, co-operation among trainers and a high level of qualification and certification encouraged

Objective 4

OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

About 3.8 % of the ESF allocations to Germany goes towards Objective 4, amounting to approximately ECU 260 million over the period 1994-1999.

Priorities

The ESF strategy for Objective 4 focuses on three priorities:

Priority 1

Anticipation of labour market trends and vocational requirements. ECU 11,5 million

Priority 2

Skills acquisition, retraining, guidance and counselling; and. ECU 147 million

Priority 3

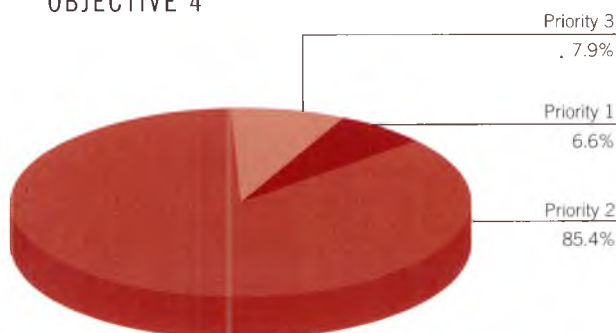
Assistance for the improvement and development of appropriate training systems, further training infrastructure and knowledge transfer. ECU 14 million

The programming is implemented through an SPD, with measures focusing on the regional nature of ESF support. The SPD covers the Federal programme and those of the eleven Länder of the former West Germany.

The ESF allocation is divided between the regions covered by the SPD as follows:

ESF ALLOCATION	ECU million	%
Federal programme	98	38
Schleswig-Holstein	7	2.7
Hamburg	10	3.8
Niedersachsen	17	6.5
Bremen	10	3.9
Nordrhein-Westfalen	67	26
Hessen	9	3.5
Rheinland-Pfalz	6	2
Baden-Württemberg	6	2
Bayern	12	4.6
Saarland	5	2
West Berlin	13	5
TOTAL	260	100

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



Some 45% of all ESF resources under this Objective are reserved for training measures for target groups whose participation rate in higher training courses is below average.

Certain criteria are applicable to Objective 4 actions under the SPD. Institutional arrangements should ensure that the learning content of training courses is applicable to working arrangements in more than one firm and steps must be taken to select projects which offer equal opportunities for women.

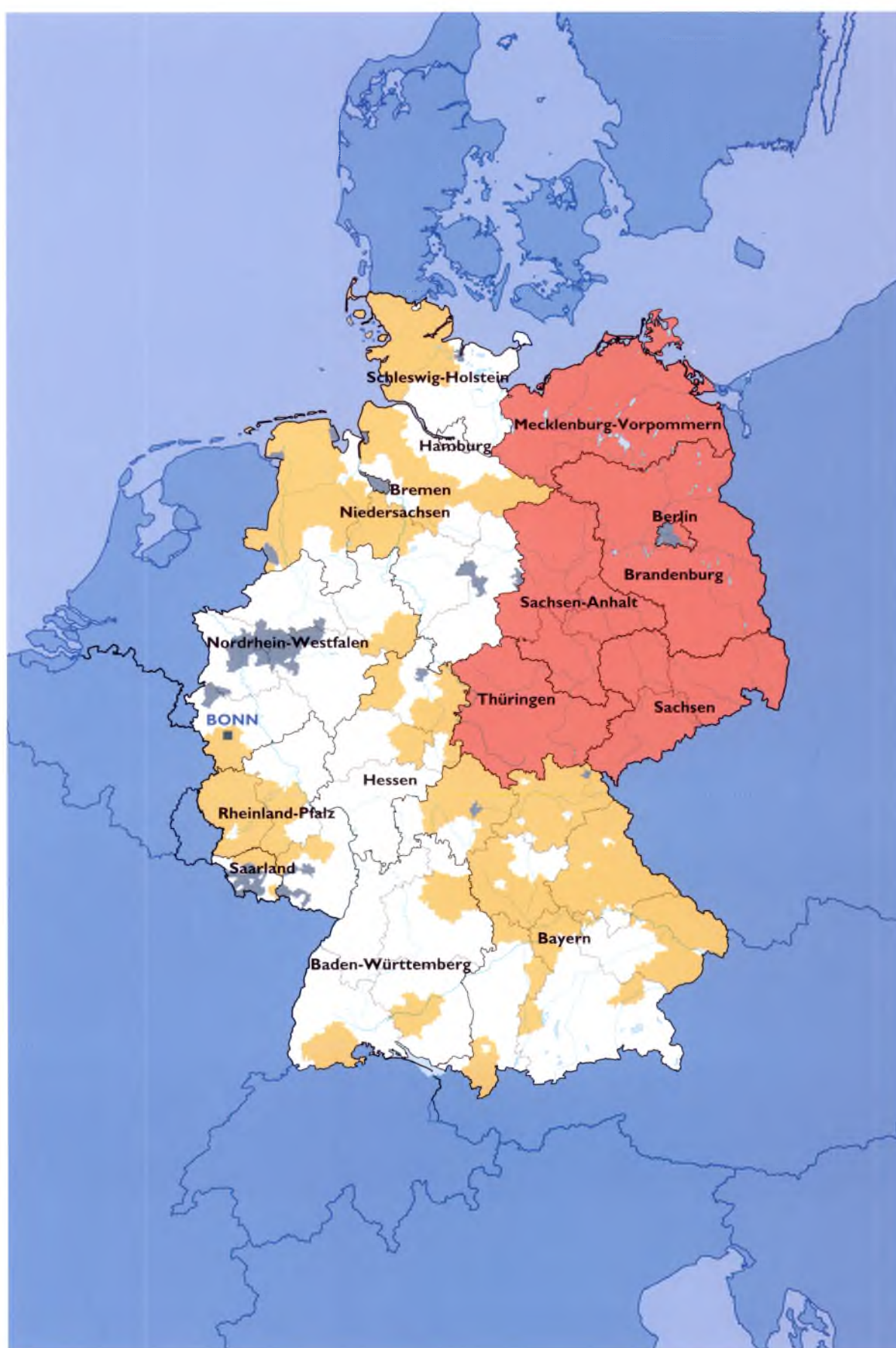
To achieve maximum transparency applicants are asked for information on certain aspects such as the project objectives in terms of quality and quantity, arrangements for monitoring progress and information on innovative aspects of the measures. Where an application concerns further training, the company is required to provide information on aspects such as the arrangements to improve the vocational mobility of workers and the transferability of results to other companies.

Provision is made for technical assistance amounting to around ECU 6 million.

Key points - Objective 4

- ◆ ECU 260 million or 3.8% of ESF aid to Germany
- ◆ focus on anticipation, skills acquisition and improvement of training systems
- ◆ special emphasis on further training for groups where involvement in training is less than average

- Objective 1
- Objective 2
- Objective 3
- Objective 4
- Objective 5b



Regional Objectives - in which the ESF integrates with other Structural Funds

► Objective 1

OBJECTIVE 1

Development of the least prosperous regions

About 60% of the ESF allocation to Germany goes towards Objective 1 priorities to support the new Länder. This amounts to ECU 4 billion over the period 1994-1999.

Objective 1 is implemented through a CSF and eighteen OPs. The CSF takes an integrated approach with three OPs for each of the new Länder relating to economic development (mainly funded by ERDF, with additional measures by the ESF and the EAGGF), development of the labour market (mainly funded by the ESF, with additional measures by the ERDF and EAGGF) and the development of rural areas (mainly funded by EAGGF, with additional measures by the ESF and ERDF). In Eastern Berlin, measures by all three Funds are integrated into a single OP. Two other programmes, one funded by the ESF and the other by the FIGG, are being implemented horizontally in all Länder. The labour market in the Objective 1 regions is characterised by high unemployment (6.2 million people in 1993) and, between 1991 and 1994, some 80% of the labour force participated in labour market measures.

The ESF allocations for the regions covered by the Objective 1 CSF are as follows:

ESF ALLOCATION	ECU million	%
Federal programme	1077	26.3
Mecklenburg-Vorpommern	383	9.4
Brandenburg	496	12.1
Sachsen-Anhalt	550	13.5
Thüringen	490	12
Sachsen	875	21.3
East Berlin	221	5.4
TOTAL	4092	100

Priorities

The ESF contributes to the following six priority areas set out in the CSF:

Priority 1

Productive investment and complementary infrastructure ECU 55 million;

Priority 2

SMEs ECU 253 million;

Priority 3

Research and technology and promotion of innovation ECU 128 million;

Priority 4

Environmental improvement ECU 300 million;

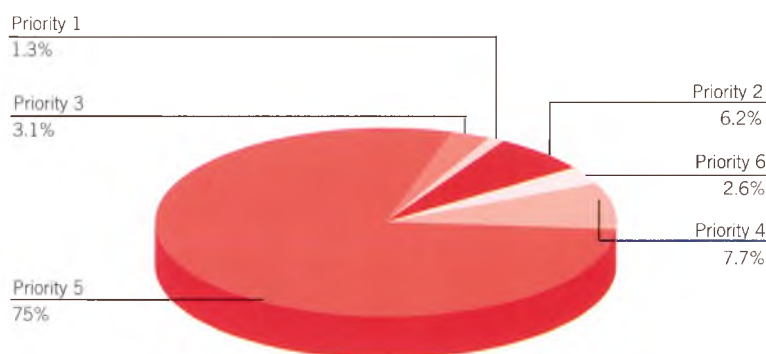
Priority 5

Human resources and promotion of employment ECU 3064 million;

Priority 6

Agriculture, rural development and fisheries ECU 107 million.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 1



About ECU 184 million is provided for technical assistance.

ESF resources concentrate on reinforcing and extending measures that are also supported by the Federal authorities. The central focus is on integrating workers into the new market economy. The development of human resources and the creation of jobs are the key requirements for the reconstruction of these regions. Training is specifically targeted towards new technology and production processes, as well as management and marketing skills. This is particularly relevant for those smaller companies finding it difficult to cope with the rapid economic changes which have taken place since reunification.

There is also a particular focus on: research and development personnel; continuing training in SMEs; self-employment; young people and equal opportunities. About 8.2% of ESF funds are used for measures in favour of women, mostly the provision of childcare.

Three quarters (ECU 3.1 billion), of the financial assistance from the ESF goes to the priority concerned with the development of human resources and employment promotion.

The priority is divided into three sub-priorities with the following breakdown:

Sub-priority 1

Increasing the competitiveness of the economy and preventing unemployment;

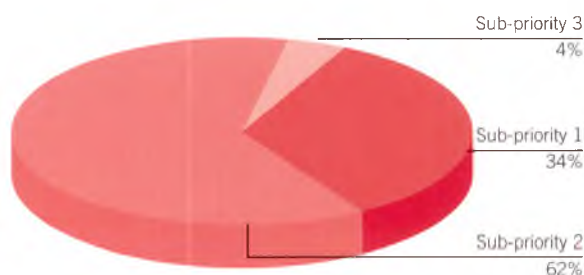
Sub-priority 2

the integration and employment of groups at risk in the labour market;

Sub-priority 3

Innovative measures, pilot and demonstration projects for the European labour market.

**BREAKDOWN ESF FUNDING
BY SUB-PRIORITY - OBJECTIVE 1**



Key points - Objective 1

- ◆ ESF allocation ECU 4 billion or 60 % of ESF aid to Germany
- ◆ 78.4% of ESF resources to human resources and promotion of employment
- ◆ focus on training in new technology, production process, management
- ◆ continuing training in SMEs highlighted
- ◆ 8.2% of funds used to help women

► OBJECTIVE 2

Converting the regions seriously affected by industrial decline

Around 7% of ESF allocations to Germany go towards Objective 2 amounting to ECU 480 million over the period 1994-1999.

Actions under Objective 2 are implemented through a CSF and nine multifunded OPs, one for West Berlin and the rest for the Länder set out in the table below.

The breakdown of ESF allocations between the areas covered by Objective 2 are as follows:

ESF ALLOCATION	%
Schleswig- Holstein	2.4
Niedersachsen	6
Bremen	7.5
Nordrhein-Westfalen	44.2
Hessen	1.4
Rheinland-Pfalz	3.7
Bayern	2.4
Saarland	6.7
West Berlin	25.7
TOTAL	100

Priorities

The priorities under Objective 2 are as follows:

- ◆ to improve the economic potential of regions suffering from industrial decline and accelerate structural change;
- ◆ to increase employment opportunities for workers; and
- ◆ increase productivity and promote RTD.

Actions aided by the ESF concentrate on: training in new productive or commercial techniques; vocational training and careers guidance and advice for both employed and unemployed people.

Key points - Objective 2

- ◆ ECU 480 million or 7 % of ESF aid to Germany
- ◆ aims to accelerate change, create employment opportunities, increase productivity and promote RTD
- ◆ focus on vocational training especially in new skills, counselling and guidance

► Objective 5b

The development and structural adjustment of rural areas

About 3.4 % (ECU 231 million) of total ESF funding to Germany goes to Objective 5b regions over the period 1994-1999.

Actions under Objective 5b are implemented through a CSF with nine multifund OPs, one for each of the Länd set out in the table below.

The ESF allocation is divided between the OPs as follows:

ESF ALLOCATION	ECU million	%
Schleswig-Holstein	17	7.5
Niedersachsen	49	21.3
Nordrhein-Westfalen	5	2
Hessen	6	2.8
Rheinland-Pfalz	22	9.6
Baden-Württemberg	5	2.1
Bayern	118	51
Saarland	9	3.7
TOTAL	231	100

In these rural areas the ESF co-finances measures to encourage economic diversification which involves developing alternative activities, such as tourism and the environment, tailored to meet the various needs of the rural population. This is achieved through training, advice and guidance actions. There is also provision for farmers' wives to market their farm produce or set-up tourist attractions.

Key points - Objective 5b

- ◆ ECU 231 million or 3.4 % of ESF aid to Germany
- ◆ aims to encourage economic diversification of rural areas
- ◆ training and guidance actions for new areas such as tourism

Human resources component of the Community Initiatives

The four strands of the Employment Initiative - NOW, HORIZON, INTEGRA and YOUTHSTART - provide an allocation of ECU 156.8 million over 1994-1999 to foster best practice in the field of human resources development through innovation, local partnership and transnational co-operation.

Under the Adapt Initiative, the ESF allocates ECU 256.7 million for the co-financing of innovative transnational projects for employees at risk of unemployment due to industrial and technological change..

There is a particular emphasis in Germany on reducing female unemployment especially in the east of the country; developing alternative forms of training for young people and anticipating changes in skill needs as well as improving workers' core competences.

In addition, the ESF contributes amounts totalling ECU 252.4 million through nine other Community Initiatives: Interreg, Konver, Leader, Pesca, Rechar, Resider, Retex, SME and Urban.

SECTION 3**Programme content and ESF policy aims****A. Vocational integration of people threatened with long-term unemployment**

In the former West German Länder, a down-turn in the economy resulting from an EU-wide recession had led to an increase in the unemployment rate to 8.5% by 1993 and nearly 600,000 people were out of work for a year or more.

The unemployment rate in the former East German Länder, was almost double this level reaching 16% in 1993. In addition to the 1.15 million people classified as unemployed, another 1.6 million were without regular work. Moreover due to a lack of competitiveness, one in every three jobs had been lost in the period between 1989 and 1993.

The ESF in Germany seeks to tackle these problems by assisting those experiencing long-term unemployment, including specific target groups who become unemployed due to specific problems such as, health, mental illness, learning difficulties, drug addiction and imprisonment. Other groups experiencing long-term unemployment such as migrant workers, ethnic German immigrants from Eastern Europe and foreigners also benefit from ESF measures. Measures are geared towards improving the competitiveness of these target groups in the labour market, thereby increasing their chances of reintegration.

The ESF backs a range of specific measures which include general vocational training, development of social skills, adult literacy programmes and aid for business start-ups. In certain Länder, the most important purpose of ESF money is to implement projects which would not be possible with national schemes alone.

Special counselling for those with particularly difficult problems is provided to promote personal and vocational stability. This sometimes includes help with finding work and accommodation and counselling often continues after the end of the training period. Training in foreign languages and practical training courses in other countries is provided, particularly for those in border areas. In addition, recruitment incentives are made available for employers to compensate them for the initial reduced productivity of the trainees.

B. Vocational integration of young people

The ESF supports improved access to vocational training, or employment for young people who are not catered for by the general training system. Intensive counselling and motivation is provided to give young people the start they need in their working lives. Training or further training for a recognised occupation may also be provided; including practical training courses in other countries. Special courses which combine working and learning are used, where necessary, to prepare young people for normal training.

For those facing difficulties in finding a job, even after having obtained a vocational training qualification, grants are available to encourage their integration and where the young person has to travel to find employment, mobility allowances are available to pay for transport costs.

In order to improve the opportunities for disadvantaged young people in the vocational training system, a regional network of training tutors provides a support structure to enable more companies to offer training places. Special emphasis is placed on counselling services for companies in order to encourage them to accept and promote the training of girls and young women. Company training and employment policies which take into account women's needs and career plans are also supported in this context. Other measures include assistance in the field of childcare, instructor training, increasing the number of training places and developing cooperation between employers and training establishments.

C. Integration of persons at risk of exclusion from the labour market

In order to facilitate the integration of people threatened with exclusion from the labour market, the ESF supports a number of measures which vary according to the needs of the relevant Land. ESF assistance includes vocational guidance for prisoners, in particular women prisoners. The measures are designed to facilitate the vocational integration of the prisoners after they have finished their sentences. There is also assistance for refugees to help them find work through training and preparation for employment.

Innovative approaches to labour market policy are also encouraged and exchanges of experiences through project partnerships with similar project organisers within the EU are supported. In certain cases under this priority heading, the Länder support long-term unemployed people on social security, with a special emphasis on training single mothers who have particular difficulties due to the responsibilities of childcare. In order to render the vocational training measures as practical as possible, participants are placed in a job for at least a year and trained in different working situations. Particular emphasis is placed on the adoption of sound working attitudes. Throughout the duration of this type of measure, participants receive social guidance and care to increase their motivation and interpersonal skills.

Assistance is also provided for the homeless, with ESF aid going towards the cost of providing social workers for those in need during periods of training or employment. Training and employment for those unable to work due to health problems or psychological and mental illness is also available. People with disabilities receive vocational training and retraining tailored to their individual needs and future job requirements. By providing for the vocational flexibility and mobility of persons with disabilities, the ESF allows beneficiaries to adapt to changes in the employment system.

D. Promotion of equal opportunities in the labour market between men and women

In Germany, special emphasis is given to the ESF aided programmes for equal opportunities for men and women in the labour market, especially for persons returning to work after a long absence and older women. The aim is to extend the range of occupations accessible to women and to give greater recognition to their family responsibilities when they return to work. Improved opportunities of promotion in all areas is supported together with special assistance to help women and men combine their family and job responsibilities more successfully.

Women receive assistance to make the best use of the benefits of the single market and technological developments. The ESF finances the organisation of a wide range of training courses and information and awareness campaigns which are carried out at a local level. Training often takes account of the fact that mothers have restricted time and of the need for measures to increase self-confidence. Other measures include: recruitment or training subsidies; business start-up assistance; foreign language training and practical job experience in other EU Member States. Where necessary contributions to the cost of looking after dependants are provided.

E. Anticipation of labour market trends and adaptation of worker skills to change

The ESF actions financed under Objective 4 in Germany aim to help workers adapt to changes in production systems when their skills and qualifications are in danger of becoming obsolete. ESF assistance is targeted at skills training not normally covered by company training schemes, as well as various innovative approaches to human resources development. The costs are shared between the company, national or regional authorities and the ESF.

There are three main priorities and action areas as follows:

1. Anticipation of labour market trends and vocational qualification requirements

The target groups for this priority are specialist organisations such as research institutes, consultancies and associations involved in the provision of in-company training or general training. Detailed analysis and forecasts of the shortcomings of the vocational training system are carried out, in the light of the medium-term skills requirements of the labour market. These analyses help to promote national labour market, employment and training policy.

In certain cases the Economic and social partners, higher training establishments, vocational training authorities and SMEs are involved in anticipating qualification and training requirements. Comprehensive surveys also assess the effects of introducing new technologies and the implications this may have for skills requirements.

2. Skills-acquisition, retraining, guidance and counselling

There are two actions under this priority:

Labour-force skilling through innovative measures

Under this heading the focus is on: new technologies; new work processes; improving competitiveness; management skills; environmental techniques and services. Guidance, counselling, information and awareness-raising measures for firms

are an essential complement to training. A systematic and coherent approach is taken to make the best use of existing potential for the acquisition and development of the necessary skills making training a more dynamic process. The promotion of training centres for improving the skills of workers in SMEs, particularly in the sectors outlined above, is also catered for.

Assistance is also available for pilot projects and model schemes where SMEs cooperate with recognised training institutes and research establishments to develop, implement and evaluate innovative concepts for further vocational training and retraining.

Improving the skills of particular target groups

The upgrading of skills is a particular priority for:

- ◆ unskilled and semi-skilled workers;
- ◆ workers whose skills are not being used to capacity;
- ◆ workers on short-time; and
- ◆ management and staff of SMEs.

The aim is to offer training in recognised occupations and through training to allow access to more senior job opportunities. Short-time workers are offered the opportunity to receive training in new skills either inside or outside the company. Further training for employees of SMEs is also provided, with an emphasis on management. In addition, training for new technologies and working procedures is provided. The training requirements of employees whose jobs are under threat are also taken into account.

3. Assistance for the improvement and development of appropriate training systems, further training infrastructures and knowledge-transfer

The further training needs of SMEs are addressed by promoting cooperative structures between SMEs and training establishments. A network is being set-up to allow for exchanges of experience in the area of training activities. This will improve the transfer of best practice and optimise the preparation of training assistance. The national authorities have a special role to play here and they will continue to publicise project results at a national level with a view to making the experience of regional schemes available to all participating Länder.

F. The ESF - an instrument of regional development

Boosting employment growth and stability

A large proportion of ESF resources (43%) is directed towards this policy aim over the programming period amounting to the highest of any EU Member State .

The ESF helps to boost employment growth and stability in Germany in a number of ways.

These include measures to support SMEs such as:

- ◆ training in business techniques;
- ◆ organisation and production processes as well as product quality and design;
- ◆ training for self-employed people or for workers in small companies, particularly apprenticeships for young people; and
- ◆ support to the personnel of SMEs during the start-up phase through measures to improve qualifications and to assist the development of self-employment.

Training courses in structures financed by the ERDF are supported by the ESF. Moreover the ESF co-finances measures that provide retraining, further training, recruitment aids and assistance for self-employment. Simultaneously, other measures help people adapt their qualifications to the needs of the labour market, industrial change and changes in production systems.

ESF-supported measures under this policy aim also focus on improving the:

- ◆ access to initial training and the transition to the labour market for young people through apprenticeships, advice and guidance;
- ◆ employment and training opportunities for unemployed people who are difficult to place on the labour market (such as, the long-term unemployed or those threatened with exclusion), through a comprehensive package of measures including: guidance and counselling; vocational training; retraining; further training and training combined with work; and
- ◆ vocational qualifications and job opportunities for women (especially those over 45 and single parents) through counselling and training programmes.

In addition, the ESF boosts employment growth and stability in specific areas such as rural development, agriculture and fisheries. The ESF concentrates on supporting training projects to improve qualifications and integration into the labour market. Training is often provided in new areas being developed to diversify the regional economy.

Boosting human potential in the fields of research, science and technology

Under the CSF for Objective 1, the ESF supports measures which promote research and technological development as well as innovation. Measures focus on investments in non-academic, production-related establishments, on supporting SMEs to recruit innovation advisers, and obtaining technology and marketing advice and on promoting the skills of managers. Support also extends to the training and further training of those involved in RTD activities. The quantity and quality of human resources in RTD establishments will be increased, and this in turn will assist the development of production processes.

SECTION 4**Management and follow-up****Implementation structures**

The Federal Government and its labour market agency, the Bundesanstalt für Arbeit, have direct responsibility for Federal programmes under Objectives 1,3 and 4 only. They also have a co-ordinating function for all programmes which is, however, less prominent in the case of Objectives 2 and 5b.

Implementation structures vary from one Länder to another, although the financial regulations governing implementation are broadly similar.

Under Objective 3, there is cooperation between regional branches of the Federal Labour Office and Länder Ministries of Labour with a view to ensuring that all resources invested in labour market policy meet regional needs.

Financial assistance from the ESF allocated to the Länder under Objective 1, is directly managed by them in the framework of their labour market and training policies. The ESF allocations to the Federal authorities are mainly used by the regional offices of the Federal Agency of Labour to finance actions additional to measures in the normal federal programmes. Non-governmental organisations (especially the churches and workers' movements) play a significant role in the design and implementation of programmes.

Monitoring committees

The national monitoring committees which have been set-up for each Objective, are made up of representatives from the Federal Government (Employment Ministry), the Länder, the Economic and social partners and the Commission.

There are regional sub-committees, involving the Social and Economic Partners, for the Objective 1 and most of the Objective 2 programmes.

The national monitoring committees for Objectives 3 and 4 are responsible for all federal and regional programmes and all Länder (outside Objective 2) are represented. The social partners also participate in the work of these committees.

1 Source: The impact of Structural Policies on Economic and Social cohesion in the Union 89-99⁹

Greece

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding 1994-1999

Economic situation

Despite the positive impact of an estimated 2% growth between 1989 and 1993 resulting from Structural Fund transfers, the Greek economy, overall, experienced relatively slow growth in this period. GDP per capita lost ground against the European average, falling from 60.8% in 1989 to 57.8% in 1993, the lowest in Europe. The burden of high national debt (117.9% of GDP in 1993), a balance of payments deficit and low investment in both the public and private sectors, were major obstacles to growth and therefore to achieving convergence with other Member States. Inflation fell from 20.4% in 1990 to 14.4% in 1993 but, together with real interest rates, continued to be the highest in Europe.

Labour market

Unemployment increased from 7.7% in 1989 to 9.8% in 1993 because of lack of growth in employment, a steady decline in industrial employment due to the serious problems facing major industries, a contraction in agricultural employment and an expansion of the numbers seeking work arising from the increased participation of women. Young people, especially young women, were particularly affected by unemployment, and long-term unemployment increased, approaching 50% of all unemployed. Young people seeking their first jobs were particularly hard hit.

In 1995, public investment in education in Greece was the lowest in the EU and expenditure on active employment policies was similarly inadequate; this led to a shortage of skills, particularly in specialised areas. More than half the Greek population of working age had an education equivalent only to primary school level and school attendance rates were very low, particularly for the 15-19 age group, whereas repeat and school leaving rates were very high. While generally speaking the likelihood of becoming unemployed increased with the lower level of education, university graduates were also affected by unemployment because their qualifications often did not match the needs of the labour market.

The Greek plan, geared to progressing the country's economic and social cohesion in an EU context included the following aims in relation to the development of human resources: reform of the labour market; upgrading skill levels; facilitating job search; improved matching of the training of the unemployed to job vacancies; provision of incentives for job creation and recruitment of the unemployed, giving priority to combating youth unemployment and helping areas with high unemployment.

This involved:

- ◆ transforming labour market measures into active instruments responding to the needs of people to secure employment;
- ◆ increasing the number of jobs through greater growth in the Greek economy;
- ◆ counteracting exclusion from the labour market;
- ◆ developing uninterrupted dialogue between the social partners and central and local Government; and
- ◆ creating a social protection system for the unemployed.

SECTION 2

Structural Fund programmes in Greece

A. Allocation by Fund and Objective

Over the period 1994-1999, structural funding to Greece to support the national and regional authorities in reducing the development gap, will amount to about ECU 14 billion. The ESF contribution amounts to around ECU 2.6 billion, representing approximately 18% of the total. The whole of Greece qualifies for funding under regional Objective 1 (development of the least prosperous regions).

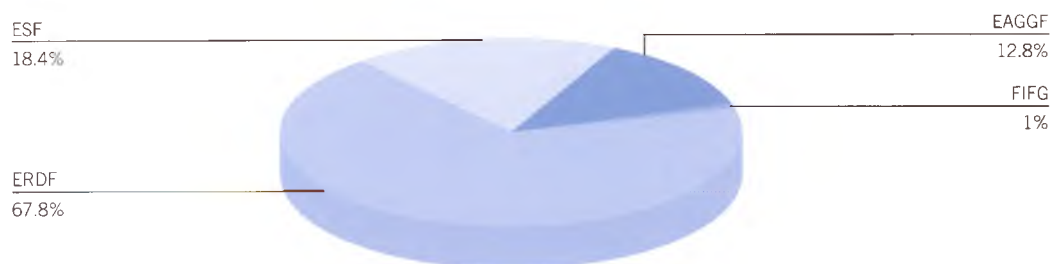
In addition, Greece has been allocated assistance from the Community Initiatives amounting to ECU 141.6 million for 1994-1999. Moreover, Greece is one of the four Member States to receive aid from the Cohesion Fund, amounting to ECU 2.6 billion in 1994-1999.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	13981	2561	9490	1800	130
Community Initiatives					
Employment	64.4	58.6	5.8		
Adapt	30	26.5	3.5		
Others	939.9	56.5	765.7	106	11.5
Total	1034	141.6	775	106	11.5
General Total	15015	2702.6	10265	1906	141.5

BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



The Greek authorities have chosen to programme actions supported by the Structural Funds, by way of a multifund Community Support Framework (CSF) and sectoral and regional Operational Programmes (OPs). The ESF contributes to nine out of seventeen sectoral OPs and to all thirteen regional OPs.

B. Main features of the ESF component in the Structural Fund programmes

Regional Objectives In which the ESF integrates with other Structural Funds

► Objective 1

Development of the least prosperous regions

The Greek CSF, adopted on 13 July 1994, provides for total structural funding equivalent to nearly 15% of the EU total for Objective 1. The ESF aims to increase the productive potential of human resources, and works together with ERDF actions, in order to develop the Greek economy. Overall, human resource actions account for 21.1% of total Structural Fund allocations to Greece, which is a very substantial increase as compared with the 1989-1993 period. The ESF allocation of nearly ECU 2.6 billion is divided between the nine sectoral and thirteen regional (multifund) OPs as follows:

BREAKDOWN OF ESF FUNDING BY SECTOR

Operational Programmes	ECU million
Human resources	1164.7
Postal and telecommunications	37.6
Industry and services	35
Research and technology	30.1
Tourism and culture	10
Regional OPs	236
Total	2548.3

BREAKDOWN OF FUNDING FOR REGIONAL OPS

Regions	ECU million
Attica	37.7
Peloponese	12.6
Central Macedonia	30
Northern Aegean	12.6
Eastern Macedonia/Thrace	26.3
Southern Aegean	12.6
Thessaly	22.1
Western Macedonia	11.2
Western Greece	19.1
Ionian Islands	11.1
Crete	15.1
Epirus	10.5
Continental Greece	15.1
Total	236

The Human Resource OPs

The following are the main features of the human resource OPs:

Education and Initial Training

Given the huge shortfall in investment in education and training in Greece, the greatest concentration of ESF contributions was directed to this programme. ESF aid under this OP accounts for around 45.4% (ECU 1.2 billion) of all ESF aid and represents 63% (ECU 1.9 billion) of the total cost of education and initial training actions in Greece. The ESF contribution is divided between four sub-programmes:

- ◆ general and technical education: 37.6%;
- ◆ initial vocational education and training: 27.8%;
- ◆ third level education: 32.4%, and,
- ◆ administrative modernisation of education and technical assistance: 2.2%.

Life-Long Learning and Employment Promotion

Around 28% (ECU 730.9 million) of all ESF aid is dedicated to this programme. ESF funding represents over 59% of the total cost of actions of this kind. The programme features three sub-programmes which provide financing for the Employment Observatories, Employment Promotion Centres and Centres of Specialised Training as well as training for employed people, those out of work and people threatened with unemployment.

Combating Exclusion from the Labour Market

About 9.22% of ESF aid (ECU 236 million) is allocated to this programme which fosters innovative approaches to the problems of exclusion, based on partnership between people carrying out the actions and the users. A sub-programme covers people with special needs and the provision of services for people at risk of exclusion from the labour market.

Modernisation of the Public Administration

Although less than 2% (ECU 44.7 million) of ESF aid is directed to this programme, it is of considerable importance not only in eliminating weaknesses in public administration but also in promoting a more effective administration of Structural Fund projects.

The ESF component of the human resource programmes also includes Objectives 3 and 4-type measures, as illustrated below.

■ Objective 1



Priorities

All financial assistance from the ESF is directed towards four strategic priorities for the development of human resources:

Priority 1

Enlarging access to and improving the quality of the education and initial training systems:

This involves strengthening systems in terms of both quality and quantity, through flexible facilities responsive to the world of work and adaptable to new technologies

Priority 2

Improving competitiveness:

Emphasis is placed on the adaptation of workers to changes in production systems and the organisation of continuing training and education;

Priority 3

Improving employment opportunities:

Actions focus on the unemployed, people with disabilities and those exposed to exclusion from the labour market. Employment services are being strengthened and specific measures promoted in guidance, training and employment aids.

Priority 4

Modernising the public administration:

Essentially this entails the continuing education and training of officials, accompanied by actions to improve the basic structures and systems on which the administration operates.

There is also provision for technical assistance which amounts to ECU 12.5 million.

Human Resources component of Community Initiatives in Greece

The four strands of the Employment Initiative - NOW, HORIZON, INTEGRA and YOUTHSTART - provide an allocation of ECU 64.4 million (ECU 58.6 million from the ESF) to Greece to foster best practice in the field of human resources development through innovation, local partnership and transnational co-operation. A particularly interesting aspect of the use of the Employment Initiative in Greece is for projects concerning new technology in areas including teleworking and multimedia centres and those involving young people and the socially disadvantaged.

Under the Adapt Initiative, the ESF allocates ECU 26.5 million for the co-financing of innovative transnational projects for employees at risk of unemployment due to industrial and technological change.

In addition, the ESF contributes amounts, totalling ECU 56.5 million, through other Community Initiatives: Interreg, Konver, Leader, Rechar, Urban and SME.

Key points - Objective 1

- ◆ the whole of Greece is eligible
- ◆ 45.5% of ESF aid goes to education and initial training
- ◆ the ESF provides 63% of total costs of education and training
- ◆ 33% of ESF aid goes to life-long learning
- ◆ provision is made for the improvement of the public sector

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

Prolonged and persistent economic difficulties together with large-scale job losses in industry had contributed to increasing the numbers in long-term unemployment. Due to social, political and economic developments in eastern Europe, large numbers of refugees have sought sanctuary (permanently and temporarily) in Greece, which in turn has led to a further increase in the number of long-term unemployed.

The 'Life-long Learning and Employment Promotion' OP contains a sub-programme devoted to 'Training and Employment Promotion for Unemployment and Redundant Persons'. Measures, which are consistent with the Greek multiannual plan, are included in this programme to help, in particular, unemployed people over 25 years and in areas of high-unemployment. An important component is the Manpower Employment Organisation (OAED) programme for the self-employed. This provides grants for unemployed people to start-up in business, especially in areas of high unemployment and financial incentives to attend a two week preparatory training programme. Other actions under the sub-programme include the subsidisation of new jobs for the long-term unemployed and supports for the placement of the unemployed in new jobs and training.

There is specific provision for tackling long-term unemployment under the 'Combating Exclusion from the Labour Market' OP. The measures centre around preliminary and vocational training to equip the unemployed with relevant skills, including training for self-employment and enterprise creation, and employment promotion schemes. The ESF plays a vital role in an other important programme run by the OAED, namely, the TEK programme (the accelerated vocational training programme) for unskilled workers. This programme offers intensive vocational training, including theoretical and practical training, to unemployed people.

The sub-programme 'Common Services for people excluded from the Labour Market' operates horizontally and complements actions for those considered to be at risk of social exclusion, including the long-term unemployed. This is done by developing training centres, employment agencies and other services providing guidance and counselling.

Employment aids, improved labour market information and awareness raising are also provided.

The ESF supports the following three measures under this programme:

- ◆ staff and teacher training;
- ◆ the aim is to train teachers, social workers, carers and administrative staff working with groups threatened by long-term unemployment. Training is provided in modern teaching methods and the special needs of the target groups;
- ◆ innovative programmes;
- ◆ under this heading an attempt is made to encourage the use of innovative approaches in the implementation, management and monitoring of programmes for the long-term unemployed;
- ◆ awareness campaigns and prevention of long-term unemployment.

This scheme aims to mobilise public opinion on issues of combating and preventing long-term unemployment and avoiding social exclusion. It is directed at the general public as well as decision-makers in political, economic and scientific circles.

B. Vocational integration of young people

The 'Life-Long Learning and Employment Promotion' OP includes ESF-supported actions for young people under the age of 25. Programmes provide an integrated set of measures which include: careers guidance, practical training (particularly in areas of high unemployment), employment and training subsidies, grants for business start-ups, special work experience subsidies, employment incentives to employers for job creation and employment subsidies for employers taking on young people for a minimum of six months after the end of their training.

It is anticipated that around 15,000 young people will benefit from this.

The 'Education and Initial Training' OP also includes the following actions, supported by the ESF, to assist young people find jobs by:

- ◆ supporting the operation of 60 Institutes for Initial Vocational Training (IEK), which were established in the previous programming period. The IEKs offer training in various skills to young

- ◆ people between the ages of 18 and 20; introducing guaranteed education and training for young people under the age of 20, in accordance with the 'Youthstart' concept in the White Paper on Growth, Competitiveness and Employment. To this end the national apprenticeship system, is being strengthened both in terms of organisation and provision of practical training and work experience. The ESF is crucial to the apprenticeship system as it provides most of the funding for the programme. The apprenticeship programme run by the OAED; provides for training of four to six semesters, comprising theoretical training in an OAED centre and work experience. The OAED also runs Vocational Training Institutes which provide a vocational alternative for those who have completed secondary schooling and those who have only completed the first half of secondary education and wish to continue training;
- ◆ strengthening education for students gone above compulsory second level schooling age. This is being modernised and adapted to make it more flexible and market-oriented. Measures include re-shaping educational programmes by the introduction of new technologies, foreign language training, courses for slow learners and environmental education. Preventative measures to reduce early school leaving and low attainment are also being supported by the ESF;
- ◆ improving technical education and vocational training by the creation of a national network specifically focused on technology.

C. Integration of people at risk of exclusion from the labour market

The inflow of migrants and refugees, the evolution of family structures and the decline of traditional forms of solidarity have contributed to the exclusion of specific categories of people from the job market. With ESF support, an innovative, comprehensive and co-ordinated package of measures is being developed which forms a pathway to economic and social integration.

Activities concentrate on the following target groups:

Integration into the workforce of persons with physical and mental disabilities

This programme comprises a set of integrated interventions which cover two areas:

The first deals with structural problems including those arising from poor quality training, difficulties of mobility and the lack of information concerning job opportunities. The second relates to the position of these groups in society as a whole. Key aspects of this intervention involve combating negative stereotyping, increasing public awareness and promoting a favourable legislative framework.

Integration of immigrants, former expatriates and refugees

Efforts in this area include multi-dimensional programmes designed to improve understanding of the cultural and working environments. Social support is provided including assistance with basic daily living requirements such as accommodation, access to health services and administrative matters. Tuition in the Greek language is also provided.

Integration of other social groups

Under this heading, preventative measures to tackle long-term unemployment are provided for the following groups: prisoners and ex-prisoners; single parents; people from remote mountain regions and island areas, especially women; people of minority cultures and religions and former drug addicts.

D. Promotion of equal opportunities in the labour market between men and women

Women benefit generally from ESF-backed measures under the all policy aims, but under the 'Life-Long Learning and Employment Promotion' OP, specific provision is made for unemployed women. A range of actions is available which includes: vocational information, training, employment subsidies and activities which create jobs in areas in which men predominate. Social support, especially in terms of child-minding services, is also included. Around 15,000 women are expected to benefit. The regional OPs also make provision for measures that assist unemployed women.

E. Anticipation of labour market trends and adaptation of worker skills to change

The Greek programmes provide for the following Objective 4-type actions:

Development of continuing education infrastructures and continued training

The ESF supports the extension of Employment Promotion Centres, Specialised Training Centres and the creation of a network of regional Employment Observatories, which are special observatories geared to anticipating the skills required by the workforce as a result of industrial change and other labour market trends. An example of the work which the ESF supports in relation to continuing training, is the OAED enterprise training programme. The OAED establishes in-firm training programmes at the firms' request for their workers or for businessmen and self-employed people.

Companies undergoing restructuring (in both the public and private sector)

Life-long training is supported in order to facilitate the adaptation of workers to new production methods, new products or new management resulting from restructuring. Around 22,000 workers are likely to benefit in the current programming period.

Telecommunications

Training for the introduction of new technologies and modern management methods in the telecommunications industry is also financed by the ESF.

Workers in employment and those threatened with unemployment as a result of restructuring, can also benefit from the vocational training actions outlined under the next section which help adapt their skills to change. There are also ESF-supported actions under the regional programmes which provide continuing education in the chemical and services sectors and for the modernisation of agricultural production.

F. The ESF - an instrument of regional development

Employment growth and stability

This policy aim is largely achieved through ESF support for life-long learning and employment promotion for the unemployed, people in employment and those threatened with unemployment. Activities in this area

mainly come under the provision of the 'Life-long Learning and Employment Promotion' OP.

For those already in employment actions focus on: small companies (in both the public and private sector) and the self-employed.

The ESF provides aid for the assessment of training needs, initiatives for trans-European co-operation between entrepreneurs and the improvement of skills in areas such as business management, marketing and technological modernisation.

Medium-sized companies (in both the public and private sector)

The aim here is to introduce life-long training and develop technical expertise in vocational training, without having to introduce new structures into the companies themselves. By improving skills it is hoped that the export capabilities of these companies will be improved. Counselling measures are also included to assist companies to incorporate newly acquired skills in the best possible way. Around 34,000 people are expected to benefit from these measures.

Large companies (in both the public and private sector)

One of the key aims of this action is to promote permanent training facilities as an integral part of corporate strategy. This involves establishing in-company training facilities staffed by qualified instructors. It is envisaged that around 25% of those employed by large companies will benefit from ESF aid in this area.

For the unemployed and those who have been made redundant, aid from the ESF goes towards projects for: young people, unemployed women and unemployed people over 25 years of age

Around 45,000 people, mainly in urban and industrial areas, will receive training in job and personal skills to help them re-enter the labour market. Pilot or experimental training schemes based on experiences in other Member States are an important feature of this action.

Employment Promotion Centres

These centres receive financial assistance in order to forge stronger links between education and the labour market and to provide guidance and counselling services to the unemployed. The network of these centres is being currently extended. A special feature will be databases linking the details of unemployed young people to the needs of companies offering jobs.

Under the regional programmes, ESF aid is channelled to support SMEs and to improve tourist services in an effort to boost employment in these specific sectors.

Boost human potential in the fields of research, science and technology

Under the 'Research and Technology' OP, ESF funds are designated for the development of human resources in RTD, aimed at increasing the number of researchers by 60% between 1994 and 1999.

Strengthening the education and training systems

Apart from the general problems affecting Greek education and training systems, characterised by low investment and poor skill levels, there are a number of specific weaknesses which ESF aid is helping to address.

In secondary education some of the main concerns include: a rigidity in the system with the curricula failing to reflect current needs; a lack of vocational alternatives so that those leaving school and entering the labour market often do so without the necessary skills; teachers often lack specific and practical knowledge; and apprenticeship schools tend to be restricted by lack of opportunities for on-the-job training. In third-level education, postgraduate studies are not systematically developed and there is a lack of multidisciplinary specialisation.

Life-long training, also underdeveloped, is well below the Community average. Poor management together with the absence of a reliable monitoring mechanism for the labour market, makes it difficult to identify real needs, to plan and implement policies and to evaluate the use of resources. In addition to this, the high proportion of self-employed people means there is very little formal demand for skills. Moreover public expenditure on training is low.

Accordingly, a large concentration of ESF resources for Greece (45.4%) goes towards the improvement of education and training systems through the 'Education and Initial Training' OP. The ESF contribution is of vital importance in the effort to eliminate the deficiencies, and it amounts to 63% of the total cost of actions and 84% of Structural Fund aid to this OP. Life-long training projects are also heavily dependent on ESF aid. Some 33% of ESF aid, representing over 59% of the total cost of life-long training actions in Greece, is devoted to the life-long training OP.

Education and initial training systems

Apart from actions to strengthen the national apprenticeship system, vocational training institutes and post-compulsory age education, the ESF supports the following measures to assist young people in finding work:

Staff training

This includes training for teachers, instructors, school managers and counsellors as an essential part of the reforms in secondary and technical education for young people and in order to facilitate the upgrading of education and initial training.

Third level education

This includes improving management, the reform of university programmes to reflect current market trends and the promotion of short, market-oriented post-graduate courses and post-graduate research. The ESF also funds improvements in infrastructure and equipment.

Responding to the economy

Here the measures aim to reduce the mismatch between education and economic activity at all levels, with an emphasis on the responsiveness of the education system to economic and technological developments. Improved communication between the world of education and work is further encouraged through the development of networks, the promotion of careers offices, the development of links between educational establishments and enterprises and the promotion of work experience for students.

Modernisation of administration

This provides for upgrading the central and regional administrative services of the Ministry of Education to promote and support reform, and involves improvements in educational planning, evaluation and review, as well as the upgrading of implementation procedures in relation to ESF programmes.

Life-long training systems

Here the ESF focus is on the following measures:

-Life-long training structures

Under this heading, training centres are organised into a decentralised network of Centres of Specialised Training to provide the basis for a more systematic approach to life long learning. These centres are intended to ensure a qualitative upgrading of training and the adaptation of training

to economic change. There is also provision for raising standards in training centres, improving training material and teaching staff, and training in-company instructors. A central agency has the responsibility for overall planning/programming, the coordination of observatories of change, the development of curricula and the monitoring of the implementation of life-long training activities (linked to the establishment of efficient implementation and control mechanisms);

Other aspects of ESF-supported action in this area include the development of Employment Promotion Centres, the creation of information offices in major urban centres, awareness raising actions and the provision of assessment of the training needs of enterprises.

-Certification

A certification structure is being developed, dealing initially with the accreditation of life-long training centres and then extending to life-long training instructors and study courses;

The financing of all the above measures is linked to progress achieved in their implementation. Plans, time-schedules and the involvement of the economic and social partners are all key components in the success of this approach.

Contributing to development through training of public officials

Greek public administration faces a number of weaknesses. These include inadequate coordination, a lack of streamlined procedures, little use of new technologies and modern management techniques, and a large number of staff without the necessary skills such as knowledge of other languages. Therefore, the ESF supports measures aimed at training public officials, including local government personnel, in new technology, and the improvement of management and efficiency by supporting continuous training for middle and senior ranking officials. The ESF also supports the training of newly recruited officials and the training of staff dealing with projects financed by the Structural Funds.

Measures intended to enhance structures include: putting in place mechanisms to identify training needs, preparing training packages that best respond to those

needs, providing the necessary training equipment and infrastructure and establishing an evaluation system. Actions are also supported which restructure and simplify organisation and procedures. An important feature here is the introduction and development of new technologies, in particular decentralised networks of computerised information systems equipped for new organisational ways.

Modernisation of the tax, customs and budget services and treasury are prioritised, as they are areas where the part played by the public administration in supporting structural change and macroeconomic stability is particularly important. Special attention is given to administrative structures involved in the implementation of the CSF. New innovative actions include introducing structures such as the 'One-Stop-Shops' to facilitate productive private investment and the 'Management Organisation Unit' (MOU) to improve administrative and managerial capacity.

Apart from providing finance to support these actions, the ESF and the other Structural Funds act as a catalyst in the move to modernise the public administration.

ESF-supported projects are included within a single 'Modernisation of Public Administration' OP focusing on:

Training and preliminary education of public administration personnel

This involves the introductory and life-long training of officials at all levels in order to undertake organisational and administrative modernisation and operate the systems that support it.

Organisational and administrative modernisation

The ESF provides financial assistance for the modernisation of public agencies with administrative responsibilities. The means of modernisation are through the redesign of procedures and the introduction of new technologies, in particular, information technology.

Modernisation of financial and social systems

This programme relates to taxation, budgeting, customs, welfare and social security. The ESF finances training activities in this field.

SECTION 4**Management and follow-up****Responsible authorities at national level**

The Labour Ministry has overall responsibility for the co-ordination of all ESF actions under the CSF.

Implementation of the four human resources development programmes is carried out by the following Ministries: the Ministry of Education, (Education and Initial Training); the Ministry of Public Administration, (Modernisation of the Civil Service) and the Ministry of Labour, (Life-Long Training and Employment Promotion and Combating Exclusion from the Labour Market).

The ESF actions within the other OPs are implemented by the following: the Secretary General for each Region, (Regional OPs); the Ministry of Health and Welfare (Health and Welfare); the Ministry of Development (Industry and Services, Research and Technology and Tourism and Culture).

There are also a number of organisations which have responsibilities in relation to the implementation of labour market actions. The most important is the OAED which operates under the auspices of the Ministry of Labour; its responsibilities include vocational guidance and training of young people.

Greece recently set up a Management and Organisation Unit (MOU) which is designed to improve the managerial capacity of the Ministries and Regions and which should facilitate management and follow-up of the OPs.

Regional level authorities

Each region also is responsible for its regional OP at local level.

Ireland

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

For many years Ireland had suffered a set of persistent and deep seated economic weaknesses, reflected in GDP growth under the EU average and large current account and budget deficits. However, by 1993, an upturn in economic fortunes was being experienced and over 1989-1993 Ireland achieved the highest increase in GDP growth of any Member State, averaging 5% as compared with the EU average of 1.7%. Ireland's inflation and budget deficit were also better than average in this period.

unemployment register was under 25. In 1993, nearly 59% of the unemployed had been out of work for twelve months or more and female participation in the workforce was among the lowest in Europe.

As regards education and training, the employment market included a substantial core within the workforce who were relatively well-educated, flexible and oriented towards new technologies. The large number of well-qualified graduates was a boost to the economy, attracting inward investors and enabling the country to accommodate the high technology firms prevalent in the foreign-owned sector. Against this however, a substantial number of people had no formal qualifications, with around one third of the population of working-age having failed to attain a secondary level qualification. Drop-out rates were quite high and skills among certain categories of the workforce were low. Another problem was that the education and training system made little provision for in-company training for those already in employment, hindering the ability of workers to keep up with changes in technology and production systems.

Labour market

Ireland's workforce comprises 1.4 million people, out of a total population of 3.5 million. Despite the positive economic environment in 1993, unemployment continued to be the second highest in Europe, at around 15.6%. This reflected the long-term failure of the growth of employment in industry and services to keep pace with the rapid increase in the labour market and the numbers of people leaving the agricultural sector in search of work.

Youth, female and long-term unemployment were significant problems. Ireland had a high proportion of young people; just over a quarter of the population was under 25 in 1994 (the EU average being 16%), yet the proportion of young people in employment was below the EU average. One in four people on the

The goals were to reduce long-term unemployment and high youth unemployment by improving the skills and job prospects of the unemployed. In order to achieve this, the Irish Government embarked on a programme to improve education and training as outlined in the Department of Education's White Paper 'Chartering our Education Future'. The main goals included raising the number of young people leaving school with a leaving certificate from 77% to 99% by 1999. To this end, curriculum reforms were being introduced at secondary level to counteract early school leaving. These involved an increase in the vocational and technical dimension of education.

Other issues under consideration included increasing the provision for in-company training, the establishment of a national certification system, the expansion of community employment and the more extensive provision of local employment.

SECTION 2

Structural Fund programmes in Ireland

A. Allocation by Fund and Objective

The whole of Ireland qualifies for Structural Fund assistance under Objective 1 (development of the least prosperous regions). During the period 1994-1999 ECU 5.6 billion is being provided by the Structural Funds in an effort to accelerate social and economic development. The ESF contribution amounts to almost ECU 2 billion, approximately 35% of the total allocation. An additional ECU 528 million is provided through the Community Initiatives with the human resources Initiatives, Employment and Adapt accounting for almost one-quarter.

Ireland, moreover, is one of the four Member States to receive assistance (ECU 1.3 billion) from the Cohesion Fund.

The Irish authorities decided to programme actions supported by the Structural Funds by means of a Community Support Framework (CSF) and ten Operational Programmes (OPs). The ESF contributes to six of the ten OPs. There are separate OPs for the Community Initiatives.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	5620	1953	2562	1058	47
Community Initiatives					
Employment	88	84	4		
Adapt	28	28			
Others	412	52	321.5	32	7.5
Total	528	165	325.5	32	7.5
General Total	6148	2118	2887.5	1090	54.5

BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



B. Main features of the ESF component of the Structural Fund programmes

Regional Objectives In which the ESF integrates with the other Structural Funds

► OBJECTIVE 1

Development of the least prosperous regions

Under the 1994-1999 CSF, the ESF works together with the ERDF to contribute to the development of the Irish economy. Human resources' development is a key objective of the CSF and 37% of all Structural Fund assistance goes towards this, with the ESF being the major contributor (35%). The ESF complements measures taken at national level in education, training and the labour market and helps the Irish authorities achieve their policy objectives in these fields.

The bulk of ESF resources, ECU 1.6 billion (80%) of ESF aid to Ireland, is allocated to the Human Resource Development OP. The balance ECU 381 million is distributed amongst human resources schemes that support five specific areas of economic development.

Human Resource Development

The central aims of the Human Resource Development OP are to: meet the training and education needs of different groups; contribute to economic growth and improved employment opportunities; improve skill levels in the Irish economy and contribute to Ireland's attraction as a location for inward investment..

The OP contains five sub-programmes, each incorporating ESF measures directed at the achievement of certain aims. These measures correspond in essence to the EU-wide Objective 3 and 4-type measures.

The sub-programmes concern:

- ◆ initial education and training;
- ◆ the reintegration of the socially excluded;
- ◆ continuing training for the unemployed;
- ◆ improving the quality of training provision, and;
- ◆ adaptation to industrial change.

The Five Sectoral OPs

The sectoral OPs also have sub-programmes, although not all of these have an ESF component. The ESF, for example, contributes to just five of the eight sub-programmes within the Industrial Development OP: Indigenous Industry, Research and Development, Inward Investment, Development of the Gaeltacht regions and the Food Processing Industry. The ESF component in the Local Urban and Rural Development OP supports one of the most innovative aspects of the Irish programmes.

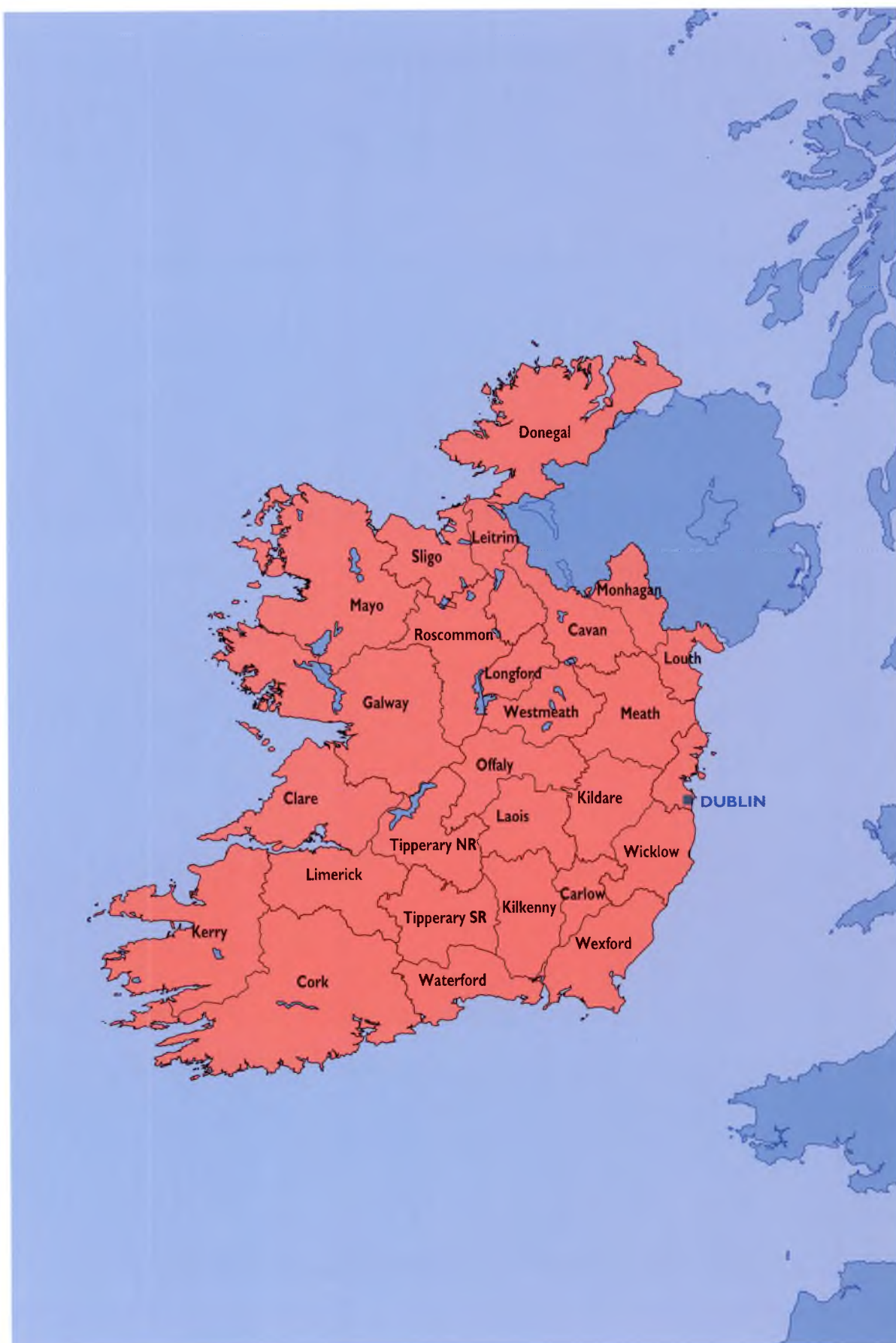
It focuses on two aims:

- ◆ the integrated development of Government-designated disadvantaged areas; and
- ◆ management development for local enterprise.

BREAKDOWN OF ESF FUNDING BY SECTOR

Operational Programme	ECU million	% of total ESF assistance
Human Resource Development	1572	80%
Industrial Development	154	8%
Tourism	102	5%
Local Development	57	3%
Agriculture	62	3%
Fisheries	6	1%
TOTAL	1953	100%

■ Objective 1



Priorities

The overall priorities for the ESF for the 1994-1999 programming period are:

Priority 1

to provide services for the large number of young people entering the labour market;

Priority 2

to enhance the employment prospects of the long-term unemployed and those at risk of exclusion from the labour market.

Emphasis is placed on preventative actions, supporting growth which is employment-intensive and measures likely to achieve long-term impact.

More specifically, mainstream ESF action is concentrated on three aims:

Improving access to and enhancing the quality of education and initial training.

Actions in this domain are designed to reduce the high rate of early school leavers and of those dropping-out of training.

Increasing competitiveness.

Measures here are aimed at the adaptation of the workforce to changes in the global economy, with particular emphasis on management training and the needs of SMEs.

Training and employment for the unemployed

Activities focus exclusively on projects designed to:

- ◆ lead to permanent employment; and
- ◆ improve the qualifications and the employability of the long-term unemployed.

Human Resource component of the Community Initiatives

As far as the ESF is concerned, the most important Community Initiatives is Employment and it's four strands: NOW, HORIZON, YOUTHSTART and INTEGRA. Between 1994 and 1999, ECU 84.5 million will be directed to Ireland under the Employment initiative to foster best practices in the field of human resources development through innovation, transnational cooperation and local partnerships. It is estimated that 58,000 people will benefit during 1994-1999.

The Adapt Initiative will channel ECU 28 million to Ireland for co-financing transnational projects aimed at employees who face unemployment as a result of industrial change or changes in technology especially in SMEs and micro-enterprises. It is estimated that about 8,300 people will benefit.

In addition, the ESF contributes ECU 52 million, through other Community Initiatives as follows: Leader, Interreg, Regen, Retex, SME, Urban, Pesca and Peace (ECU 20.5 million).

Key points - Objective 1

- ◆ the whole of Ireland is eligible
- ◆ ESF aid (ECU 2 billion) is 35% of all Structural Fund aid
- ◆ 80% of ESF aid goes to the Human Resource Development Programme; 20% to human resources in five development sectors

SECTION 3**Programme content and ESF policy aims****A. Vocational integration of people threatened with long-term unemployment**

The Human Resources sub-programme on Continuing Training for the Unemployed assists people who have already entered the labour market and trains them in the skills in demand by employers. This programme seeks to maximise the number of suitable employment and training opportunities for Irish people wishing to work in other Member States by equipping them with the relevant skills. The ESF co-finances mobility measures designed to assist people who already have sufficient vocational training but may require additional supports including induction, familiarisation and language skills.

Measures**Industry Training for the Unemployed**

This measure involves formal off-the-job training in FÁS centres (the National Training and Employment Board) and in firms, as well as practical training in industry at skilled worker level. There is consultation with employers to agree standards and curricula. Each course lasts from four to twenty-four months and leads to a recognised national certificate. Training courses respond to approaches from employers with specific training needs, as well as regional plans prepared by FÁS regional directors.

Local Enterprise

This new measure focuses on the need to develop SMEs in seeking to address unemployment problems. An integrated range of options is provided to both individual and local groups including an advisory service provided by Local Development Promoters, enterprise training and grants. A Business Training Programme helps participants to assess their prospects of successfully starting their own enterprise.

Long-term unemployed people also benefit from the measures under the sub-programme Reintegration of the Socially Excluded. A main feature of this is the Community Employment programme which provides temporary employment for the long-term unemployed (and other groups excluded from the labour market) as well as support for individual training and personal development. More extensive Local Employment Services are also being developed to enable these groups to compete more effectively on the labour market. Furthermore, actions supported by the ESF under the sectoral OPs also assist the long-term unemployed.

B. Vocational integration of young people

In view of the high level of youth unemployment and the imbalance in education and training, the ESF supports the following measures under the Human Resources Initial Education and Training sub-programme:

Youthstart - First and Second level Education

The Youthstart group of measures is a response to the Commission's 1993 White Paper on Growth, Competitiveness and Employment. It includes projects focused on young people seeking training, especially those without basic educational qualifications. In addition, pilot projects were launched under the Youthstart Community Initiative and the results of these will be incorporated into the mainstream efforts. One of the key aims of these measures is to reduce the percentage of young people leaving school with inadequate qualifications from 23% to 10% by 1999.

Measures

The main features of the Youthstart programme are:

Preventive actions

These supplement initiatives under the Local Urban and Rural Development OP. Special assistance is given for:

- ◆ financial support for primary schools in disadvantaged areas for the purchase of teaching materials;
- ◆ additional teaching and remedial staff for primary schools in designated areas; and
- ◆ the creation of home/school/community liaison activities for primary and post-primary education.

Early school leavers

There are three features of the provision for school-leavers:

- ◆ the Youthreach programme provides two years of integrated education, training and work experience for 15-18 year olds. It focuses on those who have left school early without qualifications;
- ◆ provision of literacy/numeracy instruction in community training workshops;
- ◆ tuition and overhead costs for a network of training centres for travellers.

Vocational Preparation and Training (VPT)

This programme was established in 1994 and provides integrated education, training and work experience for secondary level students to help them to cope with economic and technological change. Over the present programming period, the VPT programme will be restructured; a new Leaving Certificate Applied Programme is being introduced for those who find the traditional Leaving Certificate unsuitable for their needs. This will be aimed at 15-17 year olds, providing them with practical activities with a significant out-of-school linkage. The Leaving Certificate Vocational Programme is being expanded to develop entrepreneurial, technological, business and language skills. ESF funding is also given for post-leaving certificate training focused on expanding technical knowledge and personal development.

Apprenticeships

The apprenticeship system receives ESF aid to support twenty-four trades through the provision of training; additional trades may be included over the period of the CSF. Apprenticeship training is for a duration of four years and leads to a National Craft Certificate which is recognised in other Member States as well as nationally.

Technical and Business Skills Training (Third level)

This measure comprises the Middle Level Technician (MLT) programme and the Higher Technical and Business Skills (HTBS) programme, both of which are delivered through the regional technical colleges and the institutes of technology. These programmes are designed to provide vocational and technical education and training geared to the needs of various sectors with particular emphasis on new technology. The HTBS courses focus on priority disciplines such as technology, pharmaceuticals, marketing and commerce.

Advanced Technical Skills (post-graduate level)

Advanced technical skills training is provided to graduates in order to adapt their qualifications to the needs of the labour market and to meet the needs of industry at the highest level.

Early school leavers also benefit from ESF-supported actions under the sub-programme Reintegration of the Socially Excluded and under the sectoral OPs.

C. Integration of persons at risk of exclusion from the labour market

The ESF supports a range of measures in the Human Resources sub-programme - Reintegration

of the Socially Excluded. These measures seek to combat social exclusion by helping beneficiaries to improve their job opportunities through training or a return to education; there is an emphasis on the long-term unemployed, people with disabilities and ex-offenders. A key component of this programme is an exchange of advice and information between employers, training providers and job-seekers.

Measures

Community Employment

This programme incorporates basic training and education, community employment, skills training, employment support, counselling and placement services. Its main aim is to provide temporary employment, which delivers valuable community-based work, combined with an average of 25 days' training. Community Employment is of particular benefit to those long-term unemployed who are not in a position to begin a full-time training or education course.

Training for reintegration

Provision is made under this measure for unemployed people to receive basic training. The focus is on particular groups who experience great difficulty in both integrating into and progressing through the more traditional forms of education and training. Those targeted include women, unemployed people with little or no skills, early school leavers and people in remote communities. The measure concentrates on developing personal, educational (literacy and numeracy) and vocational skills which prepare for more advanced programmes.

Community Training

Community Training is primarily a work-based training measure, but includes 'off-the job' modules, in communities which are developing infrastructure or services involving local unemployed people. Participants have the opportunity to develop more in-depth skills especially in construction and office administration.

Vocational Training Opportunity Scheme (VTOS)

This scheme provides the long-term unemployed over 21 with courses of up to two years duration, with many of the places going to the older long-term unemployed. The course content comprises vocational skills (in commerce, business, craft and design, electronics, science and tourism), along with personal development and job search. It is generally recognised that this scheme counteracts social exclusion by providing access to knowledge which develops new interests, friendships and social networks.

Training for ex-offenders

This measure is to help ex-offenders who have not previously benefited from formal training or work experience leading to entry to the labour market. Courses operate for forty hours per week and last

on average twenty weeks. Training is provided in various skills areas including: welding, electronics, computers and heavy goods vehicle driving.

Occupational integration of people with disabilities

This measure seeks to address the special training needs that may be required by those with disabilities, including courses which are longer than average, adaptation of training equipment and an individualised and flexible approach to training curricula. All types of disability are covered. Training is closely geared to local market trends, with employment coordinators identifying the potential job opportunities in nearby areas. This training provides various levels of skills from basic through to technical.

D. Promotion of equal opportunities in the labour market between men and women

The sub-programme 'Improving the Quality of Training Provision' includes a measure supporting specific actions which address imbalances in the labour market between men and women. In addition to this, the ESF also funds positive action education and training programmes, to encourage women and girls to join sectors which have traditionally been male-dominated. This programme includes ESF aid for the provision of childcare facilities to participants.

Women of course also benefit, on an equal basis, from ESF-supported actions under the other policy aims.

E. Anticipation of labour market trends and adaptation of worker skills to change

The central aim of the sub-programme Adaptation to Industrial Change is to upgrade the skills levels of those in employment. In general, productivity in Ireland was somewhat lower than in more developed countries of the EU, partly because of the lower skills levels. There are two ESF-supported schemes under this sub-programme aimed to rectify the situation:

Measures

Training for the Employed (Training Support Scheme)

The Training Support Scheme is designed to increase the quality and quantity of training in order to improve competitiveness and productivity by improving the skills of employees at all levels. Prior to participating in this programme, companies are required to develop a business development and training plan based on a review of the company's activities and an analysis of its strengths and weaknesses in relation to markets, finance, production and human resources.

A Trade Union Support Scheme provides grants to trade union officials for training courses in productivity and industrial relations.

Training Services to Industry

This programme is designed to help Irish industry respond to increasing demands for highly skilled personnel in order to cope with changes in technology and work practices. Activities carried out under this measure include: studies to identify job trends and skills gaps in the various sectors of the Irish economy; developing action plans for industry based on these studies and assisting and advising companies to identify and meet their training needs.

F. The ESF - an instrument of regional development

Employment growth and stability

In order to boost employment, the ESF combines with the ERDF in the development of the Irish economy. The role of the ESF is to support human resources development in the following five main sectors:

1. Industry

Human resources play a vital role in the development of industry. Employment in the manufacturing and international services sectors are increasingly affected by changes in consumer choice, rapid technological change and external competition. If Irish companies are to meet these challenges, education and training must ensure that industry is able to acquire and maintain the necessary skills to be competitive.

The human resource measures of the OP for Industrial Development concentrate on the provision of:

- ◆ management development grants, particularly for SMEs;
- ◆ training grants for general and company-specific training, aimed at assisting workers to adapt to industrial change and changes in production systems; and
- ◆ grants for the training of operatives in recently established businesses;

The ESF supports measures under the following three sub-programmes;

- ◆ indigenous industry - financial support to the Irish film industry in order to meet shortfalls in skills;
- ◆ inward Investment and Development of the Gaeltacht regions- recruitment grants towards the cost of taking on additional employees; and
- ◆ Food Processing Industry - management development through training courses and financial assistance for SMEs.

2. Local, Urban and Rural Development

The Local Urban and Rural Development OP embodies the most innovative aspects of ESF funding. The focus is on the following two sub-programmes:

Integrated Development of Government Designated Disadvantaged Areas

The ESF aims to accelerate local economic development thereby increasing employment. Fund-aided actions also tackle marginalisation resulting from long-term unemployment, poor educational attainment and poverty. This sub-programme is managed by Area Management Ltd, an intermediary group designated to manage this programme and at local level by partnership companies, each comprising a board of directors at local level, and made up of groups such as the Social Partners, state agencies and community organisations.

The actions consist of the following measures:

Education and Training

This measure targets ESF resources at the long-term unemployed, those excluded from the labour market, early school leavers and the requirements of community development.

A wide range of services is covered as follows:

- ◆ an educational coordinator is made available to each Partnership to assist the promotion of educational initiatives;
- ◆ pilot pre-school units may be established in areas of greatest disadvantage, with the involvement of parents in all stages;
- ◆ information and advice services, psychological services and school attendance tracking are provided for schools and training programmes; and
- ◆ supplementary services such as transport to improve access to local education training.

Services for the Unemployed

Under this heading actions are carried out for the dissemination of information on services for the unemployed advice and counselling preparatory training and monitoring and support for those placed in employment.

Community Development

This measure is primarily aimed at enhancing people's capacity to influence the development of their own communities by training in communication and leadership skills. In addition, assistance is targeted at specific groups who suffer a higher level of disadvantage than the community generally, including vulnerable young people, the homeless, people with disabilities and disadvantaged women. Provision for the instruction of tenants in the management of their housing estates and in environmental improvements is also included.

Community Employment

The national Community Employment programme operates in close co-operation with FÁS under the Community Employment measure of the Human Resources Development OP. Community Employment is implemented under this sub-programme according to an annual programme agreed between each Partnership and FÁS. There is provision for projects sponsored by semi-state or private companies and which provide enhanced work experience.

Local Enterprise Management Development

ESF aid under this programme is aimed at supporting the development of small businesses.

County Enterprise Boards

These provide financial aid to the self-employed and to management personnel in small firms. The purpose of this aid is to:

- ◆ upgrade management skills;
- ◆ enhance business planning; and
- ◆ establish appropriate records and management information systems.

3. Agriculture

The agricultural sector remains one of the largest employers of labour in Ireland. However, there has been a continued decline in employment and income over recent years giving rise to the risk of rural depopulation. ESF assistance is geared towards the improvement of incomes based on a strategy of diversification into areas such as forestry, agritourism and the equine industry, whilst improving marketing techniques in the main products to ensure competitiveness.

Under the Agriculture, Rural Development and Forestry OP, the ESF supports human resources development in the forestry sector, general training for agricultural diversification and rural development and training for the equine industry.

Forestry

Training is provided in the forestry sector in the following three main areas:

Forest establishment and maintenance to:

- ◆ encourage best practice
- ◆ ensure the maximum return on forestry investment, and,
- ◆ bring about a shift in production from agricultural surplus products to products which are in deficit within the EU and nationally.

Forest harvesting and nurseries.

- ◆ This involves training in the marketing of forestry products, including the processing, distribution and retail sectors.

Agriculture and rural development

Training for agriculture and rural development concentrates on young people embarking on a career in agriculture, horticulture, the equine industry, forestry and other rural businesses. Training is also provided for adults already engaged in these areas and for generating additional income and employment through the establishment of other rural businesses.

Prospective farmers are provided with the technical and business skills necessary for the profitable operation of farm enterprises. Training geared to farming practices is carried out in a way which is consistent with environmental and animal welfare requirements, the diversification of farm production and the establishment of alternative farm enterprises.

Established farmers are also provided with these training opportunities and given short courses in the skills needed to adapt farming systems to the reform of the CAP and the effects of the trade liberalisation resulting from the GATT agreement. Rural dwellers can take the Diploma in Rural

Enterprise which provides the technical, business and marketing skills to establish and successfully run a range of rural businesses. The ESF also provides funding to the Curriculum Development Unit to undertake the training of instructors and to update course content.

Training for the equine industry

An International Equine Institute is being created at the University of Limerick aimed at enhancing the Irish equine industry through education and training. The Institute will establish a range of continuing education programmes to certificate and diploma levels. These programmes will be strongly vocational in nature and broadly based in order to cater for students and rural dwellers with varying requirements.

4. Tourism

The importance of tourism to the Irish economy has grown substantially with tourism-related jobs accounting for about 50% of the net increase in employment during the previous programming period. National strategy is aimed at substantially increasing tourism revenue by 1999 and creating 29, 000 more jobs.

Training measures co-financed by the ESF are consistent with the fact that this strategy will require highly trained professional staff able to create new products and attract high-spending visitors. ESF-supported training in tourism-related skills is being provided under CERT for the hotel and catering industry as well as new areas such as culture, heritage and recreation. Training programmes cater for the unemployed, early school leavers, first time job seekers and people already working in the industry. European language instruction is an integral part of the training programmes. Full-time college courses include a compulsory European language module, and training courses for the unemployed contain a French language option. All European trainee exchange schemes include intensive language courses.

The ESF supports three measures:

- ◆ programmes for the unemployed, such as Start-Your-Own-Business, Basic Skills Training, Return-to-Work and Advanced Craft training.
- ◆ initial Training which involves full-time craft training programmes for one or two years. Training is off-the-job, complemented by compulsory work experience, and seeks to provide the necessary skills required for effective customer relations.
- ◆ continuing training, involving block release by firms of a number of their staff for around 20 weeks per annum; they go on to advanced craft management and supervisory training.

5. Fisheries

The fishing industry suffers from major structural weaknesses despite growth in recent years. ESF measures under the human resources element of the Fishing OP provide training to ensure the efficiency, safety, quality, and business skills necessary to support the maintenance and expansion of employment in the sea fishing, aquaculture, processing and distribution sectors. Bord Iascaigh Mhara (BIM) is the semi-state agency responsible for the development of the fisheries industry. Its human resources development programme provides formal training both at the National Fisheries Training Centre and through a mobile training unit at fishing ports around the Irish coast. One of the key objectives is to raise the skills profiles of trainers in order to meet the demand for new courses, using advanced technologies.

Specific modules include provisions for:

- ◆ deck crew training and engineer crew training;
- ◆ fish farming for beginners;
- ◆ training in hygiene and product quality;
- ◆ instruction to meet environmental standards under national and Community law and,
- ◆ nautical skills training.

Boost human potential in the fields of research, science and technology

The OP for Industrial Development has a subprogramme which is devoted to research and development which provides assistance for post-graduate training in advanced research techniques and in the application of new technologies.

Strengthening the education and training systems

The Human Resources OP sub-programme devoted to improving the quality of training provision aims to increase the responsiveness of the education and training system to economic and technological development. ESF-backed, comprehensive retraining programmes are provided by the Department of Education, FÁS and the National Rehabilitation Board as follows:

Training of teachers and trainers

Enhanced training is provided for instructors, particularly for those working with disadvantaged groups, people with disabilities and women returning to the labour market. Special attention is paid to measures aimed at updating the technological and scientific knowledge of teachers and trainers. There is a focus on ensuring the suitability of personnel in terms of skills, qualifications and aptitude. A variety of retraining programmes is used such as individual training plans, placements in industry and foreign exchanges.

Curriculum and certification development

With ESF assistance, all sub-degree training/education will have recognised certification to an international standard by 1999. In line with national policy, the ESF is assisting the establishment of the National Education and Training Certification Board to take over certifying functions in vocational education and training institutions. This will provide a structure for the formal involvement of industry and the Social Partners. At the same time new assessment standards are being set and the duration and skill levels of training will be progressively increased.

SECTION 4**Management and follow-up****Implementation structures**

The Department of Finance has overall responsibility for the CSF and Structural Funds in Ireland while the operation of the ESF is the particular responsibility of the Department of Enterprise and Employment.

Individual Government Departments handle the implementation of the programmes for their respective sectors of the economy; with assistance in some cases from the semi-state bodies.

The responsibility for the Human Resource Development OP, the largest OP, is divided between the Department of Education and Science, the Department of Justice; FÁS (the National Training and Employment Authority) and the National Rehabilitation Board.

The human resources actions under the Industrial Development OP are implemented by Forbairt; IDA Ireland, Shannon Development, Udaras na Gaeltachta, the Crafts Council, the Irish Film Board and higher education institutes.

Direct responsibility for the management of the integrated development of designated disadvantaged areas rests with Area Development Management Ltd.

The forestry element of the agricultural OP is managed by Teagasc, the Agriculture and Food Development Authority, and Coillte, the Forestry Board. Along with private agricultural colleges, they are responsible for training in agriculture and rural development.

Tourism measures are managed by CERT, the National Tourism Training Agency, in conjunction with the Department of Education and Science.

Bord Iascaigh Mhara (BIM) is responsible for fisheries, under the Department of the Marine and the Department of Enterprise and Employment.

The designated disadvantaged area programme is implemented at a local level through the partnership companies, each comprising a board of directors drawn at local level from; the Social Partners, relevant state agencies, local authorities, community organisations and education sector interests. The partnership co-operates with the Department of Education and Science and the appropriate training bodies.

Monitoring Committees

A Monitoring Committee has been established for each OP to monitor the progress of the individual programmes.

The committees include representatives from; all relevant Government departments; the social partners, the beneficiaries, and non-governmental bodies participating in the work of the Human Resources, Agriculture and Local Development programmes.

In order to ensure coordination between the six OPs which have an ESF component, a Human Resources Coordination Committee has been set up to review horizontal issues in relation to the development of the education and training systems in Ireland. It reports to the Human Resource Monitoring Committee. All programme Committees report to the CSF Committee, which is chaired by the Department of Finance.

Evaluation

In 1992 an ESF Evaluation Unit in the Department of Enterprise and Employment was established to monitor the effectiveness of ESF actions. This Unit reports to a Management Committee on which the Commission is represented. It is funded under the technical assistance provision of the ESF.

Italy

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

The Italian economy experienced a period of sustained growth until the early nineties but over the same period the national debt increased substantially and interest rates and inflation grew. Having reached a peak in 1991, GDP per head fell during the succeeding years, dropping below its 1989 level in 1994. This trend was accompanied by a substantial devaluation of the lira and a tight fiscal policy aimed at putting a brake on the public deficit. As a result the traditional gap between the northern and southern regions widened even further. The crisis was particularly serious in the Mezzogiorno (the South), which was suffering from a very limited industrial base, with less than 11% of the labour force employed in industry as compared to 24% in the Centre-North. Indeed by 1994 even though Italy's average GDP per head was slightly above the EU average, GDP in the Mezzogiorno amounted to only 60% of the figure in the Centre-North. In addition, the restrictive budget policies since 1992 had a negative impact on the Mezzogiorno because of the heavy dependency of its economy on a public service with reduced resources.

Labour market

During the eighties, the number of people employed in Italy grew constantly, with an average of 120,000 jobs created each year. Nevertheless, under the influence of demographic trends, the unemployment rate rose from 7.2% of the labour force in 1980 to about 10.9% in 1991.

The following year, with the deterioration of the economic situation, unemployment peaked at 11.5%. Again, the difference between the Centre-North and the Mezzogiorno was substantial; by 1992 the unemployment rate was 5.9% in the Centre-North compared with 20.4% in the South. The employment situation was particularly difficult for the vulnerable groups in the most disadvantaged areas. The figure for women's unemployment in the Mezzogiorno was 31.6 % - three times the EU average.

SECTION 2

Structural Fund programmes in Italy

A. Allocation by Fund and Objective

Italy qualifies for Structural Fund aid under Objectives 1, 2, 3, 4 and 5. Its total allocation for the period 1994-1999 is some ECU 19.8 billion of which the ESF share is 24.7% (ECU 4.9 billion). Additional resources of ECU 1.7 billion come through the Community Initiatives - out of which 0.7 billion from the ESF.

The regions of the Centre-North, not covered by Objective 1, have a system of individual regional Operational Programmes for Objective 3 and a Single Programming Document common for all of these regions for Objective 4. There are also three multi-regional Programmes under Objective 3 and three multi-regional programmes for Objective 4.

Objectives 2 and 5b are implemented through the Single Programming Document (SPD) system.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	14850	2739	9660	2228	223
Objective 2	1597	327	1270		
1994 - 1996	684	142	542		
1997 - 1999	963	185	728		
Objective 3	1316	1316			
Objective 4	399	399			
Objective 5a Agric.	681			681	
Objective 5a Fish.	134				134
Objective 5b	901	122	369	410	
Total	19878	4903	11299	3319	357
Community Initiatives					
Employment	401	401			
Adapt	220	220			
Others	1142	86	893	157	6
Total	1763	707	893	157	6
General Total	21641	5610	12192	3476	363

Structural Fund aid in Italy is implemented through Operational Programmes, Single Programming Documents and Global Grants. The eight Objective 1 Regions, located in the Mezzogiorno, receive Structural Fund aid on the basis of individual Operational Programmes, each of which receives ESF support. There are also 14 multi-regional Operational Programmes each covering operations in all the Objective 1 regions. Seven of those have an ESF component.

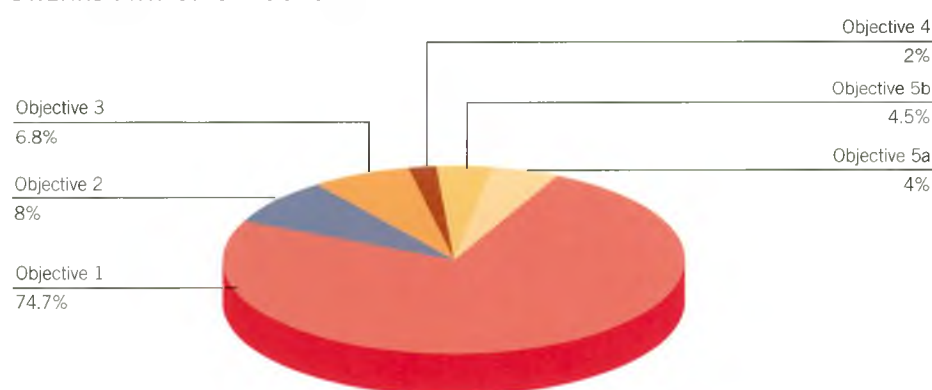
There are 11 Objective 2 SPDs (one for each region apart from Trentino Alto Adige) and 13 Objective 5b SPDs (one for each region, two for Trentino Alto Adige). All of these SPDs contain measures involving the ESF, apart from Objective 5b in Valle d'Aosta.

There are also Operational Programmes for the Community Initiatives, most of which include the ESF

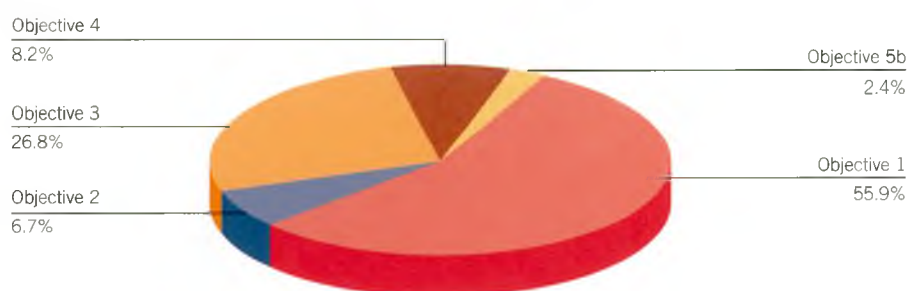
BREAKDOWN OF ALLOCATION BY FUND
(excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



B. Main features of the ESF component in the Structural Fund programmes

EU-wide Objectives 3 and 4 - involving only the ESF

► OBJECTIVE 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

The Community Support Framework for Objective 3 in the Centre-North regions agreed between Italy and the Commission allocates ECU 1.3 billion over the period 1994-1999. This represents 27% of the total Italian ESF share for the period. The 1992 unemployment rates in the regions covered by this CSF were both below the EU average (10.5%) at 5.9% for the North and 9.9% for the Centre.

The CSF is implemented through 14 Regional Operational Programmes (OPs) and is managed regionally. The autonomous provinces of Trento and Bolzano, though forming part of the same region, have two different OPs.

In order to address problems common to all regions, the Ministry of Labour and the Commission agreed to adopt three additional multiregional Operational Programmes.

The multiregional OPs provide assistance for:

- ◆ innovative actions;
- ◆ national training centres;
- ◆ strengthening training systems and labour market systems.

BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE 3 REGION

	ECU million
Emilia-Romagna	184
Friuli-Venezia Giulia	53
Lazio	122
Liguria	42
Lombardia	175
Marche	37
Piemonte	122
Toscana	66
Umbria	31
Veneto	109
Valle d'Aosta	12
Trento	28
Bolzano	24
Abruzzo	16
Innovative Measures	54
Training & employment action	206
Strengthening systems	35
Total	1.316

Priorities

The strategy agreed between the Italian government and the Commission in the CSF was designed to enhance the approach adopted by the Italian government. The five Objective 3 priorities are :

Priority 1

The integration or reintegration into the labour market of the long-term unemployed or those at risk of long-term unemployment. ECU 421 million

This priority receives 32% of the allocation for Objective 3, indicating the significance of this problem. During the preceding Structural Fund programming period the corresponding figure amounted to only 10%.

Priority 2

Strengthening of initial training and integration of young people into the labour market. ECU 565.9 million

The ESF allocation for this priority was reduced from 77% in the previous programming period to 43% for the period 1994-1999.

Priority 3

Integration or reintegration into the labour market of people at risk of social exclusion. ECU 131.6 million

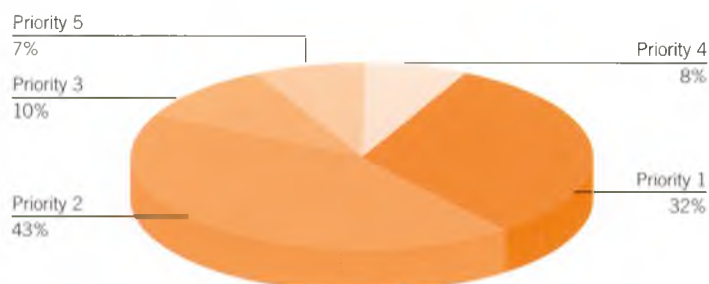
Priority 4

Promotion of equal opportunities for men and women in the labour market. ECU 105.3 million

Priority 5

Strengthening of training systems and employment services. ECU 92.1 million

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3



Operational Programmes

The Operational Programmes provide for financial assistance for:

- ◆ guidance, pre-training, information and assistance;
- ◆ vocational training;
- ◆ training aimed at promoting self-employment in new types of activity;
- ◆ on-the-job training;
- ◆ education and training for women with inadequate qualifications;
- ◆ technical assistance.

The ESF also provides aid to employment, such as income support and fiscal incentives for enterprises.

Maximising job-creation potential by directing training measures towards the 'new employment areas'

ESF intervention was designed to create the conditions for exploiting job-creation opportunities in potential growth sectors.

These 'new employment areas' include:

- ◆ social services;
- ◆ the audio-visual sector;
- ◆ recreational and cultural activities;
- ◆ environmental protection.

These measures are to receive an allocation of ECU 329 million during the period 1994-1999 representing 25% of the total Community resources allocated to Objective 3.

Beneficiaries

It was estimated that there would be more than 900,000 beneficiaries from Objective 3 measures over the period 1994-1996.

Key points - Objective 3

- ◆ 27% of total ESF allocation in Italy for the period 1994-1999
- ◆ about 20% of total ESF allocation directed to young people under 20
- ◆ 25% of total ESF allocation focused on social services, audio-visual, recreational and cultural activities, environment
- ◆ integrated actions include guidance and counselling as well as training

Objective 4

OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

The SPD for Objective 4 receives an ESF allocation of ECU 399 million, which represents 23% of the ESF resources for the Centre-North and 8% of the total ESF allocation for Italy. At the period of programming the economic situation in Italy was particularly serious. The main aim of the Italian SPD was to gradually set up a system for continuing training capable of identifying the future training needs of people in employment. At the same time, the programme envisaged concentrating activities on employed workers with a low level of basic training who required retraining or upgrading of skills.

Priorities

The Objective 4 SPD contains the following priorities:

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4

Priority 1

Anticipation, planning, support and management of a continuing training system, forecasting, planning and development. ECU 58 million

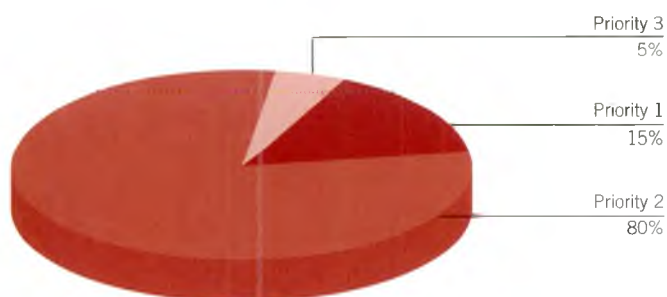
Priority 2

Activities aimed at adapting and supporting human resources in the light of the structural changes in the economic system. ECU 321 million

Priority 3

Technical assistance. ECU 20 million

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



The Objective 4 SPD for 1994-1999 was divided in the following two phases:

1994-1997

During this period action was initiated in favour of people at risk of unemployment and the financing of training and guidance schemes. This was accompanied by action to lay the groundwork for the establishment of a continuing training system, to raise awareness in economic and social circles and to prepare methods and organisational models constituting the basis for the anticipation of training needs.

1997-1999

Once the continuing training system is established, the SPD provides for training activities, giving preference to schemes that anticipate and support innovation and the enhanced competitiveness of enterprises. There is also provision for the development of a certification system.

General characteristics

The SPD contains 14 sub-SPDs, of which 11 are regional (except for the autonomous provinces of Trento and Bolzano, which have one each), and three multiregional programmes, which cover all 11 regions.

These multiregional programmes address the training needs common to all regions, namely:

- ◆ innovative measures, to allow the development of new forms of intervention;
- ◆ training on a multiregional scale for the adaptation of expertise and skills;
- ◆ strengthening systems of continuing training. The problems of continuing training are particularly serious for SMEs, because of their inability to pay for training. The SPD therefore, provides ECU 255 million for schemes designed to increase the skills of workers in small firms.

Key points - Objective 4

- ◆ 8% of the total Italian ESF allocation
- ◆ 65% of Objective 4 allocation aimed at SMEs
- ◆ guidance, preparatory training, assistance for geographical mobility
- ◆ planning and implementation of continuing training

Regional Objectives - in which the ESF integrates with other Structural Funds

► Objective 1

OBJECTIVE 1

Development of the least prosperous regions

On 28 February 1994, the European Commission adopted the Objective 1 Community Support Framework (CSF) for the southern Italian regions. There were, at the time of the decision, eight such regions: Sardegna, Sicilia, Calabria, Basilicata, Apulia, Campania, Molise and Abruzzi. The latter was considered eligible under Objective 1 for a limited period expiring on 31 December 1996. Structural Fund contributions to these regions amount to ECU 14.9 billion for the period 1994-1999, and ECU 2.7 billion (18.4%) of this comes from the ESF.

General characteristics of the Mezzogiorno

The CSF for the Mezzogiorno regions identified a number of factors impeding development. These include: inadequate basic infrastructure, an inefficient production system, in particular in the industrial sector, inadequate quality of public-sector services and a shortage of business services.

The high level of unemployment in the Mezzogiorno had the following main characteristics:

- ◆ it affected the most vulnerable categories, such as women and young people under 25 (unemployment in the latter category was 52.8% in 1992 compared to an EU average of 17.2%);
- ◆ it was particularly serious in Campania, Sicily, Basilicata and Calabria;
- ◆ the impact on the long-term unemployed is particularly high;
- ◆ affected not only the underskilled but also graduates.

Following the approval of the CSF, each individual region drew up Operational Programmes, which were agreed with the Commission. There are 14 multiregional Operational Programmes for airports, road transport infrastructures, energy, industry and services, water resources, tourism, rail transport, telecommunications, RTD, training of trainers and civil servants, public education, southern employment emergency (Objective 3-type programme for the Mezzogiorno), training of migrants, and innovative actions and technical assistance. In seven of these programmes the ESF intervenes to address human resources problems common to all the Mezzogiorno.

In the individual regions, the ESF integrates with the

economic development aims of the other Structural Funds - ERDF, EAGGF and FIFG. Priorities of ESF assistance include the development of young entrepreneurship, education and basic training (improvement of access to, and the level of further vocational training and adjustment of short university courses), and the integration of the jobless (especially the long-term unemployed, under 25s, women, disadvantaged groups). There is also an emphasis on the continuing training of workers, with particular attention to the needs of SMEs, training for employees in public administration and training in specific sectors for both employed and unemployed people.

A *technical assistance programme* provides for monitoring, control, evaluation, and publicity.

BREAKDOWN OF ESF FUNDING BY OBJECTIVE 1 REGION

	ECU million
Sardegna	220
Sicilia	427
Calabria	174
Basilicata	141
Puglia	285
Campania	328
Molise	48
Abruzzo	44
Multiregional	1,072
TOTAL	2,739

Beneficiaries

It was expected that resources provided by the ESF programmes to the Mezzogiorno would assist the training of some 800,000 people in the period 1994-1999, and that a total of 61,000 jobs would be created.

Key points - Objective 1

- ◆ 56% of the total ESF allocation for Italy
- ◆ 36.2% of the total Italian population
- ◆ training priorities for young entrepreneurs, tourism, RTD and environment
- ◆ unemployment at 20.4%
- ◆ youth unemployment at 52.8%
- ◆ women's unemployment at 31.6%
- ◆ 42.6% of ESF resources is directed to under 25s

- Objective 1
- Objective 2
- Objective 3
- Objective 4
- Objective 5b



► Objective 2

Converting the regions seriously affected by industrial decline

The 11 Italian Objective 2 regions were allocated Structural Fund aid totalling ECU 1.7 billion for the period 1994-1999. The ESF, which provides almost 19 % (ECU 325 million) of this aid, combines with the ERDF, enhancing the human resources needed to integrate with economic development in the regions. Special emphasis is placed on supporting SMEs and craft companies.

General Characteristics

The traditional industrial areas are characterised by the presence of large firms and declining traditional industries (Valle d'Aosta, Liguria, Friuli-Venezia Giulia, Umbria, Veneto and part of Piemonte). The regions suffered a steady reduction in the number of large enterprises, and this was only slightly compensated for by the growth in the number and size of SMEs. This resulted in a deterioration in the high level of socio-economic cohesion in these areas. The cities and urban areas concerned (Turino, Genoa, Trieste, Venice, Terni) are also characterised by high unemployment rates, environmental problems, large concentrations of derelict and contaminated sites and run-down districts with high levels of crime.

The presence of important scientific and technological institutions, good transport infrastructures, services to SMEs and good tourism potential in these areas ensure opportunities for diversification.

Of the total Italian population, 6.1 million or 10% live in Objective 2 areas.

BREAKDOWN OF ESF FUNDING BY OBJECTIVE 2 REGION

Ecu million - current prices

	1994-1996	1997-1999
Emilia-Romagna	2	3
Friuli-Venezia Giulia	6	11
Lazio	12	15
Liguria	29	37
Lombardia	4	8
Marche	3	3.5
Piemonte	41	49
Toscana	24	30
Umbria	8	11
Veneto	13	17
Valle d'Aosta	0.2	0.3
Total (1994-1996)	142.2	184.8

Priorities

One of the ESF priorities is to contribute to the transfer of innovation from the universities/research centres to business. Eight Objective 2 regions indicate human resources development as a priority action.

These priorities are aimed in particular at:

- ◆ providing training for executives and entrepreneurs;
- ◆ training of trainers;
- ◆ promoting the vocational and social integration of the most disadvantaged groups;
- ◆ tourism and services.

Technical assistance is provided for monitoring, control, evaluation, and publicity.

Beneficiaries

It was expected that during the period 1994-1996 about 15,000 jobs would be created and about 82,500 safeguarded.

Key points - Objective 2

- ◆ 6.7% of the Italian total ESF allocation
- ◆ 11 regions are eligible
- ◆ 10% of the Italian population live in Objective 2 areas

► Objective 5b

The development and structural adjustment of rural areas

The Italian regions covered by Objective 5b receive a Structural Fund contribution of ECU 901 million. Some 13.5% of this aid comes from the ESF, representing 2.5% of the total ESF allocation to Italy over the period 1994-1999.

General Characteristics

The Italian Objective 5b areas broadly follow the Apennine mountain chain extending from Piemonte to Calabria. There are also Objective 5b areas situated in the Alpine regions. As many of them are located in hill or mountain areas they tend to suffer from accessibility problems. About 5 million people live in Objective 5b areas, which represents 8.3% of the total Italian population.

The priorities of the Objective 5b SPDs include: the protection of landscape, the improvement of the tourism industry and the promotion of SME development. The human resources components of the SPDs cover, typically, the training necessary to ensure the maximum impact from the actions financed by the other Structural Funds. The ESF finances initial and continuing training courses and the strengthening of training and employment agencies.

Key points - Objective 5b

- ◆ 8.3% of the total population live in Objective 5b areas
- ◆ they receive 2.4% of the ESF total allocation to Italy
- ◆ priority is given to training in environmental protection, rural tourism and SMEs

Human Resources component of Community Initiatives in Italy

The ESF supports specific OPs within the framework of the Community Initiatives, especially under the Adapt and Employment Initiatives.

The Employment Initiative, with its four strands NOW, HORIZON, INTEGRA and YOUTHSTART, contributes ECU 401 million to foster the development of best practices through innovation, transnational co-operation and local partnership.

Under the Adapt Initiative, the ESF allocates ECU 219 million to co-finance transnational projects targeting employees at risk of unemployment due to industrial and technological changes.

The local partnership aspect of the Initiatives is considered particularly important in Italy, and the projects tend to be strongly rooted in the local economy.

The other Community Initiatives allocated for the period 1994-1999 a total contribution of ECU 1,142 million to Italy, of which the ESF contributes ECU 86 million through Interreg, Leader, Pesca, SME, and Urban.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

In 1992, the number of people nation-wide who had been seeking work for more than a year in Italy was some 1,360,000. Long-term unemployment had grown by more than 50% since 1991, with people at risk of exclusion and young people being most affected. The fight against long-term unemployment was identified as a major priority in the national plans agreed between the Government and the Commission for the programming period 1994-1999. Thirty-two per cent of total ESF resources for Objective 3 actions in the Centre-North of Italy is devoted to this priority, more than three times the corresponding share in the preceding period.

In the Mezzogiorno, 34% of the total ESF allocation is for the reintegration of the long-term unemployed into jobs. The aim is to encourage the integration or reintegration into the labour market of adults and young people who have been unemployed for more than 12 months or those who are in danger of drifting into this situation.

Vocational training measures and counselling

The traditional forms of training in Italy, on their own, proved to be of little use to those seeking employment. Actions agreed between the Commission and the Italian authorities for the current programming period focus therefore on the following additional supportive aspects: training, work placement, guidance and counselling, entrepreneurship and training for self-employment and support for socially useful work projects. Among these, a system of extended traineeships aims to reintegrate the long-term unemployed into jobs. In this way the ESF supports national policy (law 336).

Particular attention is given to the retraining of people registered with Cassa Integrazione Guadagni a Zero Ore (CIG), who receive unemployment benefit, and are at serious risk of becoming long-term unemployed. The CIG covers the more highly industrialised areas of the country, both in the north, especially Piemonte and Lombardia, and in the South. The facilities provided by the CIG include support for re-employment projects involving consultations between management and labour (e.g. solidarity agreements), aid for the temporary transfer of employees, and financing for retraining agreements.

There are also training measures that target the sectors providing new sources of employment, such as social services, the audio-visual industry, recreational and cultural activities and environmental protection.

Employment aids

The Italian ESF programme provides for different forms of employment aids, such as those for geographical and occupational mobility, income support for the self-employed, and recruitment aids. Priority is given to operations closely connected to regional and local development plans.

Development of labour market efficiency through improvement of training and employment structures

In Italy responsibility for training and employment programmes is shared among national, regional and provincial bodies. The measures implemented in the programming period aim to achieve improvements in administrative efficiency and in particular to correlate training operations with policies affecting the labour market. This requires the strengthening of links between the labour market services responsible for monitoring supply and demand, managing training and guidance systems and improving job placement. The ESF allocates ECU 186 million to this priority.

The training of trainers and staff of employment agencies is particularly important in the southern regions which are beset by problems of industrial restructuring, such as Campania, Calabria, Basilicata and Sicily.

B. Vocational integration of young people

Unemployment in the under 25 age group, while serious in the whole country, is particularly severe in southern regions, where the unemployment rate for this group was 52.8% in 1993, compared to an EU average of 17%. Measures intended to remedy this situation account for a considerable part of national and Community investment. In the Centre-North regions the proportion of the total ESF allocation devoted to this purpose, though less than in the preceding period, is a substantial 43% of the total allocation for Objective 3. In the Mezzogiorno the corresponding allocation represents almost 50% of ESF resources for Objective 3-type actions. Young people under 25 constitute more than 50% of the

long-term unemployed, and in the Mezzogiorno many are at risk of social exclusion.

The causes of the high rate of youth unemployment include the following:

- ◆ the Italian system at the time of programming envisaged compulsory education up to the age of 14; it can be expected that with the reform now in discussion in the Italian Parliament the age will be raised to 16, thus reducing statistics for youth unemployment;
- ◆ about 140,000 young people, or 23% of those entering the first year of middle school (11-14 years), drop out of school every year to take up work or engage in some marginal activity without any skills or qualification;
- ◆ youth unemployment is also rising among people who have completed secondary level or third level education. In 1992, 22.3% of the unemployed in Italian Objective 1 regions had a secondary or third level education.

The general objective of Italian policy is to ensure, especially through initial training, that young people reach at least the minimum skill standards to obtain a job.

Basic training and apprenticeship - Youthstart

The Youthstart measure is intended to minimise unemployment among people under 20. The target group is made up mostly of young people who have dropped out of the educational system without having acquired any skills or qualifications.

The Youthstart measure directs them towards:

- ◆ an apprenticeship combined with periods of training;
- ◆ full time training.

The first is a sandwich course, combining school, training and work, while the full-time training activities are designed to be provided in publicly-supported vocational training and technical institutes. These measures are complemented in both cases by guidance and counselling. The Youthstart measure has been assigned about 50% of ESF resources directed to combat young unemployment in the Centre-North, while in the South the corresponding figure is about 20%.

Young people and entrepreneurship

There is a special emphasis on encouraging young people to create new jobs in the tertiary sector by starting their own businesses. The preferred sectors are the new employment areas: social services, audio-visual, recreational and cultural activities, the environment.

Second level training

This kind of training is directed towards people obtaining a school certificate. The ESF supports the following:

- ◆ courses leading to a vocational qualification combined with degree courses at a university - two years university linked to a regional vocational training course;
- ◆ development of activities of short and medium duration leading to a vocational qualification, promoted in collaboration with the regional training system by the state vocational training institutes and the state institutes for technical, agricultural, accountancy and art studies;
- ◆ development of second level activities within the vocational training centre network in terms of service to local production needs;
- ◆ training measures promoted by unions or other organisations that provide work opportunities.

Training for migrants

Since the fifties, there has been a substantial presence of Italians working in other European countries, especially in Germany, Belgium, The Netherlands and the United Kingdom. These workers have been mainly employed in traditional sectors, such as mining, steel, and the hotel and restaurant sector.

To help this significant number of expatriates to integrate into the local labour market, the Italian Ministry of Labour and the Commission agreed an Operational Programme for the period 1994-1999, with an ESF allocation of ECU 20 million. Beneficiaries of the actions are migrants and their families. As well as vocational training, the OP finances courses to preserve the Italian language and culture.

Beneficiaries

Over the period 1994-1999 61,659 people are expected to benefit from this programme.

C. Integration of persons at risk of exclusion from the labour market

In recent years there has been an increase in social exclusion in Italy. This results from a number of factors; the recession which led to the marginalisation of those with inadequate skills, the reduction in public spending on social security and assistance schemes and the increase in the number of immigrants. The beneficiaries under this heading of ESF aid are immigrants, travelling people, persons with disabilities, prisoners, ex-prisoners, drug addicts and older unemployed adults at risk of social exclusion.

Total ESF resources in the programming period allocated to this action amount to ECU 234 million, which represents about 8% of the total ESF allocation to Italy. Behind this national average there is a variation between Centre-North regions - where 10% is directed towards people at risk of exclusion - and a figure of 6.5% for the Mezzogiorno.

The assistance measures, apart from vocational training, include counselling, guidance, refresher courses, and other help towards employment and self-employment.

Preparatory measures

In some cases there are structural causes preventing people from getting into work and normal life. A primary measure to combat this is the provision of basic education in reading and writing the Italian language. Home-help measures are also financed, and information is provided on how to benefit from national schemes on health care or other issues like housing.

Third sector development

Except for centres specialised in the training for the disabled, which has a long tradition in Italy, there is a shortage of provision for people at risk of social exclusion.

As part of a national strategy for the prevention of social exclusion, a new scheme was therefore introduced to encourage the work of third sector or voluntary organisations. The ESF supports projects promoted by such organisations, in particular under the form of social cooperatives defined by Italian law 381/91. Projects aided include the management of social services (domestic help desk and social centres), and other initiatives in the SME sector.

Training of trainers

There is also provision for training activities aimed at managers of guidance and training services at regional level, in order to improve their capacity to deal with the problems encountered by the users. This training includes educational, methodological and technical aspects.

D. Promotion of equal opportunities in the labour market between men and women

The eighties saw a slight increase in the women's share of the labour market in Italy. Nevertheless at the time of programming the figure was only 34.5%, which was lower than in all other EU countries, with the exception of Spain and Luxembourg. Women's employment is largely concentrated in the commercial sector, hotels, restaurants and the public service. Very few women are self-employed.

Because of the policy of equal opportunity, all other measures envisaged in the Italian ESF plans are open, on an equal footing, to women. There is, additionally, a specific allocation of ECU 180.3 million for equality measures which amounts to 5.3% of Objective 3-type activity in the Mezzogiorno and 8% in the Centre-North. This assistance is designed to help women facing particular difficulties in achieving equality in practice.

Equal Opportunity Committee

The involvement of the Equal Opportunity Committee at the time of programming was a key part of the national strategy to tackle women's problems. The National Equal Opportunity Committee was involved in analysing previous difficulties encountered in the period 1989-1993 and searching for new and more efficient responses. The Equal Opportunity Committee also has its own representative on the National Monitoring Committee.

Women - priority groups

The CSF for Objective 3 identifies two categories of women particularly in need of assistance. The first is composed of women who try to return to work after a long period of voluntary inactivity, often connected with family care. For this group, the ESF assistance focuses on a review of the individual, her preferences and the professional resources available. On the basis of this review, an attempt is then made to match with the opportunities available in the labour market or the appropriate training courses. Some of these courses encourage self-employment.

The second is women with poor qualifications, especially those living in poorer areas who are in need of special assistance to prevent them from slipping back into an insecure existence. Specific training, counselling and job creation initiatives have been put in place for this group.

In both cases there is an emphasis on preparing women for work in jobs in which they are under-represented.

Equal opportunity policy

There are also training courses directed towards employers. These aim to create the conditions necessary for complying with equal opportunities legislation, as well as targeting those responsible for guidance, training and the management of the labour market. There are also services available to provide help for women wishing to work or attend training courses and who need care facilities for young children.

New Employment sectors

Job creation activities in the new employment areas - local services, the audio-visual sector, recreational and cultural activities, environmental protection - apply to every priority or sub-priority indicated above. About a quarter of the total ESF resources in Centre-North Objective 3 regions during the period 1994-1999 are targeted on these sectors.

E. Anticipation of labour market trends and adaptation of worker skills to change

During the eighties, the number of people employed by companies with more than 1,000 employees decreased by about 60%. The main industries to suffer were mechanical, engineering, chemical, textiles, clothing and construction. This highlighted the need to anticipate labour market trends and intervene with adequate processes of retraining where indicated.

At the time of programming, Italy had not yet developed any legislation relating to continuing training. The ESF intervention played a key role in developing the national continuing training policy.

Priorities

The Italian Objective 4 plan contains three priorities:

- ◆ Anticipation, planning, support and management of a continuing training system;

- ◆ Activities aimed at adapting and supporting human resources in the light of the structural changes in the economic/production system and the impact of the single market;
- ◆ Technical assistance.

About 80% of total ESF resources for Objective 4 in Centre-North are aimed at vocational training, 15% to the development of the new national continuing training system and 5% to technical assistance.

The Italian ESF plan for the 1994-1999 period envisaged two phases:

The period 1994-1997

The Italian ESF plan envisaged that the first programming period would be aimed at the implementation of the 'bridging plan'. The objectives of this were to initiate the re-training action, and to set up a new national system of continuing training to respond to the needs of anticipating change. During this period ESF assistance was directed at financing training and guidance schemes for workers at serious risk of losing their jobs. There was also investment in activities aimed at creating awareness among enterprises of the need to anticipate change and the training of trainers to prepare methods and organisational models to set-up a system of continuing training. All of this was to be accompanied by new national legislation.

The period 1997-1999

During this period the continuing training system is to be made fully operational and the focus is to be placed on the provision of the training itself within companies.

Focus on SME's

A major part (80%) of ESF resources allocated under Objective 4 in the Centre-North region is devoted to courses designed to increase the skills of workers in SMEs.

These courses typically contain the following priorities:

- ◆ supporting training for flexible processes and horizontal integration of research, planning and production;
- ◆ technological innovation;
- ◆ product and total quality;
- ◆ the commercial area and marketing strategies.

The Mezzogiorno prioritises training in SMEs, and 68% of Objective 4 resources in these regions is for the small firms sector.

F. The ESF - an instrument of regional development

The preceding section relates to the intervention of the ESF with national policy aims in regard to the fight against unemployment and social exclusion. This is Community-wide in scope and involves only the ESF among the Structural Funds.

The ESF also integrates with the other Structural Funds in promoting economic and rural development in regions qualifying for special assistance, especially under the following headings.

Employment growth and stability

In the Italian Objective 1 regions, the ESF combines with the ERDF, EAGGF and FIFG to provide the full range of human resources development needed to integrate with the investment in economic development provided by the other Funds. The programming phase saw the involvement of regional authorities responsible for industry, agriculture, tourism and health with those dealing with employment and training. The social partners were central to the planning. The ESF supports actions in the Mezzogiorno aimed at providing qualifications for both the employed and unemployed in the priority economic sectors, such as industry, craft, business, business services, tourism, agricultural resources, rural development, the environment, RTD, public health and fisheries.

The Objective 1 ESF investment in the Mezzogiorno under the heading 'employment, growth and stability' amounts to ECU 452.3 million. Each individual region takes into account its specific needs and focuses on the sectors which play a major role in its social and economic development. In the case of Sicily, for example where tourism is of particular importance, 30% of ESF resources are assigned to the tourism sector. In Campania, whose main needs are for the development of industry and services, 37% goes to these sectors and only 12% to tourism.

In the Mezzogiorno, the ESF generally finances training aimed at promoting the creation of SMEs, the development of services to industry and the improvement of technical and managerial skills in companies in order to improve their competitiveness. The ESF supports company audits in the tourism sector to identify needs in management training and the improvement of organisational skills.

In the Centre-North regions which are eligible under Objectives 2 and 5b, the ESF integrates with the development priorities promoted by the ERDF and EAGGF. In

these regions the proportion of ESF intervention varies greatly; in Liguria total ESF share of Community intervention under Objective 2 is 30% while in Val D'Aosta this figure is about 2.5%. The human resources component of regional SPDs covers a broad range of training in connection with the development needs of the areas. In Tuscany, where tourism development is a regional priority, training is used in connection with the ERDF to encourage the improvement of customer services, in particular reservations and reception services.

Boosting human potential in the field of research, science and technology

In Italy the share of GDP invested in research and development activities was 1.4% in 1991, compared to an EU average of 2%, while people engaged in RTD made up less than 0.31% of the total employed. This compared to 0.93% in France and 1.52% in Germany. The situation in the Mezzogiorno was particularly serious where people engaged in RTD made up less than 0.1%.

Mezzogiorno

Improving physical and human resources in RTD was, therefore, a major Italian priority at the time of programming, and resulted in a total Structural Fund allocation of ECU 1,059 million for the Mezzogiorno for the period 1994-1999. The ESF contributes ECU 195 million, 7.1% of the total ESF allocation in these regions.

An RTD Multiregional Operational Programme is managed by the Ministry for University and Technological & Scientific Research. The ESF component of this OP is quite substantial, representing nearly a quarter of total EU support. Actions here are directed towards the upgrading of courses in research doctorates, subsidies for researchers, the training of research centre personnel and pilot projects in the field of distance learning. Support for training for government research centres is also included.

In addition to the multiregional OP, each individual region allocates additional resources to RTD within the framework of its own regional OPs. These are generally aimed at promoting third level training, and facilitating the transfer of results of RTD from research centres to SMEs.

Objective 2 and 5b regions

Almost every SPD relating to Objective 2 contains a priority or sub-priority aimed at improving the RTD situation. In many cases, the EU co-finances applied research measures rather than just basic research.

SMEs and Craft

Another characteristic of Italian programming is the focus on SMEs and the craft sector.

The ESF finances the human resources development component of the following measures:

- ◆ promoting advanced technology in SMEs, to improve product quality;
- ◆ transfer of innovation between research centres, universities and SMEs (for example in Friuli Venezia Giulia, there are training schemes aimed at providing some 40 graduates in scientific subjects with specific skills in the transfer of know-how to link research centres and SMEs);
- ◆ the training of researchers in specialised research institutes;
- ◆ the introduction of short term university diplomas and specialist postgraduate courses.

Objective 5b SPDs have generally little or no RTD component. They focus on the protection of environment, development of tourism and SMEs.

Strengthening education and training systems

Even if total investment in education and training in the Mezzogiorno is higher than the EU average (6.1% of GDP against 5.1% EU average) the structural weaknesses in the Mezzogiorno have resulted in a lower level of secondary education and training structures. This is true for both the physical structures and the quality of training provided.

In order to remedy this situation, a multiregional Operational Programme was agreed between the Italian government and the Commission, granting Community support of ECU 254 million for the period 1994 to 1999, 85% of which comes from ESF. The aim is to improve the quality of training given by publicly-supported technical and professional institutes, directed at pupils leaving compulsory education. Assistance is aimed at updating curricula, and improving guidance and counselling for students. They are given guidance and assistance in choosing a professional path. A subsequent phase helps the students to have a training period in the sector they have chosen.

University attendance in the Mezzogiorno showed a decline during the period 1980-1990, while at the same time numbers grew in the North. This trend is partly explained by migration of southern residents to northern universities.

Actions aided by the ESF are aimed at improving the quality of third-level training education, focusing on:

- ◆ short university courses (two years) especially those with technical or scientific content;
- ◆ specialist training for the personnel of research centres;
- ◆ linking research centres to universities.

Contributing to development through the training of public officials

An efficient public administration is an essential element for economic and social development. In the Mezzogiorno, 25% of GDP and 21% of total employment comes directly from the public sector (compared with 10% and 12.7% respectively in the Centre-North). The main problem of public administration in the South is one of quality. The ESF aids the improvement of efficiency in the public sector through the multiregional OP for public officials. A sum of ECU 98 million is allocated to the training of public officials in the period 1994-1999.

The programme includes the following actions:

- ◆ information on European subjects, training in community policies and Structural Funds;
- ◆ guidance aimed at specific problem-solving, including assistance in planning. This measure is implemented through an exchange of know-how with other administrations in Italy as well as in other member states;
- ◆ setting up formal and informal networks between the administrations of Objective 1 regions in Italy.

The target of this is the staff of public administrations in the Mezzogiorno, including regional and local authorities dealing with activities coming with the scope of the Structural Funds. Personnel in the Ministries involved in the management of the Structural Funds are also beneficiaries under this programme.

SECTION 4

Management and follow-up

Implementation structures

Overall responsibility for the ESF programmes is assigned to the Italian Ministry of Labour.

The role of Ministry of labour

At a central level, responsibility lies with the office for Vocational Guidance and Training of Workers at the Ministry of Labour.

The Ministry has the following functions:

- ◆ co-ordinating links between the regions and the ESF department in Brussels;
- ◆ providing national co-funding for the ESF programmes;
- ◆ monitoring how the ESF appropriations are spent (with the help of inspectors acting at regional level);
- ◆ managing multiregional programmes;
- ◆ co-ordinating technical assistance.

The Ministry is assisted by ISFOL (Institute for the development of workers' training). This is a public research institute in the field of training and employment which operates according to guidelines laid down by the Ministry of Labour. Its role is to provide technical assistance to both the Ministry and the regions, including evaluation activities and providing assistance in implementing Community Initiatives.

Objective 1 regions

The management of the OPs is carried out at regional level in the case of regional OPs and at national level for the multiregional OPs. The ESF component is administered in the regions by the departments for training and employment of the regional authorities.

The multiregional Operational ESF Programmes for the Objective 1 regions are managed centrally by the Ministries responsible for the main subject to which they relate. The multiregional OP for improving educational and vocational training is managed by the Ministry of Education and the RTD programme is managed by the Ministry for University and Scientific Research.

The other ESF programmes at multiregional level are managed centrally by the Ministry of Labour.

Other regions

In the other regions, the Objective 3 OPs and the Objective 2, 4 and 5b SPDs are managed by the regional authorities (Department of Training and Employment). National programmes are managed by the Ministry of Labour.

Monitoring

The social partners, equal opportunity bodies and NGOs are represented on the Monitoring Committee. A Human Resources Co-ordinating Committee was also set up under Objective 1. This brings together all the beneficiaries of ESF aid to discuss common issues relating to the ESF and the development of human resources.

Luxembourg

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

Luxembourg has a small open economy which is in economic and monetary union with Belgium in the framework of the Belgo-Luxembourg Economic Union (UEBL). Despite a favourable period in the nineties in which recession was averted because of strong internal demand, growth dropped to 0.3 % in 1993 while inflation rose to 4%. Like other countries, Luxembourg feels the effects of global economic trends and perturbations: some sectors experienced a slow-down in economic growth, while others even reported negative growth rates. The economy of Luxembourg still depends mainly on two sectors in which it is difficult to predict future developments: the steel industry, mainly represented by the ARBED group, which is currently undergoing a technological revolution, and the banking sector which, although it continues to expand, has some fragile aspects which have to be taken into account given the fact that it provides one third of the national income.

Labour market

The Luxembourg economy continues to be characterised by a general rise in employment. This rise, however, conceals a drop in industrial labour, which is compensated by rising employment in services, particularly the financial sector. This employment situation is partly due to the massive presence of foreign workers, both residents and frontier workers from adjacent countries who make up about 50% of the labour force. Due to the uncertain nature of this economic environment, it is difficult to predict employment trends in the long or medium term. The unemployment rate in Luxembourg was 3% in 1993 (frontier workers were not included in these statistics since they are registered in their countries of residence).

Unemployment in Luxembourg has distinctive features: Many of the unemployed find a new job after a relatively short period of time and long-term unemployment is therefore less than in other European countries. Youth unemployment is relatively low. There is a higher percentage of women in unemployment than there is in jobs. Women are therefore more affected by unemployment than men.

Luxembourg has institutionalised a tripartite system at all levels of political and social life which involves the Social Partners in important policy-making decisions relating to the fight against unemployment. The instruments developed within this framework have therefore guaranteed an approach based on consensus in employment policy making which was formalised in the National Employment Agreement. The defined strategy provides for targeted actions tailored to the specific nature of the Luxembourg market by, among other things, applying «micro-solutions» to a series of «micro phenomena» Preference is given to actions geared to enhancing the efficiency of the labour market and aimed at the most vulnerable categories of the unemployed. This global approach was reflected in the programming of ESF actions in Luxembourg.

SECTION 2

Structural Fund programmes in Luxembourg

A. Allocation by Fund and Objective

Luxembourg is eligible for Structural Fund aid, not only under the Objectives 3, 4 and 5a over its entire territory, but also in certain cantons under Objectives 2 and 5b. This means that all Structural Funds - ERDF, EAGGF, ESF and the FIFG apply in Luxembourg.

Structural Fund aid allocated to Luxembourg for the period 1994-1999 amounts to ECU 86 million which will be used to co-finance programmes for development needs and for the fight against unemployment.

Of this, the ESF contributes ECU 26.9 million, which is about 32 % of the total Structural Fund allocation.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING - 1994-1999

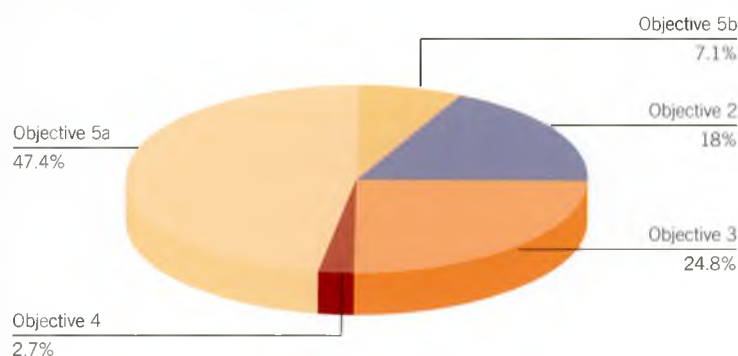
ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 2	16.8	2.8	14		
1994 - 1996	7	1	6		
1997 - 1999	9.8	1.8	8		
Objective 3	21	21			
Objective 4	2.3	2.3			
Objective 5a.	40.1			39	1.1
Objective 5b	6	0.8	3	2.2	
Total	86.2	26.9	17	41.2	1.1
Community Initiatives					
Employment	0.3	0.3			
Adapt	0.3	0.3			
Others	15.2	0.7	14	0.5	
Total	15.8	1.3	14	0.5	
General Total	102	28.2	31	41.7	1.1

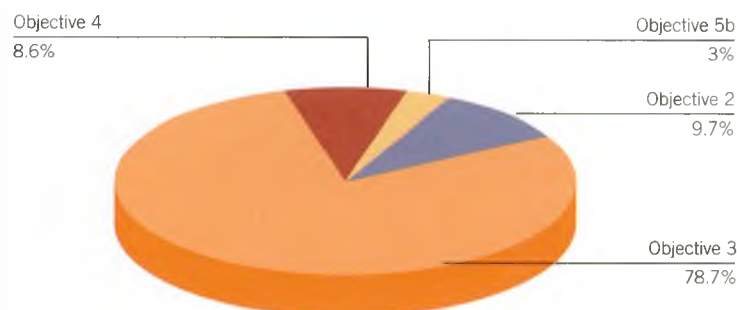
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



Structural Fund aid is divided between 8 programmes: 6 SPDs and 1 CSF (Community Support Framework) comprising 2 Operational Programmes.

The Luxembourg authorities and the Commission departments opted generally for the Single Programme Document approach to define strategies and set priorities for the programming and financial planning of actions co-financed by the Structural Funds.

The CSF approach was applied only to Objective 3 actions which will be carried out through two Operational Programmes.

The Luxembourg authorities established the priorities for the implementation of the four Objectives. This involved a horizontal SPD for Objective 4, two

Operational Programmes for Objective 3, two regional SPDs (Objectives 2 and 5b) and three horizontal SPDs under Objective 5a.

The ESF is involved in all of these programmes, with the exception of the three SPDs under Objective 5a, that is to say in five programmes.

Community Initiatives are programmed within the framework of the two Operational Programmes, Employment and Adapt, and eleven Operational Programmes for regional initiatives. The ESF is involved in five of the latter programmes.

B. Main features of ESF component in the Structural Fund programmes

EU-wide Objectives 3 and 4 - involving only the ESF

The ESF is the only Structural Fund operating under Objectives 3 and 4, under which it contributes ECU 23.3 million. About 90% of this allocation is for Objective 3 and the balance is for Objective 4.

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

The CSF for Objective 3 covers the period 1994-1999 and Community support amounts to ECU 21 million which is more than 78 % of the total ESF allocation to Luxembourg. The CSF is concentrated on five priority areas, corresponding to the four strategic aims of the ESF under Objective 3:

Priority 1

Integration into the labour market of the long-term unemployed and persons over the age of 25 threatened with long-term unemployment. ECU 5.2 million

Priority 2

Integration of young people into the labour market. ECU 3.2 million

Priority 3

Integration of people at risk of exclusion from the labour market. ECU 10.4 million

Priority 4

Promotion of equal opportunities. ECU 1 million

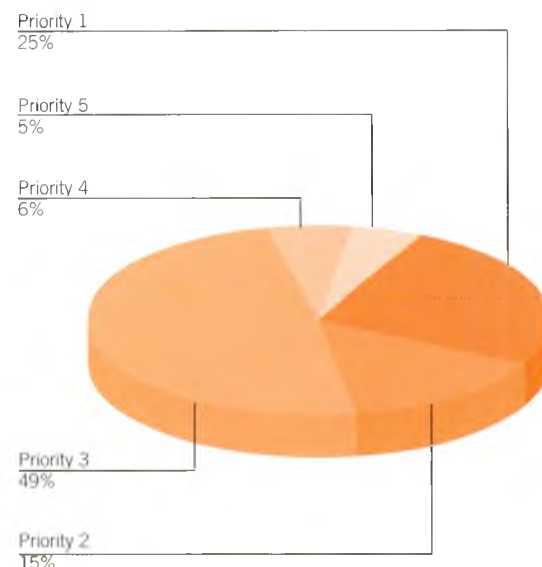
Priority 5

Support for training and integration structures working at horizontal level. ECU 1.2 million

These priorities reflect the strategy developed by the 'Employment Fund' which was established in Luxembourg in May 1989 to implement an active policy geared to linking various forms of training to job creation. The provisions of the Employment Fund are aimed at the social and vocational integration of the long-term unemployed and people at risk of exclusion from the labour market. A law passed in July 1993 extended its scope to include young job-seekers and unemployed people over the age of fifty.

The actions described under the CSF priorities are carried out in the form of two Operational Programmes which are almost equally funded. The first of these encompasses all the actions managed by public bodies. These include all actions aimed at implementing Priorities 1 and 2, some of the actions under Priority 3, and support actions under Priority 5. The second OP covers actions managed by private sector operators and consists mainly of Priority 3 actions for the integration of people excluded from the labour market (about 88% of the OP's allocation), and Priority 4 -actions for the promotion of equal opportunities. It is worth noting that Luxembourg has made full use of the new emphasis in the 1993 Regulations on combating social exclusion; it has allocated more than 49 % of its ESF allocation for the vocational integration of persons with disabilities. In addition, the government of Luxembourg decided to devote a specific priority to equal opportunities.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3



Key points - Objective 3

- ◆ almost 50% of resources are to facilitate the vocational integration of people at risk of exclusion from the labour market, particularly persons with disabilities
- ◆ measures aimed at tackling the structural aspects of unemployment by developing two consecutive actions: training, in the broad sense, and job placement
- ◆ pathways to integration approach

► Objective 4

OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

The original ESF allocation to the Objective 4 SPD, which was adopted in December 1994 for a period of two years, was ECU 895.000. This decision was amended in September 1996 to extend the SPD to the end of 1999, increasing the ESF allocation to ECU 2.3 million, which represents almost 9% of the total ESF allocation to Luxembourg.

In developing its strategy to optimise the new opportunities offered by Objective 4, the Grand Duchy took the following factors into account:

- ◆ recent studies and surveys had highlighted a concrete need for better skilled-labour, particularly among foreign workers who, in March 1993, made up about 51 % of the total labour force in Luxembourg;
- ◆ the crafts sector, which comprises 150 different skills and employs the most people (25% of the working population), had been undergoing fundamental changes to which workers needed to adapt;

- ◆ special support needed to be given to small firms which, faced with the problems of day-to-day survival in a period of recession, could neither find the time nor the financial resources to train their employees;
- ◆ finally, on a more general level, Luxembourg had been trailing considerably in the field of continuing training.

The Objective 4 SPD for Luxembourg therefore adopted a strategy aimed at:

- ◆ bridging qualification gaps by bringing them into line with actual labour market requirements;
- ◆ developing measures to promote training, particularly for SMEs, but also for the large steel sector - an industry undergoing fundamental change with a high number of low-skilled workers. A structure was set up to anticipate the effects of these changes.

The programme is focused on four priorities:

Priority 1

Anticipation of labour market trends and future skill requirements ECU 0.26 million.

Priority 2

Vocational training , upgrading of skills, counselling and guidance ECU 1.24 million.

Priority 3

Aid for enhancing and developing appropriate training systems ECU 0.24 million.

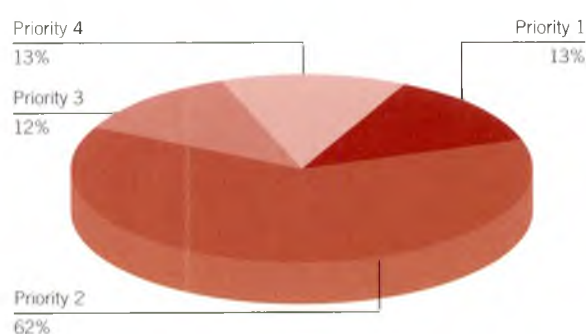
Priority 4

Horizontal actions within the SPD in general ECU 0.26 million.

Two bodies have been entrusted with the implementation of this strategy: The National Institute For The Development Of Continuing Training (INPC) and the Chambre des Métiers (Crafts Guild).

The INPC will focus its efforts on anticipation (Priority 1), as well as on enhancing and developing training systems (Priority 3). The Crafts Guild will work in parallel with the INPC in the field of anticipation, (Priority 1) and the development of training systems (Priority 3) and on its own in matters concerning training, upgrading of skills, counselling and guidance (Priority 2), as well as horizontal actions such as on-going technical assistance, information and publicity, evaluation and follow-up (Priority 4).

BREAKDOWN OF ESF FUNDING
BY PRIORITY OBJECTIVE 4



Key points - Objective 4

- ◆ creation of an anticipation structure in the form of a national round table, involving all actors in the field of continuing training
- ◆ priority for training and upgrading actions given to schemes developed within the framework of anticipation and targeted at workers in SMEs with a focus on two main areas: the introduction of new systems of production and management development
- ◆ emphasis on the training of instructors to provide in-firm training.

Regional Objectives

In which the ESF integrates with other Structural Funds

A considerable part of Luxembourg qualifies under the regional Objectives. About 42.5% of the population situated in about 45 % of the territory, is eligible for aid under Objectives 2 and 5b, in addition to being covered by Objectives 3 and 4.

► Objective 2

OBJECTIVE 2

Converting the regions seriously affected by industrial decline

The area which qualified under Objective 2 at the time of programming included the entire canton of Esch-sur-Alzette, which includes 14 boroughs, and five boroughs in the southern part of the canton of Capellen (Bascharage, Clemency, Dippach, Garnich and Mamer). The zone borders, in the west, the Objective 2 areas of Aubange (Belgium) and, in the south, the Objective 2 regions of north Lorraine (France).

Although the Objective 2 regions of Luxembourg only amount to 13.2 % of the total area of the country, 34.6% of the population lives there, resulting in a population density which is considerably higher than the national average (389 people per km² compared to 147). Most of the steel industry is concentrated in this area, where mining traditions go back a long time. This area has therefore been directly hit by the succession of steel crises and the ongoing restructuring of the iron and steel industry. In an effort to offset the imbalances caused by the traditional dependence of the region on the steel industry, the government of Luxembourg is developing a diversification policy which also recognises the importance of other branches of industry.

The basic Structural Fund aid allocated to Luxembourg for the current period is ECU 16.8 million, of which the ESF contributes ECU 2.8 million, or 17.1% of the total.

The strategy adopted for the SPD is aimed at supporting national efforts to avoid an over-concentration of economic activity and employment in the tertiary sector in a single region, which would gradually bear risk of becoming a dormitory zone. There is also a need to diversify away from some of the old industrial structures in the area to make way for new economic activities.

The SPD focuses on four priorities:

- ◆ support for the industrial sector;
- ◆ support for other sectors;
- ◆ environmental protection;
- ◆ technical assistance.

The ESF supports actions aimed at industry and other sectors, with the exception of agriculture (Priority 1 and 2).

Key points - Objective 2

- ◆ priority is given to actions in favour of SMEs and workers who have either recently lost their jobs or are at risk of unemployment
- ◆ giving continuing training a strategic place in enterprises
- ◆ guaranteeing the right of all employees to training
- ◆ offer high quality training tailored to specific needs

- Objective 2
- Objective 3
- Objective 4
- Objective 5b



► Objective 5b

OBJECTIVE 5b

The development and structural adjustment of rural areas

The regions eligible under Objective 5b were considerably extended for the period 1994-1999. Mainly situated in the north of the country, this territory covers 32.7 % of the country but only 7.9% of the population, due to the very low population density (36 inhabitants per km²). The area comprises the cantons of Clervaux, Vianden and Wiltz and the boroughs of Beckerich, Ell, Rambrouch, Redange and Wahl and the canton of Redange.

This area is characterised, on one hand, by development generally based on agriculture, tourism, and small craft enterprises and, on the other, by the considerable distances between the workers' homes and places of work, a problem which has led to a marked exodus from rural areas.

The SPD is aimed at supporting national efforts to maintain the economic autonomy of the area, providing environmental protection, safeguarding natural resources and improving living conditions. It is therefore focused on the following three priorities:

Priority 1

Revitalising the agricultural and forestry sectors within a framework of environmental protection

Priority 2

Creating and sustaining stable employment in the secondary and tertiary sectors

Priority 3

Investments in tourism and enhancing quality of life

The contributions of the ERDF, EAGGF and ESF total ECU 6 million. The ESF supports the first two priorities with an allocation of ECU 0.8 million, representing 13.3 % of total aid.

Human Resources component of Community Initiatives in Luxembourg

The four strands of the Employment Initiative - NOW, HORIZON, INTEGRA and YOUTHSTART - provide an allocation of ECU 0.3 million to Luxembourg to foster best practice in the field of human resources development through innovation, local partnership and transnational co-operation.

Under the Adapt Initiative, the ESF allocates ECU 0.3 million for the co-financing of innovative transnational projects for employees at risk of unemployment due to industrial and technological change. There is an emphasis on firms employing less than 50 workers and on the use of information technology.

In addition, the ESF contributes amounts, totalling ECU 0,7 million, through the other Community Initiatives; Interreg, Konver, Leader, Resider and Urban.

Key points - Objective 5b

- ◆ promotes greater stability for people in precarious jobs and helps job seekers by developing training tailored to the specific needs of the local labour market.
- ◆ fosters close links between the ESF and research and development actions in forestry

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

Although Luxembourg still enjoys a relatively low unemployment rate (3 % in 1993), the country rapidly needs to counteract a rising trend in long-term unemployment. ESF aid is therefore focused on supporting national initiatives which address this problem, through two types of actions which form part of a continuum, ranging from training to job placement.

These actions are aimed at specific target groups such as:

- ◆ the long-term unemployed over the age of 25, including beneficiaries of Minimum Guaranteed Income (RMG);
- ◆ people who have been out of work for a shorter period but are nevertheless at risk of long-term unemployment because their skill levels do not meet labour market requirements, particularly people over the age of 50;
- ◆ people who need to upgrade their skill levels after long periods out of work.

General training measures

These actions are implemented by the vocational training service of the national Ministry for Education and follow a pathway to integration approach. This allows for individual planning to help unemployed people find the integrated solutions best suited to their situation and needs.

Pathways to integration therefore include actions tailored to specific training needs: such as counselling and assistance, preparatory training schemes, training in restaurant and catering, home assistance, socially useful services, crafts (carpentry, masonry decoration and welding), the environment, office work, retailing and in-firm training. Support is given at the same time to existing training structures, especially for the training of instructors in continuing training centres. Finally, the issue of national certificates is currently being considered, so as to promote the recognition of these forms of training by potential employers.

Job placement measures

These measures are mainly aimed at the long-term unemployed over the age of thirty who are

registered at the Employment Office for more than a year, and people over the age of fifty who have been seeking employment for longer than a month. They involve a form of subsidy whereby the Employment Fund reimburses the social security and other costs incurred by employers in the private sector. The subsidy is of a limited duration, related to the age of the person being employed, and improves the cost/productivity ratio so as to counter employers' hesitations on financial grounds in recruiting workers of a certain age and the long-term unemployed.

B. Vocational integration of young people

Although there has been a substantial drop in youth unemployment, Luxembourg still devotes one of its priorities to assisting young job-seekers and combating youth unemployment with the aim of developing, with the support of the ESF, a preventive approach through active employment policy to avoid young people sliding into long-term unemployment.

The actions are carried out by public bodies and are geared to facilitate the integration of young people into the labour market through pathways to integration. The actions which have been developed are quite similar to those for the long-term unemployed. Enterprises are involved in the training process to ensure it is targeted to the specific training requirements of the following fields: sales and marketing, supermarket jobs, electrical-installation skills, spray-gun painting, and the protection of the natural environment.

C. Integration of people at risk of exclusion from the labour market

Luxembourg has chosen to focus most of its actions supported by the ESF on integrating people exposed to exclusion from the labour market. In fact, almost 50% of the financial aid available under Objective 3 is used to implement a concrete strategy for this group of people. Luxembourg concentrates most of its efforts on facilitating the integration of people with physical, mental or psychological disabilities, since these categories have very low labour force participation rates in the labour market.

Actions are developed in specialised centres and are managed by private foundations. The model followed is the pathway to integration approach but it has been adapted and strengthened in certain aspects. Phases involving individual attention are longer and more intensive.

The following wide range of actions has been developed to deal with the specific integration problems of persons with disabilities:

- ◆ training programmes tailored to the needs of persons with disabilities and leading to a State-recognised qualification;
- ◆ job-placement in workshops;
- ◆ in-firm training for trial periods to promote access to the open labour market;
- ◆ developing a system to evaluate individual potential and to plot a course leading gradually from a protected to an open working environment.

These actions, which are specifically aimed at people with disabilities, are complemented by other actions to ensure their effectiveness:

- ◆ the development of new forms of training and employment in line with the capacity of the person with the disability;
- ◆ the creation of new employment structures (such as cooperatives) to employ people who are not yet ready to enter the open labour market;
- ◆ new employment services to assist people with disabilities in their search for employment in an open environment providing individual support and follow-up;
- ◆ the continuing training of specialised trainers, especially technical instructors, to provide high-level training in line with labour market requirements.

Finally, Luxembourg has decided to conduct an awareness-raising campaign among employers providing information on disabilities, their effect on productivity and ways of overcoming possible limitations.

D. Promotion of equal opportunities in the labour market between men and women

Although women are obviously included in all of these areas of Community intervention,

Luxembourg also allocates 5% of the ESF to measures specifically designed for women. Female unemployment has risen significantly more than male unemployment over the past few years, and Luxembourg has been keen to support schemes to help women reintegrate on the labour market after a period of absence, and to fill any skill gaps which may be preventing women from finding jobs. These measures are implemented by the Centre for Women, Families and Single Parent Families (Centre de formation pour Femmes, Familles and Familles Monoparentales - CFFM) and are aimed at facilitating the integration of women by promoting:

- ◆ counselling and information seminars, as well as strategies to develop assertiveness;
- ◆ courses for the textiles sector involving on-the-job training;
- ◆ training in new technology - particularly for women starting their own enterprises;
- ◆ reconciling professional and family life by, among other things, developing childcare professions which are currently in short supply.

E. Anticipation of labour market trends and adaptation of worker skills to change

The new Objective 4 guidelines led Luxembourg to set up a structure to forecast the effects of changes in production systems, consisting of a broadly-based partnership and conceived as a national round table. This structure comprises continuing training organisations, the relevant ministries and job placement and other support services. Forecasting is conducted by the INPC and the Crafts Guild. The principal objective of the INPC is to provide general forecasts to help enterprises adapt to change and provide them with the necessary tools to evaluate human capital competences in a comparable manner.

The aim of the action is to produce a document describing and classifying the evaluation methods and tools used including, technical explanations and detailed descriptions of each tool. The INPC avails of ESF support to analyse and determine the needs of the steel industry in continuing training so as to plan, carry out and develop suitable forms of training for instructors. The Crafts Guild, on the other hand, focuses most of its attention on specialised studies to enhance existing apprenticeship systems and to analyse the impact on the labour market of new approaches and technology in the fields of the environment, health and hygiene

Training and skill up-grading to facilitate the adaptation of workers to changes in production systems

Following a horizontal approach, the Crafts Guild promotes a series of training measures aimed at facilitating the adaptation of employees of SMEs and workers in the crafts sector to new competition, quality standards, technological changes, and new production and management methods. This horizontal approach is directed at the heads of enterprises, managers, and the various levels of management of SMEs in the crafts sector. High-level comprehensive management training schemes are involved (optimisation of human resources, communication, management and finance). Special 'manager days' are organised and a special 'follow-up system' is in place to enable participants in training to stay in contact with each other and their instructors when the course has ended.

Vertical actions include training and upgrading of skills for workers with little or no qualifications in sectors such as: crafts, the food sector, fashion, building and housing. Actions are aimed at charting current or future changes in certain jobs and sectors, such as the use of new materials, building and management methods, in relation to a specific field of activity or skills area. The choice of actions is determined by the needs identified by the enterprises and communicated to the Crafts Guild.

There is also provision for improving training systems, the in-firm training of instructors, training trainers for ARBED, and special training run by the Crafts Guild to train apprentices and managers of continuing training.

SECTION 4

Management and follow-up

Responsibility at national level

The Ministry for Labour is responsible for the implementation of the ESF.

The ESF is managed by the ESF Mission which maintains liaison with the European Commission and comprises two people. The Ministry for Labour regularly works in cooperation with the other Ministries concerned such as the Ministries for the Economy and Education and, increasingly, with the Ministry for the Family. The Ministry of Labour always works in partnership with training organisations such as the INPC and the AECF (Administration Emploi Centre formation). Partnerships have been broadened to work at both individual action and CSF level.

The Monitoring Committees

The monitoring committees for Objectives 3 and 4 were integrated in the interests of greater coherence of the various actions and their management.

The Committee for Objective 3 is made up of the usual representation: employers, trade unions, representatives from the Ministries of Labour, Education, the Economy, and also the Ministry for the Family; job search, placement and assistance services - and representatives from foundations. The committee therefore involves actors from all the CSF priority areas.

The social partners are also well represented in the corresponding arrangements for Objective 4. The service dealing with placement, job search and assistance, has a particularly important role to play since it is involved with all the actors operating within the framework of Objective 3 and can act as an interface between this Objective and Objective 4.

The Monitoring Committees also have the right to call upon external experts when needed.

The Netherlands

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

GDP has been steadily rising in the Netherlands since 1983, even through the 1993 recession, when it was around the EU average. GDP growth in relation to working population, however, had been one of the weakest in the European Union, increasing only 1.2% between 1988 and 1993.

As is the case of Belgium and Ireland, the Dutch economy is particularly dependent on foreign trade. In 1993, exports amounted to 45% of GDP. Two thirds of the foreign trade of the Netherlands is with other Member States.

Labour market

The Dutch labour market has three main features:

- ◆ around 72% of the working population is in the tertiary sector with only 24% in the secondary sector. The Netherlands therefore has the highest 'tertiary' and lowest 'secondary' employment rates in the European Union;
- ◆ the importance of part-time employment is another basic feature of the Dutch labour market. Part-time employment is widespread, involving one in every three workers, as opposed to the EU average of one in seven. This phenomenon is due to the increase in the number of women on the labour market and the predominance of part-time employment in the services sectors;
- ◆ the low level of participation in the labour market which amounted to only 60% of the active population in 1994,

a trend in the Dutch economy which causes concern. This low level is partly due to the substantial number of women involved in unpaid labour, but above all to the large numbers of workers who went on invalidity pensions in the eighties.

Although unemployment rates in the Netherlands were still below the Community average, the situation on the labour market has been markedly deteriorating since 1992, as the supply of labour steadily increases while demand continues to stagnate.

The increase in the supply of labour over the past ten years can be attributed to the growing number of women on the labour market, the return to work of a large number of workers who are no longer considered unfit for work, and a rise in the number of young people on the labour market.

Some 750,000 jobs were created over the past ten years but the number of new arrivals on the market still outweighs the number of jobs available. The trend in long-term unemployment highlights the fragility of the Dutch labour market. The long-term unemployed make up 52% of all unemployed and most often are in the 45-65 age group. This is the highest percentage in the European Union. Low-skilled workers are most affected by long-term unemployment.

The unemployment rate is higher among women and young people. Despite the growing participation of women in the labour market, female unemployment is still high and reached 10.5% in 1993 (compared to 5.4% for males), while youth unemployment reached 9%.

The Netherlands, which is still one of the most prosperous members of the European Union, opted to avail of European Social Fund support to confront its difficulties on the labour market by concentrating ESF actions on specific areas, especially for groups at risk of exclusion, such as the long-term unemployed, women, youths under the age of 25, minorities and persons with disabilities or health problems.

SECTION 2

Structural Fund programmes in the Netherlands

A. Allocation by Fund and Objective

The Netherlands qualifies for Structural Fund aid under Objectives 3 and 4 over its entire territory but also for regions which fall under the Regional Objectives 1, 2, and 5b, and horizontal Objective 5a. This means that all of the Structural Funds - ERDF, ESF, EAGGF and FIFG apply in the Netherlands.

The Structural Fund aid allocation to the Netherlands for the period 1994-1999 is ECU 2.2 billion. The ESF contributes ECU 1.3 billion which amounts to 61 % of the total allocation to the Netherlands.

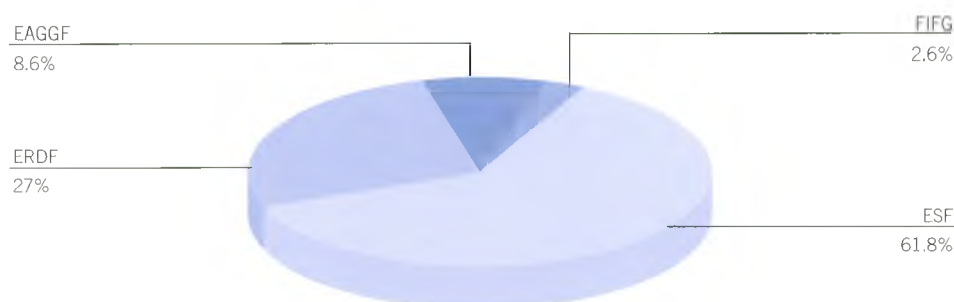
An additional ECU 330 million assistance - out of which ECU 139 million from the ESF - is allocated to the Netherlands through the Community Initiatives.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

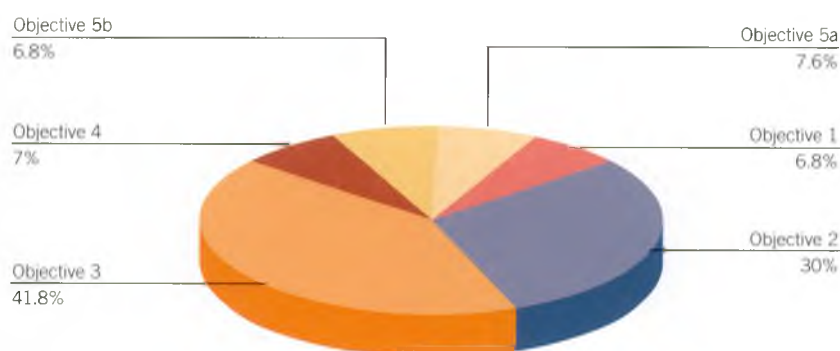
ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	151	40	80	22	9
Objective 2	666	230	436		
1994 - 1996	224	80	144		
1997 - 1999	442	150	292		
Objective 3	923	923			
Objective 4	156	156			
Objective 5a Agric.	118			118	
Objective 5a Fish	47				47
Objective 5b	151	18	82	51	
Total	2212	1367	598	191	56
Community Initiatives					
Employment	62.6	62.6			
Adapt	69.6	69.6			
Others	198	7.1			
Total	330.2	139.3	181.3	3.8	5.8
General Total	2542.2	1506.3	779.3	194.8	61.8

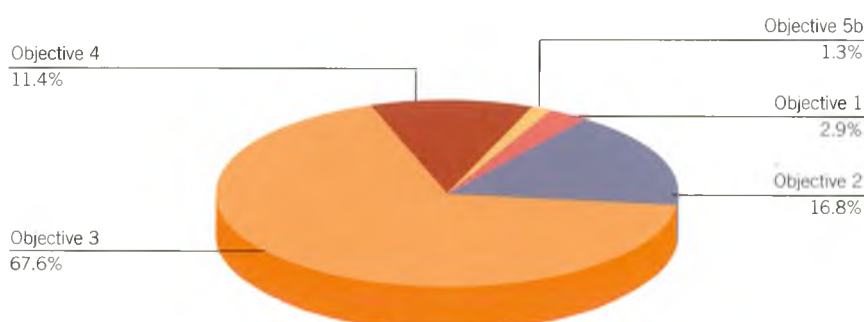
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



B. Main features of the ESF component in the Structural Fund programmes

Some 80% of the ESF allocation is for actions under Objectives 3 and 4. The ESF contribution represents about 26.4% of total Structural allocation to Objective 1, 34 % to Objective 2, and 12% for actions under Objective 5b.

EU-wide Objectives 3 and 4 - involving only the ESF

The ESF, the only fund to provide aid under Objectives 3 and 4, contributed ECU 1.1 billion of which the Netherlands allocated 85.5% to Objective 3 and 14.5% to Objective 4.

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

The SPD for Objective 3 was adopted by the Commission on 17 August 1994. The ESF contributes ECU 923 million to the Netherlands under Objective 3, most of which is concentrated on actions for the vocational rehabilitation of the long-term unemployed and people at risk of exclusion from the labour market.

The aim is to:

- ◆ promote pathways to employment for individuals at risk of exclusion from the labour market, particularly persons with little or no qualifications. The main target groups are: the long-term unemployed between the ages of 45-65, women, persons with disabilities, ethnic minorities and young people who drop out of school;
- ◆ reduce the dependence of the unemployed on social benefits (unemployment and disability) by facilitating their integration or reintegration into the labour market.

Three priorities were established to achieve these aims, defined in terms of the type of action carried out rather than the target groups to whom they are addressed. These are: training (ECU 480 million), job placement (ECU 120 million) and pathways to integration (ECU 277 million). The Netherlands is the only Member State to have chosen this approach. Support for technical assistance is provided for under a 4th priority (ECU 46 million).

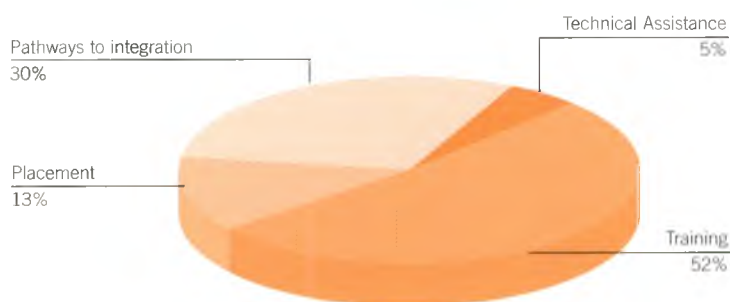
Training encompasses preparatory training, initial training and vocational training proper. It also includes practical traineeships in various types of enterprises or educational establishments with individual follow-up and personal guidance. Job placement is geared to promoting employment among groups at risk of exclusion from the labour market, using an integrated approach. Pathways to integration, on the other hand, are specifically conceived to facilitate the reintegration of socially excluded groups on the labour market.

These priorities are implemented through specific actions aimed at:

- ◆ raising the basic education and skill levels of the unemployed;
- ◆ tapping into new employment opportunities;
- ◆ facilitating the vocational integration of young people;
- ◆ promoting the vocational integration of people with various degrees of disability.

ESF resources are concentrated on the most disadvantaged target groups. The Community aid under Objective 3, therefore directly supports Dutch employment policy and should help to create a greater level of integration for social categories at risk of exclusion from the labour market in the Netherlands.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3



Beneficiaries

More than 167,000 people are expected to benefit from actions cofinanced by the ESF under Objective 3 during the period 1994-1999, of whom 110,000 will undergo training; the ultimate aim is to facilitate their return to the labour market.

Key points - Objective 3

- ◆ 68% of the ESF budget is allocated to Objective 3
- ◆ Objective 3 represents 85.5% of the aid granted under the horizontal Objectives
- ◆ priorities relate to kinds of action rather than target groups
- ◆ 167,000 people will benefit from actions financed by the ESF
- ◆ 110,000 people will benefit from training
- ◆ decentralisation of actions to Regional Employment Office

► OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

The SPD relating to Objective 4 for 1994-1999 was approved on 14 December 1994, providing aid amounting to ECU 156.2 million. The Netherlands have been lagging behind to a certain extent in the field of continuing training which has a key role to play in employment, and it has become one of the priorities of the Dutch government to facilitate the adaptation of workers to changes in production systems. Access to training is still unsatisfactory for certain categories of workers, particularly those with low skill levels and employees of small and medium enterprises. This is mainly due to a certain reluctance of both employers and employees to participate in the training on offer, gaps in the training system, which is not always tailored to the specific needs of workers faced with changes in production, and the financial constraints of certain enterprises.

In conformity with sectoral collective agreements, enterprises and the Social Partners share responsibility for the continuing training of workers in the Netherlands. Nevertheless, many measures to encourage continuing training have also been taken by the public authority; government programmes, however, are often limited in scope and are not always geared to the target groups mentioned above.

ESF action under Objective 4 is therefore geared to increasing the effectiveness of the continuing training system by facilitating access, particularly for employees at risk of unemployment (SMEs, low-skilled workers, workers under fixed-term contracts). Special emphasis is placed on SMEs lacking the financial resources to invest in the training of their staff.

The following priorities were adopted for the implementation of the general objectives of the Dutch programme:

priority 1

Promote awareness of the importance of continuing training, and the inclusion in business culture of the need to forecast the future training needs of people in employment. ECU 29.1 million

priority 2

Readjust available training to needs. ECU 13 million

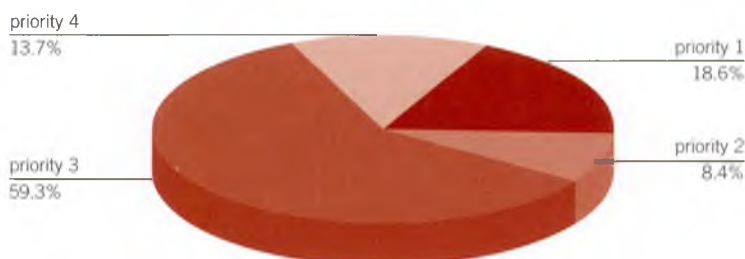
priority 3

Implement training programmes for workers at risk of unemployment due to changes in production systems in order to help them keep their jobs. ECU 92.6 million

priority 4

Technical assistance. ECU 21.4 million

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



Beneficiaries

The funds available under Objective 4 are not sufficient to finance the training of the entire target group. Nevertheless, it was estimated that there would be more than 100,000 beneficiaries from this aid in the period 1994-1999. Some 41,000 people, 25,000 of whom come from the SME sector, are expected to benefit from training in 1996, thanks to the contribution of the ESF under this Objective.

Key points - Objective 4

- ◆ almost 12 % of ESF aid to the Netherlands
- ◆ 100,000 people expected to benefit from training
- ◆ aimed at increasing the interest of employers and employees in training
- ◆ early identification of skill gaps for those most threatened with redundancy
- ◆ encourage participation of workers rarely involved in training
- ◆ promote in-firm training for vulnerable workers

It is worth noting that, in spite of its limited scope, the ESF contribution to the Netherlands under Objective 4 is particularly useful since it has led to both quantitative and qualitative improvements in government policy.

In fact it is quite likely that this innovative approach under Objective 4 is making the industrial sector more aware of its responsibility in the organisation and management of continuing education, particularly for workers at risk of unemployment because of changes in production systems.

Regional Objectives - in which the ESF integrates with other Structural Funds

About 24% of the Dutch population comes under regional Objectives 1, 2 and 5b and more than 20% of the ESF allocation goes to these Objectives.

► Objective 1

Development of the least prosperous regions

The region of Flevoland (255,000 inhabitants) qualified under Objective 1 for the first time during the period 1994-1999. With a GDP per head which is 78% that of the Community average, Flevoland is the only Dutch region to be included under Objective 1. The SPD was adopted by the Commission on 29 June 1994. This Objective relates to 1.4% of the Dutch population. The ESF contribution amounts to ECU 40 million out of a total of ECU 151 million from the Structural Funds as a whole.

The strategy adopted for the development of human resources in Flevoland is aimed at:

- ◆ improving job prospects in the region by identifying labour market demands
- ◆ helping local enterprises to enhance their competitiveness, through staff training, particularly in new technology
- ◆ enhancing the added value of the region
- ◆ Aiding enterprises that create jobs in the Flevoland region

The European Social Fund contributes to the following development priorities:

- ◆ industrial support (ECU 10.1 million)
- ◆ tourism (ECU 0.9 million)
- ◆ human resources (ECU 27.1 million)
- ◆ technical assistance (ECU 1 million)

Key points - Objective 1

- ◆ represents 3% of ESF allocation to Objective 1
- ◆ great effort made to develop training and bring it in line with market needs
- ◆ aim to raise the average GDP to 85% of the Community average

► Objective 2

Converting the regions seriously affected by industrial decline

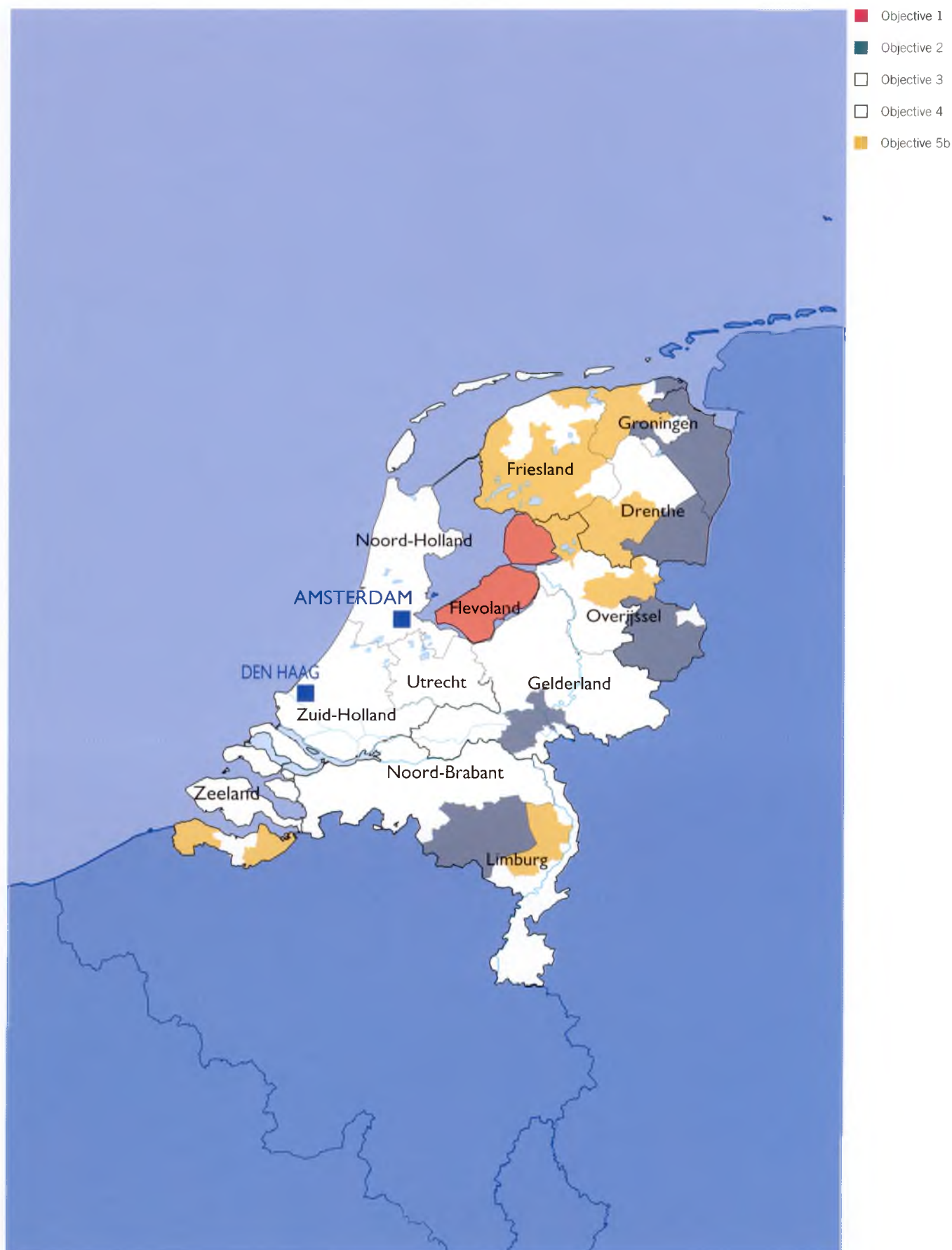
Whereas only three Dutch regions qualified under Objective 2 for the period 1988-1993, five regions now qualify for 1994-1999 and receive a total allocation of ECU 230 million from the ESF (ECU 80 million for 1994-1996 and ECU 150 million for 1997-1999), which is 34,5% of Community Structural aid under this Objective (ECU 666 million). The regions covered are: Twente, Groningen-Drenthe, Zuid Limburg, Arnhem-Nijmegen, and Zuidoost-Brabant. Objective 2 concerns more than 17% of the Dutch population.

BREAKDOWN OF ESF FUNDING - BY OBJECTIVE 2 REGION

ECU million

Region	ESF	Total Structural Funds
Twente	46.7	128.3
Groningen-Drenthe	60.5	167.7
Zuid-Limburg	32.1	95.9
Arnhem-Nijmegen	36.4	123.2
Zuidoost-Brabant	54.2	152.6

The strategy adopted in the two series of SPDs (five for 1994 - 1996 and five for 1997 - 1999) is aimed at stimulating growth and re-conversion founded on research and development, boosting SMEs, the tourism sector, diversifying the regional economy, supporting local job-creating initiatives, and encouraging the use of new technology so as to generate employment.



Twente

The main objective is to create new jobs where the unemployment rate is higher than the national average (7.9% compared to 6.7%).

To that end, the ESF allocated ECU 46.7 million to re-conversion initiatives in the region between 1994 and 1999, out of a total of ECU 128.3 million for the Structural Funds as a whole.

The following main priorities were set for this region which is characterised by a textiles industry in re-conversion:

- ◆ development of new kinds of activities, particularly in the fields of transport, distribution and logistics;
- ◆ boosting local industry with a particular focus on SMEs;
- ◆ development of tourism.

Groningen-Drenthe

The ESF allocated ECU 60.5 million to this region of 606,000 inhabitants for the period 1994-1999, out of a total of ECU 167.7 million for the Structural Funds as a whole. The main objective is to increase the GDP growth rate in the region in order to stimulate employment.

The following priorities were therefore set:

- ◆ boosting the industrial sector and services;
- ◆ development of the tourism sector.

Zuid Limburg

The ESF allocated ECU 32.1 million to this region under Objective 2, out of a total of ECU 94.9 million for the Structural Funds as a whole. The main objective is to create new jobs and to raise the standard of living in this region of 389,000 inhabitants, which still bears the signs of its mining past. About 15% of the population is officially unemployed but the real unemployment rate is closer to 20% and is particularly high among women.

The ESF allocations are therefore used to finance the following priorities:

- ◆ industrial development with particular emphasis on SMEs and new technology;
- ◆ development of the transport and logistic sectors in the region;
- ◆ development of basic training in the region;
- ◆ development of tourism.

Arnhem-Nijmegen

This is a region of 470,000 inhabitants. ESF aid totals ECU 36.4 million out of a total of ECU 123.2 million for the Structural Funds as a whole for 1994-1999. The main objective is to strengthen the economic structure of the region so as to increase production and generate employment.

The following goal was set for the Arnhem-Nijmegen region:

- ◆ to set up a new group of economic activities in connection with the 'Eurotradeport' project which is geared to developing transport and distribution in the region. This entails business services, modernising the industrial sector, particularly SMEs, and boosting the tourism sector.

It should be mentioned that the Eurotradeport project attracts about 53% of the total cost of the SPD for Arnhem- Nijmegen (ECU 90.4 million - 7.1 million of which is financed by the ESF). The ESF also finances training programmes for employees in the public works sector, within the framework of this project.

Zuidoost-Brabant

The ESF allocated ECU 54.2 million to this region of 666,000 inhabitants for the period 1994-1999, out of a total of ECU 152.6 million from the Structural Funds as a whole. Efforts have been concentrated on strengthening local industry, particularly SMEs, and the use of new technology and developing tourism.

Key points - Objective 2

- ◆ ESF contribution: 35% of Objective 2
- ◆ emphasis on boosting local industry (particularly SMEs)
- ◆ training in advanced technology is an integral part of the regional conversion strategy
- ◆ emphasis on the development of know-how in the Zuid Limburg region

► Objective 5b

The development and structural adjustment of rural areas

Friesland was the only region to qualify under Objective 5b in the previous programming period, but an additional four regions qualify for 1994-1999: part of Groningen and Limburg and all of Overijssel and Zeeland. About 5.4% of the Dutch population therefore qualifies for Community aid under Objective 5b.

BREAKDOWN OF ESF FUNDING - BY OBJECTIVE 5b REGION

ECU million

Region	ESF	Total Structural Funds
Friesland	4.6	68.7
Groningen-Drenthe	6.64	34.9
Limburg	2.93	19.10
Zeeland	1.6	11.80
Overijssel	1.83	15.50

The ESF provided these rural regions with ECU 17.6 million out of the total ECU 150 million allocation from the Structural Funds under this Objective.

The main priorities under this Objective are to develop SMEs and promote start-ups, invest in human resources and develop tourism (particularly rural tourism).

Friesland

The main objective is to reduce the deficit in the development of the economy of this region and to strengthen its local base in order to improve job prospects. The ESF contribution of ECU 4.6 million is mainly geared to the development of the private sector.

Groningen-Drenthe

The ESF contribution of ECU 6.64 million is aimed at reducing the level of unemployment by strengthening and diversifying the structure of the regional economy. Measures financed by the ESF include training, particularly in the agricultural sector, and strengthening the training infrastructure.

Limburg

The ESF provides ECU 2.93 million towards raising the quality of the economic structure of the region in order to generate employment, particularly through training actions in the agricultural and tourism sectors, especially rural tourism.

Zeeland

The ESF contributes ECU 1.6 million towards improving the labour market situation in the Zeeland region.

Overijssel

The ESF allocation of ECU 1.83 million finances vocational training in the agricultural sector with the aim of stabilising regional employment levels in agriculture.

Key points - Objective 5b

- ◆ ESF contribution: 12% of Objective 5b
- ◆ 4 new regions qualified under Objective 5b for the period 1994-1999
- ◆ emphasis on training in the agricultural sector
- ◆ promotion of rural tourism an integral part of the regional diversification strategy

Human Resources component of Community Initiatives in the Netherlands

Employment

The ESF contributes ECU 62.6 million to the Netherlands under this Initiative for the period 1994-1999.

HORIZON, which is the priority strand of the Dutch programme, is designed to facilitate the integration of persons with disabilities into the labour market by developing teleworking, introducing flexible learning systems (such as distance learning and interactive learning tools). HORIZON includes, among other things, support for the development of assisted employment. INTEGRA, which was introduced in 1996, is focused on the most vulnerable groups in society and is designed to promote counselling, training and work experience as a means of combating exclusion.

YOUTHSTART gives priority to people of foreign origin and youth with low qualifications. The Netherlands focuses its efforts on cooperation between public authorities in the field of education and training.

Actions funded under NOW are mainly aimed at combating the exclusion of women from the labour market and boosting the presence of women in trade unions and professional organisations.

Adapt

The Adapt Community Initiative is designed to facilitate the adaptation of workers to changes in production systems, to help enterprises increase productivity, and to assist in the creation of new forms of employment. The ESF has allocated ECU 69.6 million to the Netherlands under this Initiative. The focus is on a whole series of measures aimed at facilitating innovation in SMEs, supporting new enterprises as potential generators of employment, and encouraging the transfer of know-how and expertise from large to small enterprises, as well as promoting cooperation between SMEs, research institutions and training organisations. Training plays a central role in the Dutch programme. The main target groups are workers with low-skill levels, SME employees, middle level management and support structures for SMEs for the transfer of know-how. The Adapt initiative is expected to create 2,000 new jobs in the Netherlands.

In addition, the ESF contributes, amounts totalling ECU 7.1 million, through these other Community Initiatives: Interreg, Konver, Pesca, Retex, SME and Urban.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

Some 42% of the total ESF resources are used for this purpose. Like other Member States, the Netherlands is confronted with a rising trend in long-term unemployment. ESF support is therefore designed to complement actions undertaken by the Netherlands to limit the structural character of long-term unemployment through the following concrete actions:

Measures to facilitate access to employment and skills acquisition through work experience

District councils created employment pools in cooperation with regional employment agencies as early as 1990. Close to three quarters of the participants had been unemployed for more than five years and two thirds of them were over the age of forty. The aim was to increase the number of jobs in the employment pools. A temporary and gradually diminishing wage subsidy is provided over a three year period to smoothen the passage back to regular employment.

The creation of these 20,000 new and temporarily subsidised jobs in the private sector also gives people an opportunity to acquire work experience which is another priority aim of this action. These temporary jobs are intended for people who have the greatest difficulties in returning to the labour market.

There is also provision for recruiting the long-term unemployed for the social sector.

Measures for raising skill levels and qualifications

Training schemes are provided to help the long-term unemployed with the greatest difficulties in entering the labour market and to prepare them for vocational training. These may include courses in Dutch, general knowledge, or forms of training in line with labour market requirements; the courses do not contain a guarantee of employment.

B. Vocational integration of young people

Some 27% of ESF resources are devoted to combating youth unemployment. Young people were designated as one of the target groups in the Flevoland region (which qualifies under Objective 1) for example. The selection criteria states that preference will be given to unemployed people under the age of 25. Special attention is given to school leavers and those dropping out of school prematurely.

Actions are mainly aimed at preparing young people to enter the labour market, through preparatory training, counselling and career guidance. The pathways to integration which were created to combat youth unemployment (particularly those who have left school prematurely) play a central role in improving the situation of young people on the labour market.

Broadening the apprenticeship system/developing training

About 12,500 young people leave school every year without having attained a diploma, whether it be a MAVO (general secondary school certificate) or an LBO (secondary school vocational training - 1st level). A good deal of effort is put into encouraging these young people to take a KMBO diploma course (secondary school vocational training - 2nd level) and an apprenticeship. About 45,000 young people enter the apprenticeship system every year and the Dutch authorities have launched an action aimed at creating an extra 20,000 apprenticeships per annum. There is also provision, in cooperation with the apprenticeship system, for additional training for young people who leave school without having attained a basic qualification.

Vocational training schemes are also planned within the framework of Objective 1 and the Objective 3 SPD lays particular emphasis on the vocational integration of young people.

Measures to facilitate access to employment

The Flevoland region promotes job-creation measures and runs a guaranteed employment programme for young people. Young people are also given priority in the allocation of 10,000 new jobs created in the social sector under Objective 3.

There are preparatory courses to facilitate access to the guaranteed employment programme, especially for young immigrants. These measures are developed in close cooperation between social institutions, help organisations, and training and employment services.

Measures to adapt skills to the requirements of the labour market.

Regional employment offices coordinate support for bodies such as youth aid services, social security, youth associations and schools in order to develop a more coordinated and effective approach, identifying the requirements of the labour market with the aim of facilitating swift and stable vocational integration.

C. Integration of persons at risk of exclusion from the labour market

Some 3% of ESF resources go towards this aim.

Because of their integrated approach, the pathways to employment are essential to facilitate the employment of persons at risk of exclusion from the labour market. Particular emphasis is placed on persons with partial invalidity because of national measures to promote the employment of the large number of workers coming within the scope of invalidity laws.

The pilot project developed by the North Brabant region for people with mental disabilities is also worth mentioning.

D. Promotion of equal opportunities in the labour market between men and women

About 1% of the ESF allocation goes towards promoting equal opportunities in the labour market between men and women.

Very few measures in the current SPD for Objective 3 are specifically directed at women, but special emphasis is placed on the importance of the equal participation of men and women in all actions. Preparatory training schemes are available for women who have been dependent on social security and wish to return to the labour market after a long absence. Women are also well represented in basic training and employment schemes.

Priority is also given to women who have been unable to find employment, particularly to women with no social security and/or belonging to an ethnic minority.

Regional SPDs under Objective 2 for the period 1997-1999 are also particularly attentive to the needs of women.

E. Anticipation of labour market trends and adaptation of worker skills to change

Some 17% of the ESF allocation is aimed at facilitating the adaptation of workers to changes in production systems. The projects which have been approved are therefore aimed at promoting greater use of technology in enterprises, facilitating the setting up of effective training systems within the enterprises themselves and improving the quality of training offered.

The following measures relating to training were determined under Objective 4.

Financial support for the development of the management of human resources, particularly in SMEs, in order to promote in-firm training, and to provide individual counselling to employees who might be at risk of unemployment.

These include:

- ◆ assessing existing skills and promoting the development of new competences;
- ◆ counselling employees to help them identify the type of training best suited to their needs;
- ◆ running programmes to raise awareness among employers of the need for training and its potential as a management tool.

Financial aid for identifying the skill gaps in persons at risk of unemployment, due to economic and technological change, and changes in work organisation.

This measure provides an opportunity to:

- ◆ identify trends and how they quantitatively and qualitatively affect the development of employment in the sector or region concerned;
- ◆ monitor the career developments of individuals with low levels of basic training.

Reduce the problems of some forms of training being too theoretical in content and relieve other constraints such as transport difficulties, unsuitable time-schedules, etc. In-house training is encouraged for enterprises as well as exchanges of trainers between firms, and the use of distance learning and CD-ROMs.

Training subsidies: these are used to cover part of the costs incurred by the training organisation and the employer, and to compensate for any loss of pay encountered by the employee while following training.

The provision for developing systems capable of forecasting labour market trends and future training needs is designed to enable firms to adapt to changes in production systems at an early stage. An example of this is the employment observatory being set up under the auspices of the directorate dealing with the labour market in the Ministry of Social Affairs and Labour precisely. The research institute of the University of Maastricht which has been entrusted with this project will have the task of developing appropriate tools to diagnose and identify future labour market trends in the Netherlands, and then inform the Ministry of Labour of specific training needs.

F. The ESF - an instrument of regional development

Boosting human potential in the field of research, science and technology

One of the eight development priorities in the Flevoland SPD is the creation of a centre to promote innovation and the transfer of technology. This is designed to help SMEs foster direct links with institutes of research and development in Flevoland and other regions in the Netherlands. Two regional telecommunication centres in rural areas will also be able to link up to this technology transfer centre.

Another project worthy of mention is the KIM project. This provides aid to enterprises that need to employ university graduates and highly qualified personnel to facilitate the introduction of advanced technology and new working methods in enterprises.

There are also measures to promote agricultural research in 5b areas: Friesland, Groningen, Drenthe, Overijssel, Zeeland and Limburg.

SECTION 4

Management and follow-up

The following organisations share responsibility for the management and follow-up of ESF actions: the Ministry of Social Affairs and Labour, the Department for Employment - including the Central Employment Office and the Regional Employment Offices.

Responsibility at national level

The Ministry of Social Affairs and Labour is the main governmental body responsible for the implementation and administration of labour and social security law. It is also responsible for the overall management of the ESF in the Netherlands.

In January 1991, the government relinquished its role as sole initiator of policy and set up Employment Services, a tripartite organisation. Since then, responsibility for policy-making is shared between the government (represented by the Ministry of Social Affairs and Labour) and the central federations of employers and employees.

The Employment Services are organised at central and regional level and are divided into:

- ◆ a Central Employment Office;
- ◆ Regional Employment Offices.

Since January 1996, the Employment Service has been divided into 18 regions (compared to the previous 28).

Responsibility at regional level

The Regional Employment Offices are, like the Central Employment Office, tripartite bodies in which the government and regional federations of employers and workers are equally represented. The government is represented by local authorities and departmental advisors.

The Central and Regional Employment Offices work in close collaboration and are jointly responsible for the training of job-seekers and other groups at risk on the labour market. The Regional Offices determine the number of people to be trained and the training tools

to be used. They deal mainly with vocational training and counselling services and the vocational training system in general.

In agreement with the Ministry of Social Affairs and Labour, the National Employment Office is responsible for implementing ESF programmes under Objectives 1, 2, 3, and 5b.

In the case of Objective 3, The ESF allocates a specific amount to all regional Employment Offices which is reviewed annually.

Objective 4 called for a totally new structure because the public sector had never been responsible for the training of employees before; up until then, training was mainly the responsibility of enterprises and Social Partners. A special service called 'Bureau Uitvoering Europese Subsidie Instrumenten' (BUESI) was set up in the Ministry of Social Affairs and Labour in mid-1995. This body enjoys a special temporary statute and is responsible for implementing the ESF under Objective 4.

The Monitoring Committees

A Monitoring Committee was set up for each programme under Objectives 1, 2, 3, 4 and 5b. Decisions relating to the financing of regional ESF projects under Objectives 1, 2 and 5b are taken at regional Monitoring Committee level. Projects are implemented on the basis of the Single Programming Documents set for each Objective (1, 3, 4) or region (2, 5b). There are 13 Monitoring Committees in the Netherlands. These committees monitor the implementation of ESF programmes and meet at least twice a year, or more frequently if necessary. The social partners are represented on all of these committees.

Special coordinators have also been appointed by the regional Employment Offices to process applications for ESF projects and write evaluation reports.

Portugal

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1995-1999

Economic situation

Portugal covers 92 072 km² and can be divided into two parts: the mainland accounting for 97% of the surface area, and the island groups of Madeira and the Azores. The population stands at about 9.8 million, 95% of whom live in the mainland.

Since Portugal joined the European Community in 1986, the performance of the Portuguese economy has been particularly encouraging. The average GDP growth was 3.3% between 1989 and 1993 - compared to 2.1% for the whole Union for the same period. It should also be noted that in 1994 income per capita had reached 73.3% of the EU average but this income was only 55.3% in 1986. The dynamic development of productive investment and the rapid growth in exports have powered an expansion of economic activity. Simultaneously new plant and infrastructure has been developed, schooling and training levels have increased and the provision of services to the population improved in a wide variety of fields.

Despite these significant improvements, economic development in every region of Portugal is below the Community average, which is why the entire country is included in the list of areas eligible for assistance

under Objective 1. GDP per capita does not go beyond 58% of the EU average and major obstacles to Portugal's development call for active State intervention together with the application of resources which cannot be mobilised at national level.

The Portuguese economy is dominated by small-sized companies: more than 10% of wage-earners in the productive sector work in units of fewer than five workers and more than 50% of workers are employed in units of less than fifty people.

A large number of Portuguese companies have difficulties in making use of 'dynamic factors of competitiveness' such as training, information, technological innovation, productivity, marketing, etc. Most Portuguese companies have difficulties in defining business strategies and function primarily as suppliers of production capacity hence their great importance in the subcontracting sector.

Since 1991, growth in Portugal has slowed in response to the world-wide economic slump. External demand has fallen, snapping exports, while domestic demand has been weakened by a combination of the drop in private sector investment and reduced household consumption.

Labour market

During the last ten years, unemployment in Portugal was relatively low - between 4% and 8%. Indeed between 1986 and 1991 the average annual increase in the volume of employment was 2.8% (EUR 12: 1.5%) whereas the activity rate went up from 70.6% to 73.9%. Since 1991, the slowdown in economic activity has increased the pressure on the labour market and is causing an increase in the level of unemployment. This increase in unemployment hit particularly young people and long-term unemployed.

Dynamic population growth gives Portugal a high growth potential in manpower. On the one hand this

growth poses an important challenge in terms of job creation. On the other hand, the availability of manpower guarantees Portugal a high growth potential, especially in its capacity to attract productive industries relocating in Europe. However, shortfalls and impediments persist with regards to skill levels within the labour force. Portugal has a very high illiteracy rate, levels of schooling are markedly lower than the Community average (76.5% of the working population has not been educated beyond primary-school level). The possibilities of promoting a system of continuing further training are hampered by the poor initial education and training conditions.

SECTION 2

Structural Fund programmes in Portugal

A. Allocation by Fund and Objective

Over the period 1994 - 1999, Portugal will benefit from total structural funding amounting to ECU 14 billion. The ESF portion amounts to ECU 3.1 billion, around 22.5% of total allocations. Additional assistance amounting to ECU 890 million, out of which ECU 95 million, from the ESF, is allocated to Portugal through the Community Initiatives. Portugal is also one of the Member States to receive assistance from the Cohesion Fund.

As all of Portugal is eligible under Objective 1, 75% of the total cost of actions can be financed by the Structural Funds.

The Portuguese authorities have chosen to programme actions supported by the Structural Funds, by way of a multifund Community Support Framework (CSF).

The CSF is implemented through 15 OPs and 1 global grant:

- ◆ 6 sectoral Operational Programmes
- ◆ 1 non-regional Programme to promote regional potential
- ◆ 7 regional Operational Programmes
- ◆ 1 Operational Programme of technical assistance
- ◆ 1 Global Grant to support local authority development projects.

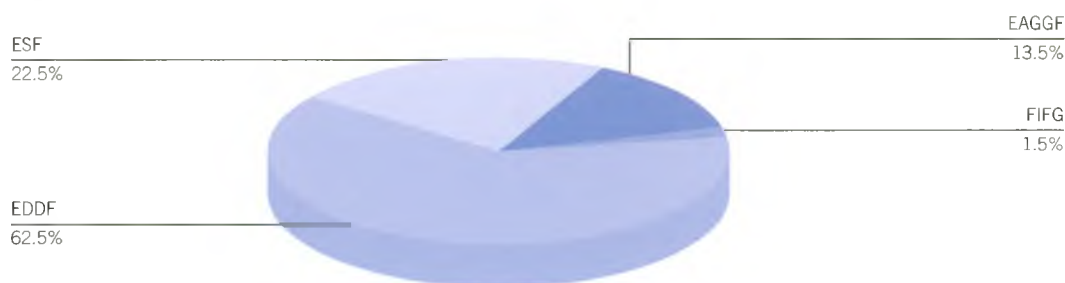
The ESF contributes to eight of these OPs.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING

ECU million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	13980	3149	8724	1894	213
Community Initiatives					
Employment	45.5	40	5.5		
Adapt	21.4	21.4			
Others	823.8	33.6	671.8	97	21.3
Total	890.7	95	677.3	97	21.3
General Total	14870.7	3244	9401.3	1991	234.3

BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



■ Objective 1



B. Main features of the ESF component in the Structural Fund programmes

Regional Objectives in which the ESF integrates with other Structural Funds

► Objective 1

OBJECTIVE 1

Development of the least prosperous regions

The whole of Portugal qualifies for structural assistance under Objective 1 for the period 1994-1999.

The Portuguese CSF together with the relevant OPs were adopted in February 1994.

The main objective underlying the CSF is the modernisation of the productive fabric, closely linked to the development of human resources and the improvement of infrastructures. It is expected that actions in these three areas should have a positive impact on reducing regional disparities and improving social cohesion.

Thus, the CSF concentrates on the four following priorities:

Priority 1

Developing human resources and promoting employment. ECU 3059.5 million

Priority 2

Improving competitiveness within the economic infrastructure. ECU 6306.2 million

Priority 3

Improving the quality of life and furthering social cohesion. ECU 1264 million

Priority 4

Strengthening the regional economic base. ECU 3144.3 million

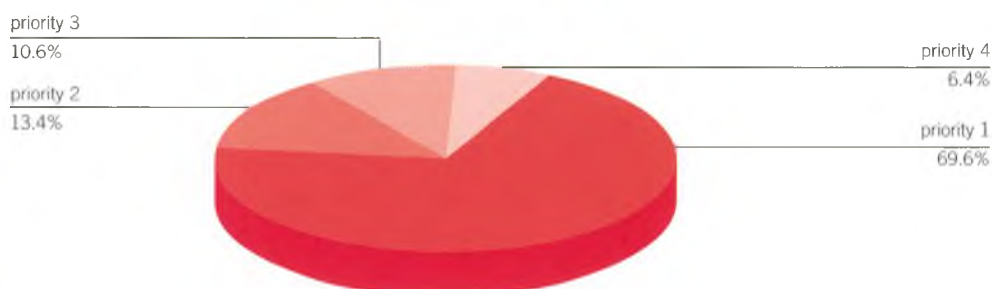
Provision is also made for technical assistance amounting to ECU 205.9 million.

The ESF allocation in the CSF is ECU 3148.6 million representing 22.5% of total structural funding. ESF funding is allocated around the four priorities as the ESF intervenes in each of them.

BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY PRIORITY (excluding Technical Assistance)



BREAKDOWN OF ESF ALLOCATION BY PRIORITY (excluding Technical Assistance)



Impact of the ESF

The importance of ESF assistance in Portugal is quite significant, both in terms of expenditures and additionality. Approximately 56% of Portuguese expenditure in vocational training and active labour market measures is financed by the ESF. In the same way, education and research expenditure is largely supported by the ESF. Moreover, ESF assistance has greatly contributed to the creation and setting-up of a new sector in Portugal for Vocational Training and Employment. Given the considerable effort made under the first CSF (1989-1993), around 250 000 persons per year benefited from vocational training (25 000 persons per year before Portugal joined the Community). This is equivalent for a four year-period, to one fourth of the active population. It is expected that under the current period, ESF assistance will allow the training of 350 000 persons per year. At the same time, 280 000 persons will benefit from employment aids between 1994 and 1999.

The ESF annual allocation to Portugal represents 0.74% of GDP.

Priorities

All financial assistance from the ESF is directed to the following priorities:

- ◆ improving education systems and quality of basic education
- ◆ strengthening of scientific and technical training
- ◆ promoting vocational training within secondary education
- ◆ strengthening of continuing education
- ◆ supporting vocational integration of disadvantaged groups
- ◆ improving employment services
- ◆ supporting regional and local development
- ◆ employment aids

Within the CSF, the breakdown of ESF allocation per Objective is as follows:

Objective 1	ECU 1817 million	58%
Objective 3 type measures	ECU 1177 million	37%
Objective 4 type measures	ECU 155 million	5%

This means that Objective 4 type measures represent 12% of the total amount allocated to Objectives 3 and 4 type measures.

The ESF allocation is divided between 8 OPs - which is a considerable reduction compared to the previous period which counted 33 OPs - This results in OPs of quite an important size and in simplification of the financial procedures between the national authorities and the Commission.

BREAKDOWN OF ESF FUNDING BY OPERATIONAL PROGRAMMES

Operational Programmes	ECU million	%	CSF priority
Vocational training and employment	298	41.2%	priority 1
Knowledge base and innovation	844	26.9%	priority 1
Modernisation of the economic fabric	414	13%	priority 2
Healthcare and social integration	328	10.4%	priority 3
Promotion of regional development potential	81	2.6%	priority 4
Autonomous region Azores	62	2%	priority 4
Autonomous region Madeira	51	1.7%	priority 4
Technical Assistance	71	2.2%	
TOTAL	3 149	100%	

More than 81% of ESF assistance is allocated under the three first programmes.

Three OPs are exclusively dedicated to human resources development

Divided in sub-programmes, their main actions and target groups are presented in the following table:

Operational Programme	Sub-programme	Target groups	Actions
Vocational training and employment	1. initial training and insertion into the labour market	young people without adequate training or qualifications young job seekers	apprenticeship schemes initial training job placement support to self-employed activities
	2. improving the level and quality of employment	workers with low level of qualification unemployed persons and workers facing industrial change	employment aids continuing training training measures to tackle industrial change support for SMEs
	3. training and management of human resources	teachers and trainers people working in employment and training centres	development of a national system of assessment and certification of training course strengthening of training support to employment services monitoring and identification of skills requirement through employment observatory
	4. training in public administration	civil servants	training course modernisation of information systems and services in public administration
Base of knowledge and innovation	1. education	young people without adequate training or qualification young people from disadvantaged groups trainers, teachers people with graduate diplomas	continuing training for teachers vocational training after secondary education technological and art training training for trainers remedial teaching to combat illiteracy advanced training for University teachers
	2. science and technology	qualified young people and adults people involved in the field of science and research company staff	involving industries in RTD activities support to university projects (grants) increasing the number of researchers training of laboratory assistants and managers in RTD fostering links between universities and companies
Health and social integration	1. health	staff and trainers in the health sector staff in related sectors such as education and social services	initial training for nurses and technicians training and retraining of trainers qualification of staff involved in implementing actions to promote health awareness
	2. social integration	long-term unemployed communities and individuals threatened by social and economic marginalisation	creation and operation of centres providing employment guidance information activities specific, adapted vocational training training of specialised staff

ESF intervention in other OPs

Modernisation of the economic fabric

A major priority for Portugal is to make the economy more competitive, through structural adjustment, modernisation and diversification. The ESF contributes to all of the sectoral OP sub-programmes. ESF support goes to the strengthening of research to develop training and information as well as organisational methods in **agriculture**. A particular focus is given to **industry**, where actions are to improve levels of competence and qualifications in industry. In the framework of the sub-programme to promote the **tourism** industry, the ESF contributes to both initial and continuous training. ESF support is also given to the **fisheries** sector to improve skills and knowledge and to minimise the negative effects of the reduction of the fishing fleet.

Promotion of Regional Development Potential

Rural and local development is fostered through the promotion of local employment initiatives, specifically in the handicraft sector, and the development of associations and agents.

Autonomous regions of the Azores and Madeira

ESF support in these regions aims at developing technical, vocational and higher education; improving training for public officials; and strengthening the level of qualifications in the agriculture, industry, fisheries, tourism and commerce sectors.

Human resources component of the Community Initiatives

The four strands of the Employment Initiative - NOW, HORIZON, INTEGRA and YOUTHSTART - provide an allocation of ECU 45.5 million over 1994-1999 to Portugal to foster best practice in the field of human resources development through innovation, local partnership and transnational co-operation. To this Initiative, the ESF contributes ECU 40 million and the ERDF ECU 5.5 million.

Under the Adapt Initiative, the ESF allocates ECU 21.4 million for the co-financing of innovative transnational projects for employees at risk of unemployment due to industrial and technological change.

In addition, the ESF contributes amounts totalling ECU 95 million through the other Community Initiatives: Interreg, Leader, Pesca, SME and Urban.

Key points - Objective 1

- ◆ the whole of Portugal is eligible
- ◆ ESF assistance is ECU 3244 million representing 22.5% of total structural funding
- ◆ almost 46% of ESF allocation aims to strengthen and improve education and training systems
- ◆ specific effort is given to the supply of technical and vocational training particularly targeted to young people

SECTION 3

Programme content and policy aims

A. Vocational integration of people threatened with long-term unemployment

The increase in employment up to the early 1990s had made it possible to absorb the growth in the labour force and to reduce unemployment significantly. Indeed, from 1986 to 1991 the average annual increase in the volume of employment was 2.8% (EUR 12: 1.5%) whereas the activity rate went up from 70.6% to 73.9% and unemployment decreased from 8.6% to 3.6% of the active population. Since 1991, the slowdown in economic activity has increased the pressures on the labour market and is causing an increase in the level of unemployment. In the current economic climate, the under-qualification of the manpower is an important factor hindering the re-employment process.

There is specific provision for tackling long-term unemployment in the sub-programme 'Improving the level and quality of employment', aiming to train approximately 45 000 unemployed people with basic training. This training is destined to those whose level of education is particularly low. This sub-programme also provides for employment aids such as recruitment subsidies and exemption from social security contributions.

But the problem of long-term unemployment is more specifically addressed in the sub-programme 'Economic and social integration of disadvantaged groups'. Different measures are designed to increase and improve the chances for long term unemployed people to access vocational training and the employment market. Actions aim at providing them with information, vocational guidance, specific training and back-up measures to facilitate professional integration. Priority is given to those who have been unemployed for more than two years, who receive no social security and to women who face serious problems in getting back to work. It is expected that some 30 300 unemployed people will benefit from these measures.

B. Vocational integration of young people

About 17% of the Portuguese population is aged between 15 and 24. The average level of schooling for this groups is very low. It is expected that between 1993 and 1999 approximately 200 000 young people will leave school without completing their secondary education and without any vocational qualification.

In view of the low level of schooling and vocational qualification of young people and the fact that the unemployment rate of this group is much higher than that for adults, measures aimed at the initial qualification of young people and their integration into the labour market is a key aim of ESF assistance.

Throughout the CSF, several measures are directly targeted to young people.

The 'Initial training and insertion into the labour market' sub-programme envisages the following measures:

- ◆ apprenticeship: a three-year apprenticeship system combines theoretical and on-the-job training, and provides school and vocational qualifications. It is expected that about 90 000 persons will benefit from this measure by 1999;
- ◆ initial qualification: it is intended that around 76 000 young people who leave school without any qualification will benefit from a vocational training course of at least one year's duration leading to a vocational qualification. The theoretical part of the course will be given at accredited training centres;
- ◆ units for integration into working life (univas): these units, based in schools and vocational training centres, make up a network which provide young people with information on job placement and follow-up services,

It should also be noted that a number of measures geared to improving education and vocational systems, (see F. below) in particular, to increase the supply of vocational and technical training (by expanding vocational schools) are specifically targeted at young people.

C. Integration of people at risk of exclusion from the labour market

The sub-programme 'Economic and social integration of disadvantaged groups' is not only targeted at helping long-term unemployed people (see A.). It also seeks to mitigate the fact that progressively larger segments of the population encounter difficulties in gaining access to the labour market and in social integration in general. In addition to the groups traditionally seen as disadvantaged, new categories are gradually emerging, such as drug addicts, ex-convicts, prisoners and ethnic and cultural minorities. The objective of this sub-programme is to reduce the factors which cause social and

economic marginalisation, and to facilitate social and economic cohesion by specific measures:

- ◆ support for socio-cultural development aiming to mobilise both human and institutional resources for the effective implementation of preventive actions including the establishment and operation of reception facilities;
- ◆ economic and social integration of handicapped people: actions will focus on vocational assessment and guidance, training and job promotion - training of specialised personnel and agents involved in the re-habilitation process (with the use of new technologies to improve training) - information and sensitisation of potential employers
- ◆ integration of other disadvantaged groups: in addition to information and awareness measures and vocational training tailored to their specific needs, provision is made for the training of persons involved in the process of socio-economic re-habilitation.

D. Promotion of equal opportunities in the labour market between men and women

In this current CSF, the Portuguese authorities have decided not to include a specific priority for women. They have decided to reinforce the position of women in mainstream measures, horizontally, throughout the eight Operational Programmes cofinanced by the ESF. However it should be noted that a new legislation was drawn up to give a new dynamic to training of women. Employment aids are increased by 20%. A company who employs a woman in a man's job, and/or women who set up as self-employed, receive an extra 20% aid. The Ministry of Employment and qualification has recently appointed an 'equal opportunities officer' in charge of co-ordinating and monitoring actions aiming to promote the training of women in mainstream measures. The officer will also liaise with the Commission for Equal Rights of Women (CEDM) of the national parliament.

E. Anticipation of labour market trends and adaptation of worker skills to change

In Portugal, actions relating to the adaptation of workers to industrial change are contained in two programmes: the OP 'Vocational training and employ-

ment' and the sub-programme 'Modernisation of the economic fabric'. Around ECU 155 million should be allocated to this priority which represents almost 5% of the total ESF allocation.

As regards anticipation, two types of measures are envisaged under the sub-programme 'training and human resource management'. Monitoring and identification of skill needs will be implemented thanks to the creation of an employment and training observatory and a number of prospective and sectoral studies will be carried out, aiming to identify of skill needs.

Specific Objective 4 type measures are envisaged in the three programmes: 'Modernisation of the economic fabric', 'Improvement of the level and quality of employment' and 'Training and human resource management'. The strategic objective is to stimulate sustained growth in the competitiveness of industrial firms by allowing them to grow sufficiently to meet the challenge of changes in technology and markets. Assistance will not be limited to physical and material aspects of investment projects (supported by ERDF) but will also be given to qualitative aspects: training, innovation, design and marketing. Measures focus on management training that forms part of a global enterprise development strategy, and training to satisfy the specific needs of sectors. The situation is particularly serious in sectors in crisis such as the textile, electrical, steel and the shipbuilding industries, where a number of workers are threatened with redundancy.

The sub-programme 'Improvement of the level and quality of employment' envisages a system of continuing training for employees, based on specific training plans, that will be gradually introduced as well as the introduction of a network of accredited training centres.

Small firms will receive incentives to encourage them to provide training for their employees.

For instance, unemployed people, already trained, will replace workers in SMEs during their training. These actions cannot be developed without the improvement of training systems: special attention is given to the development of training methods, to the training of trainers. Priority is also given to developing a national system of assessment and certification of training courses as well as monitoring and identification of skill needs.

F. The ESF - an instrument of regional development

Employment growth and stability

In order to boost employment growth, the ESF combines with the other Structural Funds in the development of the Portuguese economy to make it more competitive. The role of the ESF is to support human

resources in the following sectors:

- ◆ agriculture: agriculture has a greater social and economic importance in Portugal than in the rest of the Union as it accounts for 11% of total employment. The main objectives for this sector is greater competitiveness and the need to modernise. The ESF aims at increasing agricultural research capacity, developing training and expanding the organisational capacity of farmers. It is expected that 7 700 farmers and 970 technicians will be trained each year.
- ◆ a particular focus is given to industry, where ESF actions to improve levels of competence and qualifications in industry are promoted;
- ◆ for the tourism industry, ESF actions contribute to both initial and vocational training;
- ◆ ESF support also goes to the fisheries sector to improve skills and knowledge and to minimise the negative effects of the reduction of the fishing fleet;
- ◆ rural and local development is fostered through the promotion of local employment initiatives, specifically in the handicraft sector, and aid to the development of associations and agents.

Boost human potential in the fields of research, science and technology

Total per capita expenditure on R&D is very low in Portugal - about one-tenth of that in Germany and half that in Spain. The main objective in the CSF of the science and technology programme is to strengthen the participation of industry. ESF support will concentrate on financing projects in the university and business sectors. A large number of grants (4 200) will be allocated in the field of human resources with a view to increasing the number of researchers as a proportion of the active population. Training for ancillary laboratory staff and managers in the research field will also be given priority. Links between universities and businesses will be promoted and the placing of researchers in businesses facilitated.

Strengthening the education and training systems

The previous CSF made a decisive contribution to increasing the teaching and training potential in Portugal. In spite of the progress achieved in recent years in the educational/training system, its development remains a top priority for Portugal. ESF actions in the current CSF focus on:

- ◆ improving the school network, the quality of teaching and the interface with productive activities;

- ◆ developing the scientific system;
- ◆ developing a system of initial vocational training complementary to the educational system and an effective system of continuing education.

The following measures will be implemented under the education sub-programme:

- ◆ compulsory education: reorganisation of the compulsory education system. Some schools have only a few students while schools in some regions are overcrowded. Provision of continuing training for teachers and managers, will improve the quality of education given and should help to reduce the number of dropouts. Teaching of foreign languages and new technologies will be encouraged;
- ◆ post-compulsory secondary education: the vocational side of secondary education will be stimulated, particularly through vocational schools. Resources will also be allocated to implement the reform of mainstream secondary education. Special attention will be given to the training of teachers, managers and vocational counsellors and to the teaching of new technologies;
- ◆ tertiary education: employers have difficulties recruiting graduate-level technicians. Supply can be increased, not only by expanding infrastructure, but by attracting students to technological subjects by awarding student grants. Priority will be given to improving links between the universities and polytechnics; modernising their curricula and ensuring that the needs of the various sectors are met.

Under the 'Training and management of human resources' sub-programme, a specific important measure aims at strengthening and making optimal use of training structures. Actions include training of teachers and instructors, organisation of training centres, employment services and management of programmes to secure a satisfactory quality of training.

Contributing to development through training of public officials

To improve the efficiency of the civil service, public officials may participate in short-term training courses, with priority given to the modernisation of services directly related to the Portuguese Regional Development Plan and other Community-funded programmes.

SECTION 4

Monitoring and follow-up

Implementation structures

At CSF level, the Governmental Commission for the Coordination of Community Funding (Comissão Governamental de Coordenação dos Fundos Comunitarios) comprising representatives of all involved ministries, is responsible for the implementation of the CSF. The commission is chaired by the Minister of Central Planning and Public Administration.

A 'Monitoring Commission' grouping representatives of organisations in charge of each of the Structural Funds, is responsible for the overall management of the CSF, under the Director-General for regional development.

At ESF level, responsibility belongs to the Ministry for Employment and Qualification. Four organisations have been set-up with specific competencies:

- ◆ the Commission for ESF Coordination: (Comissão de Coordenação do Fundo Social: CCFS) it is the central unit for policy guidelines, management and financial issues as well as information of all ESF matters. It is the direct interlocutor of the European Commission for programming issues. The CCFS regroups three other bodies;
- ◆ DAFSE (Department of ESF Affairs): in charge of overall financial management, information, control and monitoring of ESF actions;
- ◆ DGEFP (General Directorate for Employment and Vocational Training): in charge of elaborating employment and vocational training policies, evaluation, studies;
- ◆ IEFPP (Institute for Employment and Vocational Training): in charge of the implementation of the employment and vocational training policies.

Monitoring Committees

The Monitoring Committee monitors the implementation of the CSF, each form of assistance (OPs, global grant) and main sub-programmes.

Its main tasks are to coordinate the various forms of structural assistance, to monitor progress in the field and produce interim assessments on the basis of the indicators defined in the CSF, prepare any necessary changes to the CSF and/or programmes.

Under the chair of the Director-General for regional development, representatives of the following bodies take part in the Committee: the European Commission, the Department of ESF Affairs, the Institute for Agricultural Structures and Rural Development, the Directorate-General for the Treasury, the Central Planning Department, the Directorate-General for the Environment, the chairmen of the five regional councils and of the five regional coordinating committees and, where appropriate, managers of the Operational Programmes.

Social partners are not part of the monitoring committee as the Portuguese authorities consider that it is incompatible with the fact that they benefit from ESF interventions. Nevertheless, they are part of the Economic and Social Committee and attend, on a regular basis, meetings with the Commission for ESF coordination.

Spain

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

After enjoying a period of growth in the late 1980s, recession hit the Spanish economy at the beginning of the 1990s and reached a low point in 1993/1994. Whilst inflation took a downward path, the economy was hampered by a high public sector deficit amounting to 7.5 % of GDP in 1993, and spiralling levels of public debt, which had reached the equivalent of 63.5 % of GDP by 1994. Growth fell in 1993 with a reduction of 1.2% in GDP. The result was a loss of jobs and severe unemployment.

Labour market

In 1993, the national unemployment rate was 23.9% and by 1994 it had reached 24.3%. This was more than double the European average of 10.6% and the highest rate of unemployment in the EU. Women and young people were among the groups hardest hit. In 1993, 27.4% of the working population of women were unemployed (compared with 16.7% of men), and 43.5% of them were young women. The rate of unemployment among young people as a whole was 41.3%. The population of working age had grown very quickly, reaching around 12 million people in 1992, especially among women and young people, but the labour market had been unable to absorb this rise, even during the growth years. Coupled with employment levels well below the Community average and the loss of jobs caused by the recession, this contributed to the serious unemployment situation.

Long-term unemployment (people out of work for more than a year) was a severe problem, affecting 49.8% of all unemployed. Again women were badly affected; the long-term unemployment rate for men was 38.4%, but for women it was 56.2% and one third of women remained unemployed for two years or more.

The unemployment problems were exacerbated by skill shortages, the mismatch of qualifications with the needs of the labour market and the scarcity of people with professional and technological expertise. This was exemplified by the fact that many job vacancies in a wide range of specialist occupations were not filled and by the major rise in the required qualification levels. Rapid changes in job techniques and technology

and failure to keep up with the pace of those changes, only served to heighten the problems. Not only did these changes make labour less intensive, causing a loss of jobs in traditional sectors such as agriculture, but they also placed new demands on an ill-equipped work force.

Deficiencies in education and training were the cause of the under-development of human resources. In 1993, 63.7% of Spaniards over 25 had not gone beyond primary education (compared with the European average of 17.2%), while the proportion of the population with secondary and higher education was half the European average. In 1994, 26.9% of young people left school without any qualifications. Just 10.4% of the work force had undergone any technical/vocational studies and only 3.4% were actually undergoing training. Very few Spanish workers in employment had attended vocational training. The lack of a continuing education tradition was reflected in the lowest investment level in this sector in Europe. Nearly all training of workers took place in major firms. However, SMEs employ 64% of Spanish workers, with

99.8% of firms having less than 250 employees and 93% less than 10. Their investment in continuing training was negligible.

Awareness of the deficiencies in education and training led to a great effort by the Government to remedy the situation. Despite the gloomy overall picture in 1993/1994, some inroads had been made over the period 1989-1993; the number of people attending training programmes had risen, as had the number of 16-19 year olds attending school, and education levels among 15-24 year olds were raised to the Community average.

Job creation and reducing unemployment were the economic and social policy goals in the Spanish Government's Convergence Plan of 1992 (revised in 1994). It emphasises the importance of boosting capacity to generate employment to integrate new workers into the labour market and counter the high level of unemployment. An essential feature is to tap into the vast human resources which exist in Spain by eliminating the deficiencies in education and training.

SECTION 2

Structural Fund programmes in Spain

A. Allocation by Fund and Objective

Spain qualifies for Structural Fund assistance under the EU-wide Objectives 3 and 4 and under the regional Objectives 1, 2, and 5b. During the period 1994-1999, Spain will benefit from total structural funding amounting to ECU 32 billion. The ESF portion amounts to ECU 9 billion, around 27% of total allocations. Spain is the leading beneficiary of the ESF with a share of 27% of the total budget.

Additional assistance amounting to ECU 2.6 billion is allocated to Spain through the Community Initiatives. Spain is also one of the four Member States to receive assistance from the Cohesion Fund, amounting to ECU 8 billion over 1994-1999.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

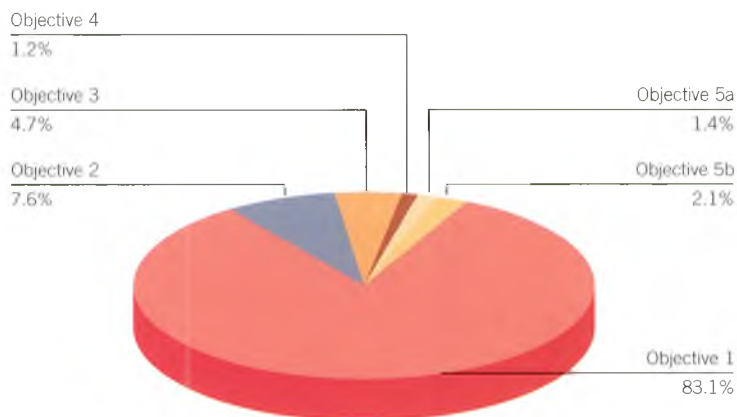
Ecu million - prices valid at time of Decisions

	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 1	26300	6047	15944	3314	995
Objective 2	2615	612	2002		
1994 - 1996	1130	260	870		
1997 - 1999	1485	352	1132		
Objective 3	1474	1474			
Objective 4	369	369			
Objective 5a Agric.	326			326	
Objective 5a Fish	120				120
Objective 5b	664	89	161	415	
Total	31868	8591	18107	4055	1115
Community Initiatives					
Employment	450	411	39		
Adapt	293	267	26		
Others	1917	69	1582	2423	23
Total	2660	747	1647	2423	23
General Total	34528	9338	19754	6478	1138

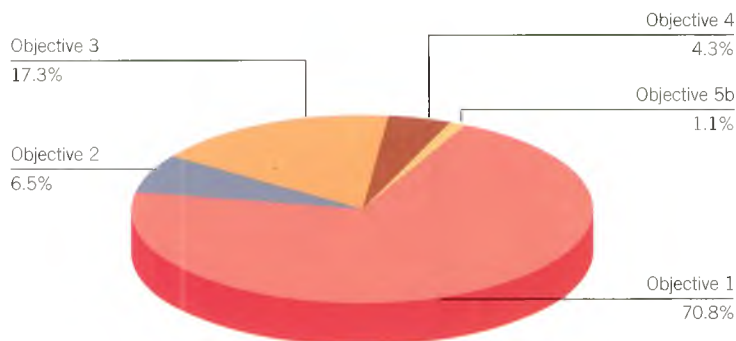
BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)



BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



The Spanish authorities have adopted two approaches, CSFs with Operational Programmes (OPs), in respect of assistance under Objectives 1, 2 and 3, and 'Single Programming Documents' (SPDs) under Objectives 4 and 5b. In addition there are OPs for the Community Initiatives.

The programming documents involving the mainstream ESF are as follows:

Objectives

- 1** 1 CSF and 18 human resources OPs (10 regional and 8 multiregional)
- 2** 1 CSF 1994-1996 and 8 OPs, 1 CSF 1997-1999 and 8 OPs
- 3** 1 CSF and 11 OPs; 4 multiregional and 7 regional
- 4** 1 SPD
- 5b** 7 SPDs

B. Main features of the ESF component in the Structural Fund programmes

EU-wide Objectives 3 and 4 - involving only the ESF

► Objective 3

OBJECTIVE 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

The Objective 3 CSF for 1994-1999 provides assistance of ECU 1.5 billion, which is 17.3 % of the total ESF allocation to Spain. The CSF relates to the autonomous communities of: Aragon, Islas Baleares, Catalonia, Madrid, Navarra, Pais Vasco and Rioja.

The ESF allocation is spread across a multiregional financing plan (ECU 1.1 billion) and seven regional financing plans (ECU 407.7 million). The regional financing plans include seven regional OPs, which are administered by the autonomous communities themselves. The multiregional financing plan includes four multiregional OPs, which are administered centrally by: the National Institute of Employment (INEM), the Ministry of Education (MEC), autonomous organisations and the local and university administrations. The OPs of INEM and MEC are substantial; INEM manages around ECU 614 million of the multiregional financing and the Ministry of Education, ECU 328.8 million. The autonomous organisations manage about ECU 33.9 million and the local and university administrations, ECU 90 million.

The CSF is based on active Spanish labour market policies - facilitating and improving access to the labour market and enhancing vocational qualifications. In this context Spain has developed the following instruments to improve education and training systems and reinforced measures to enhance employment.

The Organic Law on the General Education System 1/1990 (LOGSE) of October 1990.

The purpose of this law is to provide for compulsory school attendance up to the age of 16 and the introduction of vocational training into secondary education.

The National Programme for Vocational Training, of 3 March 1993 aims to:

- ◆ overhaul vocational training provision and improve the quality of the vocational training system;
- ◆ identify the demand for training according to the needs of the labour market;
- ◆ rationalise training provision by redistributing responsibilities between MEC and INEM. MEC is responsible for educational administration (regular vocational training), whereas INEM deals with work administration (vocational training which is part of the 'PLANFIP' - the multiregional, vocational training and integration programme);
- ◆ introduce a national certification system and an education/work authority coordination unit.

The CSF reflects the objectives of LOGSE and the National Programme for Vocational Training and also, the Spanish Government's policies boosting employment, equal opportunities, training for disadvantaged groups and the decentralisation of vocational training, all of which are in harmony with ESF Objective 3.

Priorities

ESF activities centre around four priorities which apply both at multiregional and regional level. The priority areas indicate the groups identified as most in need: young people under 25, the long-term unemployed, women and people with disabilities, and others vulnerable to exclusion, such as migrants. The priorities, which correspond to the four ESF policy aims of Objective 3, are as follows:

Priority 1

Facilitating the occupational integration of unemployed persons exposed to long-term unemployment

Priority 2

Facilitating the occupational integration of young people in search of employment

(A high level of concentration of ESF aid is directed to this priority reflecting the special need to combat the high levels of youth unemployment and integrate young people into the work environment, especially those without work experience)

Priority 3

Promoting the integration of persons exposed to exclusion from the labour market

Priority 4

Promoting equal opportunities for men and women on the labour market.

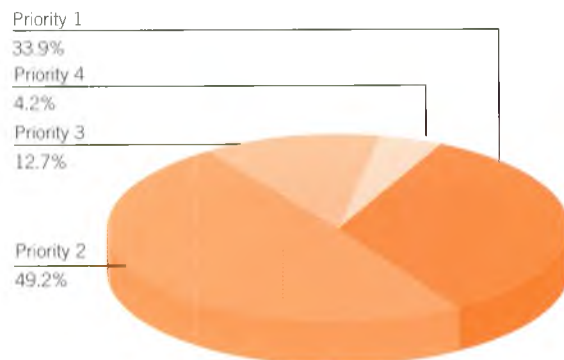
Women benefit from all the priority areas and are expected to make up 60% of beneficiaries of schemes under the CSF. The focus here is on women returning to work or in sectors where they are under-represented.

Technical assistance is envisaged within these priority areas.

Measures

The ESF supports five categories of activities which cover a range of measures:

- ◆ aids to employment 20.4%
- ◆ vocational training 38%
- ◆ workshop schools 22.3%
- ◆ training in schools 27%
- ◆ technical assistance 2.3%

BREAKDOWN OF ESF ALLOCATION BY PRIORITY - OBJECTIVE 3**Beneficiaries**

The goals of the CSF over the programming period 1994-1999 are:

- ◆ to implement the Youthstart guarantee, set out in the White Paper on Growth, Competitiveness and Employment, to provide schooling or training up to 18 years;
- ◆ to achieve an 80% pass rate in the school-leavers' certificate group (16-18);
- ◆ to provide vocational training for 20% of pupils in compulsory secondary education and 20% of pupils completing the school leavers certificate;
- ◆ a 7.5-11.7% increase in the employed population, and,
- ◆ a 4-4.5% reduction in unemployment, especially among young people, and in the duration of unemployment

Key points - Objective 3

- ◆ 17.3% of ESF aid to Spain
- ◆ nearly half goes to programmes for young people
- ◆ concentrates on technological and specific vocational training in new employment sectors
- ◆ nearly two thirds of beneficiaries are women

Objective 4

Facilitating the adaptation of workers to changes in production systems

Priorities	ECU million
1 Persons exposed to long- term unemployment	499.3
2 Integration of young people	725.8
3 Persons exposed to exclusion	187.6
4 Promoting equal opportunities	61.7

The total ESF allocation under the 1994-1999 SPD for Objective 4 is ECU 368.6 million, equivalent to about 4.32 % of all ESF aid to Spain. The SPD covers the regions of: Aragon, Islas Baleares, Catalonia, Madrid, Navarra, Pais Vasco and Rioja.

The SPD was drawn up in accordance with national policy, based on social partnership, aimed at providing workers with a high level of qualification. This policy was embodied in the National Agreement on Continuing Education signed by enterprise federations and trade unions on 16 December 1992 and supplemented by the Agreement on the Continuing Education of Employed Workers between Government and employers.

ESF actions are complementary to and develop those being taken at a national level by the Foundation on Continuing Education (FORCEM), a partnership between representatives of employers and workers created to implement the continuing education programme.

The core of ESF actions under the SPD reflects that of national actions by focusing on:

- ◆ the importance of continuing education to increase the skill levels of Spanish workers (essentially in SMEs), to adapt them to meet the demands of industrial change, improve the competitiveness of the businesses which employ them and to prevent job losses;
- ◆ redressing skill shortages in certain regions and weaknesses in continuing education and training due to lack of investment by SMEs;
- ◆ the need to have a solid organisational system in place.

The SPD takes a global approach with the object of establishing a wide-reaching system of continuing learning on a solid foundation. FORCEM is working to achieve the aims of the SPD, reflecting the culmination of national efforts to make continuing education available through the partnership of all concerned.

Priorities

The SPD focuses on three priority areas for ESF action which correspond to the policy aims of Objective 4:

Priority 1

Anticipation, guidance and advice.

ECU 22.2 million is devoted to anticipatory measures related to establishing an information system to forecast trends and needs and a further ECU 14.7 million to guidance and advice measures for preparing and developing training plans.

Priority 2

Continuing education and training of workers.

The high concentration of funding on this priority area (83%) reflects the need to remedy the low level of investment in continuing learning by SMEs.

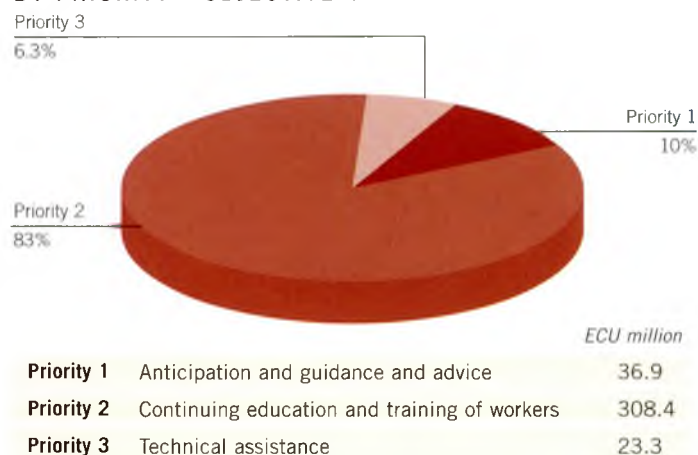
Priority 3

Technical assistance.

ESF action gives priority to projects for: SMEs, workers with a low skills base or threatened with unemployment, and those who are most vulnerable to industrial change because of having unsuitable qualifications. The importance of women in SMEs is highlighted.

In order to increase awareness of and access to continuing education and training, focus is given to measures open to all employed workers and which include as many enterprises as possible. There is also an emphasis on measures that improve the quality of training, use new approaches in method or content, and which provide a solid base by setting up a coordinated organisational structure.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4



Key points - Objective 4

- ◆ 80% of aid goes to SMEs
- ◆ anticipating training needs and qualifications
- ◆ setting up solid organisational structures
- ◆ priority to schemes for vulnerable workers, SMEs and women

Regional Objectives

In which the ESF integrates with other Structural Funds

► Objective 1

OBJECTIVE 1

Development of the least prosperous regions

The greatest proportion of ESF aid to Spain in the period 1994-1999 is for Objective 1, amounting to ECU 6 billion, representing 23% of total Structural Fund aid and 71% of all ESF assistance to Spain. The CSF includes a multiregional sub-CSF implemented at national level and ten regional sub-frameworks for the relevant autonomous communities. Currently, eighteen ESF-related OPs have been adopted, including ten regional OPs.

The Objective 1 area accounts for 77% of Spanish territory and 59.4% of the Spanish population. It embraces 12 regions: Andalucía, Asturias, Las Islas Canarias, Cantabria, Castilla-La-Mancha, Castilla-y-León, Ceuta, Extremadura, Galicia, Melilla, Murcia, and Valenciana. While there are regional variations, there are common problems affecting the area as a whole: sparse population density; low per capita income; poor productivity; skill shortages; deficiencies in education and training; and a lack of competitiveness. Remoteness from the economically wealthier parts of Europe also contributes to very high unemployment in certain regions.

The human resources actions aided by the ESF work in combination with the ERDF to develop the economies of these regions.

Given the high unemployment levels and gaps in education and training, three-quarters of ESF aid is allocated to human resource actions supporting Objective 3-type measures. These include promoting technical vocational education (ECU 1.4 billion) and the integration of job-seekers (ECU 3.3 billion). The balance assists Objective 4-type measures such as schemes for continuing education/training and training in certain sectors such as the environment, RTD and at local level.

Priorities

The ESF component under Objective 1 concentrates on six priority areas:

- ◆ strengthening the educational and vocational training provision by implementing the objectives of the LOGSE and National Vocational Programme (22.5% of ESF aid);
- ◆ training in the RTD sector (2.7%);
- ◆ Continuing education and training of workers (10.3%);
- ◆ integration and reintegration of the unemployed into the labour market (55.5%);
- ◆ integration of disadvantaged groups such as persons with disabilities and ex-prisoners (8.2%);
- ◆ technical assistance, monitoring, evaluation and information (0.8%).

A range of measures is used to achieve these priorities including: vocational training; employment aids; recruitment aids; job creation programmes; guidance, advice and information and the training of teachers and instructors.

Key points - Objective 1

- ◆ 71% of ESF aid to Spain
- ◆ covers 77% of Spanish territory
- ◆ 75% of ESF aid concentrated on strengthening technical and vocational education and integrating job-seekers
- ◆ emphasis on human resources in RTD, science and innovation and the environment



► Objective 2

OBJECTIVE 2

Converting the regions seriously affected by industrial decline

The Objective 2 area covers parts of: Aragon, Catalonia, Pais Vasco, Madrid, Navarra, Rioja and Islas Baleares. These regions are mostly located in the north-east of Spain and contain 7.9 million people or 20.3% of the Spanish population.

A CSF for the period 1994-1996 was approved on the 20 December 1994 and comprised:

a multiregional sub-CSF, managed by the national authorities, and

seven regional sub-CSFs implemented by the autonomous communities.

Eight OPs were approved:

seven multifund (ERDF and ESF), one per region, and

one single fund (ESF) multiregional, devoted solely to training measures.

About 15.3% of ESF assistance is managed at national level and 84.7% regionally. A second CSF and eight OPs, following the same structure, were approved for the period 1997-1999.

Total Structural Fund aid to the Objective 2 regions for the period 1994-1999 amounts to ECU 2.615 billion. The ESF component is ECU 612 million, equivalent to about 23% of overall structural funding to Spain under this objective. While the specific problems of the regions vary, there are common regional characteristics; such as poor infrastructure; an imbalance between the needs of enterprises and the level of qualifications of the work force; low standards in vocational training; low levels of investment in industrial restructuring, RTD and innovation and high unemployment.

Priorities

The ESF funding concentrates on:

- ◆ supporting employment and competitiveness of enterprises (52%);
- ◆ assisting local and urban development (27%);
- ◆ research, technology and innovation (20%);
- ◆ technical assistance (0.7%).

The 1997-1999 CSF added a role for the ESF in:

Protecting the environment by investing in training and the qualifications required for its development and protection; support for hiring specialist personnel in this field; and training to help environmental researchers.

Measures

The ESF measures are focused on: vocational and continuing training including retraining for workers, employers and managers; guidance, advice and information; employment support and services; the training of instructors and support for research centres.

SMEs are specifically targeted, especially, workers in firms threatened with unemployment or where workers have lost their jobs.

Key points - Objective 2

- ◆ 6.5% of ESF aid to Spain
- ◆ focus on SMEs, workers threatened with redundancy and the unemployed
- ◆ emphasis on human resources for RTD, technology, innovation and the environment

► Objective 5b

OBJECTIVE 5b

The development and structural adjustment of rural areas

Total Structural Fund allocations to Spain under Objective 5b for 1994-1999 amount to ECU 664 million with about 14% (ECU 88.7 million) coming from the ESF. Seven multifunded SPDs were approved, one each for: Aragon, Islas Baleares, Catalonia, Madrid, Navarra, Pais Vasco and Rioja. A common characteristic of these rural regions is low population density, (less than 20 persons per square kilometre). Together they cover 13.5% of the country, but represent just 6% of the total population.

The aim of the SPDs is to modernise and diversify the economies of the regions and boost employment, with variations to reflect the specific needs of each region. The ESF works with the ERDF to achieve this by investing in human resources to support employment, growth and stability and to boost research, science and technology. About 67% of ESF assistance is devoted to training and 21% to employment aids.

Priorities

The ESF concentrates on developing human resources especially in the agrifoods, forestry, transport and tourism sectors by supporting:

- ◆ Training of workers involving distance learning, management, production systems, product innovation and agricultural diversification; measures to improve access to training and combat isolation - (62.8% of ESF aid under this Objective);
- ◆ Aids for employment - (13.2%);
- ◆ Assistance in the field of scientific and technological RTD - (14.2%); and
- ◆ Technical assistance, guidance and counselling - (9.8%).

Key points - Objective 5b

- ◆ 1% of ESF aid to Spain
- ◆ covers 6% of the population
- ◆ priority sectors - agrifoods, forestry, transport and tourism
- ◆ training in RTD, innovation and new technology

Human Resource component of Community Initiatives

The ESF also plays a significant role in the Employment Community Initiative and its four strands: NOW, HORIZON, YOUTHSTART (which is particularly important to the implementation of LOGSE and the National Vocational Programme) and INTEGRA. Through this Initiative, Spain receives an EU contribution of ECU 460 million of which 411 million from the ESF, to support transnational projects to foster the development of best practice through innovation, transnational co-operation and local partnerships.

Under the Adapt Initiative, the Union provides ECU 293 million of which 267 from the ESF, to stimulate continuing training provision.

In addition, the ESF allocates amounts totalling ECU 69 million, through other Community Initiatives as follows : Interreg, Konver, Leader, Pesca, Rechar, Regis, Resider, SME and Urban.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

Long-term unemployment had become a serious problem in Spain by the end of 1993 with people out of work for more than one year representing 49.8% of all unemployed. Women, young people and older age groups were heavily hit. Grappling with long-term unemployment is fundamental to national policy. With aid amounting to around 45% of the total cost of national labour market projects, the ESF plays a vital part in assisting and building on national efforts.

Vocational training schemes

A major strand of Spanish policy is to improve the quality and administration of the vocational training systems, in order to remove barriers to the integration of the unemployed. This is reflected in the National Programme for Vocational Training

The PLANFIP vocational training and insertion programme managed by INEM (and certain regional authorities), which is complemented by the regional OPs, and, to a lesser extent, the MEC programme, help to implement the aims of the National Vocational Training Programme.

These programmes aim to provide vocational training to the unemployed in order to:

- ◆ ensure that people threatened with long-term unemployment are equipped with the skills and qualifications they need in the areas of work most in demand on the labour market; and
- ◆ increase their opportunities to integrate into their local job market.

Around ECU 1.2 billion of ESF aid is allocated to this type of training under both Objectives 1 and 3 and ECU 490 million to the complementary regional programmes.

Measures

Measures supported by the ESF focus on:

- ◆ vocational training and distance training in modular form for those threatened with long-term unemployment. The aim is to develop their knowledge base so they can join the labour market or go on to specific vocational training;
- ◆ vocational training activities that provide recognised specific and basic qualifications in the occupations most in demand and in the skills that meet innovations in the production systems of the most promising sectors.

Back-up and technical assistance

These measures are intended to put in place strong structures and services which pave the way for training schemes. A range of measures is available including:

- ◆ revising training course content and educational methodology;
- ◆ developing teaching materials and equipment; surveys, sectoral studies and observation units for employment such as the 'El Observatorio Permanente de la Evolucion de las Ocupaciones' (labour market observatory);
- ◆ assessing the unemployed;
- ◆ vocational guidance, information and advice on job opportunities, and,
- ◆ training teachers, instructors, training managers and development officers.

Innovatory projects

Since 1996, the ESF has contributed to the introduction of the integrated pathways of national employment policy by co-financing SIPES (Servicios Integrados del Empleo - integrated services for employment). This is an initiative supported by INEM which involves the establishment of partnerships between local authorities and professional associations.

SIPES, the most important project in Spain in relation to the development of integrated pathways to employment, is a key tool to promote active employment policies for the local needs of a given territory or target group. The programme provides for the following services: personalised employment and training plans; information on labour market trends; personal skills development; active job search assistance and guidance for self-employment.

Employment aids

The Spanish approach is to support schemes that stimulate job creation and promote jobs for unemployed people. A range of measures is available but particular emphasis is placed on incentive schemes for promoting socially useful work, local employment initiatives, especially for SMEs, and new opportunities in the environment field. Improving business-capacity and the encouragement of self-employment for the unemployed are also promoted.

Aid is also available for schemes that support recruitment to facilitate employment for those who are between 25 and 29, people with little or no work experience, the long-term unemployed over 45 and long-term unemployed women.

B. Vocational integration of young people

In 1993, 41.3% of the working population of all young people under 25 were unemployed. A major problem was that a large number of young people had abandoned the education system, without obtaining adequate qualifications, immediately running the risk of unemployment. About 24.4% of those who left school without qualifications were unemployed. More and more, however, the risk applied equally to young people who had university or other technical or professional training, because all too often their skills did not meet the requirements of the labour market. This often occurred as a result of the tendency of young people, particularly women, to choose training in traditional rather than new employment sectors or because their qualifications failed to keep pace with technological innovations and changes in the production system.

Spain therefore attaches great weight to this ESF policy aim and has been taking steps to implement the objectives of the LOGSE and the National Vocational Training Programme, to bridge the gap between school and work and guarantee that young people can achieve recognised qualifications and skills, to ease their integration into employment and to encourage job creation.

Vocational training in the educational system

Specific vocational training

Following LOGSE, training in the workplace has been introduced as part of specific vocational training in Spanish secondary school education. The ESF co-finances schemes under the MEC programme,

involving training in work centres which are developed in a real production setting. The student can experience the activities and specific functions of the different types of work activity involved in a given job, and learn the productive process and business relations connected to it. The student is guided by two means, one designed by the study centre and the other by the work centre. The education centres make agreements with business or associations of entrepreneurs in order to develop the effectiveness of the training in work centres.

Social guarantee programme

As part of the implementation of the National Vocational Training Programme, the ESF supports a scheme under the MEC programme which is aimed at integrating young people of above 16 years who have abandoned school and who have no qualifications or are disadvantaged. This programme guarantees them work experience and training so they can either return to education or integrate into employment. It includes two types of measures:

- ◆ a qualification corresponding to secondary education (basic training) enabling them to integrate into society; and
- ◆ a skills qualification likely to lead to employment. This is achieved through the use of initial vocational training and apprenticeship modules including training in the work place.

Vocational training for integration

Workshop schools and apprenticeship centres

'Escuelas Taller Y Casa De Oficios', the school workshops and apprenticeship centres programme, started experimentally in 1985 under the direction of INEM. This 'learning by doing' tool constitutes a major part of Spanish policy to create jobs for unemployed young people and integrate them into the labour market.

The workshop schools programme is managed by INEM for both the Objective 1 and 3 regions. The ESF co-finances the programme with ECU 506 million. The programme combines formal training with practical work experience, aiming to foster job creation for young people by providing them with a qualification and entrepreneurial skills. The programme targets 55,000 job-seekers under the age of 25 with no qualifications and concentrates on providing training of a practical nature leading to a qualification in occupations linked to the rehabilitation and conservation of artistic, cultural, urban and environmental heritage. This helps to develop local potential and revive arts and crafts which have almost disappeared.

Back-up measures

To pave the way for vocational schemes, a range of measures is supported including the:

- ◆ revision of modular systems on the basis of sectoral studies;
- ◆ introduction of technological modules into secondary education and school leaving courses and basic technology in training in schools;
- ◆ development of sandwich courses, practical experience, upgrading of careers advice, grading of applicants;
- ◆ establishment of a system of national certification of qualifications;
- ◆ training of teachers.

Employment aids

The programmes provide for recruitment incentives aimed at: promoting stability in employment by converting apprenticeship and training contracts into permanent jobs and encouraging permanent employment for the young long-term unemployed.

A range of measures applies, focusing on schemes promoting local initiatives, involving the appointment of development officers and fostering employment within the social economy.

C. Integration of persons at risk of exclusion from the labour market

The poor socio-economic situation and increasingly selective labour market has given rise to the exclusion of certain groups whose situation as long-term unemployed is made worse by the fact that they have disabilities, or they are gypsies, drug addicts or ex-prisoners. Often they are people with learning difficulties or who have inappropriate or insufficient skills and qualifications.

The number of recipients of disability benefit increased nearly 800% during the period 1987-1993; the unemployment rate for people with disabilities stood at 24.7 % in 1993. With the increase in foreign workers and requests for asylum reaching around 1000 per month, Spain gives special priority to people with disabilities and to migrants. Obviously these groups can benefit from the range of measures under the other policy aims.

However, special measures have been put in place to address their specific needs. These include: specific vocational training, preparation for further training and upgrading skills and facilitating integration through work in the community and local opportunities.

Employment aids

In addition to women and young people, the ESF contributes to employment schemes to promote access to the labour market for people over 45 and people with disabilities (ECU 1.4 billion both for Objectives 1 and 3 at multiregional level and ECU 406 million for complementary regional programmes). INEM, the leading implementation body for this type of measure, aims to encourage permanent jobs for these groups, complemented by regional employment aid schemes targeted to local and regional needs. The range of measures available includes: vocational guidance, information, job search and financial aid for job seekers. These are integrated with the training of instructors, guidance personnel and teachers.

Migrants' programmes

The ESF supports a programme of the Department of Immigration (under the Ministry of Labour and Social Affairs) which is targeted at returning immigrants who find it difficult to re-integrate into the labour market. The measures include specific training or financial aid to help them become self-employed. Assistance is also given by way of guidance, information and training, including tuition in the language and culture of Spain, to promote self-employment and geographical mobility.

Persons with disabilities

ESF support for people with disabilities includes the following measures :

- ◆ supporting infrastructure (guidance, training of trainers, removal of barriers to mobility);
- ◆ supporting specially tailored occupational vocational training to increase job prospects and develop skills, particularly in electronics and community services;
- ◆ providing aid including financial subsidies and technical assistance, to promote stable jobs for people with disabilities; and
- ◆ providing aid to assist the establishment of special employment centres.

D. Promotion of equal opportunities in the labour market between men and women

Spain has undergone great social, culture and economic changes over the last few decades which have seen the emergence of a vast number of women seeking work. Regrettably, Spain has not been yet able to integrate these women into the labour market and, generally speaking, Spanish women are in a particularly poor situation; they are affected by high levels of unemployment, particularly long-term.

Difficulties arise not only because women often have breaks from employment but also because when they return to the labour market often their training does not match requirements. Women also tend to choose training in limited traditional areas and not in the more technical or business related fields.

The problems experienced by women are, in many respects, addressed by actions under the three previous priority areas. Under this priority however, provision is made for measures related to the specific needs of women such as the training of instructors. The ESF supports the programme of the Women's Institute which includes measures tailored to the specific needs of women to reduce inequalities on the labour market and promote their access to it.

Measures

The following complementary measures are provided:

- ◆ guidance, advice, support and follow up;
- ◆ innovative vocational training for women related to their special difficulties and adapting them to new techniques and qualification profiles;
- ◆ training to promote and develop entrepreneurship among women;
- ◆ assistance for business start-ups.

E. Anticipation of labour market trends and adaptation of worker skills to change

Recognising the deficiencies that exist and coinciding with the policy aims under Objective 4, a major strand of Spanish policy is to promote, through FORCEM and involving the partnership of all those involved, a national system of high quality continuing education for workers, especially those in SMEs. The ESF is called upon to support, implement and extend this policy. Measures are directed at increasing awareness of the continuing training needs in SMEs and improving quality and support systems.

Continuing education

The SPD devotes the bulk of ESF aid to direct assistance for carrying out continuing education schemes. Measures provide:

- ◆ finance to implement training schemes in enterprises (separately or in partnership with others) with preference for SMEs, workers with inadequate qualifications and women, and
- ◆ subsidies for individual training leave leading to a recognised qualification.

Anticipation, guidance and advice

With the concept of continuing training being relatively new, Spain pays particular attention to anticipation. The Spanish approach is to help establish systems which provide constant information flows to develop training plans responding to changes in production systems and skills.

The measures focus on:

- ◆ research and surveys, forecasting skill and production system trends;
- ◆ planning, study, debate and the exchange of experience (meetings, seminars, international cooperation);
- ◆ training tools, allowing access to a training process for trainers as the key to effective anticipation.

The programme makes provision for guidance and advice to SMEs providing essentially measures concerning:

- ◆ tools to assist in the planning of training;
- ◆ assisting implementation of plans in micro-enterprises;
- ◆ guidance for people undertaking training programmes.

Technical assistance measures relate essentially to the creation of intermediate structures such as, committees, information systems, dissemination and exchanges of experience involving cooperation at national and international level.

F. The ESF - an instrument of regional development

With high levels of unemployment a characteristic common to the whole of Spain, ESF human resources activities are fundamental to the maintenance and creation of employment and economic development. Spain's general approach is to integrate ESF activities in the human resources field with the other Funds, as part of overall regional social and economic development, taking into account the specific needs of the regions concerned.

The ESF supports activities directed at workers, employers, the unemployed or vulnerable workers in SMEs and in specific production sectors. Measures focus on vocational training, retraining or continuing training, particularly in new technology, guidance and advice and employment incentives to boost job creation.

The ESF is also supporting an innovative measure to boost employment through increasing competitiveness. The Ministry of Industry is promoting a programme under Objective 1 to encourage the introduction of quality management systems in SMEs through basic and further training of workers. The aim is towards certification under EN 9000. Similarly, there is a measure to train laboratory workers in quality systems to promote conformity with EN 45000 and eliminate technical barriers to trade in the single market.

Boost human potential in the fields of research, science and technology

Massive efforts to reduce the technology gap and increase human resources in this field have already taken place. Despite this, human resources tend to be underdeveloped as compared with the rest of Europe. The Spanish approach to enhancing the human resources contribution is to concentrate on the specific research and development needs of regions and the needs of universities, technology and research centres.

Coinciding with the policy aims of the ESF, the Spanish programmes focus on measures to train research workers, instructors and managers of research centres, universities and companies and promote employment in research. Aid is also provided for training in RTD in third level institutions and RTD technology centres.

Measures to encourage links between industry and universities and to promote the transfer of know-how

will help establish an office for the transfer of technology in each university and a development agency to promote scientific potential in managers and technicians in research centres.

The ESF provides support for the training of research workers in centres to be constructed or enlarged with ERDF support. At multiregional level, the programme of CICYT (Interministerial Commission on Science and Technology) aims to improve research potential in the Objective 1 regions through training and advanced training for young researchers. Participants include university students, scientists or engineers who will be used in other RTD projects financed by the Community.

Participants are expected to number almost 2000 per year.

The ESF co finances two types of action:

- ◆ basic training, postgraduate training; raising the skill levels of people with doctorates; advanced training for the research requirements of industry; and
- ◆ training programmes abroad: introducing young Spanish researchers to the international network (maximum period 24 months) through postgraduate training and advanced post-doctorate courses.

The programme of the National Agricultural Investigation Institute (INIA) aims to improve agricultural research and favour the introduction of new technologies. The beneficiaries, expected to number almost 1200 during the programme, are university students, researchers and INIA personnel. The ESF also co-finances grants for research up to post-doctorate level and aid for retraining personnel in agricultural research centres.

The Castilla-la-Mancha programme contains a development strategy in the field of research based on boosting links between enterprises and research/technology centres. In combination with the ERDF, the ESF supports training actions for researchers and personnel in enterprises working in the field of activity targeted by technology centres set up with the help of ERDF financing.

Strengthening education and training systems

In the Objective 1 regions, secondary education has been based on the arrangements introduced by the Spanish LOGSE, which aims to provide vocational

modules in secondary schooling on two levels: basic vocational training and specific vocational training. Basic vocational training is included in the education system at the compulsory secondary school level (12-16) and at the Baccalauréat level (16-18). The Spanish authorities aim to establish a convergence between general and vocational training to facilitate vocational mobility.

The ESF assists in the implementation of LOGSE through the programmes of MEC and the autonomous communities.

Measures

These OPs contain the following modules:-

- ◆ basic technology training, as part of the compulsory secondary school system. The focus is on IT, engineering and electronics.
- ◆ technological modules in basic vocational training at Baccalauréat level, establishing four types of Baccalauréat and increasing the spread of options. The objective is to diversify the training on offer and respond to the needs of the employment market.

Training for public officials

Spain is conscious of the necessity for public officials to upgrade their capacity in administering European development and structural policies. The ESF is supporting measures under this programme which help to train public officials.

The aim is to:

- ◆ improve the functioning of regional administration and use of human resources;
- ◆ increase knowledge of the policies of the European Union affecting structural development;
- ◆ enhance communications by improving knowledge of other European languages, and,
- ◆ set up information networks to maximise the development of the region.

SECTION 4

Management and follow-up

Implementation structures

The Ministry of Labour and Social Affairs is the overall managing body in Spain. The responsibility for managing mainstream ESF assistance is divided, according to the nature of the programmes, between the seventeen autonomous communities and the central departments: MEC, the Ministries of Labour, Industry and Energy, Agriculture, Fisheries and Food, Migrants and Social Services; INEM; local and independent organisations, universities and FORCEM.

The central administration manages around 75% of ESF aid (INEM, MEC and FORCEM are responsible for the bulk). The Ministry of Labour and Social Affairs is responsible for the planning of vocational training and employment across the whole of the ESF programmes including control, evaluation and compliance. It is also responsible for certain actions concerning people with disabilities, people at risk of social exclusion and women.

MEC is responsible for the educational reforms and officially regulated vocational training for young people and adults; training of young people leaving school without a certificate; vocational training for first-time job seekers without a qualification; basic training for the active population (employed or not). The Ministry of Labour and INEM are responsible for the national vocational training and vocational integration plan for the unemployed (PLANFIP), and workshops for school leavers. FORCEM are solely responsible for Objective 4.

The seventeen autonomous communities are responsible for programmes where the Government has delegated authority to them and for regional development strategies; they manage about 25% of ESF assistance.

Monitoring Committees

Monitoring Committees work at CSF level as follows:

Objective 1

a multifund Monitoring Committee has been instituted together with a separate ESF Monitoring Committee in which the social partners are included.

Objective 2

Monitoring Committees have been established, including the social partners, for matters relating to the ESF;

Objective 3

a Monitoring Committee operates in the framework of partnership, with social and management bodies represented;

Objective 4

the Monitoring Committee includes the social partners.

Objective 5b

Monitoring Committees have been set up in the case of Catalonia, Navarra and Pais Vasco, these include the social partners.

Sweden

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1995-1999

Economic situation

Early in the present decade the Swedish economy went into the deepest recession experienced since the 1930s, with a fall of 5% in GDP between 1990 and 1993. This was accompanied by a severe deterioration in public finances, a fall in revenue from taxation, increased public expenditure on labour market measures, and a reduction in public demand. The recession bottomed out, however, in 1993 and a steady improvement began, with industrial output in 1994 matching that of the boom year, 1989.

Labour market

Up to 1990 the employment rate in Sweden, at 84%, exceeded that of all other countries and male exceeded female participation by only four percentage points. Unemployment rose to an unprecedented level by Swedish standards during the recession and affected mostly young people. The employment rate had dropped to 71.7% by 1994. Around 72% of the male and 71% of the female working population were employed in 1995, but 40% of women worked in the public sector and numbers of women in part-time unemployment tripled between 1990 and 1994. Labour market trends were indicating increases in numbers hired for limited terms or recruited for temporary increased work loads, reflected in greater use of overtime. This contained the risk of the labour market being divided into two tiers consisting of a core of permanent jobs combined with many on short fixed term contracts. At the same time, growth was becoming less labour extensive, under the influence of new production methods and information technology. The Eurostat unemployment rate for Sweden in 1994 was 9.8%. Under the national definition, the rate was 8.2% (17% for young people). By 1999, unemployment is expected to be down to 5-6%.

Long-term unemployment, lower in Sweden than in most other countries, increased sharply in 1994, and growing numbers alternated between unemployment and participation in labour market programmes.

SECTION 2

Structural Fund programmes in Sweden

A. Allocation by Fund and Objective

Sweden qualifies for structural funding under Objectives 2, 3, 4, 5 and 6. Its total allocation for the period 1995-99 is ECU 1.2 billion (see table below) of which the ESF is more than 50 % (ECU 652 million).

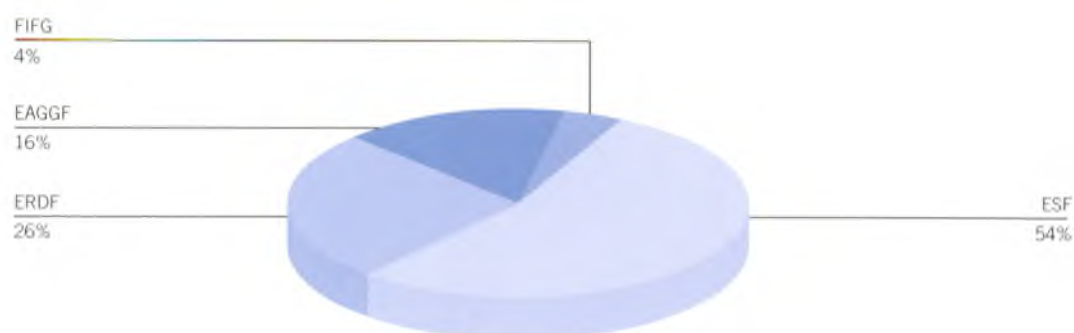
Additional assistance amounting to ECU 125 million is allocated to Sweden through the Community Initiatives.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1995-1999

ECU million - prices valid at time of Decisions

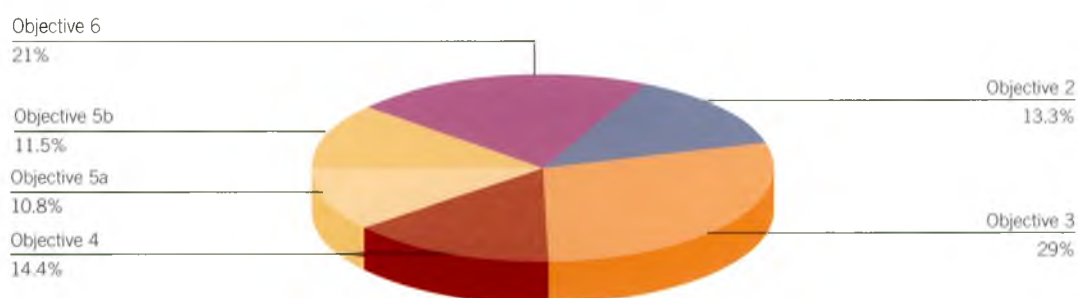
	Total Structural Funds	ESF	ERDF	EAGGF	FIFG
Objective 2	160	38.3	121.7		
Objective 3	347	347			
Objective 4	173	173			
Objective 5a Agric.	90			90	
Objective 5a Fish	40				40
Objective 5b	138	29.5	68.5	40	
Objective 6	252	63.9	122.6	61.3	4
Total	1200	651.9	312.8	191.3	44
Community Initiatives					
Employment	24	24			
Adapt	13	13			
Others	88	22	55	9	2
Total	125	59	55	9	2
General Total	1325	710.9	367.8	200.3	46

BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)

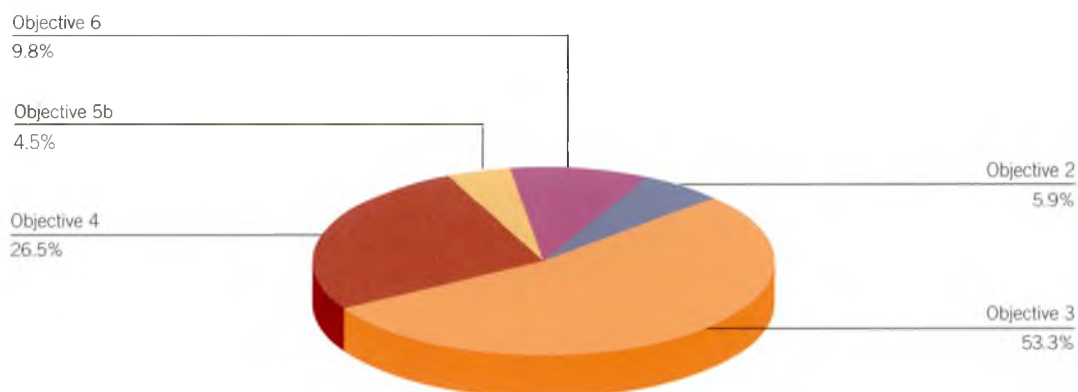


The Swedish authorities opted for the Single Programming Document (SPD) approach. Thirteen programmes are involved, all of which include the ESF. In addition, there are eight operational programmes for the Community Initiatives, all of which also include the ESF.

BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



B. Main features of the ESF component in the Structural Fund programmes

EU-wide Objectives - involving only the ESF

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market

Nearly half (ECU 347 million) of the ESF allocation for Sweden for the period 1995-1999 is for Objective 3. When added to the Objective 4 allocation it means that almost 75% of the Swedish allocation goes to the horizontal Objectives of the Structural Funds which involve solely the European Social Fund and which apply in all regions.

The Objective 3 programme, which was adopted on 6 December 1995 with retrospective effect to 1 July 1995, supports:

- ◆ job creation through new start-ups;
- ◆ new jobs in trade and industry;
- ◆ increase in knowledge for greater employability;
- ◆ counselling and guidance;
- ◆ youthstart action to ensure that no young person under 25 should remain unemployed longer than 100 days.

All of this activity coincides with the Swedish government's action programme against unemployment.

The ESF supports actions, governmental or private, which are additional to national efforts and aimed at improving skills in the light of market needs, enhancing job prospects, and promoting self-employment. There is a focus on innovatory and quality programmes with multiplier potential. The objective is to strengthen the small firms sector by training both owners and their staff.

The Objective 3 SPD contains the following priorities:

Priority 1

The integration of young people into working life. Young people make up 27% of the unemployed.

Priority 2

Combating long-term unemployment. 82% of this is for persons over 25. Those out of work longer than twelve months are eligible, with special attention to persons unemployed for two years.

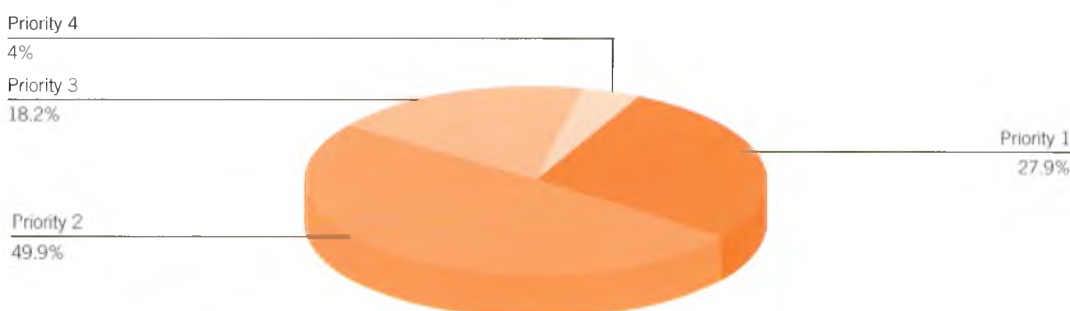
Priority 3

Integration of persons at risk of exclusion from employment. This includes people with disabilities and immigrants in the big cities.

Equality of opportunity

Equality of opportunity between men and women, provided for under Objective 3 of the ESF regulations is applied in Sweden across the board and is a fundamental feature of all programmes.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3



Priorities	ECU million
1. Labour market integration of young people	96.6
2. Combating long-term unemployment	173.1
3. Labour market integration of people at risk of exclusion	63.3
4. Technical assistance	14

Measures

The following set of measures applies to all three priority categories; they contain sufficient flexibility to respond to varying needs and can be availed of in whatever combination is most suited to particular cases.

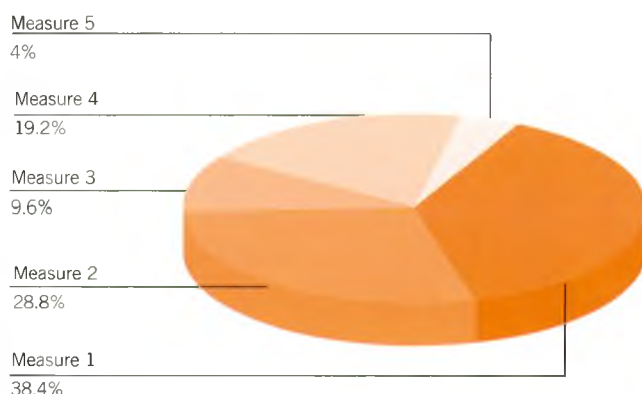
- ◆ skills development, theoretical and practical, including, where appropriate, language training, social skills and confidence-building;
- ◆ pathways to employment through computer centres providing training in information technology, funded by national sources, combined with work orientated activity financed by the ESF (job search, placements, counselling and guidance);
- ◆ personal guidance and counselling, including projects and networking;
- ◆ job creation through self-employment, involving training for small business start-ups, training in entrepreneurship and work experience.

Beneficiaries

Expected beneficiaries from the SPD under Objective 3 (as estimated at the commencement of the programme) were as follows:

Measures	Number	ECU million
1. Skills development	61,200	133
2. Pathways to employment	45,700	99.9
3. Guidance and counselling	15,300	33.3
4. Job creation/start-ups	30,600	66.6
5. Technical assistance		14.0
Total	152,800	

BREAKDOWN OF ESF FUNDING BY MEASURE - OBJECTIVE 3



Technical Assistance

Under this heading funding is provided (ECU 14 million) for co-ordination and management at local, regional and national levels, information and publicity, and follow-up and evaluation. This is carried out by local committees representative of the social partners, trade and industry, local authorities and the social economy.

Key points - Objective 3

- ◆ 48.9% of total ESF assistance to Sweden
- ◆ concentrates on innovative and quality programmes with multiplier effect
- ◆ contains common set of measures for long-term unemployed adults, young people, immigrants and persons with disabilities
- ◆ expected to benefit 152,800 in 1995-1999

► Objective 4

OBJECTIVE 4

Facilitating the adaptation of workers to changes in production systems

The SPD for Objective 4, adopted on 12 February 1996, included an allocation of ECU 173 million, representing more than a quarter of ESF aid to Sweden for the period 1996-1999, the highest proportion for this Objective in the Community. The aim is to complement important aspects of the national plan to counteract unemployment, by increasing the skill and training levels of firms and their employees to meet the demands of more sophisticated production systems. This to counteract job losses arising from structural change stemming both from the recession and increasing internationalisation of the economy. The SPD is intended to be a catalyst in making the upgrading of skills a priority and disseminating information on best practice in this area. Action is directed at anticipating future developments as well as coping with present needs. Skills development in the workforce goes in parallel with strengthening the businesses in which they are employed.

SMEs, especially firms employing less than 50, are targeted; skills development of key staff, such as managers and union representatives is promoted as well as the upgrading of workers with low-level qualifications. Firms with up to 250 employees may also benefit.

The Swedish SPD contains a limited provision (just over 12% of the total) for public sector SMEs. In Sweden the risk of unemployment applies to certain public as well as private sector employees and the target group in the case of this exception is mainly women with low-level qualifications in public sector care organisations.

The development of networks and support structures for firms and employees and improved information flows through partnerships at local, regional and national level are supported as a means of ensuring better responses to future needs.

Priorities for ESF support

An analysis of the labour market and policy in Sweden in relation to the role of Objective 4 led to the establishment of the following priorities in the SPD.

Priority 1

15% of available funding (ESF and national sources) is allocated to the forecasting of changes in the labour market as well as the analysis and planning of skills development. Target groups under this priority are - key employees, labour market experts, decision-makers and researchers.

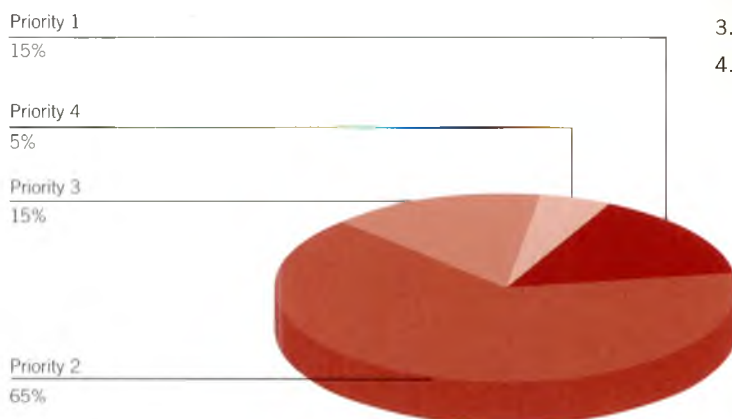
Priority 2

Some 65% of the ESF allocation and over 73% of total funding is allocated to vocational training, guidance and counselling. This includes activity for raising the skill levels of individual employees which also contributes to the strengthening and development of the firms in which they are employed. Target groups under this priority are - key staff members and the workforce as a whole in SME's; counsellors, instructors, and staff at risk of redundancy.

Priority 3

Some 15% of the ESF allocation (8.5% of total funding) goes to transfer and co-operation structures. This covers networks and support structures, the training of trainers and the dissemination and transfer of results.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 4

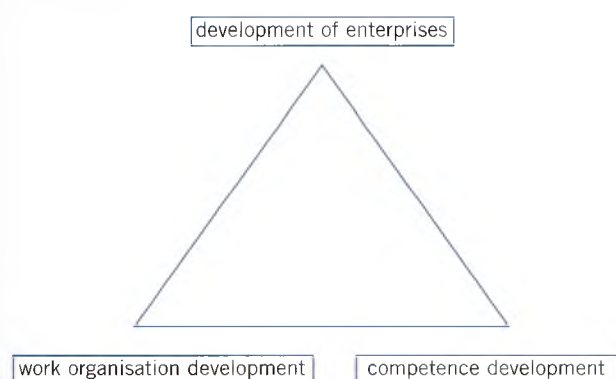


Priorities	ECU million
1. Forecasting, planning and development	26
2. Training, development, guidance and counselling	112.4
3. Networks, co-operation and transfer structures	26
4. Technical assistance	8.6

The programme in action

As Sweden devotes more of its ESF share to Objective 4 than any other Member State, a word on how the programme works in practice may be of interest. The model, derived from the national five year 'Working life programme' which preceded the SPD, is designed to provide a simple system giving easy access to firms.

An interlinking three-pronged strategy operates in the following way:



Stage 1 consists of an analysis of skills and competence needs and the planning of change and developments within businesses as a whole. This is followed by the initiation of the development projects in firms, involving the training and competence development of key staff as well as the preparation of an action plan for Stage 2.

Stage 2 concerns the skills and competence development of the workforce within the context of the plan and giving special attention to people with the greatest needs. At least 90% of SMEs completing Stage 1 can be expected to go on to launch Stage 2 within three months.

Stage 3 A third measure provides support for the development of networks, which can include one-person firms, and for cooperation, support and transfer structures.

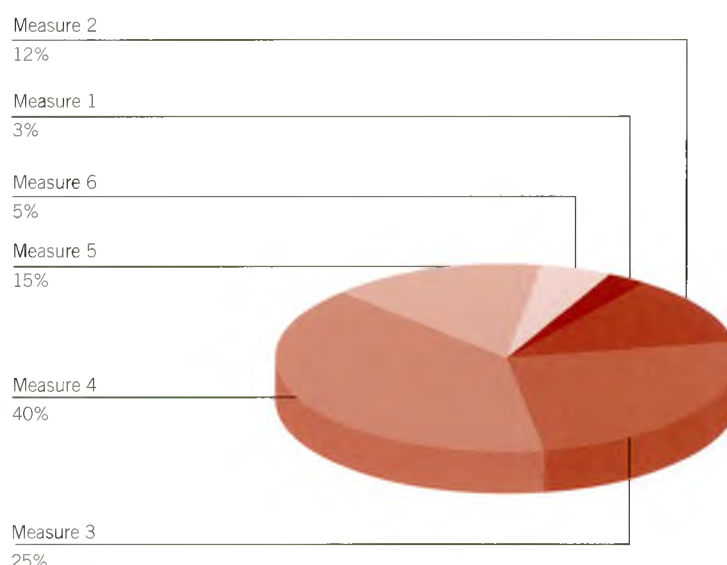
Technical Assistance

Provision is made (amounting to 5% of the ESF allocation and including also national funds) for co-ordination and management, publicity and information, and evaluation. An on-line computer network is to link regional co-ordinators, regional committees, the EU Programme Office (which co-ordinates the SPD) and the National Labour Administration. The identification and application of innovative methods is assisted. The following chart illustrates the distribution of the ESF allocation between the measures applied in the implementation of the priority actions.

Beneficiaries

It is estimated that 30,000 businesses and some 240,000 people will be assisted under Objective 4 in the period 1996-1999.

BREAKDOWN OF ESF FUNDING BY MEASURE - OBJECTIVE 4



Measures	ECU million
1. Forecasting changes in labour market	5.2
2. Forecasting/planning in business	20.7
3. Skills development of key members of staff	43.3
4. Skills development of workforce	69.2
5. Networks, co-operation and transfer structures	26
6. Technical assistance	8.6

Key points - Objective 4

- ◆ represents 24.3% of the total ESF allocation to Sweden
- ◆ gives priority to firms employing less than 50
- ◆ contains limited provision for small public sector firms
- ◆ requires forecasting trends and planning as essential preliminary steps before training
- ◆ assists networking and support structures

Regional Objectives in which the ESF integrates with other Structural Funds.

► Objective 2

OBJECTIVE 2

Converting the regions seriously affected by industrial decline

Five Single Programming Documents adopted on 22 November 1996, provide for Structural Fund support of ECU 160 million for the Objective 2 regions of Sweden for the period 1995-1999. About a quarter of this aid (ECU 38 million) comes from the ESF, representing 5% of the total allocation for human resources development.

There are five Objective 2 regions in Sweden - Ångermanlandskusten, Bergslagen, Blekinge, Fyrstad and Norrlandskusten with a total population of about 970,000. The characteristics of these regions generally show, with individual variations, over-dependency on larger companies, low skills levels due to lack of training, and over reliance on diminishing public sector employment. Their overall unemployment rate is 11.8% compared to the national average of 9.8%.

BREAKDOWN OF ESF OBJECTIVE 2 FUNDING BY REGION

ECU million

Ångermanlandskusten	3.8
Bergslagen	19.5
Blekinge	2.7
Fyrstad	5.0
Norrlandskusten	7.34

The ESF integrates with the ERDF to provide the full range of human resources development needed to integrate with the investment in economic development. Generally speaking the overall aim is to modernise and diversify the economy and promote employment.

Priorities

The ESF component concentrates on human resources development, especially for young people and women, relating in particular to:

- ◆ skills training for SMEs;
- ◆ development of entrepreneurship;
- ◆ RTD, linking education with industry;
- ◆ new technology, especially in the information field;

Technical assistance is provided for monitoring, control, evaluation, and publicity.

Beneficiaries

It was estimated that over the duration of the SPDs some 21,000 jobs would be created.

Key points - Objective 2

- ◆ 6% of the ESF allocation
- ◆ priority for SMEs, tourism, RTD and new technology
- ◆ 11% of the Swedish population live in Objective 2 areas



► Objective 5b

The development and structural adjustment of rural areas

Single Programming Documents adopted on 22 November 1996 provide for Structural Fund support of ECU 136 million for the Objective 5b regions of Sweden for the period 1995-1999. About a fifth of this aid (ECU 29 million) comes from the ESF. There are five 5b regions in Sweden comprising three thinly-populated forestry zones - Västra Sverige, Västerbotten/Gävle/Dala and Sydöstra (in western, northern, and south-eastern Sweden), the Archipelago and the island of Gotland. Between them these regions make up 12.8% of the national territory and contain 8.6% (754,000) of the population.

BREAKDOWN OF ESF OBJECTIVE 5b FUNDING BY REGION

ECU million

The Archipelago	1.16
Gotland	2.73
Sydöstra	8.3
Västerbotten/Gävle/Dala	5
Västra Sverige	12.4

The ESF combines with the ERDF and the EAGGF to provide the full range of human resources development needed to integrate with the investment in economic development in the regions. While there are variations in programme content to reflect differences in needs between the various regions, generally speaking the overall aim is to modernise and diversify the economy and promote employment.

Priorities

The ESF component concentrates on human resources development especially for young people and women relating in particular to:

- ◆ skills training for SMEs;
- ◆ development of entrepreneurship;
- ◆ tourism and services;
- ◆ RTD, linking education with industry;
- ◆ new technology especially in the information field.

Technical assistance is provided for monitoring, control, evaluation, and publicity.

Beneficiaries

It was estimated that over the duration of the SPDs some 9000 jobs would be created and start-ups increased by 25%.

Key points - Objective 5b

- ◆ ESF allocation is 21% of total structural funding
- ◆ includes to 12.8% of the national territory
- ◆ priority for SMEs, tourism, RTD and new technology

► Objective 6

Development and structural adjustment of regions with an extremely low population density

A Single Programming Document, adopted on 6 November 1995 provides for Structural Fund support (including ECU 64 million from the ESF) for the northern region of Sweden which is designated a sparsely populated region in accordance with the definition of a maximum population density of 8 persons per km². The population of the region in question is, in fact only 2 persons per km²; the average for the EU is 89 per km².

The Objective 6 area in Sweden extends over most of the northern half of the country (apart from the coastal strips) in which only 5% of the population resides. It includes the entire county of Jämtland and most of the counties of Värmland, Kopparberg, Gävleborg, Västernorrland, Västerbotten and Norrbotten.

The overall aim of this programme is to promote the creation of new jobs to enable people to continue to work and live in the region. This involves diversifying the economy while safeguarding the viability of local communities and exploiting natural resources.

The human resource strategy in this context is to improve skills and promote enterprise development. There is an emphasis on community development and projects for young people and women. Special emphasis is placed on the preservation of the Sami people's culture, language and way of life.

Technical assistance (2% of SPD) is available for monitoring, control, evaluation, and the financing of small scale pilot projects, including actions by the Sami parliament.

Beneficiaries

It was estimated that in the period 1995-1996 some 9500 jobs would be created or saved and 900 new firms set up.

Key points - Objective 6

- ◆ applies to Northern Region with population of 2 persons per km²
- ◆ ESF used mainly for skills development, SMEs and tourism, rural development and categories at risk of exclusion
- ◆ includes focus on RTD and information technology
- ◆ supports Sami language and culture

SPD Priorities

The ESF actions, within the overall priorities of the SPD, are as follows: *ECU million*

Priority 1		
Development of jobs, trade and industry.		
ESF action: Skills development for SMEs and tourism.	20.92	(33%)
Priority 2		
Promoting know-how.		
ESF action: Training in research and development and information technology, training and education including distance learning.	13.12	(21%)
Priority 3		
Agriculture, fisheries & natural resources.		
ESF action: Training in forestry, fisheries, mining and the environment.	6	(9%)
Priority 4		
Rural and community development.		
ESF action: Support for local development.		
Training for categories at risk of exclusion.	20	(31%)
Priority 5		
Sami development.		
ESF action: Preservation of Sami language and culture.	2.52	(4%)

Human Resources component of Community Initiatives in Sweden

The Employment Initiative, with its four strands - NOW, HORIZON, INTEGRA and YOUTHSTART - receives an EU contribution of ECU 24 million to foster best practice in the field of human resources development through innovation, transnational co-operation and local partnership.

Under the Adapt Initiative, the ESF allocates ECU 13 million for the co-financing of innovative transnational projects targeted at employees at risk of unemployment due to industrial and technological change. The focus is on SMEs and the structures and methods which can support them and their employees to improve their ability to anticipate and cope with future conditions and needs.

In addition, the ESF contributes amounts, totalling ECU 22 million, through the other Community Initiatives: Leader, Pesca, SME, Urban, Interreg and Konver.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

Long-term unemployment had become a growing problem in Sweden by the end of 1993. People out of work for 12 months or more amounted to 17.2% of the 'total unemployed', defined as those without regular jobs, and during the following year, this figure showed a 75% increase.

Combating and preventing long-term unemployment is therefore central to national policy and the Swedish authorities are availing of ESF aid to complement and extend their own efforts in this direction.

Concentration on innovatory projects

As the ESF contribution amounts to only 2% of national investment in labour market programmes, the SPD concentrates on innovatory and quality projects with multiplier potential carried out in a decentralised system responding to local labour market trends. The ESF assists, mainly, the aims of the national programme which relate to new business start-ups and the provision of training, counselling and guidance leading to new jobs for the groups most exposed to long-term unemployment.

Computer activity centres

The computer activity centres provide an interesting example of the way in which the ESF complements national funding. Participants spend half the time in training in information technology financed from national sources and the remainder on direct job related activities funded by the ESF - such as job search, placements, counselling and guidance.

Work strategy

A basic feature of Swedish policy is the 'work strategy' which involves job-seekers in work placements, guidance and training to reduce dependency on unemployment benefits to the minimum. This is part of the government's action programme against unemployment which was launched in 1994.

Projects to develop new methods in counselling and guidance, so as to increase motivation, are encouraged. Action plans are drawn up for individual job seekers. Skills development includes both basic training and new qualifications, to meet the evolving needs of the labour market. Projects assisted by the ESF include the preparation of these action plans and motivation and support for job seekers to help them find and keep employment.

Development of the SME sector

Various national programmes assist business start-ups. ESF aid goes towards extending the duration of such support and adding to it, for example by providing mentors. The ESF assists training in entrepreneurship, work experience, and consultancy supports.

The ESF allocation is aimed at improving the skills base of unemployed people to help them secure jobs in small firms or start their own businesses. The objective is to strengthen, both in terms of numbers and viability, the SME sector.

Common measures for all categories

In the Swedish case, a common set of measures applies to all categories covered by Objective 3. These contain sufficient flexibility to respond to varying needs and can be availed of in whatever combination is most suited to particular categories.

Beneficiaries

The numbers of long term unemployed to benefit under the Objective 3 measures was estimated as follows:

	Number
Skills development	41,600
Pathways to employment	6,700
Guidance and counselling	10,400
SME development	20,800
Total	79,500

B. Vocational integration of young people

Young people were among the categories most affected by the recession and even if their job opportunities were showing a tendency to increase at the time of the adoption of the SPD, recruitment was mainly confined to people with qualifications and the problems of the untrained were, if anything, increasing. Youth unemployment, though falling, remained significantly above the average rate and large numbers, especially the unskilled, were missing out on work experience at a crucial age. The government action plan included youthstart programmes to counteract this. The national aim is that no young person should have to remain unemployed for longer than a hundred days. Financial incentives are provided to employers, by way of reduction of social security payments, for recruitment to permanent jobs.

Computer Centre:

One of the aims supported by the ESF is training, theoretical and practical, to improve job prospects of young people who have little or no qualifications. The full range of the measures already described is available to help in the vocational integration of young people. The computer centres are intended to make a significant contribution. The provision for guidance was also considered important in helping to promote youth employment.

Beneficiaries

It was estimated that around 80% of the beneficiaries under the measure providing pathways to employment would be young people. The SPD for Objective 3 anticipated the numbers of young people benefiting as follows:-

	Number
Skills development	4,400
Pathways to employment	36,600
Guidance and counselling	1,100
SME development	2,200
Total	44,300

C. Integration of persons at risk of exclusion from the labour market

The substantial increase in the number of permanent disability pensions in recent years was an indicator of the growing difficulties faced by people with

disabilities in a situation where numbers of job-seekers were growing and skill requirements becoming more demanding.

The number of immigrants and refugees had greatly increased in recent years, adding 20,000 - 30,000 on average to the number of job-seekers in Sweden each year, this is ten times greater than the corresponding numbers in the period pre-1985. Unemployment rates for immigrants was particularly high, touching 37% among those migrating from outside Europe; this is about four times the national average unemployment rate. There are long waiting periods while asylum applications are processed before which employment cannot be undertaken. This involves the risks of long-term unemployment and joining the irregular labour market.

Persons with disabilities and immigrants, therefore, figure prominently in the Swedish SPD under Objective 3. The full range of measures already outlined is available. Again the approach is holistic, integrating various measures, and the focus for ESF funding is on innovative and complementary action.

Disability Actions

The approach includes, in the case of persons with disabilities, functional assessment and vocational guidance and the provision of aids or adjustments to work-stations which compensate for disabilities.

Migrants' Programmes

Projects for immigrants are assisted in the three principal cities where there are high concentrations of immigrants - Stockholm, Göteborg and Malmö. Counselling activities for this category, aided by the ESF, take account of the match of their skills and qualifications to the situation in Sweden; language tuition is combined with vocational training. The activities funded by the ESF for immigrants also include work placements, training in entrepreneurship and counselling in business start-ups.

Beneficiaries

People at risk of exclusion are expected to benefit from Objective 3 of the SPD in the following numbers:

	Number
Skills development	15,200
Pathways to employment	2,400
Guidance and counselling	3,800
SME development	7,600
Total	29,000

D. Promotion of equal opportunities in the labour market between men and women

Women's unemployment is slightly less than the rate for men but the gap is gradually narrowing and demand is declining for workers with low-level education and training - areas in which women make up most of the workforce.

The Swedish Action Plan contains provisions for improving the situation of women and counteracting tendencies to segregate the labour market by gender. In the implementation of Objective 3, a general priority is given to projects which involve the promotion of equal opportunities. In the case of Sweden, no separate provision is made for this aim, but the priority applies horizontally across the fields of intervention. Under the skills development measure, for example, young women opting for traditionally male occupations are assisted while there is a focus on diversifying women's career choices under the guidance and counselling measure. Under the SME measure, aid is made available for women's groups and women interested in starting their own businesses.

E. Anticipation of labour market trends and adaptation of worker skills to change

As the substantial proportion of ESF aid allocated to Objective 4 illustrates, the question of adapting workers' skills to the changing demands of the labour market is highly relevant to the situation and practice in Sweden.

A feature of the Swedish labour market was the fact that a relatively large number of workers had not gone beyond compulsory education; the proportion with higher education was relatively small, as was the number with advanced technical training.

Growth is becoming less labour intensive in Sweden as elsewhere with changes in work organisation and investment in new technology. This makes new and greater demands on the skills and flexibility of the labour force.

The increased competition faced by firms attributable to the globalisation of markets, accentuated by accession to the EU, involves more frequent changes in production systems and, consequently greater requirements of adaptability on the part of workers. One of the aims of Swedish labour policy is to render work more meaningful and developmental; this is regarded as complementary to preparation for change. Continuing training for adult workers is an important feature of national labour market policy.

The plan introduced by the government in Autumn 1994 to combat unemployment includes skills and competence development in the workplace among its five main fields of action.

The Objective 4 SPD avails of the ESF to complement two of the main fields of action of the Swedish plan to combat unemployment - the skills and competence development of the workforce and support for SMEs. Both of these aims coincide with policy objectives of the ESF. The focus is primarily on undertakings with less than 50 employees but workers in firms employing up to 250 are also included. Special attention is given to workers whose training is of a low level or out of date.

The importance given to forward planning, the involvement of the Social Partners and the bottom-up approach accord fully with ESF aims. The preparation of development plans covering proposals to adapt work organisation to change must, as a general rule, precede training activity proper. This approach accords with the ESF aim of forecasting labour market trends in supporting workers in adapting to change.

F. The ESF - an instrument of regional development

Employment growth and stability

There is an emphasis on training and skills development for SMEs; the ESF supports programmes under Objectives 2, 5b and 6 aimed at developing training courses for SME personnel that are more responsive to local business needs and increase the use of new technology especially in the information field.

The ESF also supports actions aimed at providing skills and qualifications for jobs for both the employed and unemployed, especially in tourism, agriculture, fisheries, mining, the environment, RTD and information technology.

Raising training standards

Further measures aim to develop or improve courses suited to local needs including: distance training, the training of entrepreneurs, management courses for women, competence and development centres and training for future trends in the labour market.

Boosting human potential in the field of research, science and technology

The Objective 6 region in particular suffers from a deficit in RTD. The ESF aims to address this by increasing the volume of research undertaken and assisting the dissemination of the results achieved. The aims include increasing the number of SMEs engaged in technological cooperation with other companies, and help to link small companies to research centres.

The ESF also promotes the training of managers, technicians and post-graduates in research establishments and the improvement of cooperation between RTD and training and education.

Information technology expertise is being used to overcome the distance problem, suffered in particular by Objective 6 regions, by developing an advanced communication infrastructure. This will facilitate increased distance working and distance learning and open up business opportunities. It is hoped that this IT expertise will in turn become a commercially viable product in its own right.

About 5.7% of the total Swedish ESF allocation goes to human resources development for RTD in the period 1994 - 1999.

Education and training systems

The Objective 6 region has a well developed educational structure so the question of investing in its development was not therefore considered a priority. The human resource development strategy, aided by the ESF, however included under 'promoting know-how' greater investment in continuing training, improving training systems within companies, and enhancing the quality of and access to education and training, especially in science and technology. Actions supported by the ESF aim to:

- ◆ provide information technology networks in at least 50% of the towns, to increase the number of distance tuition courses offered and double the number of students taking part;
- ◆ increase the numbers going on to higher education and the number of people in the workforce with third level education;
- ◆ encourage new types of education and training aimed directly at the needs of local trade and industry.

SECTION 4

Management and follow-up

Implementation structures

The Ministry of Labour has designated the National Labour Market Board (AMS) as the body with overall responsibility for the administration of the ESF in Sweden and to manage the Objective 3 programme specifically. The EU programme office for Education, Training and Competence Development manages and co-ordinates Objective 4. The National Rural Development Agency has overall responsibility for Objective 5b, while the National Board for Industrial and Technical Development (NUTEK) has been given the task of overseeing Objectives 2 and 6.

The *Monitoring Committee* for Objective 3 is chaired by the Ministry of Labour, and includes with the Commission and the EIB, representatives of local authorities, county councils, employers, trade unions, associations of SMEs and co-operatives, civil service and professional organisations, councils for immigrants and persons with disabilities, NUTEK, AMS and boards responsible for health, welfare and insurance.

Regional Committees contain representation from the social partners, county councils, trade and industry, the social economy and the county social insurance offices. They assist the County Labour Boards in the implementation of the SPDs at county level, drawing up and updating regional financial plans. They also propose selection criteria and chose the projects.

Local committees, similarly broadly-based, formulate, submit and monitor projects.

The monitoring, regional and local committees for the other SPDs are similarly structured, with variations in membership according to the nature of the programmes. The Objective 4 committees, for example, contain representation from bodies dealing with occupational health and safety, and research into working conditions.

In the case of the Objective 6 SPD, County Management Committees are responsible for day-to-day administration with a *Regional Committee* dealing with aspects affecting the region as a whole.

United Kingdom

SECTION 1

Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999

Economic situation

As in other Member States, the programming of Structural Fund aid for the UK to the period beginning 1994, was drawn up following a period of rising unemployment and slow-down in economic growth. GDP growth in the UK had reached 3.9% but was anticipated to slow to around 2.5% during 1995. An improvement to 3% was forecast for 1996. The general government deficit was expected to fall to under 3% in 1997 and inflation had stayed within the government's target range of 1 to 4 per cent for 42 consecutive months.

Labour market

The UK had maintained a faster rate of job growth than most of the other Member States during the previous employment cycle (1979-1990). It did not, however reach the level required to halt the rise in unemployment. In fact, unemployment stood at a higher point in 1990 than it had known at the worst point of the previous cycle. By 1993, of an estimated 27 million in the labour force, 24.2 million were employed. The recession had resulted in a fall in numbers in employment of about 2 million between 1990 and 1993 and a rise in unemployment to about 2.9 million by the beginning of 1993.

The year April 1992 to April 1993 saw an increase of 27.8% in the long-term unemployment rate to around one million - despite an overall fall in unemployment. Numbers of out of work for more than two years doubled.

There was a relatively even spread of unemployment throughout the working population. Differences between unemployment rates of males and females and among different age groups in the UK were among the lowest in the EU. The number of females active in the labour market had risen, reaching 12 million by 1993, but nearly half were in part-time work. The unemployment rate among young people was more than 50% above the national rate for unemployment as a whole.

Trends

Labour market trends had seen an increase in the numbers of part-time workers and in the length of the average working week to 43.5 hours in 1994, making it the longest in the EU. Demand for highly skilled labour was expected to continue. Employment at entry level reduced with the decline in traditional manufacturing and extraction industries. New technology and increased demand for quality generally were demanding for new skills. Although requirements of higher level skills were being met, numbers available to fill intermediate posts were insufficient. As a result, higher qualified workers tended to be drawn down to cover for deficiencies at lower levels. This resulted in workers' skills not being optimally used. Self-employment was growing, reaching 2.9 million in 1993, which was 50% higher than in 1979. Self-employment as a percentage of total numbers in employment remained more or less constant between 1990, when it represented 13.1%, and 1995 when it was 12.6%.

SECTION 2

Structural Fund programmes in the UK

A. Allocation by Fund and Objective

The United Kingdom qualifies for Structural Fund aid under Objectives 3 and 4 over its entire territory and, in the case of the regions which fulfil the specific conditions prescribed, for funding under Objectives 1, 2 and 5b. This means that all of the Structural Funds - ERDF, EAGGF, ESF, and FIGF - apply in the UK.

Total assistance

Basic Structural Fund aid allocated to the UK for the period 1994-99 is ECU 11.6 billion or 8% of the total for the EU. The ESF contributes ECU 5.4 billion which amounts to 46.5% of the total UK allocation. In addition this Member State benefits from ESF funding totalling ECU 748 million through the Community Initiatives.

BREAKDOWN OF ASSISTANCE BY OBJECTIVE AND SOURCE OF FUNDING 1994-1999

ECU million - prices valid at time of Decisions

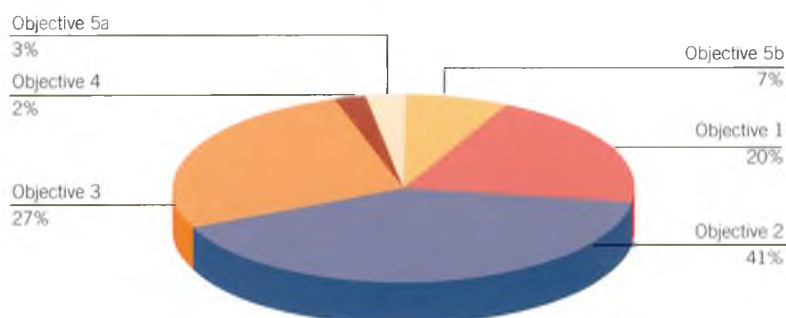
	Total Structural Funds	ESF	ERDF	EAGGF	FIGF
Objective 1	2360	747	1332	246	35
Objective 2	4811	1196	3615		
1994 - 1996	2145	535	1610		
1997 - 1999	2666	661	2005		
Objective 3	3156	3156			
Objective 4	244	244			
Objective 5a Agric.	186			186	
Objective 5a Fish	89				89
Objective 5b	818	134	533	151	
Total	11664	5477	5480	583	124
Community Initiatives					
Employment	194	193	1		
Adapt	316	316			
Others	936	239	657	31	9
Total	1446	748	658	31	9
General Total	13110	6225	6138	614	133

BREAKDOWN OF ALLOCATION BY FUND (excluding Community Initiatives)

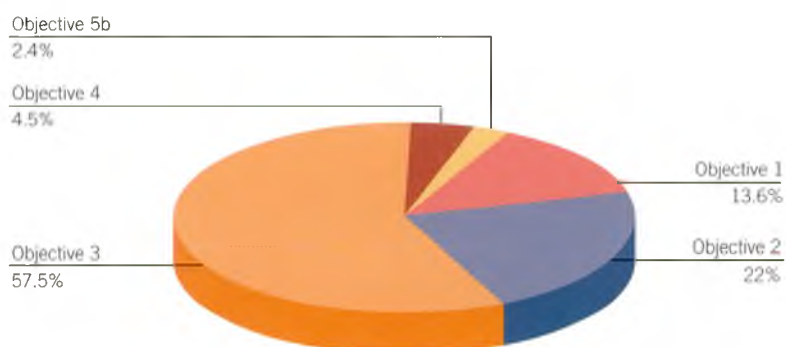


The UK authorities opted for the Single Programming Document (SPD) approach; thirty programmes are involved, twenty-eight of which include the ESF. A further SPD (Objective 4), exclusively ESF, is planned. In addition, there are several operational programmes under the Community Initiatives most of which include the ESF.

BREAKDOWN OF STRUCTURAL FUND ALLOCATION BY OBJECTIVE



BREAKDOWN OF ESF ALLOCATION BY OBJECTIVE



B. Main features of ESF component in the Structural Fund programmes

EU-wide Objectives 3 and 4 - involving only the ESF

► Objective 3

Combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market; promoting equality of opportunity

Nearly two thirds of the total ESF allocation to the UK is for Objective 3, making it the largest programme of its kind in the EU. Its scope excludes Merseyside, Northern Ireland and the Highlands and Islands, all of which deal with the Objective 3 aims separately in their Objective 1 programmes. The original SPD, amounting to ECU 1501 million, covered the period 1994-1996, and a second programme (approved in 1996) provides aid of ECU 1655.4 million for the years 1997-1999.

SPD for 1994-1996

The initial SPD contained the following four priorities, described as pathways to employment. Each priority contained measures - guidance and counselling, training and job subsidies - designed to be used in the combinations best suited to the varying needs of the target groups.

Priority 1

Long-term unemployed

Pathways to employment - the target group was people who had been unemployed for 6 months or more, with special attention to those without up-to-date qualifications, people who had not worked for two years or more and persons over 50.

The aim was to provide a targeted and coherent package to enable the long-term unemployed, regardless of age, to map a route back to real employment. This required helping people to make informed choices about training and work and raising skill levels and confidence.

Priority 2

Young people

Pathways to a good start in working life - the target group was young people aged 16-24, especially those 16-18 year-olds without jobs and not in full time education.

The ESF supported packages of up to two years of training and work experience leading to recognised qualifications, preferably at N/SVQ (National and Scottish Vocational Qualification) level 3. These could be either courses funded by youth credits or traditional courses. With the increasing emphasis on improving the quality of training, there was a preference for courses offering intermediate or higher skills especially through apprenticeships.

Priority 3

Categories at risk of exclusion

Pathways to integration - this was for categories or individuals at risk of exclusion from the labour market such as persons with disabilities, health problems or learning difficulties, lone parents, ethnic minorities, ex-offenders, and people living in rural areas.

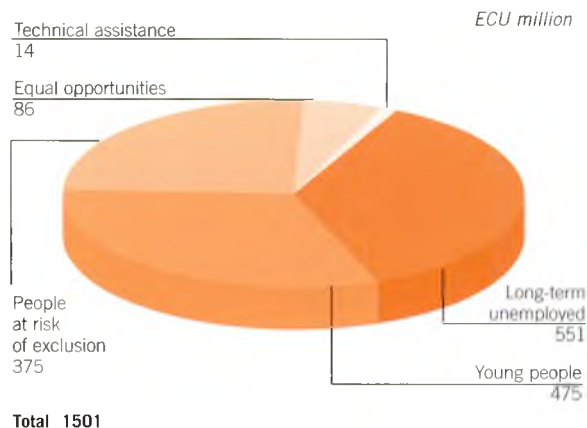
Partnership projects offering an integrated approach to overcome multiple barriers to employment were especially encouraged. This often required remedial actions as well as training and conventional help with job search. Projects which bridged gaps in existing training and employment services were particularly welcomed. One of the aims was to improve the capacity of training and counselling personnel to respond to the needs and potential of excluded groups.

Priority 4

Equal opportunities

Pathways to equal opportunities - this was for persons returning to work or seeking employment in jobs in which their gender was under-represented.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3 - 1994-1996



The 1994-1996 programme allocated 90% of its funding to training, 7% to job subsidies and 3% to guidance and counselling.

SPD for 1997-1999

The programming for the second period took account of the lessons learnt in the earlier experience especially in relation to the requirements in ESF legislation to focus on areas of greatest need, while promoting the effectiveness and additionality of ESF aid. A new regional structure was introduced to implement the new programme. Each regional authority submits a separate implementation plan to the monitoring committee.

Overlap between the priorities had proved to be a feature of the initial programme: the categories at risk of exclusion were now in practice limited to Priority 3 even if eligible under Priorities 1 and 2. The earlier experience also highlighted the need to identify sub-groups under the various priorities to ensure assistance for people with greatest need who suffer from multiple disadvantages. Individual planning of a pathway to integration is often essential in these cases.

Community Development

Many of the disadvantaged and excluded groups are concentrated in areas in which locally-based organisations lack the capacity to adequately respond to needs. A new priority was introduced, therefore, to support capacity-building actions in such cases.

Priorities for the period 1997-1999

The priorities for the period 1997-1999 are as follows:

Priority 1

Pathways to employment for people aged 25 or over, but under state pension age, who have been out of work for a minimum of 6 months.

Sub-groups

People over 25 who lack vocational qualifications; have been two years or more out of work; are more than 50 years of age; suffer from disabilities; are members of ethnic minorities; are homeless; have been excluded from employment as offenders; are lone parents or carers; are returning to the labour market after an absence of two years or more; live in rural areas; have literacy and numeracy problems or have recently been victims or major redundancies.

Priority 2

Pathways to a good start in working life for young people between 16 and 24.

Sub-groups

- ◆ school leavers who are 18 and under, without a job, not in full-time education and seeking a training place;
- ◆ those with no work experience;
- ◆ those with no up-to-date relevant qualifications;
- ◆ those who have been without work for at least one year.

The priority sub-groups also include young people in the categories at risk of exclusion eligible under Priority 1, as listed above.

Priority 3

Pathways for equal opportunities between men and women

As in the previous programme the focus of this priority is on action to encourage men and women to enter employment in areas where they are under-represented. The sub-priorities in the new programme target raising awareness of job opportunities, developing confidence and assertiveness, providing vocational training, overcoming gender-based obstacles and promoting business start-ups. There is provision also for the training of trainers in equality issues.

Priority 4

Enhancing capacity for community development.

The aim is to improve the quality of service provided by organisations catering for the disadvantaged under the first three priorities.

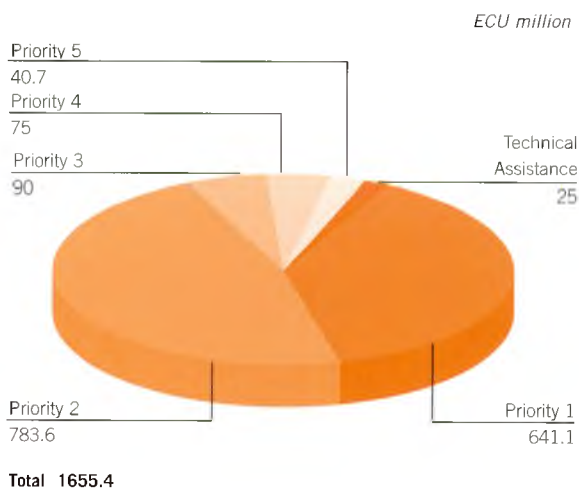
This priority which is additional to assistance provided under the other headings, targets trainers and guidance officials in organisations providing services to the target groups at risk of exclusion and to facilitators engaged in community development and outreach activities for them.

Priority 5

National Projects

Under the current programme, most projects will be related to regional needs. Priority 5 makes provision for national projects where four or more regions are involved or where an action has national implications and is financed in part by a national body. Preference is given to integrated projects which combine the various kinds of assistance needed to maximise job prospects.

BREAKDOWN OF ESF FUNDING BY PRIORITY - OBJECTIVE 3 - 1997-1999



It is envisaged that at least 40% of the funding will be used for guidance, counselling and direct help into jobs. This is considerably more than the allocation for these purposes in the earlier programme.

Technical assistance in the SPD for 1997-1999 is available to support the regional secretariats in addition to supporting monitoring, evaluation and publicity.

Beneficiaries

The total number of persons expected to benefit under Objective 3 in the period 1994-1999 was estimated at 5.8 million.

Key points - Objective 3

- ◆ largest Objective 3 programme in the EU
- ◆ represents two-thirds of UK allocation from ESF
- ◆ programming period split into 1994-1996 and 1997-1999
- ◆ earlier experience led to sharper focus on priorities for current programme

► Objective 4

Facilitating the adaptation of workers to changes in production systems

The UK did not adopt an Objective 4 SPD at the beginning of the programming period, preferring instead to concentrate on measures for the long-term unemployed and other disadvantaged groups. The Objective 3 SPD was therefore adopted in December 1994 for a period of three years only (1994-1996), on condition that a new Objective 3 plan would be negotiated for 1997-1999 together with a new Objective 4 plan. At the time of publication, negotiations on a new Objective 4 SPD were at an advanced stage.

The SPD for Objective 4 will receive an allocation of ECU 244 million for 1998-1999, which represents 4.5% of the total ESF allocation to the UK for the period 1994-1999. The main focus of this SPD (which applies to the regions other than Objective 1) will be support for the overall improvement of skills levels amongst the workforce, with a particular emphasis on support for employed workers with a low level of basic training who require retraining or upgrading of skills.

Priorities

It is envisaged that the SPD will contain the following three priorities :

Priority 1

Planning for change

Overall anticipation of changes in the labour market at national, regional and local level; and skills analysis in companies.

Priority 2

Tackling change through the development of the workforce

Training for key individuals, mentors, team leaders and trainers; and training for target groups within the workforce, in particular underskilled workers, those who need to upgrade to adapt to more advanced technology, and short term and part-time workers whom employers may be less likely to train.

Priority 3

Reinforcing solutions for change

The development of new training systems, and support to improve human resource-based networks between SMEs and with larger companies.

The programme will be delivered at regional level, through regional committees.

There will also be provision for cross-regional or sectoral projects.

The proposals emphasise the need for integration between the anticipation work under Priority 1 and actions to be supported under the other two priorities.

Regional Objectives - in which the ESF integrates with other Structural Funds

► Objective 1

Development of the least prosperous regions

Three regions in the UK qualify under Objective 1 - the Highlands and Islands, Merseyside and Northern Ireland. The socio-economic situation varies considerably between these regions, and the problems they encounter are addressed in three separate programmes.

Structural Fund aid totalling ECU 2360 million is allocated to these regions for the period 1994-1999 and about one third (ECU 747 million) comes from the ESF.

The European Social Fund, in addition to promoting pathways to employment for people at risk of exclusion in these regions, integrates with the economic development aims of the other Structural Funds-ERDF, EAGGF and FIGF.

The combined population of these regions is 3.3 million representing about 6% of the entire UK population, while their aggregate share of the national ESF allocation is 13.8%.

Highlands and Islands

The Highlands and Islands, situated on the north-western periphery of Scotland, is a region which comprises more than 90 islands which contain 30% of its population. Population density, at less than 10 per square kilometre, is only 11% of the EU average. The region suffered from over dependence in the past on a narrow base - agriculture, fisheries and textiles. The small firms sector lacked management and other skills. In some areas unemployment was well above the UK average and underemployment was a common feature among people living in the remoter parts of the region.

Merseyside

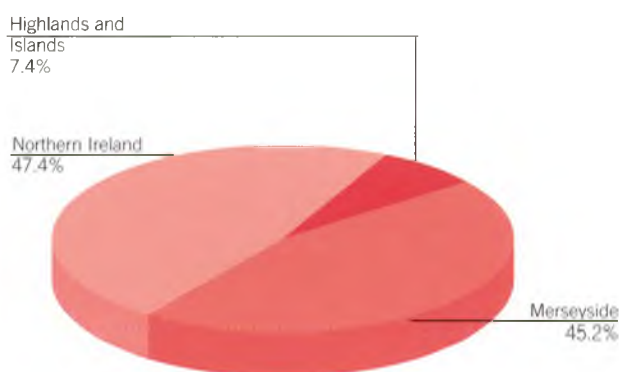
Merseyside is a heavily industrialised urban area, around Liverpool with a high density of population, and severe levels of unemployment and outward migration. The unemployment rate in the early 1990s was 70% above the EU average. Economic activity rates and attainment levels in education and training were low.

Northern Ireland

Northern Ireland had unemployment levels at almost twice the EU average at the time the programme was drawn up, and a high dependence on public sector employment. Educational levels and technological development were low. Much of the industrial structure had become unbalanced though the decline in traditional sectors like textiles, clothing and footwear. Civil unrest was compounding the socio-economic problems.

The breakdown of ESF funding by Objective 1 regions is as follows:

BREAKDOWN OF ESF FUNDING BY REGION - OBJECTIVE 1

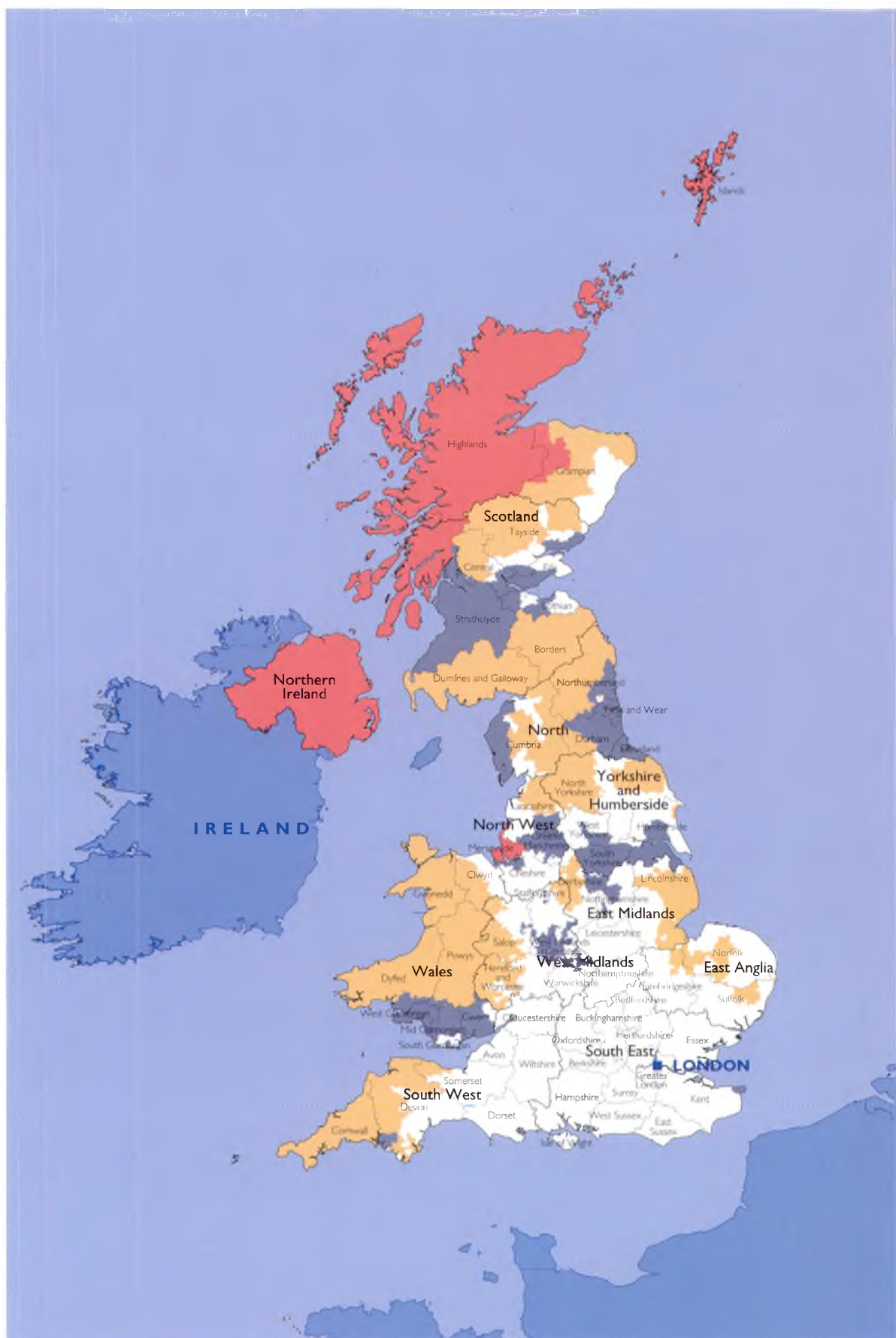


	ECU million
Highlands and Islands	55
Northern Ireland	354
Merseyside	338
Total	747

Priorities

In the case of the Highlands and Islands, over one third of the ESF funding is for business development skills and start-ups. A similar amount is provided for community development, which includes programmes for categories provided for nationally in the Objective 3 programme. Provision is also made for training in tourism and the environment. Development of new training methods and higher standards, especially through distance learning is fostered in conjunction with the ERDF.

- Objective 1
- Objective 2
- Objective 3
- Objective 4
- Objective 5b



In Merseyside nearly 75% of the ESF allocation is for pathways to employment for vulnerable categories of persons, with the rest going to development aims, promoting indigenous enterprise and local business (especially the culture, media and leisure sectors) and inward investment. An integrated package approach is combined with a local area focus delivered through local partnerships in 38 designated areas. This results in greater co-ordination in identifying and responding to local needs.

Northern Ireland's human resources strategy devotes almost two thirds of the ESF allocation to the pathways to employment type actions described under Objective 3. The remainder is mainly for human resources activity which integrates with the other Structural Funds in promoting economic development and competitiveness and the rural economy.

In all three regions, provision is made for training in advanced technology and RTD.

Beneficiaries

The three programmes combined envisaged that by the end of the programming period, the number of young people reaching N/SVQ 2 levels of training would be increased to 80%-85% while those reaching N/SVQ 3 would be in the 50%-70% range. Numbers expected to obtain jobs or go on to further training were estimated at around 400,000.

Key points - Objective 1

- ◆ covers 3 UK regions and 6% of the total population
- ◆ 13.8% of ESF allocation to the UK
- ◆ nearly 400,000 beneficiaries

Objective 2

OBJECTIVE 2

Converting the regions seriously affected by industrial decline

Structural Fund aid totalling ECU 4811 million was allocated to thirteen UK regions qualifying under Objective 2 for the period 1994-1999. The ESF, which provided about a quarter (ECU 1196 million) of this aid, co-finances the human resources development needed to combine with the economic development aims funded by the ERDF. The SPD for 1994-1996 included ECU 535 million for the ESF and the corresponding figure for 1997-1999 was ECU 661 million.

General characteristics of the areas

Twelve of the Objective 2 areas, located in Great Britain, are in mostly urban areas. Many of these were at the forefront of industrialisation in the past but have suffered, in more recent times, from reductions in output, employment and income. This gave rise to various socio-economic problems such as unemployment, deteriorating infrastructure, withdrawal of shops and services, rising crime and educational under-achievement.

The remaining region is Gibraltar, which qualifies mainly because of the economic effects of reductions in the defence sector.

Although programme content is designed to take into consideration different needs in the individual regions, the overall aim is to modernise and diversify the economy and promote employment. The programme aims to help areas with extreme socio-economic difficulties. This implies the provision of skills training including for people in employment, and measures to encourage inward investment.

SPD for 1997-1999

The paramount aim of job creation underpins all priorities in the Objective 2 programmes for the period 1997-1999. A key feature is the explicit requirement to improve labour market information to increase employment prospects by enhancing labour market responsiveness in project development and planning.

Equal opportunities for both men and women and for categories at risk of discrimination and exclusion are largely treated horizontally across all measures; this is the case also for environmental issues. The new programmes contain improvements in assessments of male/female participation in the labour market and skill levels; several partnerships are developing pilot actions to further promote equality aims.

Most programmes have a specific priority for local community development encouraging employment initiatives. These increasingly use the intermediate labour market, providing jobs in services of value to local communities.

Many programmes include human resources development in tourism and culture. A review of tourism training to develop a more strategic approach is envisaged in several regions.

Provision for training and development of research staff in technical institutions and research capacity within SMEs has been increased significantly compared to the previous period. This includes encouragement of the growth of a business culture for innovation.

BREAKDOWN OF ESF FUNDING BY REGION - OBJECTIVE 2

Region	ECU million
Eastern Scotland	53.4
East Midlands	48.6
Gibraltar	2.1
East London and Lee Valley	43.7
Industrial South Wales	100
North East England	173
Yorkshire and Humberside	186
North West England	214
Plymouth	13
Thanet	5.9
West Cumbria and Furness	14
West Midlands	208
Western Scotland	134
Total	1195.7

Priorities

The agreed priorities for action aided by the ESF are similar in the various regions and typically cover the following:

- ◆ support for local businesses, especially SMEs;
- ◆ skills development in modern technology and RTD;
- ◆ development of the tourism, culture and leisure industries;
- ◆ encouragement of community economic development.

Technical assistance is provided for monitoring, control, evaluation, and publicity.

Beneficiaries

The total number of persons expected to benefit under Objective 2 in the period 1994-1996 was estimated to exceed 260,000.

Key points - Objective 2

- ◆ ESF is 25% of Structural Funds Obj 2 allocation to the UK
- ◆ job creation underpins all the priorities
- ◆ support for local businesses, especially SMEs
- ◆ training in RTD and new technology

► Objective 5b

OBJECTIVE 5b

The development and structural adjustment of rural areas

Single Programming Documents provide for Structural Fund support totalling ECU 817 million for the UK Objective 5b regions for the period 1994-1999.

The ESF, which provides 17% of this aid (ECU 134 million), combines with the ERDF and the EAGGF to provide the full range of human resources development needed to support the investment in rural development and diversification in these regions.

There are eleven Objective 5b regions throughout Great Britain, each with a separate SPD. Some, such as Wales and South-west England, are quite extensive areas but in all they contain only 4.9% of the population. These regions have depended on traditional type employment - agriculture, fishing and mining. In some of the 5b regions, the defence industry remains a substantial employer. The closure of bases or redundancies in areas such as East Anglia has impacted heavily upon the local economy.

While programme content varies to take account of the different needs in the different regions, the overall aim is to modernise and diversify rural areas, developing new forms of income outside agriculture and upgrading the tourism sector. The programmes aim to sustain local communities and protect them against rural depopulation, by providing skills and training in non-farming activities and encouraging business expansion.

The breakdown of ESF funding by Objective 5b region for the period 1994-1999 is as follows:

BREAKDOWN OF ESF FUNDING BY REGION - OBJECTIVE 5b

Region	ECU million
Borders Region	6
Central Scotland / Tayside	5
Dumfries and Galloway	7
East Anglia	9
English Midland Uplands	2
English Northern Uplands	16
Grampian	6
Lincolnshire	8
South West England	33
The Marches	9
Wales	33
Total	134

Priorities

The ESF priorities cover typically:

- ◆ support for entrepreneurship and local businesses, with an emphasis on SMEs;
- ◆ skills development for new activities and training for RTD and modern technology;
- ◆ training to raise the quality of the tourism industry;
- ◆ development of new and existing skills to help local communities become more self-sufficient.

Technical assistance is provided for monitoring, control, evaluation, and publicity.

Key points - Objective 5b

- ◆ ESF allocation is 17% of total structural funding
- ◆ support for entrepreneurship and local businesses especially SMEs,
- ◆ skills and training for RTD and modern technology
- ◆ development of tourism

Human Resources component of Community Initiatives in the UK

The four strands of the Employment Initiative - NOW, HORIZON, INTEGRA and YOUTHSTART - provide an allocation of ECU 194 million to the UK to foster best practice in the field of human resources development through innovation, local partnership and transnational co-operation.

Under the ADAPT Initiative, the ESF allocates ECU 316 million for the co-financing of innovative transnational projects for employees at risk of unemployment due to industrial and technological change. There is an emphasis on firms employing less than 50 workers and on the use of information technology.

In addition, the ESF contributes amounts, totalling ECU 239 million, through other Community Initiatives; Leader, Pesca, SME, Urban, Interreg, Retex, Rechar, Konver, Resider, and Peace.

SECTION 3

Programme content and ESF policy aims

A. Vocational integration of people threatened with long-term unemployment

Introduction

The Objective 3 programmes for the UK implement national policy drawn up in conformity with the EU framework for tackling unemployment as agreed at the European Council at Essen and subsequently endorsed at Madrid. The second programme (1997-1999), drawing on the earlier experience, readjusted priorities in line with ESF policy on concentrating assistance where needs are greatest, promoting effectiveness and additionality and moving towards a regionalised structure responding more directly to local needs.

The UK was an early proponent of the pathways to employment approach and the emphasis in the Objective 3 programme gave it additional impetus. The SPD for 1997-1999 reinforces this idea with the aim of ensuring that it is more widely followed by service providers.

The long-term unemployed (those out of work six months or more) represented 39% of all the unemployed in Great Britain at the time the SPD for the period 1994-1996 was drawn up. Educational attainment and skills level was low; only 45% (well below the EU average) had completed training or an education course after compulsory education. National policy aims included programmes to help the long-term unemployed - whose numbers were expected to rise - to enter and compete in the job market through training, guidance and wage subsidies. A common national framework operated with considerable flexibility at local level. The ESF contribution was to be additional to the national effort and represented 16% of total public structural aid for human resources development in the UK.

National labour market policies are focused on the registered unemployed, but clearly many people not on the register need support in finding jobs. The new sub-targeting aims at directing assistance at those with greatest needs, regardless of their formal unemployment status; the non-governmental organisations are the main source of programmes for the unregistered unemployed.

Motivation and Confidence

Special priority was reserved in the ESF - aided schemes for people unemployed for twelve months or more. The aims of these schemes included helping the long-term unemployed to make informed choices about jobs and training and improving their motivation and confidence as well as skill levels.

Quality standards

The aims for ESF support under Objective 3 included raising skill levels in line with labour market requirements and the maximising job prospects. Training provision was increasingly tied to the acquisition of vocational qualifications - often conforming to standards agreed by industry and commerce. There was a move towards funding related to results to encourage training organisations to focus on getting unemployed people into jobs.

The Government endorsed the Confederation of British industry's targets for the raising of educational attainment and skill levels and for life-long learning. Training was, therefore, increasingly linked to vocational qualifications.

Enterprise Training

Emphasis was placed on training in entrepreneurship to strengthen the SME sector as a source of viable employment. Work experience and wage subsidies to promote self-employment were considered particularly appropriate in the case of those out of work for a long time.

Targets

The SPD predicted an increase from 43% to 50% by the year 2000 in the numbers of long-term unemployed finding jobs or going on to further training as a result of ESF support. The total number of beneficiaries was estimated at 726,200 for the period 1994-1996.

SPD for 1997-1999

The SPD for 1997-1999 introduced sub-priorities for persons with greatest needs to respond to the serious situation of people out of work for two years or more, the long-term unemployed above the age of 50, and those without adequate qualifications. This focus on the older members of the work-force echoes the conclusions of the Essen and Madrid European

Councils. Adults at risk of social exclusion are eligible for these programmes even if their period of unemployment is less than six months. The indicative breakdown of the programme for 1997-1999 provides for 38.7% of the funding to be allocated to action for the long-term unemployed.

Target

The programme estimates the total number of beneficiaries will be 2.3 million. The percentage of people achieving positive outcomes from programmes approved under Priority 1 is expected to rise from a base of 46% to 50% by the year 2000.

B. Vocational integration of young people

Although long-term unemployment in the UK was expected to rise, the number of young unemployed was set to fall, reflecting the reduction in birth rates of the 1970s. Their unemployment rate, however, remained significantly above average. The provision of training, work placement and counselling to help young people obtain employment was, therefore, a national aim corresponding to an important objective of the ESF. The Fund operates in ways which are additional to national programmes, governmental and non-governmental; the focus includes young people in the case of government programmes.

Targets

The number of young people reaching higher qualifications was estimated to increase from 61% to 80% for S/NVQ level 2 and from 37% to 50% for S/NVQ (National and Scottish Vocational Qualification) level 3 during the period 1994-96. It was estimated that the total number of beneficiaries would be 541,234. The proportion of young people obtaining jobs or going on to further training was expected to rise from 43% to 50% by the year 2000.

SDP for 1997-1999

The sub-group priority system introduced in the 1997-1999 programme provides a special focus on school leavers under 18 without jobs, qualifications or work experience. The SPD includes a commitment to ensure that enough places are provided for 16 to 18 year old school leavers to follow quality training in integrated projects with minimum delay.

The indicative breakdown of the programme for 1997-1999 provides for 47.2% of the funding to be allocated to action for the vocational integration of young people.

Targets

The total number of beneficiaries under the 1997-1999 SPD is estimated at 1.6 million. By the year 2000 the number of young people reaching higher qualifications is expected to rise from 67% to 85% for NSVQ (National and Scottish Vocational Qualification) 2 level and 45% to 60% for NSVQ 3 level

C. Integration of persons at risk of exclusion from the labour market

Partnership projects which offered a comprehensive integrated approach were particularly encouraged in the case of groups of people facing multiple barriers. The pathways approach can include remedial action, where required, in addition to training and job-search support. There was an emphasis on measures covering gaps in existing systems and which provided post-training supports to enable people to progress in employment. Training was provided also for trainers and advisory personnel working outside the public sector.

ESF support concentrated on special training and basic counselling and guidance and skills training leading to jobs. It included, where needed, literacy, numeracy or language training and assertiveness and confidence building. Residential projects are supported, where needed, for people with disabilities, those isolated in rural areas and the homeless. Projects leading to business start-ups were particularly encouraged.

In addition to actions specifically for people at risk of exclusion, it should be noted that many from these categories are found among the participants in local economic development and employment initiatives included under Objective 1 and 2 programmes.

Target

The SPD aimed at increasing, by the year 2000, from 49% to 50% the numbers from excluded groups to achieve jobs or go on to further training as a result of ESF support.

Beneficiaries

The total numbers estimated in the SPD to benefit under the pathways to employment (Objective 3 as a whole) in the 1994-96 programme was put at 422,600.

SPD for 1997-1999

One of the purposes of the reorganisation of priorities introduced in the new programme was to

broaden the scope of funding for groups at risk of exclusion by ensuring their access to assistance targeted on the general categories of the unemployed and young people - from which they had been largely cut off in the preceding period. The former Priority 3 became redundant therefore, but a new Priority 4 was introduced to improve structures catering for the most disadvantaged; this concentrated on raising the organisational capacity and skills levels of local organisations in this field.

D. Promotion of equal opportunities in the labour market between men and women

Equal opportunities apply's across the full range of EU-supported actions but provision was made under Objective 3 for two specific cases - for those returning to the labour market after a period of family responsibilities and for promoting employment opportunities for both men and women in occupations in which they are under-represented.

The ESF-supported actions provided guidance and assertiveness training as well as skills training. There was a provision for the accreditation of prior learning and, in the case of women, an emphasis on training in management skills and enterprise development and help with job-search.

Target

Numbers benefiting from equal opportunities action supported by the ESF were estimated to rise from 59% to 70% by the year 2000. The number of beneficiaries in the period 1994-96 was expected to amount to 105,500.

Technical assistance

Technical assistance was provided to assist pilot, innovative actions and help in monitoring and raising standards. It also aimed to promote greater public awareness of activities supported by the ESF.

SPD for 1997-1999

The follow-up SPD included a more focused priority which defined the kind of action to be assisted in the promotion of equal opportunities. People responding to this priority can qualify for the training, counselling and job support measures

outlined in the preceding priorities. The purpose of this provision is to address the specific obstacles to the employment of people in jobs in which members of their gender are a minority.

Target 1997-1999

The number of beneficiaries under Priority 3 for the period 1997-1999 is estimated at 103,000.

E. Anticipation of labour market trends and adaptation of worker skills to change

At the time of production, the UK authorities and the Commission were negotiating an SPD for Objective 4 covering the period 1998-1999. The details of the new programme had not been finalised but a description of its likely content is given in Section 2, Part B above.

F. The ESF - an instrument of regional development

Section 2B summarises the ESF operations which integrate with the other Structural Funds for the aims of the regional Objectives under 1, 2 and 5b. It will be noted that national and regional strategies in this regard coincide to a considerable extent with ESF priorities.

Employment growth and stability

In the UK about 40% of the ESF allocation goes towards actions which combine with the other Funds for regional and rural development. A third of the national share is for programmes under the heading of employment, growth and stability.

SMEs

The need for the training of staff of SMEs, raising knowledge and skill levels, is recognised and these priorities feature under all the above Objectives; tourism is one of the sectors widely targeted. This is also the case in Merseyside where there is an additional focus on the culture and media. Rural tourism features in the Objective 5b regions and assistance of small firms appears in most development programmes.

RTD

Only 0.5% of the UK allocation from the ESF is for specific programmes boosting human potential in research, science and technology. Such programmes in the Highland and Islands use distance learning for the training of researchers; the Merseyside programme contains several measures to stimulate RTD ranging from advanced training of researchers to supports for their employment.

The full effort under this heading in the UK is considerably greater because training for research figures widely in more general regional programmes; it accounts for about 15% of the Objective 2 programmes, for example. Training for technology transfer across SMEs is included in many programmes.

Improving education and training systems

The UK education and training systems are relatively well developed, so the allocation for this priority is therefore very limited. ESF provision in the UK Objective 1 regions under this heading is just ECU 3.5 million. Provision is made, however, for the development of training systems and the training of instructors under all the regional Objectives.

The UK has not found it necessary, generally, to avail of the opportunities of using ESF aid for training of public officials.

SECTION 4**Management and follow-up****Implementation structures**

The UK has an effective system of programme management through partnership working across all Objectives. The SPD for Objective 3 (1994-1996) provided for a Monitoring Committee, chaired by the Department of Employment (subsequently the Department for Education and Employment), the body responsible for overall management of the ESF in the UK. Membership included, apart from the Commission, representatives of government departments (including regional offices), training and enterprise councils, local enterprise companies in Scotland, education, local authorities, the voluntary sector, industrial training organisations, and Scottish enterprise. The social partners do not participate in programme management in the UK. Sub-groups advise the Monitoring Committee on specific issues and regional co-ordinating groups were set up to ensure local co-ordination.

SPD for 1997-1999

The more recent SPD provides for a greater degree of regionalisation than in the previous period. Regional Committees, representative of all sectors concerned, have been established. Distribution of funding between regions is decided by the national monitoring committee, on the basis of objective indicators and labour market information. The regional authorities provide development plans and organise project selection according to criteria endorsed by the national monitoring committee.

The foregoing applies to Objective 3, which absorbs two-thirds of the ESF allocation to the UK. Separate and similarly established monitoring committees apply

in the case of the SPDs under the other Objectives. In the case of Northern Ireland, the Department of Economic Development is responsible for overseeing ESF aid while in Scotland the Scottish Office is the implementing authority for all Structural Funds except for Objective 3.

Social Partners

The economic and social partners are currently formally excluded from all UK monitoring committees. Ad hoc involvement in a non-representative capacity is achieved in many regions through the involvement of trade unions and employers on local boards or as experts in project selection panels. In Scotland a successful system of briefing social partners on Structural Fund matters operates.

Involvement of Voluntary Sector

The voluntary sector plays an important role in the development and implementation of programmes. The National Council of Voluntary Organisations (NCVO) and its Scottish equivalent (SCVO) and the Women's Training Network managed sector projects and were full members of the Objective 3 management structure in 1994-1996. The voluntary sector, which makes a contribution way beyond the funding received, is noted for high quality and innovative projects. It is included also, with the addition of wider environmental and community interests under the regional programmes. It is fully involved in delivering of the 1997-1999 programmes through membership of the national and regional committees.

General comments

This Chapter compares the main features of the programming documents relating to the individual Member States for the period 1994-1999 as summarised in PART 2. These reflect both similarities of approach to common problems, influenced obviously by EU employment strategies and Fund priorities, together with variations reflecting different national circumstances and priorities.

This exercise, while of interest in comparing national approaches to

programming, does not claim to be a measure of the merits or the comprehensiveness of policies or strategies pursued. The variations in levels of ESF aid, for example, may well impact on the balance between national and community policies in the different Member States. Thus, countries with less aid pursue to a greater extent labour market measures outside the EU programmes, in contrast to the most assisted Member States in which the programming documents cover the great bulk of their activities.

FIGURE 1
Unemployment rates in the EU

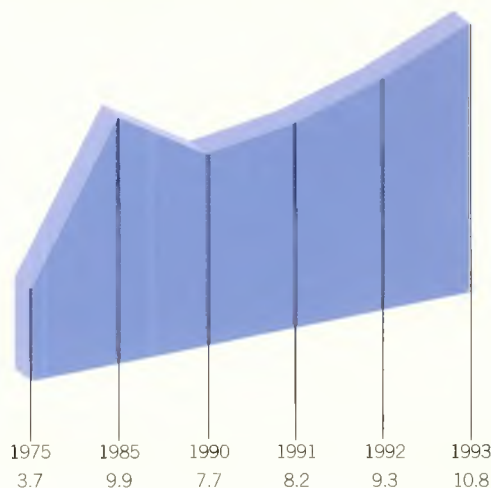
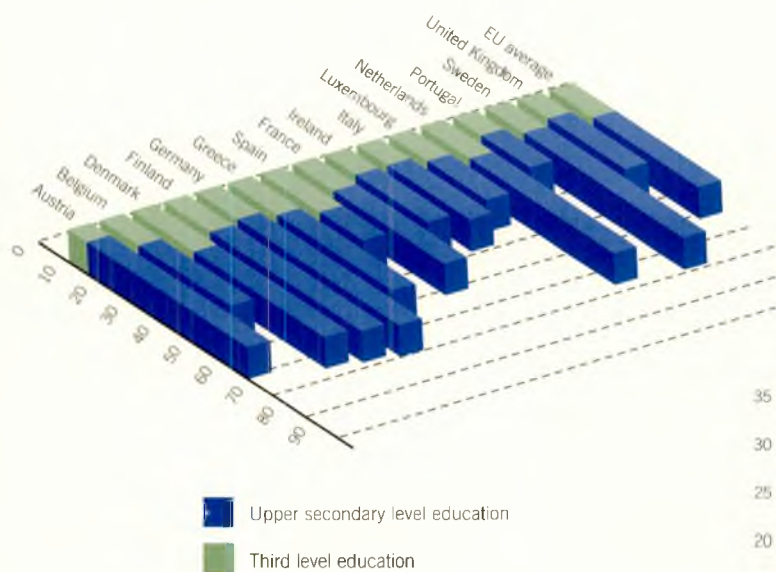


FIGURE 2
Educational attainment of unemployed people aged 25-39 in EU Member States, as a percentage of total unemployed (1995)



- 1 First Report on economic and social cohesion - 1997
 2 Employment in Europe - 1996
 3 Employment in Europe - 1996
 4 Employment in Europe - 1996

A. Economic and labour market situation at the time of programming of Community structural funding for the period 1994-1999.

At the time of programming Structural Fund assistance for the period 1994-1999, the individual Member States, with few exceptions, were undergoing a period of economic recession. The GDP growth rate of the EU as a whole slowed down, amounting to 0.9% in 1992 and proving negative (-0.7%) in 1993¹.

The labour market

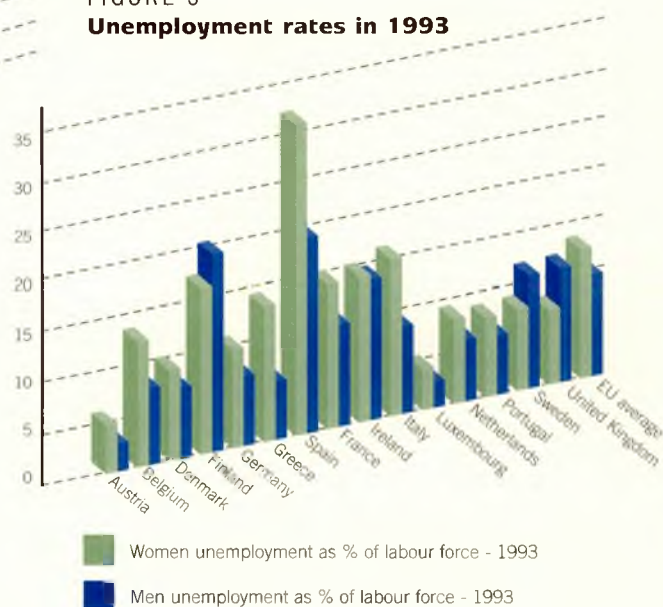
After the sustained growth experienced during the second part of the eighties, when over 9 million new jobs were created throughout the Union, unemployment began to rise again in 1990 (figure 1)².

The rise in unemployment hit the most vulnerable people hardest, particularly the young, women and the long term unemployed with poor qualifications. However, a higher educational level was not always a guarantee against the risk of unemployment because of the numbers of graduates with qualifications not suited to the jobs available (figure 2)³.

In Denmark, Finland, Germany, the Netherlands and Sweden, more than 70% of unemployed people had completed third level or high secondary level education cycles.

At the time of programming, unemployment was higher among women than men in all countries apart from the UK, although since the mid-eighties the gap between male and female unemployment rates had narrowed over the Union as a whole. In the less developed regions, however, the gap had widened (figure 3)⁴.

FIGURE 3
Unemployment rates in 1993



B. Programme content and ESF policy aims - analysis of common approaches and differences

A total budget of nearly ECU 142 billion was allocated for structural assistance for the period 1994-1999 - a massive increase over the preceding period. Following the accession of Austria, Finland and Sweden in 1995, additional resources of ECU 12 billion were agreed. The ESF accounts for some 30% of total Structural Fund aid.

The distribution among the Structural Funds for the period 1994-1999 is shown in figure 4⁵.

Member States with the biggest financial allocations tend, naturally, to be those with a combination of high population and deficits in regional development. Germany, Italy and Spain are examples (figure 5)⁵.

ESF allocations per capita are under ECU 100 per person in all Member States apart from Greece, Spain (about 250), Portugal (about 330) and Ireland (more than 500). At the other end of the scale, Luxembourg receives about 65 ECU per capita (figure 6)⁶.

It is also interesting to look at ESF allocations in relation to unemployment (figure 7)⁷. Portugal emerges as the principal beneficiary with ECU 12,000 for each unemployed person over the period 1994-1999 with Denmark (ECU 1,190) at the other end of the scale.

FIGURE 4
Share of total Structural Funds allocation - 1994-1999 (excluding Community Initiatives)

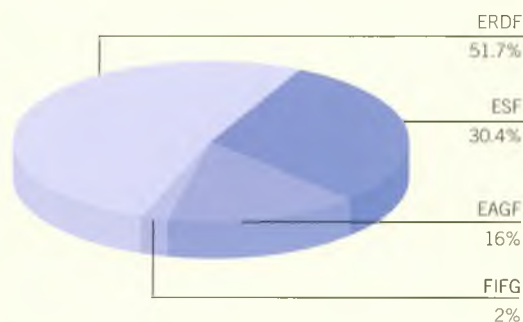


FIGURE 5
ESF allocations 1994-1999 (excluding Community Initiatives)

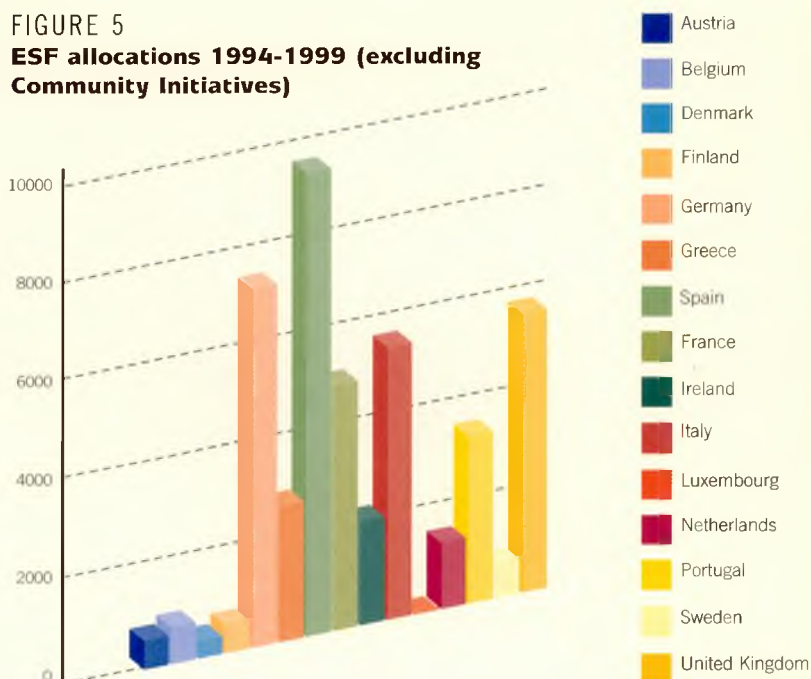


FIGURE 6
ESF allocations per capita 1994-1999

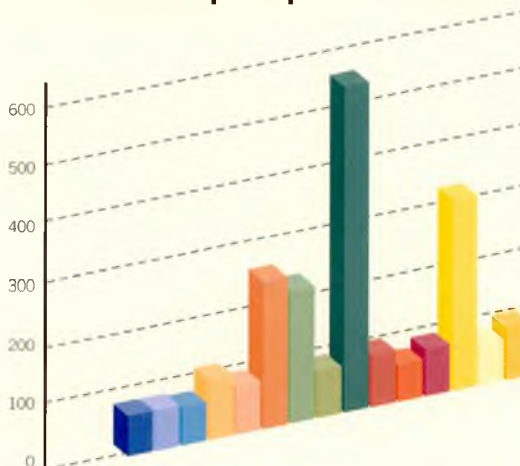
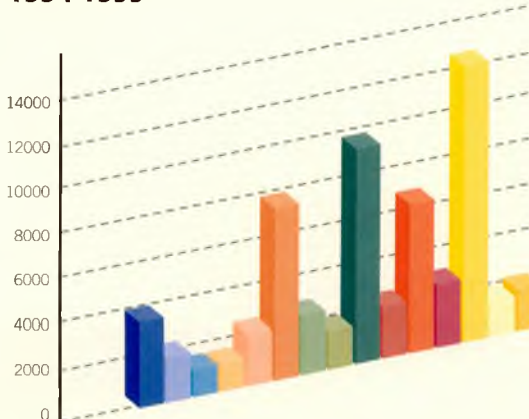


FIGURE 7
ESF allocation per unemployed person 1994-1999



⁵ The impact of structural policies on economic and social cohesion in the Union 1989-99

⁶ Structural Funds in 1995 - seventh annual report

⁷ Structural Funds in 1995 - seventh annual report



FIGURE 8
ESF allocation to persons exposed to long-term unemployment (percentage of total ESF allocation)

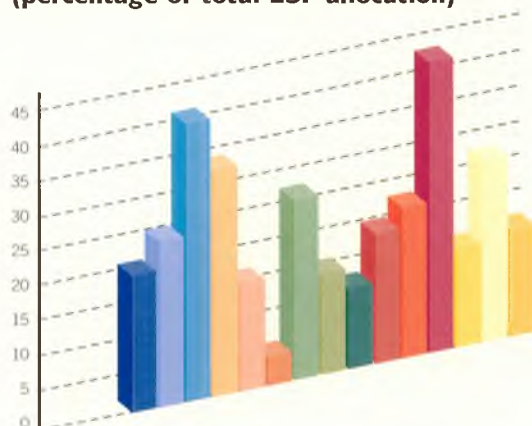


FIGURE 9
Long-term unemployment (1993)

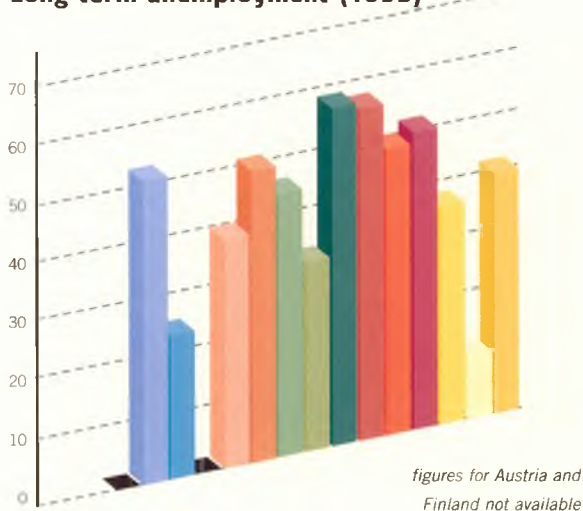
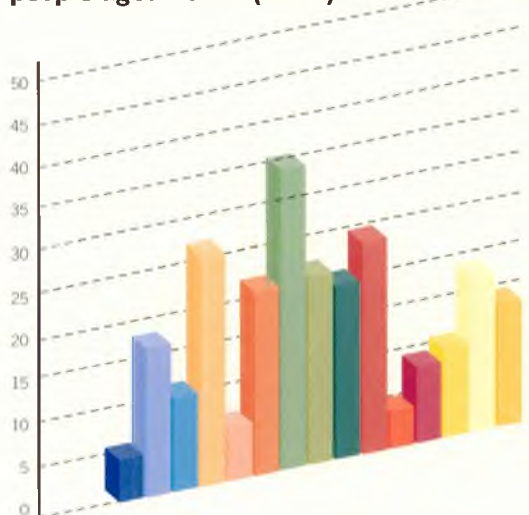


FIGURE 10
Youth unemployed as percentage of young people aged 15-24 (1993)



8 Structural Funds in 1995- seventh annual report

9 Employment in Europe - 1996

10 Employment in Europe - 1996

Vocational integration of people threatened with long-term unemployment

During the early years of the nineties, long-term unemployment rose in almost all countries, as reflected in the importance given, in the national programmes, to actions directed at the integration of the long-term unemployed. Five Member States (Belgium, Denmark, Finland, Netherlands and Spain) devoted the highest share of their ESF resources to this aim (figure 8)⁸.

The variations in the proportion of ESF aid allocated by Member States to this priority reflect, naturally, the relative gravity of this problem compared to other priority objectives. Where Objective 1 regions cover a substantial part of the country, allocations to other priorities are greater than elsewhere and this can reduce the relative provision for combating long-term unemployment.

As might be expected, all national programmes indicate training as the main tool to combat long term unemployment. It became increasingly evident that training alone was insufficient to provide the long term unemployed with effective supports. The programming, therefore, envisaged measures to tackle long-term unemployment in an integrated way - the pathways approach favoured by the Commission in line with EU employment policy. Aspects like guidance, counselling, motivation and help with job search usually form part of the strategy.

Employment premiums are used for the most part in Member States where problems of long term unemployment are most acute (figure 9)⁹.

Support for socially-useful work projects is provided in a number of countries, as is the creation and development of the so-called 'third sector' enterprises.

Ireland and Italy have programmed training (including language skills) for people emigrating to work in other Member States. These might be regarded as small steps on the road to an EU labour market as envisaged in the White Paper on Growth, Competitiveness and Employment.

Vocational integration of young people

Youth unemployment had risen in most countries in the years immediately preceding the programming period (figure 10)¹⁰.

Youth unemployment was particularly serious in Spain, Finland, Greece, France, Ireland and Italy. In Spain, almost 45% of all young people aged between 15 and 24 were unemployed but were not in education or vocational training. Austria and Luxembourg, on the other hand, had very low levels of youth unemployment.

The pattern of ESF allocations to measures for the vocational integration of young persons seeking employment, as a percentage of total ESF aid, is shown in figure 11¹¹.

In general, the allocations for this priority are consistent with the severity of the problem. In the case of Greece, youth unemployment is 50% and the ESF allocation 3%. This is attributable to the type of classification system used: the Greek authorities focus their efforts mainly on the strengthening of the apprenticeship and educational systems. Such measures are obviously geared directly to combating young unemployment, but they are classified under the heading 'Strengthening and improving educational and training systems'. Moreover, in Greece, many young people are assisted under the heading of 'long term unemployed', which does not contain an age differentiation.

The approaches followed by most of the Member States to tackle this problem are broadly similar. Target groups are often divided in two: those under 20 years of age without skills (school drop-outs and low achievers) and those with a school certificate which is insufficient to permit them to find a job.

For the first group, programming documents envisage Youthstart type actions. The ESF finances actions integrating education, training and work experience for the young under-20s who have no qualifications.

For the second, the measures aim to improve educational attainment and provide supplementary training in the skills most needed in the labour market.

Integration of people at risk of exclusion from the labour market

Slow economic growth and increasing immigration flows from non-EU countries are the main factors exacerbating the problems of persons excluded or at risk of exclusion from the labour market. In some countries the additional factor of social expenditure restrictions makes the problems more acute.

The relative shares of ESF funding allocated by Member States to this priority vary considerably (figure 12)¹². In Luxembourg the ESF allocation to this priority is relatively high; the target group is mainly composed of persons with disabilities, a category with a high unemployment rate.

Member States, in varying degrees, have taken action to improve labour market mechanisms and structures to help combat social exclusion. In some countries, such as Greece, ESF-financed actions include direct information and awareness campaigns directed at the general public, aimed at combating negative stereotyping. In Britain, the Government endorsed the Confederation of British Industry's targets for raising

FIGURE 11
ESF allocation to promote occupational integration of young persons seeking employment
(percentage of total ESF allocation)

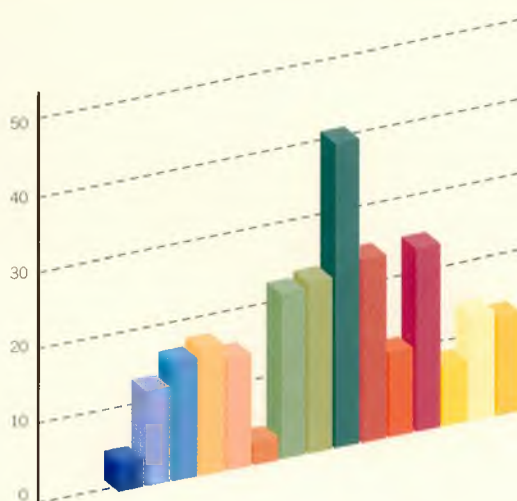
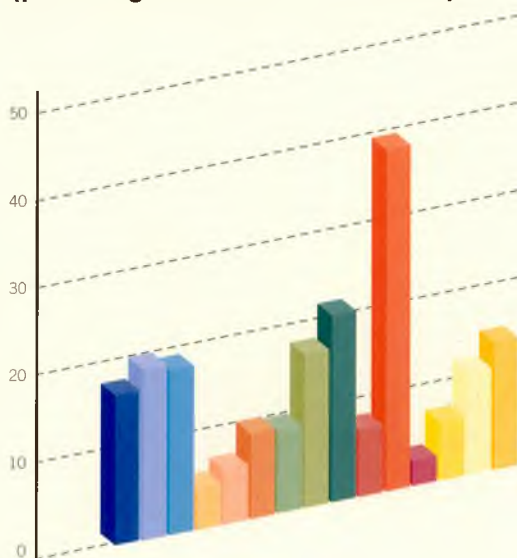


FIGURE 12
ESF allocation to promote integration of persons exposed to exclusion from the labour market
(percentage of total ESF allocation)

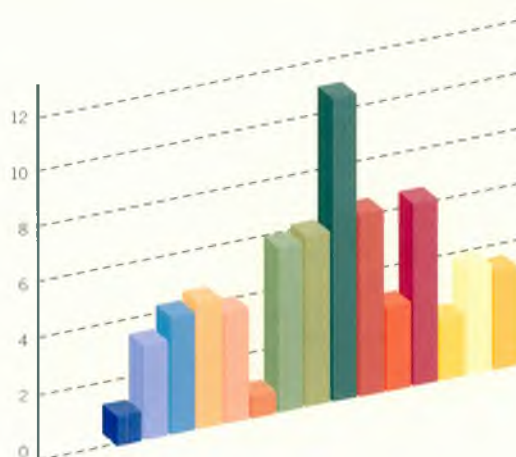


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FIGURE 13
ESF allocation to promoting equal opportunities for men and women
(percentage of total ESF allocation)



educational attainment and skills levels. France and Italy encourage the activities carried on by 'third sector' organisations, through grants for establishing new projects in the social services or new SMEs. Spain highlights training and other supports for Spanish migrants returning to Spain.

In all Member States, there is specific provision for persons with disabilities. There seems to be a shift of approach in the 1994-1999 programming documents, compared to 1989-1993. The focus has shifted away from sheltered workshops to integration into the open labour market, a process assisted by ESF financial incentives, compensating for lower levels of productivity.

Promotion of equal opportunities in the labour market between men and women

The unemployment rate for women is above the male rate in most Member States, with the exception of Sweden, Finland and the United Kingdom (figure 3).

Austria, Germany, Italy and Luxembourg are the only countries allocating to this priority a figure equal to or above 4% of total ESF allocations (figure 13)¹³. In general, there is a direct link between the gap between male and female unemployment and the ESF allocations to the equality of opportunity priority. In the case of Spain, Portugal, France, Greece and Belgium, the ESF allocation is less than one might expect. It would be a mistake, however, to draw definitive conclusions from these figures because equality of opportunity is a horizontal policy objective implemented across the full range of measures aided by the Structural Funds. The variations in these allocations reflect in fact the different perceptions of the Member States of the necessity of supplementing the general equality priority with specific measures under Objective 3.

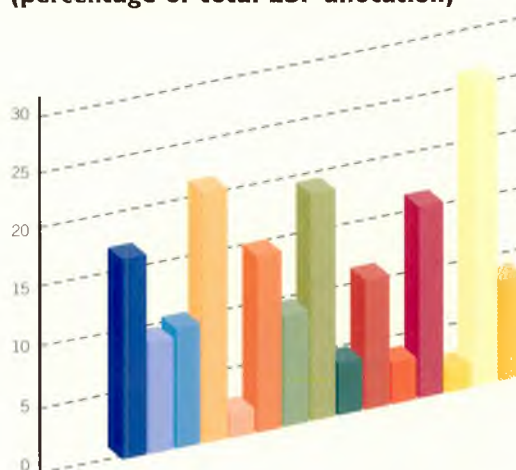
Anticipation of labour market trends and adaptation of workers skills to change

While all the other Member States made provision for Objective 4 type programmes, the UK opted not to do so in the initial period, 1994-1996, but is currently preparing a programme for 1997-1999.

Irrespective of the different amounts allocated (figure 14¹⁴), all Member States indicated four main components of their programmes under this priority:

- ◆ anticipation;
- ◆ vocational training itself, guidance and counselling;
- ◆ training systems;
- ◆ technical assistance.

FIGURE 14
ESF allocation to adaptation of workers to industrial change
(percentage of total ESF allocation)



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14 Structural Funds in 1995 - seventh annual report

Allocations to these components as a percentage of ESF resources assigned to Objective 4 is shown in figure 15.

Actions to anticipate and plan for change had not hitherto widespread in the Community, but the introduction of Objective 4 gave significant stimulus to programmes dealing with this problem; this involve putting in place an ongoing system of monitoring the labour market and forecasting skills needs. Member States have indicated in their programming documents that all parties concerned will be involved in this process.

Member States have adopted varying approaches according in particular to the size and ownership of beneficiaries companies. The Greek model is probably the most comprehensive, as beneficiaries can be employed in private or public companies irrespective of size.

Almost all the countries prioritise action for SMEs (up to 250 employees), with preference, in some cases, to companies with less than 50 employees.

Employment growth and stability

Member States programming documents show ESF allocations to this priority as illustrated in figure 16.¹⁵

The comparison between Austria and Spain is interesting. Austria, with a relatively low unemployment rate, uses 23% of its allocations for the regional objectives to promote employment, growth and stability. Spain, on the other hand, with the highest unemployment rate in the EU, allocates 26% to combating long-term unemployment and for the vocational integration of young people, leaving 9% for employment, growth and stability.

Actions pursued in the Member States reveal broad similarities. Programming documents indicate that action to promote employment and growth is based on developing and strengthening companies, especially SMEs. In some Member States, the emphasis is on tourism and culture, while others focus on the industrial sector.

In SMEs, the ESF provides financing - in conjunction with a contribution by the companies themselves- for improving management capabilities and increasing competitiveness.

FIGURE 15
ESF allocations to Objective 4 priority axes
(percentage of total ESF allocation
to Objective 4)

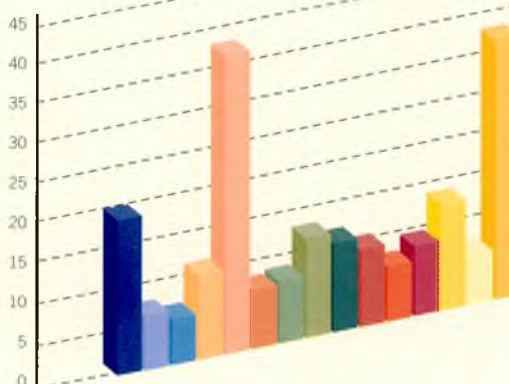
	anticipation	training	systems	technical assistance
Austria	7	76	14	3
Belgium	33	34	25	8
Denmark	15	51	30	4
Finland	9	56	30	5
Germany	11	71	13	5
Greece				
Spain ^{(1) (2)}	10	84	0	6
France	11	78	5	6
Ireland				
Italy ⁽²⁾	15	81	0	4
Luxembourg	13	62	12	13
Netherlands	8	68	19	5
Portugal				
Sweden	15	65	15	5
UK				

(1) Guidance and counselling included in the area of anticipation

(2) Training systems included in technical assistance

Figures for Greece, Ireland, Portugal, UK not available.

FIGURE 16
ESF allocation supporting employment,
growth and stability (percentage of
total ESF allocation)



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FIGURE 17
ESF allocation to boosting human potential
in research, science and technology
(percentage of total ESF allocation)



Boosting human potential in the field of research, science and technology

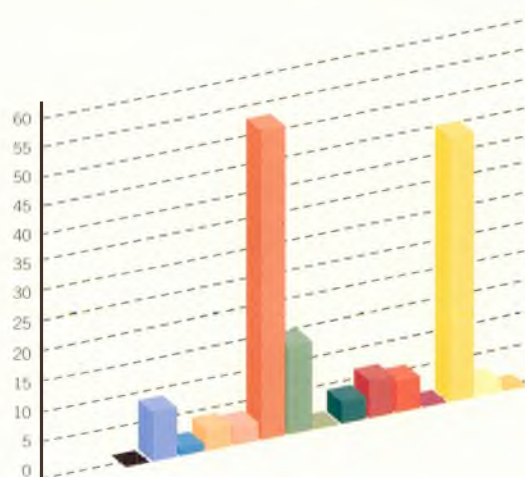
At European level, the average annual investment in RTD amounted in 1991 to about 2% of total GDP. This is significantly below that of the Union's competitors in global markets - the US (2.8%) and Japanese (3%). The European Union, moreover, has fewer numbers of researchers employed. Most Member States gave a certain degree of emphasis to the R&D sector in their programming documents for 1994-1999.

At EU level, the average of total ESF allocations for 1994-1999 destined to boost human potential in R&D amounts to 2.4%, but differences between Member States are significant, ranging from 5.7% in Sweden to a lack of specific provision in Denmark, Ireland and Luxembourg. Because of variations in programmes structure in the latter cases, provision for R&D forms part of wider ranging programmes for industry.

The national share of ESF allocations to this priority is shown in figure 17¹⁶.

The strategies pursued by the Member States all contain ESF support for the strengthening of links between universities, research institutes and companies. It is recognised that RTD in the EU needs more effective transfer mechanisms to ensure that results are more effectively translated into practice by industry.

FIGURE 18
ESF allocation to strengthen and improve
education and training systems
(percentage of total ESF allocation)



Strengthening and improving education and training systems.

The ESF allocation to this priority amounts to about ECU 5 billion, or 12.2% of the total ESF budget for the period 1994-1999. As in the preceding case, the national policies assign varying degrees of emphasis to this priority. Reasons for these differences are presumably related, apart from variations in objective needs, to the extent to which further development of the educational and training system could impact positively on the employment level, or in other terms, to the effectiveness of today's systems.

National allocations, in percentages of ESF allocations, are given in figure 18¹⁷.

Greece and Portugal account for almost 50% of total ESF allocations to this priority. In these countries the ESF assists large-scale reform and development programmes, which probably would have been difficult to carry out without ESF support. In addition to strengthening national apprenticeship and vocational training systems, the ESF focuses on the training of teachers, trainers, school managers and counsellors in the secondary school system, improving management and

¹⁶ Structural Funds in 1995 - seventh annual report

¹⁷ Structural Funds in 1995 - seventh annual report

reforming university curricula. The development of a certification structure is assisted in Greece, including quality assessment of life-long training centres, subsequently extending to the accreditation of training of trainers.

Contributing to development through the training of public officials

Only a few Member States planned to allocate ESF resources to this priority (which is applicable only to Objectives 1 and 6 regions). They are Greece, Spain, Italy and Portugal, i.e. the countries of greatest need in this area.

In each of the four participating Member States, the ESF allocation for this priority is less than 2%. Action financed by the ESF is primarily intended to improve the efficiency of the public sector. In Italy, Spain and Portugal, the emphasis is on the improvement of the capacity of public systems dealing with the Structural Funds.

Because of the special situation in Greece, the scope of action there goes beyond the management of the Structural Funds and extends to other important areas of the public service. There is special emphasis on training in new technologies and management, and the ESF also contributes to the modernisation of the tax, custom, budget and treasury departments.



GLOSSARY

APPENDICES

Council Regulation (EEC) No. 2081/93 of 20 July 1993 amending Regulation (EEC) No. 2052/88 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments.

Council Regulation (EEC) No. 2082/93 of 20 July 1993 amending Regulation (EEC) No. 4253/88 laying down the provisions for implementing Regulation (EEC) No. 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments.

Council Regulation (EEC) No. 2084/93 of 20 July 1993 amending Regulation (EEC) No. 4255/88 laying down the provisions for implementing Regulation (EEC) No. 2052/88 as regards the European Social Fund.

Structural Funds:

ERDF, ESF, EAGGF and FIFG. These are the main financial instruments used by the European Union to reduce disparities and promote economic and social cohesion across Europe. Their combined efforts help to boost the EU's competitive position and, consequently, to improve the prospects of its citizens.

European Social Fund (ESF):

set up by the Treaty of Rome, the ESF is the European Union's main tool for the development of human resources and the improvement of the workings of the labour market. Its aim is to improve the prospects of those who face the greatest obstacles in finding, keeping or regaining work.

European Regional Development Fund (ERDF):

this instrument aims to reduce regional development disparities, primarily through productive investment, the creation and modernisation of infrastructure, measures to generate regional development and related investment in education and health.

European Agricultural Guidance and Guarantee Fund (EAGGF):

the Guidance Section of the EAGGF is intended to improve the efficiency of farm structures, to support investment in the food processing and marketing sector and to provide compensatory payments in less-favoured farming areas.

Financial Instrument of Fisheries Guidance (FIFG):

set up to improve the competitiveness of the fisheries sector through restructuring. Measures include adapting and modernising the fleets, developing aquaculture, upgrading the processing and marketing of fishery and aquaculture products and improving fishing port facilities.

European Investment Bank (EIB):

set up by the Treaty of Rome, the EIB's mission is to contribute to the balanced development of the European Union. It grants long-term loans to the public and private sectors for the financing of structural development projects in the economic and social fields.

Plan:

at the programming phase, this is the first document submitted by the Member State. It presents a diagnostic analysis (which, depending on the circumstances,

may be at national or regional level) of the state-of-play with regard to the Objective targeted and sets out the government's main priorities for action.

CSF (Community Support Framework):

this document, established by the Commission in collaboration with the Member State, constitutes the Commission's response to the Member State's requirements as set out in the Plan. It describes in general terms the joint action to be undertaken by the Member State and the Union and sets out priorities for action, funding and forms of assistance.

OP (Operational Programme):

sets out a series of measures for translating established priorities into action. Submitted by the Member State to the Commission for approval, the OP takes the form of a request for assistance in implementing a set of coherent, multiannual measures. These requests for assistance must dovetail with the timetable and priorities for action and funding set out in the CSF.

SPD (Single Programming Document):

in order to speed up and simplify the programming procedure, Member States have had the option since 1993 of presenting a Single Programming Document, incorporating both the Plan and the financing request. In this case, the Commission adopts a single decision in respect of elements normally set out separately in a CSF and OP.

"mainstream" funding/measures:

Structural Fund assistance or action implemented in the framework of a CSF or SPD.

Community Initiative:

special financial instrument of EU structural policy which the Commission proposes to the Member States on its own initiative. The Community Initiatives aim to resolve problems which have a particular impact at European level. They have three features which give them their added value as compared with the other measures financed by the Structural Funds: their transnational and innovative nature, the "bottom-up" approach to implementation and the high profile given to the measures on the ground.

Innovative measures:

these are also financed by the Structural Funds and cover research, pilot projects and technical assistance.

Council Regulation (EEC) No 2081/93 of 20 July 1993

**Amending Regulation (EEC) No 2052/88 on the tasks of
the Structural Funds and their effectiveness and on coordi-
nation of their activities between themselves and with the
operations of the European Investment Bank and the other
existing financial instruments**

The Council of the European Communities

Having regard to the Treaty establishing the European Economic Community, and in particular Article 130d thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas Article 19 of Regulation (EEC) No 2052/88 ⁽⁴⁾ requires the Council to re-examine that Regulation on the basis of a Commission proposal before 31 December 1993;

Whereas the main principles of the 1988 reform of the Structural Funds should continue to govern the activities of the Funds until 1999 but whereas experience hitherto has demonstrated the need for improvements to make structural policies more effective, simpler and more transparent;

Whereas Article 1 of Regulation (EEC) No 2052/88 lays down the priority objectives for Community action through the Structural Funds, the European Investment Bank (EIB) and the other financial instruments;

Whereas the Community has undertaken a reform of the common agricultural policy entailing structural measures, particularly for the promotion of rural development;

Whereas Community measures for the improvement of the conditions under which fishery and aquaculture products are processed and marketed were laid down by Regulation (EEC) No 4052/89 ⁽⁵⁾; whereas Community measures to improve and

adapt structures in the fisheries and aquaculture sector were laid down by Regulation (EEC) No 4028/86 ⁽⁶⁾; whereas finance for these operations comes from a variety of budgetary resources, including, in some cases, the European Agricultural Guidance and Guarantee Fund (EAGGF) Guidance Section; whereas, with a view to regrouping all these resources in a single financial instrument, the financial instrument for fisheries guidance (hereinafter referred to as 'FIGF') was established by Regulation (EEC) No 2080/93 ⁽⁷⁾; whereas, to the extent that the single instrument supports the achievement of the objectives set out in Article 130a of the EEC Treaty, assistance from it should be coordinated with that from the Structural Funds; whereas all the provisions governing the Structural Funds should therefore be extended to that instrument;

Whereas the Structural Funds constitute the chief means of redressing the socio-economic disturbances which review of the common fisheries policy is likely to create in certain coastal areas; whereas it is consequently necessary, except in regions already covered by Objective 1, to adjust the eligibility criteria for Objectives 2 and 5 (b) to take account of these problems;

Whereas Regulation (EEC) No 792/93 ⁽⁸⁾ introduces a temporary cohesion financial instrument through which the Community makes a financial contribution to projects relating to the environment and to the trans-European transport infrastructure network in Greece, Spain, Ireland and Portugal, provided that each of those countries has a convergence programme which has been examined by the Council designed to avoid an excessive public sector deficit; whereas the said Regulation is temporary in nature pending the establishment of the Cohesion Fund referred to in Article 130d of the Treaty as provided for by the Treaty on European Union and will be re-examined before 31 December 1993; whereas the financial instrument for which provision has been made, as amended if necessary (hereinafter referred to as the 'cohesion financial instrument'), must be covered by Regulation (EEC) No

¹ OJ No C 118, 28. 4. 1993, p. 21.

² Opinion delivered on 14 July 1993 (not yet published in the Official Journal).

³ OJ No C 201, 26. 7. 1993, p. 52.

⁴ OJ No L 185, 15. 7. 1988, p. 9.

⁵ OJ No L 388, 30. 12. 1989, p. 1.

⁶ OJ No L 376, 31. 12. 1986, p. 7. Regulation as last amended by Regulation (EEC) No 3946/92 (OJ No L 401, 31. 12. 1992, p. 1).

⁷ See page 1 of this Official Journal

⁸ OJ No L 79, 1. 4. 1993, p. 74.

2052/88; whereas, pursuant to Article 7 of Regulation (EEC) No 792/93, no item of expenditure may benefit both from this instrument and from the EAGGF, the European Social Fund (ESF) or the European Regional Development Fund (ERDF);

Whereas Objectives 3 and 4 are concerned, on the one hand, with combating long-term unemployment and, on the other hand, with facilitating integration of young people; whereas these Objectives, for whose implementation the ESF is responsible, should be clarified by combining them under Objective 3, widening the latter to include the integration into working life of persons exposed to exclusion from the labour market and introducing a new Objective 4 to facilitate the adaptation of workers of either sex to industrial changes and changes in production systems;

Whereas the principle of equal opportunities for men and women on the employment market is a goal which the Community seeks and to which structural measures should contribute;

Whereas Article 3 (1) of Regulation (EEC) No 2052/88 specifies the tasks of the ERDF; whereas investment in the field of education and health in the Objective 1 regions should be supported;

Whereas paragraph 2 of that Article specifies the tasks of the ESF; whereas these should be adapted to take account of the new definitions of Objectives 3 and 4; whereas, as part of the redefinition of measures eligible for assistance from the ESF, aid for employment may be presented in the form, inter alia, of aid for geographical mobility;

Whereas the European Council of 11 and 12 December 1992 fixed the resources available for commitment by the Structural Funds and other structural operations for the period 1993 to 1999; whereas these resources are spending targets; whereas it also fixed the resources available in real terms for commitment under Objective 1 for that period; whereas those amounts will permit commitments under Objective 1 and under the cohesion financial instrument to double in the four Member States eligible under that financial instrument, so reaching about ECU 85 billion in those four Member States for the period 1993 to 1999;

Whereas partnership should be strengthened by involving economic and social partners in programming, in an appropriate fashion, through a better definition of the responsibilities of each party in application of the principle of subsidiarity;

Whereas ex ante appraisal, monitoring and ex post evaluation should be developed and provisions should be made for greater flexibility in the implementation of Community structural assistance to meet real needs; whereas, in the interests of effectiveness, thorough appraisal should precede the commitment of Community resources in order to ensure that they yield socio-economic benefits in keeping with the resources deployed;

Whereas the EIB will continue to devote the majority of its resources to promoting economic and social cohesion and in particular to developing further loans in the Member States which benefit from the cohesion financial instrument and in the Community's Objective 1 regions;

Whereas, in order to improve transparency, there should be an indicative breakdown of the resources of the Structural Funds available for commitment by Member State and by each of the Objectives 1 to 4 and 5 (b); whereas, when such allocation is made, 'full account should be taken, as now, of national prosperity, regional prosperity, population of the regions, and the relative severity of structural problems, including the level of unemployment and, for the appropriate objectives, the needs of rural development'; whereas the resources of Objective 5 (a), except for those fields covered by Objective 1, must be subject to appropriate allocation;

Whereas, in order to avoid excessive increases in budgetary expenditure in the less prosperous regions, it is desirable that the levels of Community participation for operations supported by the Structural Funds be modulated and that, in consequence, intervention rates may be increased, in exceptional cases, in these regions;

Whereas, in order to secure effective concentration of assistance, Community measures under Objective 2 could cover up to 15 % of the Community population;

Whereas, in order to ensure better coordination between structural assistance under Objectives 2 and 5 (b), the lists of areas eligible under those Objectives should, as far as possible, be adopted at the same time;

Whereas measures to speed up the adjustment of agricultural and fisheries structures (Objective 5 (a)) should be coordinated with the other Objectives referred to in this Regulation;

Whereas the principles and goals of sustainable development are set out in the Community programme of policy and action in relation to the environment and sustainable development as referred to in the Council Regulation of 1 February 1993 (1); whereas Community policy in the field of the environment is designed to ensure a high level of protection while taking account of the variety of situations in the various regions of the Community; whereas the requirements of environmental protection should form part of the definition and implementation of other Community policies; whereas the Member States should therefore supply, in the plans submitted under Objectives 1, 2 and 5 (b), an appraisal of the state of the environment and the environmental impact of the operations envisaged, in accordance with the provisions of Community law in force, as well as the steps they have taken to associate their environmental authorities with the preparation and implementation of the plans;

Whereas a report on progress in achieving economic and social cohesion should be presented every three years,

1 OJ No C 138, 17. 5. 1993, p. 1.

Has adopted this Regulation:

Article 1

Articles 1 to 19 of Regulation (EEC) No 2052/88 shall be replaced by the following:

1. Objectives and tasks of the Structural Funds

Article 1

Objectives

Community action through the Structural Funds, the financial instrument for fisheries guidance (hereinafter referred to as the "FIFG") established by Regulation (EEC) No 2080/93 (*), the EIB cohesion financial instrument and other existing financial instruments shall support the achievement of the general objectives set out in Articles 130a and 130c of the Treaty. The Structural Funds, the FIFG, the EIB and the other existing financial instruments shall each contribute in appropriate fashion to the attainment of the following five priority objectives:

1. promoting the development and structural adjustment of regions whose development is lagging behind (hereinafter referred to as "Objective 1");
 2. converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline (hereinafter referred to as "Objective 2");
 3. combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market (hereinafter referred to as "Objective 3");
 4. facilitating the adaptation of workers of either sex to industrial changes and to changes in production systems (hereinafter referred to as "Objective 4");
 5. promoting rural development by:
 - (a) speeding up the adjustment of agricultural structures in the framework of the reform of the common agricultural policy;
 - (b) facilitating the development and structural adjustment of rural areas, (hereinafter referred to as "Objectives 5 (a) and 5 (b)").
- In the framework of the review of the common fisheries policy, measures for the adjustment of fisheries structures come under Objective 5 (a).

Article 2

Means

1. The Structural Funds (the EAGGF Guidance Section, the ESF and the ERDF) and the FIFG shall contribute, each according to the specific provisions governing its operations,

to the attainment of Objectives 1 to 5 (b) on the basis of the breakdown given below:

- Objective 1: ERD, ESF and EAGGF Guidance Section,
- Objective 2: ERDF and ESF,
- Objective 3: ESF,
- Objective 4: ESF,
- Objective 5 (a): EAGGF Guidance Section and FIFG,
- Objective 5 (b): EAGGF Guidance Section, ESF and ERDF.

2. The EIB, while performing the tasks assigned to it by Article 129 and 130 of the Treaty, shall cooperate in achieving the objectives set out in Article 1, in accordance with the procedures laid down in its Statute.

3. The other existing financial instruments may contribute, each according to the specific provisions governing its operations, to any measure supported by one or more of the Structural Funds in connection with one of the Objectives 1 to 5 (b). Where appropriate, the Commission shall take measures to enable these instruments to make a better contribution to the Objectives set out in Article 1.

Article 3

Tasks of the Funds

1. In accordance with Article 130c of the Treaty, the ERDF shall:
- have the essential task of providing support for Objectives 1 and 2 in the regions concerned,
 - in addition, participate in the operations of Objective 5 (b).

It shall in particular provide support for:

- (a) productive investment;
- (b) the creation or modernization of infrastructure which contribute to the development or conversion of the regions concerned;
- (c) measures to exploit the potential for internally generated development of the regions concerned;
- (d) investment in the field of education and health in regions concerned by Objective 1.

The ERDF shall also provide support for studies or pilot schemes concerning regional development at Community level, especially where frontier regions of Member States are involved.

2. Within the framework of Article 123 of the Treaty, the ESF shall have the priority task of providing support for Objectives 3 and 4 throughout the Community and, in addition, providing support for Objectives 1, 2 and 5 (b).

To combat unemployment, it shall in particular contribute to:

- (a) facilitating access to the labour market;
- (b) promoting equal opportunities in the labour market;
- (c) developing skills, abilities and professional qualifications;
- (d) encouraging job creation.

* OJ No L 193, 31.7.1993, p.1.

In this framework, the ESF shall provide for studies and pilot schemes, especially those covering aspects common to several Member States.

3. In line with the principles set out in Article 39 of the Treaty, assistance from the EAGGF Guidance Section shall be geared in particular to the following tasks:

- (a) strengthening and re-organizing agricultural and also, in this context, forestry structures, including those for the marketing and processing of agricultural and forestry products and helping to offset the effects of natural handicaps on agriculture;
- (b) ensuring the conversion of agricultural production and fostering the development of supplementary activities for farmers of either sex;
- (c) helping to ensure a fair standard of living for farmers of either sex;
- (d) helping to develop the social fabric of rural areas, to safeguard the environment and to preserve the countryside (inter alia by securing the conservation of natural agricultural resources).

The EAGGF Guidance Section shall also contribute to technical assistance and information operations, and provide support for studies or pilot schemes concerning the adjustment of agricultural structures and the promotion of rural development at Community level.

4. The specific provisions governing operations under each Structural Fund shall be laid down in the implementing decisions adopted pursuant to Article 130e of the Treaty.

They shall establish in particular the procedures for providing assistance in one of the forms defined in Article 5 (2), the conditions of eligibility and of Community participation. Without prejudice to paragraph 5 of this Article, they shall also establish the arrangements for the monitoring, evaluation, financial management and checking of measures and any transitional provisions necessary in relation to existing rules.

5. The Council, acting on the basis of Article 130e of the Treaty, shall adopt the provisions necessary for ensuring coordination between the different Structural Funds, on the one hand, and between them and the EIB and the other existing financial instruments, on the other. The Commission and the EIB shall establish by mutual agreement the practical arrangements for coordinating their operations.

The implementing decisions referred to in this Article shall also lay down the transitional provisions concerning the integrated approaches adopted under existing rules.

Article 3a

Tasks of the FIG

The tasks on the FIG and specific provisions governing its operations, including transitional provisions, shall be laid down in Regulation (EEC) No 2080/93 by virtue of Article 43 of the Treaty.

The provisions of this Regulation and the provisions adopted pursuant to Article 3 (5) of this Regulation shall apply to the FIG.

II. Arrangements for Structural Operations

Article 4

Complementarity, partnership, technical assistance

1. Community operations shall be such as to complement or contribute to corresponding national operations. They shall be established through close consultations between the Commission, the Member State concerned and the competent authorities and bodies - including, within the framework of each Member State's national rules and current practices, the economic and social partner, designated by the Member State at national, regional, local or other level, with all parties acting as partners in pursuit of a common goal. These consultations shall hereinafter be referred to as the "partnership". The partnership shall cover the preparation and financing, as well as the ex ante appraisal, monitoring and ex post evaluation of operations.

The partnership will be conducted in full compliance with the respective institutional, legal and financial powers of each of the partners.

2. Acting in accordance with the provisions of this Regulation and with the provisions referred to in Article 3 (4) and (5), the Commission shall take steps and implementing measures to ensure that Community operations are in support of the objectives set out in Article 1 and impart an added value to national initiatives.

3. Within the framework of the partnership, the Commission may, in accordance with the provisions referred to in Article 3(4), contribute to the preparation, implementation and adjustment of operations by financing preparatory studies and technical assistance operations locally, in agreement with the Member State concerned and, where appropriate, with the authorities and bodies referred to in paragraph 1.

4. For each objective, tasks shall be shared between the Commission and the Member State during the preparation of operations in accordance with Articles 8 to 11a.

Article 5

Forms of assistance

1. Financial assistance under the Structural Funds, from the EIB and the other existing Community financial instruments shall be provided in a variety of forms that reflect the nature of the operations.

2. In the case of the Structural Funds and the FIG, financial assistance may be provided principally in one of the following forms:

- (a) part-financing of operational programmes;
- (b) part-financing of a national aid scheme including

repayments;

- (c) provision of global grants, as a general rule managed by an intermediary designated by the Member State in agreement with the Commission and allocated by the intermediary in the form of individual grants to final beneficiaries;
- (d) part-financing of suitable projects;
- (e) support for technical assistance, including the measures to prepare, appraise, monitor and evaluate operations, and pilot and demonstration projects.

With the exception of those referred to in (e), the forms of assistance undertaken on the Commission's initiative may be only those established by the Member State or the competent authorities designated by the Member State and submitted to the Commission by that Member State or any other body it may, should the need arise, designate to do so.

Acting by a qualified majority on a proposal from the Commission and in cooperation with the European Parliament, the Council may introduce other forms of assistance of the same type.

3. In the case of the EIB and the other existing financial instruments, each observing its own specific rules, financial assistance shall be provided, in particular, in one of the following forms:

- individual loans, global loans and framework loans or other forms of part-financing given investment projects or programmes,
- part-financing of technical assistance or of studies in preparation for operations,
- guarantees.

4. Community assistance shall in an appropriate way combine the assistance on the form of grants and loans referred to in paragraphs 2 and 3 in order to maximize the stimulus provided by the budgetary resources deployed, making use of existing financial engineering techniques.

5. An operational programme within the meaning of paragraph 2 (a) shall comprise a consistent series of multiannual measures which may be implemented through recourse to one or more Structural Funds, to one or more of the other existing financial instruments and to the EIB.

Where a form of assistance involves participation under more than one Structural Fund and/or more than one other financial instrument, it may be implemented in the form of an integrated approach, the details of which shall be laid down in the provisions referred to in Article 3 (5).

Assistance shall be undertaken on the initiative of the Member States or of the Commission in agreement with the Member State concerned.

Article 6

Prior appraisal, monitoring and ex post evaluation

1. Community operations shall be monitored to ensure that the commitments entered into as part of the objectives set

out in Articles 130a and 130c of the Treaty are effectively honoured. Such monitoring shall, where necessary, make it possible to adjust operations in line with requirements arising during implementation.

The Commission shall periodically inform the European Parliament and the Committees referred to in Article 17 as to the implementation of operations; it shall lay before those Committees the annual report referred to in the first subparagraph of Article 16.

2. In order to gauge their effectiveness, Community structural operations shall be the subject of prior appraisal, monitoring and ex post evaluation designed to appraise their impact with respect to the objectives set out in Article 1 and to analyse their effects on specific structural problems.

3. The procedure for appraisal, monitoring and evaluation of Community operations shall be established by the provisions referred to in Article 3 (4) and (5) and, in the case of the EIB, in the manner provided for in its Statute.

Article 7

Compatibility and checks

1. Measures financed by the Structural Funds or receiving assistance from the EIB or from another existing financial instrument shall be in conformity with the provisions of the Treaties, with the instruments adopted pursuant thereto and with Community policies, including those concerning the rules on competition, the award of public contracts and environmental protection and the application of the principle of equal opportunities for men and women.

2. Without prejudice to the financial Regulation, the provisions referred to in Article 3 (4) and (5) shall lay down harmonized rules for strengthening checks on structural operations. They shall be adjusted to reflect the special nature of the financial operations concerned. The procedures for carrying out checks on operations undertaken by the EIB shall be as set out in its Statute.

III. Provisions relating to the Specific Objectives

Article 8

Objective 1

1. The regions covered by Objective 1 shall be regions at NUTS level II whose per capita GDP, on the basis of the figures for the last three years, is less than 75 % of the Community average.

Northern Ireland, the five new German Laender, east Berlin, and the French overseas departments, the Azores, the Canary Islands and Madeira shall also be covered by this Objective, as shall other regions whose per capita GDP is close to that of the regions referred to in the first subparagraph and which

have to be included within the scope of Objective 1 for special reasons.

Abruzzi shall be eligible for aid under Objective 1 for the period 1 January 1994 to 31 December 1995.

Exceptionally, in view of their unique adjacent position and their regional GDP at NUTS level III, the "arrondissements" of Avesnes, Douai and Valenciennes as well as Argyll and Bute, Arran, the Cambraes and western Moray shall also be covered by this Objective.

2. The list of regions concerned by Objective 1 is given in Annex I.

3. The list of regions shall be applicable for six years from 1 January 1994. Before the end of that period, the Commission shall review the list in good time so that the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament, may establish a new list to apply for the following period.

4. The Member States concerned shall submit to the Commission their regional development plan. These plans shall include:

- a description of the current situation with regard to disparities and development gaps, the financial resources deployed and the main results of operations undertaken in the previous programming period, in the context of Community structural assistance received and with regard to the evaluation results available,
- a description of an appropriate strategy to achieve the objectives referred to in Article 1, the regional development priorities selected and specific objectives, quantified where they lend themselves to quantification; a prior appraisal of the expected impact, including that on jobs, of corresponding operations with a view to ensuring that they yield medium-term economic and social benefits in keeping with the resources deployed,
- an appraisal of the environmental situation of the region concerned and an evaluation of the environmental impact of the strategy and operations referred to above in terms of sustainable development in agreement with the provisions of Community law in force; the arrangements made to associate the competent environmental authorities designated by the Member State in the preparation and implementation of the operations envisaged in the plan and to ensure compliance with Community environmental rules,
- an indicative overall financial table summarizing the national and Community financial resources provided for and corresponding to each regional development priority adopted in the context of the plan, as well as an indication of the planned use of the assistance available under the Funds, from the EIB and the other financial instruments in implementing the plan.

The Member States may submit an overall regional development plan for all their regions included in the list referred to in paragraph 2, provided that such plan comprises the features listed in the first subparagraph.

Member States shall also submit the plans referred to in Article 10 for the regions concerned; the elements of those plans may also be included in the regional development plans of the regions concerned.

5. The Commission shall appraise the proposed plans and the other elements referred to in paragraph 4 to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. On the basis of all the plans referred to in paragraph 4, it shall establish, through the partnership referred to in Article 4 (1) and in agreement with the Member State concerned, the Community support framework for Community structural operations, in accordance with the procedure referred to in Article 17.

The Community support framework shall cover, in particular

- the development objectives, quantified where they lend themselves to quantification, the progress to be achieved during the period concerned compared with the current situation, and the priorities adopted for Community assistance; procedures for the appraisal, monitoring and evaluation of operations to be undertaken,
- the forms of assistance,
- the indicative financing plan, with details of the amount of assistance and its source,
- the duration of the assistance.

The Community support framework shall provide coordination of Community structural assistance towards those of the objectives referred to in Article 1 which may be pursued in a particular region.

The Community support framework may, if necessary, be revised and adjusted through the partnership defined in Article 4 (1), on the initiative of the Member State or of the Commission in agreement with the Member State, in the light of relevant new information and of the results obtained during implementation of the operations concerned, including the results of monitoring and evaluation.

At the duly substantiated request of the Member State concerned, the Commission shall adopt distinct Community support frameworks for one or more of the plans referred to in paragraph 4.

6. The arrangements for the implementation of this Article shall be specified in the provisions referred to in Article 3 (4) and (5).

7. Programming shall also cover operations under Objective 5 (a) to be implemented in the regions concerned, making a distinction between those which relate to agricultural structures and those which relate to fisheries structures.

Article 9

Objective 2

1. The declining industrial areas concerned by Objective 2 shall comprise regions, frontier regions or parts of regions (including employment areas and urban communities).

2. Subject to paragraph 4, the areas referred to in paragraph 1 must represent or belong to a NUTS level III territorial unit which satisfies all the following criteria:

- (a) the average rate of unemployment recorded over the last three years must have been above the Community average;
- (b) the percentage share of industrial employment in total employment must have equalled or exceeded the Community average in any reference year from 1975 onwards;
- (c) there must have been an observable fall in industrial employment compared with the reference year chosen in accordance with (b).

In addition, Community assistance may, subject to paragraph 4, also extend to:

- adjacent areas satisfying criteria (a), (b) and (c) as well as areas satisfying criteria (a), (b) and (c) that are adjacent to an Objective 1 region,
- urban communities with an unemployment rate at least 50 % above the Community average which have recorded a substantial fall in industrial employment,
- areas which have recorded substantial job losses over the last three years or are experiencing or are threatened with such losses in industrial sectors of decisive importance for their economic development, including those losses brought about by industrial changes and changes in production systems, with a consequent serious worsening of unemployment in those areas,
- areas especially urban areas, with severe problems linked to the regeneration of derelict industrial sites,
- other industrial or urban areas where the socio-economic impact of the restructuring of the fisheries sector, assessed on the basis of objective criteria, justifies such assistance.

In implementing the criteria defined above, the Commission will take account of how the national situations with respect to unemployment rate, industrialization rate and industrial decline compare with the Community average.

For the application of these criteria, Member States may also take as a reference basis the specific realities influencing the actual activity rate or employment rate of the population.

3. As soon as this Regulation has entered into force, and after considering the Community information relating to the provisions referred to in paragraph 2, the Member States concerned shall propose to the Commission on the basis of the provisions of the said paragraph and taking account of the concentration principle, the list of areas which in their view should benefit from assistance under Objective 2, and provide the Commission with all useful information to this end.

On the basis of this information and its overall assessment of the proposals submitted, taking into account the national priorities and situations, the Commission shall, in close consultation with the Member State concerned in accordance with the procedure provided for in Article 17, establish an initial list for three years of the areas referred to in paragraph 1. The Commission shall inform the European Parliament of that list.

4. In establishing that list and in defining the Community support framework referred to in paragraph 9, the Commission and the Member States shall seek to ensure that assistance is genuinely concentrated on the areas most seriously affected, at the most appropriate geographical level, taking into account the particular situation of the areas concerned. Member States shall supply to the Commission all information which might be of assistance to it in this task.

5. West Berlin shall be eligible for aid under this Objective for the first three-year period referred to in paragraph 6.

6. The list of eligible areas shall be reviewed by the Commission periodically in close consultation with the Member State concerned. However, the assistance granted by the Community in respect of Objective 2 in the various areas listed shall be planned and implemented on a three-yearly basis.

7. Three years after the entry into force of the list referred to in paragraph 3, the criteria laid down in paragraph 2 may be altered by the Council, acting by a qualified majority on a proposal from the Commission and after consulting the European Parliament.

8. The Member States concerned shall submit their regional and social conversion plans to the Commission. Those plans shall include:

- a description of the current situation, the financial resources deployed and the main results of operations undertaken in the previous programming period, in the context of Community structural assistance received and with regard to the evaluation results available,
- a description of an appropriate strategy to achieve the objectives listed in Article 1 and the conversion priorities selected for the areas concerned, quantifying the progress anticipated, where it lends itself to quantification, a prior appraisal of the expected impact, including that on jobs, of corresponding operations with a view to ensuring that they yield medium-term economic and social benefits in keeping with the resources deployed,
- an appraisal of the environmental situation of the area concerned and an evaluation of the environmental impact of the strategy and operations referred to above in terms of sustainable development in agreement with the provisions of Community law in force; the arrangements made to associate the competent environmental authorities designated by the Member State in the preparation and implementation of the operations envisaged in the plan and to ensure compliance with Community environmental rules,
- an indication of the planned use of assistance available under the Funds, from the EIB and the other financial instruments in implementing the plan.

9. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. On the basis of these plans, it shall establish, through the partnership defined in Article 4 (1) and in agreement with the Member State concerned, the Community conversion support framework for Community structural operations, in accordance with the procedures referred to in Article 17.

The Community support framework shall cover in particular:

- the conversion objectives, quantified where they lend themselves to quantification, the progress to be achieved during the period concerned compared with the current situation and the priorities adopted for Community assistance; procedures for the appraisal, monitoring and evaluation of operations to be undertaken,
- the forms of assistance,
- the indicative financing plan, with details of the amount of assistance and its source,
- the duration of the assistance.

The Community support framework may, if necessary, be revised and adjusted through the partnership defined in Article 4 ⁽¹⁾, on the initiative of the Member State concerned or of the Commission in agreement with the Member State, in the light of relevant new information and of the results obtained during implementation of the operations concerned including, in particular, the results of monitoring and evaluation.

10. The arrangements for the implementation of this Article shall be specified in the provisions referred to in Article 3 ⁽⁴⁾ and ⁽⁵⁾.

Article 10

Objectives 3 and 4

1. Objective 3

The Member States shall submit to the Commission plans for operations to combat long-term unemployment and to facilitate the integration into working life of young people and of persons exposed to exclusion from the labour market (Objective 3).

The plans shall include:

- a description of the current situation, the financial resources deployed and the main results of operations undertaken in the previous programming period, in the context of Community structural assistance received and with regard to the evaluation results available,
- a description of an appropriate strategy to achieve the objectives listed in Article 1 and the priorities selected for the implementation of Objective No 3, quantifying the progress anticipated where this lends itself to quantification; a prior appraisal of the expected impact, including that on jobs, of the operations involved in order to show that they yield medium-term social and economic benefits in keeping with the financial resources deployed,
- an indication of the use to be made of assistance available under the ESF - where appropriate, in conjunction with assistance from other existing Community financial instruments - in implementing the plan.

The Commission shall establish, for each Member State and for the individual plans submitted to it, through the partnership referred to in Article 4 ⁽¹⁾ and in agreement with the Member State concerned, the Community support framework for the attainment of Objective 3, in accordance with the procedures set out in Article 17.

2. Objective 4

The Member States shall submit to the Commission plans for operations designed to facilitate the adaptation of workers of either sex to industrial change and to changes in production systems (Objective 4).

These plans shall include:

- a description of the current situation and of likely changes in jobs and occupations, stressing needs in terms of initial and further vocational training, taking account of the evaluation results available,
- a description of an appropriate strategy to achieve the objectives listed in Article 1 and the priorities selected for the attainment of Objective 4, quantifying the progress anticipated where it lends itself to quantification, prior appraisal of the expected impact, including that on jobs, of the operations involved with a view to ensuring that the medium-term social and economic benefits are in keeping with the financial resources deployed,
- measures adopted to involve the competent authorities and bodies designated by the Member State at the appropriate levels in the preparation and implementation of operations featuring in the plan,
- an indication of the use to be made of assistance available under the ESF - where appropriate, in conjunction with assistance from the EIB or other existing Community financial instruments - in implementing the plan.

The Commission shall establish, for each Member State and for the individual plans submitted to it, through the partnership referred to in Article 4 ⁽¹⁾ and in agreement with the Member State concerned, the Community support framework for the attainment of Objective 4, in accordance with the procedures set out in Article 17.

3. Common provisions

3.1. The plans shall distinguish between the information relating to regions covered by Objective 1 and the rest of the territory. The information relating to Objective 1 regions may also be included in the regional development plans referred to in Article 8 ⁽⁴⁾.

3.2. For the presentation of the plans relating to Objectives 3 and 4, the Member States may also use as a reference basis the specific realities influencing the actual activity rate or employment rate of the population.

3.3. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. The Commission shall draw up the Community support frameworks in agreement with the Member State concerned.

Each Community support framework shall cover in particular:

- the objectives planned, quantified where they lend themselves to quantification, the progress to be achieved during the period concerned compared with the current

situation, and the priorities adopted for Community assistance; procedures for the appraisal, monitoring and evaluation of operations to be undertaken,

- the forms of assistance,
- the indicative financing plan, with details of the amount of assistance and its source,
- the duration of the assistance.

The Community support framework may, if necessary, be revised and adjusted through the partnership defined in Article 4 ⁽¹⁾ on the initiative of the Member State or of the Commission in agreement with the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned including, in particular, of the results of monitoring and evaluation.

3.4. The arrangements for the implementation of this Article shall be specified in the provisions referred to in Article 3 ⁽⁴⁾ and ⁽⁵⁾.

Article 11

Objective 5 (a)

The arrangements for the implementation of operations connected with the adaptation of agricultural and fisheries structures (Objective 5 (a)) shall be decided within the framework of the provisions referred to in Article 3 ⁽⁴⁾ and ⁽⁵⁾.

Article 11a

Objective 5 (b)

1. The rural areas outside Objective 1 regions that may receive Community assistance under Objective 5 (b) are those which have a low level of socio-economic development assessed on the basis of GDP per inhabitant and also satisfy at least two of the following three criteria:

- (a) high share of agricultural employment in total employment;
- (b) low level of agricultural income, in particular as expressed in terms of agricultural value added per agricultural work unit (AWU);
- (c) low population density and/or a significant depopulation trend.

Assessment of the eligibility of areas according to the above criteria shall take into account socio-economic parameters which indicate the seriousness of the general situation in the areas concerned, and how it is developing.

2. The Community assistance may also be extended to other rural areas with low levels of socio-economic development that are outside Objective 1 regions if they meet one or more of the following criteria:

- the peripheral nature of areas or islands in relation to major centres of economic and commercial activity in the Community,
- the sensitivity of the area to developments in agriculture, especially in the framework of the reform of the common agricultural policy, assessed on the basis of the

trend in agricultural incomes and the size of the agricultural labour force;

- the structure of agricultural holdings and the age structure of the gainfully employed agricultural labour force,
- the pressures exerted on the environment and on the countryside,
- the situation of areas within mountain or less-favoured areas classified pursuant to Article 3 of Directive 75/268/EEC(*),
- the socio-economic impact on the area, as measured by objective criteria, of the restructuring of the fisheries sector.

3. As soon as this Regulation has entered into force, and after considering the Community information relating to the provisions referred to in paragraphs 1 and 2, the Member States concerned shall propose to the Commission, on the basis of the provisions of the said paragraphs and taking account of the concentration principle, the list of areas which in their view should benefit from assistance under Objective 5 (b), and provide the Commission with all useful information to this end.

On the basis of this information and its overall assessment of the proposals submitted, taking into account the national priorities and situations, the Commission shall, in close consultation with the Member State concerned and in accordance with the procedure laid down in Article 17, establish the list of eligible areas. The Commission shall inform the European Parliament of this list.

4. In selecting rural areas and in programming assistance from the Funds, the Commission and the Member States shall take care to ensure that assistance is effectively concentrated on areas suffering from the most serious rural development problems. Member States shall supply to the Commission all information which might be of assistance to it in this task.

5. The Member States concerned shall submit their rural development plans to the Commission. Those plans shall include:

- a description of the current situation, the financial resources deployed and the main results of operations undertaken in the previous programming period, in the context of the Community structural assistance received and taking account of the evaluation results available,
- a description of an appropriate strategy to achieve the objectives listed in Article 1 and the rural development priorities selected for the areas concerned, specific objectives, quantified, where they lend themselves to quantification, a prior appraisal of the expected impact, including that on jobs, of corresponding operations with a view to ensuring that they yield medium-term economic and social benefits in keeping with the resources deployed,
- an assessment of the environmental situation of the region concerned and an evaluation of the environmental impact of the strategy and operations referred to above in accordance with the principles of sustainable development in agreement with the provisions of Community law in force; the arrangements made to associate the competent environmental authorities designed by the Member State in

the preparation and implementation of the operations foreseen in the plan and to ensure compliance with Community rules concerning the environment,

- an indication of the planned use of assistance available under the Funds, from the EIB and the other financial instruments in implementing the plan,
- any link with the consequences of reform of the common agricultural policy and the common fisheries policy.

6. The Commission shall examine the proposed plans to determine whether they are consistent with the objectives of this Regulation and with the provisions and policies referred to in Articles 6 and 7. It shall establish, on the basis of those plans, through the partnership referred to in Article 4 ⁽¹⁾ and in agreement with the Member State concerned, the Community rural development support framework for Community structural assistance in accordance with the procedures referred to in Article 17.

The Community support framework shall cover in particular:

- the rural development objectives, quantified where they lend themselves to quantification, the progress to be achieved during the period concerned compared with the current situation, and the priorities adopted for Community assistance; procedures for the appraisal, monitoring and evaluation of operations to be undertaken,
- the forms of assistance,
- the indicative financing plan, with details of the amount of assistance and its source,
- the duration of the assistance.

The Community support frameworks may, if necessary, be revised and adjusted, through the partnership provided for in Article 4 ⁽¹⁾, on the initiative of the Member State concerned or of the Commission in agreement with the Member State in the light of relevant new information and of the results obtained during implementation of the operations concerned, including in particular the results of monitoring and evaluation.

The Community support frameworks under Objective 5 (b) may repeat for information the details of the operations concerning the adjustment of agricultural structures under Objective 5 (a) to be implemented in the areas eligible under Objective 5 (b).

7. The arrangements for the implementation of this Article shall be specified in the provisions referred to in Article 3 ⁽⁴⁾ and ⁽⁵⁾.

IV. Financial provisions

Article 12

Resources and concentration

1. The resources available for commitment from the Structural Funds in the FIG shall be ECU 141 471 million at 1992 prices for the period 1994 to 1999.

The annual breakdown of these resources is shown in Annex II.

2. A considerable proportion of budgetary resources shall be concentrated on the regions whose development is lagging behind which are covered by Objective 1.

The resources available for commitment for these regions shall be ECU 96 346 million at 1992 prices for the period 1994 to 1999.

The annual breakdown of these resources is shown in Annex II.

All operations under Objectives 1 to 5 to assist the regions covered by Objective 1 shall be taken into account for this purpose.

3. For the four Member States eligible for the cohesion financial instrument, the increase in commitment appropriations for the Structural Funds must permit a doubling of commitments in real terms under Objective 1 and the cohesion financial instrument between 1992 and 1999.

4. The Commission shall, using transparent procedures, make indicative allocations by Member State for each of the Objectives 1 to 4 and 5 (b) of the Structural Fund commitment appropriations taking full account, as previously, of the following objective criteria: national prosperity, regional prosperity, population of the regions, and the relative severity of structural problems, including the level of unemployment and, for the appropriate Objectives, the needs of rural development. These criteria will be appropriately weighted in the allocation of resources.

In addition, Objective 5 (a) except for those fields covered by Objective 1 shall receive an allocation based principally on continuity related to the degree of utilization of resources during the preceding programming period and on the specific structural needs of agriculture and fisheries as they are perceived.

5. For the period referred to in paragraph 1, 9 % of the commitment appropriations for the Structural Funds shall be devoted to funding assistance undertaken on the initiative of the Commission in accordance with Article 5 ⁽⁵⁾.

6. For the purpose of their inclusion in the general budget of the European Communities, the sums indicated in paragraphs 1 and 2 and in Annex II shall be amended before each annual budgetary procedure to reflect price changes in the Community.

Article 13

Differentiation of rates of assistance

1. The Community contribution to the financing of operations shall be differentiated in the light of the following:

- the gravity of the specific, in particular regional or social, problems to be tackled by the operations,

* OJ No L 128, 19. 5. 1975, p. 1. Directive as last amended by Directive 82/786/EEC (OJ No L 327, 24. 11. 1982, p. 19)

- the financial capacity of the Member State concerned, taking into account in particular the relative prosperity of the State and the need to avoid excessive increases in budgetary expenditure,
- the special importance attaching to measures from the Community viewpoint,
- the special importance attaching to measures from the regional and national viewpoint,
- the particular characteristics of the types of measure proposed.

2. Such differentiation shall take account of the planned link between the grants and loans deployed, as referred to in Article 5 (4).

3. The Community contribution granted by the Funds and the FIGF in respect of the various objectives listed in Article 1 shall be subject to the following ceilings:

- a maximum of 75 % of the total cost and, as a general rule, at least 50 % of public expenditure in the case of measures carried out in the regions eligible for assistance under Objective 1. Where the regions are located in a Member State concerned by the cohesion financial instrument, the Community contribution may, in exceptional and duly justified cases, rise to a maximum of 80 % of the total cost and to a maximum of 85 % of the total cost for the outermost regions, as well as for the outlying Greek islands which are under a handicap as far as distance is concerned,
- a maximum of 50 % of the total cost and, as a general rule, at least 25 % of public expenditure in the case of measures carried out in the other regions.

The minimum rates of assistance laid down in the first subparagraph shall not apply to revenue-bearing investment.

4. For the preparatory studies and technical assistance measures undertaken on the initiative of the Commission, financing by the Community may in exceptional and duly justified cases amount to 100 % of total cost.

5. The arrangements for the implementation of this Article, including those concerning public funding of the operations concerned, and the rates applied to revenue-bearing investment, shall be laid down in the provisions referred to in Article 3 (4) and (5).

V. Other provisions

Article 14

Combination and overlapping of assistance

1. For any given period, an individual measure or operation may benefit from assistance from only one Structural Fund or the FIGF at a time.

2. An individual measure or operation may benefit from assistance from a Structural Fund or other financial instrument in respect of only one of the Objectives listed in Article 1 at a time, unless otherwise permitted by the provisions referred to in Article 3 (4) and (5).

3. Any territory may be eligible for assistance under only one of Objectives 1, 2 or 5 (b).

Article 15

Transitional provisions

1. This Regulation shall not affect multiannual operations, including the adjustment of Community support frameworks and forms of assistance, approved by the Council or by the Commission on the basis of the existing rules governing the Structural Funds applying before the entry into force of this Regulation.

2. Applications for assistance from the Structural Funds towards operations which are submitted under the provisions applying before the entry into force of this Regulation shall be considered and approved by the Commission on the basis of those provisions.

3. The provisions referred to in Article 3 (4) and (5) shall lay down specific transitional provisions relating to the implementation of this Article, including provisions to ensure that aid to Member States is not interrupted pending the establishment of the plans and operational programmes in accordance with the new system and that the grant of assistance for projects granted assistance before 1 January 1989 shall be finally concluded no later than 30 September 1995.

Article 16

Reports

Within the framework of Articles 130a and 130b of the Treaty, before 1 November of each year the Commission shall submit to the European Parliament, the Council and the Economic and Social Committee a report on the implementation of this Regulation during the preceding year.

In that report, the Commission shall in particular indicate what progress has been made towards achieving the objectives listed in Article 1 and in concentrating assistance within the meaning of Article 12.

The Commission shall submit a report at three-yearly intervals to the European Parliament, the Council and the Economic and Social Committee on the progress made towards economic and social cohesion and the contribution thereto made by the Funds, the FIGF, the cohesion financial instrument, the EIB and the other financial instruments. That report shall, if necessary, be accompanied by appropriate proposals with regard to Community operations and policies affecting economic and social cohesion. The first such report shall be drawn up no later than 31 December 1996.

Article 17

Committees

1. In implementing this Regulation, the Commission shall be assisted by four committees dealing respectively with:

- Objectives 1 and 2: advisory committee composed of representatives of the Member States,
- Objectives 3 and 4: committee under Article 124 of the Treaty,
- Objective 5 (a): management committee composed of representatives of the Member States (adjustment of agricultural structures), management committee composed of representatives of the Member States (adjustment of fisheries structures),
- Objective 5 (b): management committee referred to under
- Objective 5 (a): first sub-indent.

2. In implementing assistance undertaken on its own initiative in accordance with Article 5 (5), last subparagraph, the Commission shall be assisted by a management committee composed of representatives of the Member States.

3. Provisions setting out the arrangements for the operation of the committees referred to in paragraph 1 and measures concerning the tasks of those committees in the framework of management of the Funds shall be adopted in accordance with Article 3 (4) and (5), and the last subparagraph of Article 3a.

VI. Final provisions

Article 18

Implementation

The Commission shall be responsible for the implementation of this Regulation.

Article 19

Review clause

On a proposal from the Commission, the Council shall re-examine this Regulation before 31 December 1999.

It shall act on the proposal in accordance with the procedure laid down in Article 130d of the Treaty.¹

Article 2

ENTRY INTO FORCE

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

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

Done at Brussels, 20 July 1993.

For the Council
The President
W. CLAES

ANNEX I

Regions concerned by Objective 1

BELGIUM: Hainaut

GERMANY: Brandenburg, Mecklenburg-Western Pomerania,
east-Berlin, Saxony, Saxony-Anhalt, Thuringia

GREECE: the entire country

SPAIN: Andalucía, Asturias, Cantabria, Castilla y León, Castilla-La Mancha, Ceuta y Melilla, Comunidad Valenciana, Extremadura, Galicia, Canary Islands, Murcia

FRANCE: French overseas departments, Corsica, the 'arrondissements' of Avesnes, Douai and Valenciennes

IRELAND: the entire country

ITALY: Abruzzi (1994 to 1996), Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily

NETHERLANDS: Flevoland

PORTUGAL: the entire country

UNITED KINGDOM: Highlands and Islands Enterprise area, Merseyside, Northern Ireland

ANNEX II

Commitment appropriations for the period 1994 to 1999

(ECU million at 1992 prices)

	1994	1995	1996	1997	1998	1999	1994 to 1999
Structural Funds	20 135	21 480	22 740	24 026	25 690	27 400	141 471
and FIG							
of which:	13 220	14 300	15 300	16 396	17 820	19 280	96 346
Objective 1 regions							

Council Regulation (EEC) No 2082/93 of 20 July 1993

Amending Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments

The Council of the European Communities

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 130e and 153 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

In cooperation with the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas Regulation (EEC) No 2081/93 ⁽⁴⁾ amends Council Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments ⁽⁵⁾; whereas Regulation (EEC) No 4253/88 should therefore be amended ⁽⁶⁾;

Whereas, under Article 3a of Regulation (EEC) No 2052/88, the provisions of that Regulation governing the Structural Funds and the provisions necessary for the coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank (EIB) and the other existing financial instruments apply to the financial instrument for fisheries guidance (FIFG);

Whereas the coordination provided for in Regulation (EEC) No 4253/88 should therefore be extended to the FIFG and to the cohesion financial instrument; whereas coordination through the Communities' budgetary resources can also concern the measures accompanying the reform of the common agricultural policy (CAP), the framework programmes for

research and technological development, the trans-European networks and the economic restructuring of the countries of central and eastern Europe; whereas the economic and social effectiveness of Community action depends on coherence, particularly with the framework programmes for research and technological development and education and training programmes;

Whereas the Member States should submit their development plans as soon as possible in order not to delay the implementation of structural assistance from 1 January 1994;

Whereas, in order to simplify and speed up programming procedures, there should be provision for the Commission to adopt simultaneously the Community support frameworks and the forms of assistance submitted largely in the form of a limited number of operational programmes at the same time as development plans; whereas for the same reason there should be provision for the plan and the application for assistance to be presented in a single document and for the Community support framework to be adopted and assistance granted through a single Commission decision;

Whereas, in application of the principle of subsidiarity, and without prejudice to the Commission's powers, particularly its responsibility for the management of the Community's financial resources, implementation of the forms of assistance contained in the Community support frameworks should be primarily the responsibility of the Member States at the appropriate territorial level according to the specific needs of each Member State;

Whereas the principle of additionality and the criteria and procedures for its verification should be defined;

Whereas measures of major importance to the Community undertaken at the initiative of the Commission have an

¹ OJ No C 118, 28. 4. 1993, p. 33.

² Opinion delivered on 22 June 1993 (not yet published in the Official Journal) and Decision of 14 July 1993 (not yet published in the Official Journal).

³ OJ No C 201, 26. 7. 1993, p. 52.

⁴ See page 5 of this Official Journal.

⁵ OJ No L 185, 15. 7. 1988, p. 9.

⁶ OJ No L 374, 31. 12. 1988, p. 1.

important role to play in achieving the general objectives of Community structural action referred to in Article 1 of Regulation (EEC) No 2052/88; whereas such initiatives should primarily promote cross-frontier, transnational and inter-regional cooperation and aid to the outermost regions, in accordance with the principle of subsidiarity;

Whereas, in order to increase the flexibility of Community structural assistance, there should be provision for assistance undertaken at the initiative of the Commission in the context of Objectives 1, 2 and 5 (b) to concern exceptionally areas other than those eligible under those Objectives; whereas the question of cross-frontier cooperation with Community priority regions may also be addressed by the Phare programme, taking account of complementary support under the Community Structural Funds;

Whereas, in order to minimize delays in financial flows, the time allowed for the Commission to pay financial assistance to the Member State and for the Member State to pay that assistance to the final beneficiaries should be laid down, so that the funds are available to the final beneficiaries in good time for them to carry out their measures;

Whereas the role and powers of the monitoring committees should be laid down;

Whereas there should be greater transparency in the implementation of structural assistance; whereas, to that end, care should be taken to ensure compliance with Council Directive 90/313/EEC of 7 June 1990 on the freedom of access to information on the environment (7); whereas it is appropriate that projects benefiting from Community assistance should be specified when published in a notice in the Official Journal of the European Communities under the rules relating to the award of public contracts;

Whereas appraisal and evaluation are the responsibility both of the Member States and of the Commission in the framework of partnership; whereas, in addition, to enhance the effectiveness and financial viability of Community assistance, ex ante appraisal, monitoring and ex post evaluation should be strengthened;

Whereas it is appropriate to lay down the detailed transitional provisions including provisions to ensure that aid to Member States is not interrupted pending the establishment of the plans and operational programmes in accordance with the new system,

Has adopted this Regulation:

Has adopted this Regulation:

Article 1

Articles 1 to 33 of Regulation (EEC) No 4253/88 shall be replaced by the following:

I. Coordination

Article 1

General provisions

Pursuant to Regulation (EEC) No 2052/88, the Commission shall, in a manner consistent with partnership, ensure coordination of the activities of the different Funds and the FIGG as between themselves and with the operations of the EIB and the other existing financial instruments.

Article 2

Coordination between the Funds and the FIGG

Coordination between the activities of the various Funds and the FIGG shall be carried out in particular through:

- Community support frameworks,
- multiannual budget forecasts,
- where advisable, the implementation of integrated forms of assistance,
- prior appraisal, monitoring and ex post evaluation of operations under the Funds carried out in connection with a single objective and of those carried out in connection with a number of objectives in the same territory.

Article 3

Coordination between the Funds, the EIB and the other existing financial instruments

1. In implementing the objectives referred to in Article 1 of Regulation (EEC) No 2052/88, the Commission shall ensure, within the framework of the partnership, coordination and consistency between assistance from the Funds and assistance provided:

- by the European Coal and Steel Community (ECSC) in the form of re-adaptation aids, loans, interest subsidies or guarantees,
- by the EIB, the New Community Instrument and the European Atomic Energy Community (Euratom) in the form of loans and guarantees,
- from resources from the Community budget allocated in particular:
 - to other actions for structural purposes,
 - to the cohesion financial instrument.

Such coordination shall be carried out in keeping with the EIB's own powers and responsibilities and with the objectives of the other instruments concerned.

2. The Commission shall associate the EIB in the use of the Funds or the other existing financial instruments with a view to the part-financing of investments that are eligible for financing by the EIB in accordance with its Statute.

Article 4

[]

II. Plans

Article 5

Scope and content

1. Subject to the guidelines laid down in this Article, plans submitted in connection with Objectives 1 to 4 and 5 (b) shall be drawn up at the geographical level deemed to be most appropriate. They shall be prepared by the competent national, regional or other authorities designated by the Member State and shall be submitted by the Member State to the Commission.

Plans submitted in connection with Objective 1 shall, as a general rule, cover one region at NUTS (Nomenclature of Territorial Units for Statistics) level II. However, in implementation of the second subparagraph of Article 8 (4) of Regulation (EEC) No 2052/88, Member States may submit a plan for more than one of their regions included in the list referred to in paragraph 2 of that Article, provided that such plans comprise the features listed in the first subparagraph of the said paragraph 4.

Plans submitted in connection with Objectives 2 and 5 (b) shall normally cover one or more regions a NUTS level III.

Member States may submit plans covering a wider territory than that of eligible regions or areas, provided that they distinguish between measures in eligible regions or areas and measures elsewhere.

2. For regions concerned by Objective 1, the regional development plans shall include measures to the conversion of declining industrial areas and rural development, the adaptation of agricultural and fisheries structures, together with employment and vocational training measures under Objective 1 and, where appropriate, those in connection with Objectives 3 and 4.

Regional and social conversion plans submitted in connection with Objective 2 and rural development plans submitted in connection with Objective 5 (b) shall also include employment and vocational training measures other than those covered by plans submitted in connection with Objectives 3 and 4.

Plans submitted in connection with Objectives 3 and 4 shall distinguish between expenditure in respect of the regions covered by Objectives 1 and, if possible, 2 and 5 (b) and expenditure in respect of other regions.

In the plans, Member States shall indicate the particulars relating to each Fund, including the volumes of assistance requested. In order to expedite the examination of applications and the implementation of action, they may include in their plans, applications for assistance for operational programmes and other forms of assistance.

Member States may submit in a single programming document the information required for each of the plans and referred to in Articles 8 to 10 and 1a of Regulation (EEC) No 2052/88 and the information required pursuant to Article 14 (2).

3. Member States shall ensure, when the plans are drawn up, that plans relating to the same geographical area are mutually consistent.

4. Member States shall ensure that the plans take account of Community policies.

Article 6

Duration and timetable

Each plan shall as a general rule cover a period of three or six years. The first programming period shall begin on 1 January 1994. As a general rule, the plans may be revised on an annual basis and in the event of significant changes in the socio-economic situation and the labour market.

Unless otherwise agreed with the Member State concerned, plans in respect of Objectives 1, 3 and 4 shall be submitted not later than three months after the entry into force of this Regulation. Plans in respect of Objectives 2 and 5 (b) shall be submitted not later than three months after the establishment of the list of eligible areas under the objectives concerned.

Article 7

Preparation

1. The Commission may provide Member State at their request with any technical assistance necessary in the preparation of plans.

2. The plans shall contain information making it possible to assess the link between structural action and the Member State's economic, social and where appropriate, regional policies.

III. Community Support Frameworks

Article 8

Preparation, scope and content

1. The Community support frameworks relating to Objectives 1 to 4 and 5 (b) shall be drawn up on the basis of the plans in agreement with the Member State concerned within the framework of the partnership and shall be established by decision of the Commission in accordance with the procedures laid

down in Title VIII. The EIB shall also be involved in the preparation of the Community support frameworks.

2. A Community support framework shall cover a period of three or six years.

3. Each Community support framework shall include:

- a statement of the priorities for joint Community and national action in relation to the objectives referred to under Article 1 of Regulation (EEC) No 2052/88, their specific objectives, quantified where they lend themselves to quantification, an appraisal of the expected impact, including with regard to employment, together with information on their consistency with the economic, social and, where appropriate, regional policies of the Member State concerned,
- an outline of the assistance which is not decided at the same time as the Community support framework including, for operational programmes, their specific objectives and the main types of measure involved,
- an indicative financing plan specifying the financial allocations envisaged for the various forms of assistance and the duration thereof, including those of the Funds, the EIB and the other existing financial instruments provided for in Article 3 (1), where they contribute directly to the financing plan concerned,
- the procedures for monitoring and evaluation,
- the procedures for verifying additionality and an initial evaluation of the latter; appropriate information concerning the transparency of the relevant financial flows, in particular from the Member State concerned to the recipient regions,
- for Objectives 1, 2 and 5 (b), the arrangements for associating the environmental authorities designated by the Member States in the implementation of the Community support framework,
- where appropriate, information on the means available for any studies or necessary technical assistance operations relating to the preparation, implementation or adaptation of the measures concerned.

Article 9

Additionality

1. In order to achieve a genuine economic impact, the Structural Funds and the FIGG appropriations allocated in each Member State to each of the objectives under Article 1 of Regulation (EEC) No 2052/88 may not replace public expenditure on structural or comparable expenditure undertaken by the Member State in the whole of the territory eligible under an objective.

2. For this purpose, in establishing and implementing the Community support frameworks, the Commission and the Member State concerned shall ensure that the Member State maintains, in the whole of the territory concerned, its public structural or comparable expenditure at least at the same level as in the previous programming period, taking into account, however, the macroeconomic circumstances in which the funding takes place, as well as a number of specific economic circumstances, namely privatizations, an

unusual level of public structural expenditure undertaken in the previous programming period and business cycles in the national economy.

The Commission and the Member States shall also agree, in establishing the Community support frameworks, the arrangements for verifying additionality.

3. To permit verification of the principle of additionality, the Member State shall provide the relevant financial information to the Commission at the time of the submission of the plans and regularly during the implementation of the Community support frameworks.

Article 10

Approval and implementation

1. Unless otherwise agreed with the Member State concerned, the Commission shall take a decision approving the Community support framework not later than six months after receiving the relevant plan or plans.

When adopting its decision on the Community support framework, the Commission shall also approve, in accordance with Article 14 (3), applications for assistance submitted at the same time as the plans in so far as they include the information requested under Article 14 (2).

If the Member State submits a single programming document containing all the information referred to in the last subparagraph of Article 5 (2), the Commission shall adopt a single decision in a single document covering the points referred to in Article 8 (3) and the assistance from the Funds referred to in the last subparagraph of Article 14 (3).

2. The Commission decision on the Community support framework shall be sent as a declaration of intent to the Member State. The decision shall be published in the Official Journal of the European Communities. At the request of the European Parliament, the Commission shall transmit to it this decision and the Community support framework which it approves, for information.

The Commission and the Member States shall ensure that measures accounting for at least two-thirds of assistance from the Funds during the first year of the Community support framework are approved by the Commission within two months of adoption of its decision on the Community support framework.

Article 11

Community initiatives

1. In accordance with Article 5 (5) of Regulation (EEC) No 2052/88, the Commission may, on its own initiative and in accordance with the procedures provided for in Title VIII, and after having informed the European Parliament accordingly, decide to propose to the Member States that they submit applications for assistance in respect of measures of significant interest to the Community. Any assistance approved

pursuant to this provision shall be reflected in the establishment or revision of the relevant Community support framework.

For operations of transnational interest, pursuant to the previous subparagraph, two or more Member States may, on their own initiative or at the invitation of the Commission, submit a single application for assistance. In response to these applications the Commission may, in consultation with the Member States concerned, take a single decision granting aid for all these Member States.

2. For a limited part of the appropriations available, the forms of assistance approved under paragraph 1 in the context of the priority Objectives 1, 2 and 5 (b) may cover areas other than those under Articles 8, 9 and 11a of Regulation (EEC) No 2052/88.

Article 12

Forms of assistance

Assistance covered by a Community support framework shall be provided predominantly in the form of a limited number of operational programmes.

Article 13

Integrated approach

1. At the initiative of a Member State, or of the Commission pursuant to Article 11 and in agreement with the Member State concerned, assistance shall be implemented in the form of an integrated approach if:

- the programme involves financing by more than one Fund or at least one Fund and one financial instrument other than a loan instrument;
- the measures to be financed by different Funds or financial instruments are mutually reinforcing and significant benefits are likely to accrue from close coordination between all the parties involved;
- the appropriate administrative structures are provided at national, regional and local level in the interests of integrated implementation of the assistance.

2. The desirability of implementing measures on the basis of an integrated approach shall be considered at the time a Community support framework is established or revised.

3. In the implementation of integrated approaches, the Commission shall ensure that Community assistance is provided in the most effective manner, taking into account the special coordination effort required.

IV. Assistance from the Funds

Article 14

Processing of applications for assistance

1. Applications for assistance from the Structural Funds and the FIGF, with the exception of the technical assistance

measures referred to in Article 5 (2) (e) of Regulation (EEC) No 2052/88 and undertaken at the initiative of the Commission, shall be prepared by the Member State or by the competent national, regional, local or other authorities designated by it and shall be submitted to the Commission by the Member State or by any body it may designate to do so. Each application shall relate mainly to the forms of assistance provided for in Article 5 of that Regulation.

2. Applications shall contain the information the Commission needs in order to assess them where this is not already included in the plans, including a description of the proposed measure, its scope, including geographical coverage, and specific objectives. Applications shall also include the results of prior appraisal of the medium-term economic and social benefits of the proposed measures commensurate with the resources to be deployed, the bodies responsible for implementation, the proposed beneficiaries and the proposed timetable and financing plan, together with any other information necessary to verify that the measure concerned is compatible with Community legislation and policies.

3. The Commission shall examine applications with a view in particular to:

- assessing the conformity of the proposed operations and measures with the relevant Community legislation and, where appropriate, with the relevant Community support framework,
- assessing the contribution of the proposed operation to the achievement of its specific objectives and, in the case of an operational programme, the consistency of the constituent measures,
- checking that the administrative and financial mechanisms are adequate to ensure effective implementation.
- determining the precise arrangements for providing assistance from the Fund or Funds concerned on the basis, where appropriate, of the information already given in any relevant Community support framework.

The Commission shall decide on assistance from the Funds and the FIGF, provided that the requirements of this Article are fulfilled, as a general rule within six months of receipt of the application. A single Commission decision shall be taken in respect of assistance from all the Funds and other existing financial instruments contributing to the financing of assistance, including assistance established in the form of an integrated approach.

4. The respective commitments of the partners, in the framework of an agreement within the partnership, shall be reflected in the Commission's decisions to grant assistance.

Article 15

Eligibility

1. Subject to Article 33, expenditure in respect of measures covered by Objectives 1 to 4 and 5(b) shall be eligible for financial assistance from the Structural Funds only if the measures in question come within the relevant Community support framework.

2. Subject to Article 33, expenditure may not be considered eligible for assistance from the Funds if incurred before the date on which the corresponding application reaches the Commission.

Article 16

Specific provisions

1. In the case of global grants, the intermediaries who shall be designated by the Member State concerned in agreement with the Commission must provide appropriate guarantees of solvency and have the necessary administrative capability to manage the operations envisaged by the Commission. The intermediaries shall also be selected in the light of the particular situation in the Member States or areas concerned. Without prejudice to Article 23, the management of global grants shall be subject to control by the competent authorities designated by the Member States.

2. The Funds may provide financial assistance towards expenditure in respect of major projects, i. e. those the total cost of which taken into account in determining the amount of Community assistance is, as a general rule, greater than ECU 25 million for infrastructure investments or greater than ECU 15 million for productive investments.

3. In addition to similar assistance connected with the operations of the various Funds, the Commission may, for up to 0,3 % of the Funds' total allocation, finance studies and technical assistance linked to the joint or coordinated deployment of the Structural Funds, the EIB and the other financial instruments:

- in preparation for the establishment of plans,
- with a view to assessing the impact and effectiveness of assistance provided under the relevant Community support framework,
- in relation to integrated operational programmes.

V. Differentiation of Community Assistance

Article 17

Financial contribution from the Funds

1. Pursuant to Article 13 (5) of Regulation (EEC) No 2052/88, the financial contribution of the Funds to the financing of measures covered by Objectives 1 to 4 and 5 (b) shall be laid down by the Commission, within the framework of the partnership, on the basis of Article 13 (1) of Regulation (EEC) No 2052/88, within the limits laid down by Article 13 (3) of the said Regulation and in accordance with the procedures provided for in that Article.

2. The financial contribution from the Funds shall be calculated in relation to either the total eligible cost of, or the total public or similar eligible expenditure (national, regional or local, and Community) on, each measure (operational programme, aid scheme, global grant, project, technical assistance, study).

3. Where the measure concerned entails the financing of revenue-generating investments, the Commission shall determine,

within the framework of the partnership, the contribution from the Funds or these investments, in compliance with the provisions of Article 13 (3) of Regulation (EEC) No 2052/88 and on the basis of the criteria referred to in paragraph 1 of that Article, taking account of, among their intrinsic characteristics, the size of the gross self-financing margin which would normally be expected for the class of investments concerned in the light of the macroeconomic circumstances in which the investments are to be implemented, and without there being any increase in the national budget effort as a result of contribution by the Fund.

In any event, in connection with the development effort in the regions concerned, the contribution from the Funds to investments in enterprises may not exceed 50 % of the total cost in the regions covered by Objective 1 and 30 % of the total cost in the other regions.

4. The contribution of the Funds for individual measures forming part of operational programmes may be differentiated in accordance with agreements to be concluded within the framework of the partnership.

Article 18

Combination of grants and loans

The combination of loans and grants referred to in Article 5 (4) of Regulation (EEC) No 2052/88 shall be determined in conjunction with the EIB when the Community support framework is being established. It shall take account of the balance in the proposed financing plan, the contribution from the Funds established in accordance with Article 17 and the development objectives pursued.

VI. Financial provisions

Article 19

General provisions

1. Financial assistance from the Structural Funds shall be subject to the relevant rules applicable to the Funds under the Financial Regulation.

2. The financial assistance to be granted in respect of specific measures undertaken in implementing a Community support framework shall be consistent with the financing plan laid down in that support framework.

3. In order to avoid administrative delays at the end of the year, Member States shall ensure that request for payments are, as far as possible, submitted in accordance with a balanced schedule throughout the year.

Article 20

Commitments

1. Budgetary commitments shall be made on the basis of the Commission decisions approving the measures concerned.

They shall be valid for a period depending on the nature of the measures and on the specific conditions for their implementation.

2. Commitments in respect of measures to be carried out over a period of two or more years shall, as a general rule, and subject to the provisions of paragraph 3, be effected in annual instalments. The commitments in connection with the first annual instalment shall be made when the decision approving the measure is adopted by the Commission.

Commitments in connection with subsequent instalments shall be based on the financing plan for the initial or revised measure concerned and on the progress made in implementing it.

3. For measures to be carried out over a period of less than two years or, subject to available funding, where the Community assistance granted is less than ECU 40 million, the total amount of Community assistance shall be committed when the Commission adopts the decision approving the measure.

Article 21

Payments

1. Payments of financial assistance shall be made in accordance with the corresponding budgetary commitments to the national, regional or local authority or body designated for the purpose in the application submitted through the Member State concerned as general rule within two months from receipt of an acceptable application. They may take the form either of advances or of final payments in respect of expenditure actually incurred. For measures to be carried out over a period of two or more years payments shall relate to the annual instalments of commitments referred to in Article 20 (2).

2. The advance made following each commitment may be up to 50 % of the amount committed, taking into account the nature of the measure concerned.

3. A second advance such that the sum of the two advances does not exceed 80 % of the commitment shall be made after the responsible body has certified that at least half of the first advance has been used up and that the measure is progressing at a satisfactory rate and in accordance with the objectives laid down.

The payments shall be made to the final beneficiaries without any deduction or retention which could reduce the amount of financial assistance to which they are entitled.

4. Payment of the balance in respect of each commitment shall be conditional on:

- submission to the Commission by the designated authority or body referred to in paragraph 1 of a request for payment within six months of the end of the year concerned or of completion in practice of the operation concerned,

- submission to the Commission of the relevant reports referred to in Article 25 (4),
- transmission by the Member State to the Commission of a certificate confirming the information contained in the request for payment and thereports.

5. Member States shall designate the authorities empowered to issue the certificates referred to in paragraphs 3 and 4 and shall ensure that the beneficiaries receive the advances and payments as soon as possible, and as a general rule within three months of receipt of the appropriations by the Member State and provided that the beneficiaries' applications fulfil the conditions necessary for payment to be made.

6. In the case of studies and innovation schemes undertaken on its own initiative, the Commission shall determine the appropriate payment procedures.

Article 22

Use of the ECU

Commission decisions, commitments and payments shall be denominated and carried out in ecus in accordance with the arrangements to be drawn up by the Commission pursuant to the procedures referred to in Title VIII.

This Article shall be applicable as soon as the Commission decision referred to in the first subparagraph has been adopted.

Article 23

Financial control

1. In order to guarantee completion of operations carried out by public or private promoters, Member States shall take the necessary measures in implementing the operations:

- to verify on a regular basis that operations financed by the Community have been properly carried out,
- to prevent and to take action against irregularities,
- to recover any amounts lost as a result of an irregularity or negligence. Except where the Member State and/or the intermediary and/or the promoter provide proof that they were not responsible for the irregularity or negligence, the Member States shall be liable in the alternative for reimbursement of any sums unduly paid. For global loans, the intermediary may, with the agreement of the Member State and the Commission, take up a bank guarantee or other insurance covering this risk.

Member States shall inform the Commission of the measures taken for those purposes and, in particular, shall notify the Commission of the description of the management and control systems established to ensure the efficient implementation of operations. They shall regularly inform the Commission of the progress of administrative and judicial proceedings.

Member States shall keep and make available to the Commission any appropriate national control reports on the

measures included in the programmes or other operations concerned.

As soon as this Regulation enters into force, the Commission shall draw up detailed arrangements for implementation of this paragraph in accordance with the procedures referred to in Title VIII and inform the European Parliament thereof.

2. Without prejudice to checks carried out by Member States, in accordance with national laws, Regulations and administrative provisions and without prejudice to the provisions of Article 206 of the Treaty or to any inspection arranged on the basis of Article 209 (c) of the Treaty, Commission officials or servants may carry out on-the-spot checks, including sample checks, in respect of operations financed by the Structural Funds and management and control systems.

Before carrying out an on-the-spot check, the Commission shall give notice to the Member State concerned with a view to obtaining all the assistance necessary. If the Commission carries out on-the-spot checks without giving notice, it shall be subject to agreements reached in accordance with the provisions of the Financial Regulation within the framework of the partnership. Officials or servants of the Member State concerned may take part in such checks.

The Commission may require the Member State concerned to carry out an on-the-spot check to verify the regularity of payment requests. Commission officials or servants may take part in such checks and must do so if the Member State concerned so requests.

The Commission shall ensure that any checks that it carries out are performed in a coordinated manner so as to avoid repeating checks in respect of the same subject matter during the same period. The Member State concerned and the Commission shall immediately exchange any relevant information concerning the results of the checks carried out.

3. For a period of three years following the last payment in respect of any operation, the responsible body and authorities shall keep available for the Commission all the supporting documents regarding expenditure and checks on the operation.

Article 24

Reduction, suspension and cancellation of assistance

1. If an operation or measure appears to justify neither part nor the whole of the assistance allocated, the Commission shall conduct a suitable examination of the case in the framework of the partnership, in particular requesting that the Member State or authorities designated by it to implement the operation submit their comments within a specified period of time.

2. Following this examination, the Commission may reduce or suspend assistance in respect of the operation or a measure concerned if the examination reveals an irregularity or a significant change affecting the nature or conditions for the implementation of the operation or measure for which the Commission's approval has not been sought.

3. Any sum received unduly and to be recovered shall be repaid to the Commission. Interest on account of late payment shall be charged on sums not repaid in compliance with the provisions of the Financial Regulation and in accordance with the arrangements to be drawn up by the Commission pursuant to the procedures referred to in Title VIII.

VII. Monitoring and evaluation

Article 25

Monitoring

1. Within the framework of the partnership, the Commission and the Member States shall ensure effective monitoring of implementation of assistance from the Funds, geared to the Community support framework and specific operations (programmes, etc.). Such monitoring shall be carried out by way of jointly agreed reporting procedures, sample checks and the establishment of monitoring committees.

2. Monitoring shall be carried out by reference to physical and financial indicators specified in the Commission decision approving the operation concerned. The indicators shall relate to the specific character of the operation, its objectives and the form of assistance provided and to the socio-economic and structural situation of the Member State in which the assistance is to be utilized. They shall be arranged in such a way as to show, for the operations in question:

- the stage reached in the operation and the goals to be attained within a given timespan,
- the progress achieved on the management side and any related problems.

3. Monitoring committees shall be set up within the framework of the partnership, by agreement between the Member State concerned and the Commission.

The Commission and, where appropriate, the EIB may delegate representative to those committees.

4. For each multiannual operation, the authority designated for the purpose by the Member State shall submit progress reports to the Commission within six months of the end of each full year of implementation. A final report shall be submitted to the Commission within six months of completion of the operation.

For each operation to be implemented over a period of less than two years, the authority designated for the purpose by the Member State shall submit a report to the Commission within six months of completion of the operation.

5. The monitoring committee shall, if necessary, without modifying the total amount of the Community contribution and within harmonized limits by Objective, adjust the procedure for granting assistance as initially approved, as well as, in conformity with available resources and budgetary rules, the financing plan envisaged, including any transfers between Community sources of finance and the consequential

adjustments of the rates of assistance. The harmonized limits by Objective referred to above shall be established by the Commission according to the procedure referred to in Title VIII and included in the Community support frameworks.

These amendments shall be notified immediately to the Commission and the Member State concerned. They shall become effective as soon as confirmation has been provided by the Commission and the Member State concerned; such confirmation shall be given within a period of 20 working days from receipt of this notification, the date of which will be confirmed by the Commission by acknowledgement of receipt.

Other amendments required shall be decided by the Commission, in collaboration with the Member State concerned, after the monitoring committee has delivered its opinion.

6. For the greater effectiveness of the Funds, the Commission shall ensure that particular attention is paid to transparency of management in its administration of them.

For this purpose, in the context of the application of Community rules on the award of public contracts, notices sent for publication in the Official Journal of the European Communities shall specify those projects for which Community assistance has been applied for or granted.

7. Wherever this Regulation or the Regulations referred to in Article 3 (4) and in Article 3a of Regulation (EEC) No 2052/88 provide for the Commission to determine detailed arrangements for implementation, the precise details which are adopted shall be notified to the Member States and published in the Official Journal of the European Communities.

Article 26

Appraisal and evaluation

1. Appraisal and evaluation shall be the responsibility both of the Member States and the Commission and be carried out within the framework of the partnership. The competent authorities in the Member States shall contribute in such a way as to ensure that this appraisal and evaluation can be carried out in the most effective manner. In this connection, appraisal and evaluation shall make use of the various particulars that the monitoring arrangements can yield in order to gauge the socio-economic impact of the operations, where appropriate in close association with the monitoring committees.

Assistance will be allocated where appraisal shows medium-term economic and social benefits commensurate with the resources deployed.

2. In order to ensure the effectiveness of Community assistance, measures taken for structural purposes shall be subject to appraisal, monitoring and, after their implementation, evaluation. Effectiveness shall be measured at three levels:

- their overall impact on the objectives set out in Article 130a of the Treaty, and in particular the strengthening

- of the economic and social cohesion of the Community,
- the impact of measures proposed in the plans and undertaken under each Community support framework,
- the impact of individual measures (programmes etc.).

Appraisal and evaluation shall, according to the circumstances, be carried out by contrasting the goals with the results obtained, where applicable, and by reference to macroeconomic and sectoral objectives and indicators based on regional or national statistics, to information yielded by descriptive and analytical studies and to qualitative analyses.

Appraisal and evaluation shall take account of the socio-economic benefits expected or achieved commensurate with the resources deployed, conformity with Community policy and rules as referred to in Article 7 ⁽¹⁾ of Regulation (EEC) No 2052/88 and the conditions in which the measures are implemented.

3. In drawing up Community support frameworks and in vetting individual applications for assistance, the Commission shall take into account the findings of appraisals and evaluations made in accordance with this Article.

4. The principles and procedures pertaining to appraisal and evaluation shall be laid down in the Community support framework.

5. The results of the appraisals and evaluations shall be submitted to the European Parliament and the Economic and Social Committee within the framework of the annual report and the three-yearly report provided for in Article 16 of Regulation (EEC) No 2052/88.

VIII. Committees

Article 27

Advisory Committee on the Development and Conversion of Regions

In accordance with Article 17 of Regulation (EEC) No 2052/88, an Advisory Committee on the Development and Conversion of Regions, made up of Member States' representatives and chaired by the Commission representative, is hereby set up under the auspices of the Commission. The EIB shall appoint a non-voting representative. The European Parliament shall receive regular information on the outcome of the proceedings of the committee.

The Commission representative shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter, where appropriate by taking a vote.

The opinion shall be recorded in the minutes. In addition, each Member State shall have the right to request that its position be recorded in those minutes.

The Commission shall take the utmost account of the opinion delivered by the committee. It shall inform the committee of the manner in which it took account of the opinion.

The committee shall deliver opinions on draft Commission decisions concerning the Community support frameworks as provided for in Article 8 (5) and 9 (9) of Regulation (EEC) No 2052/88, on the regular reports provided for in Article 8 of Council Regulation (EEC) No 4254/88 (8) and on the drawing-up and revision of the list of areas eligible in connection with Objective 2. The matters referred to in Article 10 of Regulation (EEC) No 4254/88 may also be referred to it by the Commission.

The committees referred to in Articles 28 and 29 shall be informed of the committee's opinions.

The committee shall draw up its rules of procedure.

Article 28

Committee under Article 124 of the Treaty

In accordance with Article 17 of Regulation (EEC) No 2052/88, the committee set up under Article 124 of the Treaty shall be composed of two government representatives, two representatives of the workers' organizations and two representatives of the employers' organizations from each Member State. The Member of the Commission responsible for chairing the committee may delegate that responsibility to a senior Commission official.

For each Member State, an alternate shall be appointed for each category of representative mentioned above. In the absence of one or both members, the alternate shall be automatically entitled to take part in the proceedings.

The members and alternates shall be appointed by the Council acting on a proposal from the Commission, for a period of three years. They may be reappointed. The Council shall, as regards the composition of the Committee, endeavour to ensure fair representation of the different groups concerned. For the items on the agenda affecting it, the EIB shall appoint a non-voting representative.

The committee shall deliver opinions on the draft Commission decisions relating to the Community support frameworks relating to Objectives 3 and 4 and, in the case of support from the European Social Fund, on the Community support frameworks relating to Objectives 1, 2 and 5 (b).

For their adoption, the opinions of the committee shall require an absolute majority of the votes validly cast. The Commission shall inform the committee of the manner in which it took account of its opinions.

The committees referred to in Articles 27 and 29 shall be informed of the committee's opinions.

The committee shall draw up its rules of procedure.

Article 29

Management Committee on Agricultural Structures and Rural Development and Standing Management Committee on Fisheries Structures

1. In accordance with Article 17 of Regulation (EEC) No 2052/88 a Management Committee on Agricultural Structures and Rural Development, made up of Member States' representatives and chaired by the Commission representative, is hereby set up under the auspices of the Commission. The EIB shall appoint a non-voting representative.

The Commission representative shall submit to the committee a draft of the measures to be taken. The committee shall deliver an opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter under consideration. The opinion shall be delivered by the majority stipulated in Article 148 (2) of the Treaty in the case of decisions which the Council is requested to adopt on a proposal from the Commission; when a matter is put to the vote within the committee, the votes of the Member States' representatives shall be weighted as provided for in the aforementioned Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if they are not in accordance with the opinion delivered by the committee, they shall be communicated forthwith by the Commission to the Council. In that event, the Commission may defer application of the measures which it has decided for a period of not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within the period provided for in the third subparagraph.

The committee shall deliver opinions on draft Commission decisions:

- relating to common measures under Objective 5 (a),
- relating to the establishment of the list of areas eligible under Objective 5 (b) as well as to Community support frameworks under this objective.

The committee shall also be consulted on operations concerning agricultural structures and rural development included in the draft Commission decisions relating to the Community support frameworks for the Objective 1 regions.

The committee provided for in this paragraph shall replace the Standing Committee on Agricultural Structures, set up by Article 1 of the Council Decision of 4 December 1962 (9), in respect of all the functions assigned to it under that Decision or under Article 6 of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy (10).

The committee referred to in Articles 27 and 28 and paragraph 2 of this Article shall be informed of the committee's opinions.

The committee shall draw up its rules of procedure.

2. The provisions detailing the operation of the Standing Management Committee on Fisheries Structures shall be laid down in accordance with the provisions laid down pursuant to the first subparagraph of Article 3a of Regulation (EEC) No 2052/88.

Article 29a

Management Committee for Community Initiatives

In accordance with Article 17 of Regulation (EEC) No 2052/88, a Management Committee for Community Initiatives, made up of Member States' representatives and chaired by the Commission representative, is hereby set up under the auspices of the Commission. The EIB shall appoint a non-voting representative.

The Commission representative shall submit to the committee a draft of the measures to be taken. The committee shall deliver an opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter under consideration. The opinion shall be delivered by the majority stipulated in Article 148 (2) of the Treaty in the case of decisions which the Council is requested to adopt on a proposal from the Commission; when a matter is put to the vote within the committee, the votes of the Member States' representatives shall be weighted as provided for in the aforementioned Article. The chairman shall not vote.

The Commission shall adopt measures which shall apply immediately. However, if they are not in accordance with the opinion delivered by the committee, they shall be communicated forthwith by the Commission to the Council. In that event, the Commission may defer application of the measures which it has decided for a period of not more than one month from the date of such communication.

The Council, acting by a qualified majority, may take a different decision within the period provided for in the third subparagraph.

The committee shall deliver opinions on the Commission proposals to the Member States referred to in Article 11 (1).

The committee referred to in Articles 27 to 29 shall be informed of the committee's opinions.

The committee shall draw up its rules of procedure.

Article 30

Other provisions

1. The Commission shall periodically refer to the committees provided for in Articles 27, 28 and 29 the reports referred to in Article 16 of Regulation (EEC) No 2052/88. It may seek the opinion of the committees on any matter

relating to assistance operations under the Funds, other than those provided for in this Title.

Moreover, all the specific cases laid down in Regulation (EEC) No 2052/88, and in all the implementing Regulations referred to in Article 130e of the Treaty, shall be referred to the committees.

The Commission shall inform the appropriate committees of the granting of assistance to major productive investment projects, the total cost of which taken into account in determining the amount of Community assistance is greater than ECU 50 million.

2. Decision 75/185/EEC (11) and Decision 83/517/EEC (12) shall be repealed and, as regards the EAGGF Guidance Section, Articles 11 to 15 of Regulation (EEC) No 729/70 shall no longer apply as far as the EAGGF committee is concerned.

IX. Reports and publicity

Article 31

Reports

1. The annual reports referred to in the first subparagraph of Article 16 of Regulation (EEC) No 2052/88 shall review, inter alia:

- the activities of each Fund, the utilization of their budgetary resources and the concentration of assistance within the meaning of Article 12 of Regulation (EEC) No 2052/88, the deployment of the other financial instruments for which the Commission has responsibility and where their resources have been concentrated; these reviews shall include an annual breakdown by Member State of appropriations committed and appropriations paid out in respect of each Fund and the FIG, including Community initiatives and technical assistance,
- the coordination of assistance provided by the Funds between themselves and with the assistance granted by the EIB and the other existing financial instruments,
- the results of the appraisal, monitoring and evaluation referred to in Articles 25 and 26 indicating any changes made to measures, and an evaluation of the compatibility of Fund assistance with Community policies, including those on environmental protection, competition and public procurement,
- the list of major productive investment projects which benefited from assistance granted under Article 16 (2); these projects should be the subject of a concise evaluation,
- the results of controls carried out, indicating the number and financial volume of irregularities detected and the lessons to be drawn from these controls,
- the results of analysis of the impact of Community assistance and policies as compared with the objectives listed in Article 1 of Regulation (EEC) No 2052/88 and

⁹ OJ No 136, 17.12.1962, p. 2892/62

¹⁰ OJ No L 94, 28.4.1970, p. 13. Regulation as last amended by Regulation (EEC) No 2048/88 (OJ No L 185, 15.7.1988, p.1).

in particular their impact on the socio-economic development of the regions,

- information on the opinions of committees delivered in accordance with Title VIII,
- an analysis of the follow-up to recommendations and comments made by the European Parliament in its opinion on the previous years' annual report.

2. Each year, the Commission shall consult the social partners organized at European level on the structural policy of the Community.

3. The three-yearly report referred to in the third subparagraph of Article 16 of Regulation (EEC) No 2052/88 shall review in particular;

- progress made in achieving economic and social cohesion,
- the role of the Structural Funds, the FIGF, the financial instrument for cohesion, the EIB and other financial instruments as well as the impact of other Community policies in the completion of this process,
- any proposals which may need to be adopted in order to strengthen economic and social cohesion.

Article 32

Information and publicity

1. Member States shall ensure that adequate publicity is given to the plans referred to in Article 5 (1).

2. The body responsible for implementing a measure carried out with financial assistance from the Community shall ensure that adequate publicity is given to the measure with a view to:

- making potential beneficiaries and trade organizations aware of the opportunities afforded by the measure,
- making the general public aware of the role played by the Community in relation to the measure.

Member States shall consult the Commission on, and inform it of, the initiatives taken for these purposes.

Once this Regulation has come into force, the Commission shall draw up detailed arrangements for information and publicity concerning assistance from the Funds and the FIGF, shall inform the European Parliament thereof and shall publish them in the Official Journal of the European Communities.

X. FINAL PROVISIONS

Article 33

Transitional provisions

1. In drawing up Community support frameworks, the Commission shall take account of any measure already approved by the Council or by the Commission before the entry into force of this Regulation and having financial repercussions during the period covered by those support frameworks. These measures shall not be subject to compliance with Article 15 (2).

2. Notwithstanding Article 15 (2), requests for expenditure received by the Commission between 1 January and 30 April 1994 and fulfilling all the conditions under Article 14 (2) may be regarded as eligible for assistance from the Funds from 1 January 1994.¹

Article 2

Entry into force

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

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

Done at Brussels, 20 July 1993.

For the Council
The President
W. CLAES

¹¹ OJ No L 73, 21.3.1975, p.47

¹² OJ No L289, 22.10.1983, p.42

Council Regulation (EEC) No 2084/93 of 20 July 1993

amending Regulation (EEC) No 4255/88 laying down provisions for implementing Regulation (EEC) (No 2052/88 as regards the European Social Fund

The Council of the European Communities

Having regard to the Treaty establishing the European Community, and in particular Articles 126 and 127 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Economic and Social Committee ⁽³⁾,

Whereas Regulation (EEC) No 2081/93 ⁽⁴⁾ amended Regulation (EEC) No 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on co-ordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments ⁽⁵⁾; whereas Regulation (EEC) No 2082/93 ⁽⁶⁾ amended Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards co-ordination of the activities of the different structural funds, on the one hand, between themselves and with the operations of the European Investment Bank and the other existing financial instruments ⁽⁷⁾, on the other; whereas it is necessary also to amend Regulation (EEC) No 4255/88 ⁽⁸⁾;

Whereas it is necessary to extend the scope of the European Social Fund (hereinafter referred to as the "Fund"), in particular following the redefinition of Objectives 3 and 4, as well as the definition of a new Objective 4; whereas it is necessary to take account explicitly of persons exposed to exclusion from the labour market and to render more flexible the eligibility criteria for categories that are already eligible;

Whereas, owing to the seriousness of the unemployment situation, Community action in connection with Objectives 3 and 4 will relate predominantly to Objective 3 "combating long term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market" and whereas this will be reflected in the financial breakdown between Objectives 3 and 4;

Whereas, given the limited funding available, combating long-term unemployment and facilitating the integration of young people into working life remain priorities under Objective 3;

Whereas it is necessary to redefine eligible actions in order to increase the effectiveness of the implementation of policy aims in the context of all Objectives under which the Fund takes action and to provide for a widening of that action, especially employment aids, which may, for example, take the form of aids for geographical mobility, recruitment and the creation of self-employed activities;

Whereas it is appropriate that the actions taken by the Fund under the different Objectives form a coherent approach so as to improve the workings of the labour market and to develop human resources; whereas the Member States and the Commission should ensure that the principle of equal opportunities for men and women is respected in the implementation of the actions financed by the Fund in the context of all the objectives;

Whereas it is necessary to ensure that Objective 4 strengthens employment and job qualifications through anticipation, counselling, networking and training operations throughout the Community and that it must therefore be horizontal, covering the economy as a whole, without a priori reference to specific industries or sectors, be aimed at workers of either sex in employment, particularly those threatened with

¹ OJ No C 131, 11. 5. 1993, p. 10.

² Opinion delivered on 14 July 1993 (not yet published in the Official Journal).

³ OJ No C 201, 26. 7. 1993, p. 52.

⁴ See page 5 of this Official Journal.

⁵ OJ No L 185, 15. 7. 1988, p. 9.

⁶ See page 20 of this Official Journal.

⁷ OJ No L 374, 31. 12. 1988, p. 1.

⁸ OJ No L 374, 31. 12. 1988, p. 21.

unemployment, and not at undertakings, and at improving their qualifications and employment opportunities, be targeted as far as the type of operations is concerned, with due regard to the rules of competition, and complement, not replace, efforts that firms undertake themselves;

Whereas it is necessary to ensure that operations under Objective 4 address the underlying causes of problems relating to industrial adaptation, including services, and do not deal with symptoms relating to the short-term market; whereas such operations should meet the general needs of workers of either sex resulting from industrial change and changes in production systems identified or predicted and are not designed to benefit a single firm or a particular industry; whereas particular attention should be devoted to small and medium-sized enterprises and special attention be devoted to enhancing access to training;

Whereas, having regard to the strategic importance in this respect of the continuing training of workers of either sex, Objective 4 should concentrate on operations in the areas of training related to the introduction, use and development of new or improved production methods, in particular new organisational techniques and new technologies and on changes in markets and in society, particularly with regard to the protection of the environment; whereas, moreover, training should also be linked to the necessary adaptation of workers in small and medium-sized enterprises as a result of the changes in production system as well as the need to demonstrate the qualitative and environmental soundness of products and processes;

Whereas it is necessary to define expenditure eligible for Fund assistance within the framework of the partnership;

Whereas it is necessary to ensure that the support of the Fund is concentrated under each objective on the most important needs and the most effective operations;

Whereas it is necessary to supplement and specify the content of plans and forms of assistance, especially following the redefinition of Objectives 3 and 4;

Whereas it is necessary, pursuant to Article 13 ⁽⁵⁾ of Regulation (EEC) No 2052/88 that enterprise finance an appropriate portion of the cost of operations to promote the training of employees of either sex;

Whereas the Fund also contributes to support for technical assistance and for pilot and demonstration projects in accordance with Article 5 ⁽²⁾ (e) of Regulation (EEC) No 2052/88; Whereas it is necessary, pursuant to Article 14 ⁽²⁾ of Regulation (EEC) No 2052/88, that the Fund finance under more than one objective operations concerning in particular the development of employment, training and other similar structures, including the training of teachers and trainers of either sex and other categories of staff of those structures;

Whereas the transitional provisions should be specified;

Whereas it is necessary to delete all reference to the guidelines regard Fund support as their function is henceforth ensured by the definition of policy aims and by the obligation to concentrate Fund action on the most important needs and the most effective actions,

Has adopted this Regulation:

Article 1

Articles 1 to 9 of Regulation (EEC) No 4255/88 shall be replaced by the following:

'Article 1

Scope

Within the framework of the task entrusted to it by Article 123 of the Treaty and in accordance with Article 3 ⁽²⁾ of Regulation (EEC) No 2052/88 the Fund shall support:

1.as regards Objective 3, throughout the Community, operations intended, in the first place, to:

- (a) facilitate the occupational integration of unemployed persons exposed to long-term unemployment, in particular through:
 - (i) vocational training, pre-training including upgrading of basic skills, guidance and counselling;
 - (ii) temporary employment aids;
 - (iii) the development of appropriate training, employment and support structures, including the training of necessary staff, and the provision of care services for dependants;
- (b) facilitate the occupational integration of young people in search of employment through operations as described in (a), including the possibility of up to two years' or more initial vocational training leading to a vocational qualification, and the possibility of vocational training equivalent to compulsory schooling, provided that by the end of that training the young people are old enough to join the labour market; and also to:
- (c) promote integration of persons exposed to exclusion from the labour market through operations as described in (a);
- (d) promote equal opportunities for men and women on the labour market especially in areas of work in which women are under-represented and particularly for women not possessing vocational qualifications or returning to the labour market after a period of absence through operations as described in (a) and through other accompanying operations;

2.as regards Objective 4, throughout the Community, and in accordance with the competition rules referred to in

Article 7 of Regulation (EEC) No 2052/88, operations intended to facilitate the adaptation of workers of either sex, especially those threatened with unemployment, to industrial change and to changes in production systems in particular through:

- the anticipation of labour market trends and vocational qualification requirements,
- vocational training and retraining, guidance and counselling,
- assistance for the improvement and development of appropriate training systems.

The actions should take into account, in particular, the specific needs of small and medium-sized enterprises;

3.as regards Objectives 1, 2 and 5 (b), in the regions concerned, operations intended to:

- (a) support employment growth and stability, in particular through continuing training and through guidance and counselling for workers of either sex, especially those in small and medium-sized enterprises and those threatened with unemployment, and for persons who have lost their jobs, as well as through support for the development of appropriate training systems, including training of instructors, and through the improvement of employment services;
- (b) boost human potential in research, science and technology, particularly through post-graduate training and the training of managers and technicians of either sex at research establishments;

4.as regards Objective 1, in the regions concerned, operations intended to:

- (a) strengthen and improve education and training systems, particularly through the training of teachers and instructors of either sex and administrative staff, by encouraging links between training centres or higher education establishments and enterprises and financing training within the national secondary or equivalent and higher education systems which has a clear link with the labour market, new technology or economic development;
- (b) contribute to development through the training of public officials where this is necessary for the implementation of development and structural adjustment policies.

The Member States and the Commission shall ensure that operations under the different objectives form a coherent approach to improving the workings of the labour market and developing human resources, taking into account the development, re-conversion and structural adjustment objectives in the Member States or regions concerned.

The Member States and the Commission shall ensure that operations under the different objectives respect the principle of equal treatment for men and women.

In addition, the Fund may support operations within the meaning of Article 5 (2) (e) of Regulation (EEC) No 2052/88 throughout the Community.

Article 2

Eligible expenditure

1. Fund assistance may be granted towards expenditure to cover:

- the remuneration and related costs as well as the subsistence and travel costs of persons covered by the operations provided for in Article 1,
- the preparation, operation, management and evaluation costs of the operations provided for in Article 1, after deduction of revenue,
- the cost of employment aid granted under arrangements existing in the Member States.

The nature of these costs and this revenue will be defined and agreed within the framework of the partnership at the programming stage.

Without prejudice to checks by the Commission, the Member States shall ensure that the cost of individual operations is kept within limits appropriate to each type of operation.

The Commission shall ensure that Fund expenditure for training operations of the same type does not develop in different ways. To this end, after the committee referred to in Article 28 of Regulation (EEC) No 4253/88 has delivered its opinion, it shall determine for each Member State, in co-operation with that State, the indicative average amounts for expenditure according to the type of training involved.

2. Fund assistance may also be granted towards expenditure to cover the cost of operations under Article 5 (2) (e) of Regulation (EEC) No 2052/88, including operations under Article 6 of this Regulation.

Article 3

Concentration of assistance

The Member States and the Commission shall ensure within the partnership at the planning and programming stage that Community assistance to be provided under each objective is concentrated on the most important needs and the most effective operations relating to the aims defined in Article 1 of this Regulation, so as to contribute to the Objectives and fulfil the tasks of the Fund as set out in Article 1 and Article 3 (2) of Regulation (EEC) No 2052/88.

Article 4

Plans

1. The plans referred to in Articles 8, 9, 10 and 11a of Regulation (EEC) No 2052/88 shall describe, particularly in the part concerning the Fund, including figures where appropriate,

taking account of the evaluation results available:

- imbalances between demand and supply in employment, include female employment,
- the nature and characteristics of unfilled vacancies,
- the employment opportunities which exist on labour markets,
- the types of measures to be implemented and the categories and the number of persons involved, taking account of the need for concentration provided for in Article 3 of this Regulation,
- the expected contribution of the operations concerned towards the promotion of equal opportunities for men and women on the labour market.

These plans shall indicate the manner in which where, within the framework of each Member State's national rules and current practices, account has been taken of the association of the economic and social partners in the partnership referred to in Article 4 of Regulation (EEC) No 2052/88.

2. The plans referred to in Article 10 ⁽¹⁾ of Regulation (EEC) No 2052/88 shall, in addition to the items listed in paragraph 1 of this Article, indicate the way in which the Member State will, where appropriate, secure the participation of bodies providing services in the areas concerned for the preparation and management of operations in favour of the persons referred to in Article 1 ⁽¹⁾ of this Regulation.

3. The plans referred to in Article 10 ⁽²⁾ of Regulation (EEC) No 2052/88 shall, in addition to the items listed in paragraph 1 of this Article, indicate:

- imbalances between the qualifications which are offered and those which are in demand on the employment market, with particular reference to the workers of either sex affected by industrial change and changes in production systems,
- the way in which the Member States will, within the procedures available under each Member State's institutional rules and existing practices secure the participation of the economic and social partners and of vocational training bodies, at the appropriate level, when preparing operations, particularly as regards anticipating the effects of industrial change and changes in production systems,
- the relationship between operations and other Community policies relating to industrial change and changes in production systems, in particular the link with vocational training policy.

Article 5

Forms of assistance

1. Applications for Fund assistance shall be presented mainly in the form of:

- operational programmes;
- global grant schemes;
- technical assistance and pilot and demonstration projects within the meaning of Article 5 ⁽²⁾ of Regulation (EEC) No 2052/88.

2. The Member States shall communicate the information needed to appraise, monitor, evaluate, manage and control operations, making a distinction, where appropriate, between men and women. More specifically, this information shall relate to that described in Article 14 ⁽²⁾ of Regulation (EEC) No 4253/88, including information peculiar to the Fund such as the geographical concentration, the target groups, the number of persons involved and the duration of the operations.

3. Pursuant to Article 13 ⁽⁵⁾ of Regulation (EEC) No 2052/88, enterprises whose workers of either sex are able to take part in training operations shall finance an appropriate portion of the cost of such operations.

4. The applications for assistance shall be accompanied by a computerised form, drawn up within the framework of the partnership, listing the operations regarding each form of assistance so that it can be followed through from budgetary commitment to final payment.

Article 6

Technical assistance and pilot and demonstration projects

1. Outside the Community support frameworks the Fund may finance, up to a limit of 0,5 % of its annual allocation, preparatory, appraisal, monitoring and evaluation operations in Member States or at Community level which are necessary for the implementation of the operations referred to in Article 1 of this Regulation and carried out at the Commission's initiative or on the account of the Community. They shall include:

- operations of an innovatory nature which are intended to test new approaches to the content, methods and organisation of vocational training, including integration of the Community dimension of vocational training and, more generally, the development of employment including the promotion of equal opportunities for men and women on the labour market and the vocational integration of persons exposed to exclusion from the labour market, with a view to establishing a basis for subsequent Fund assistance in a number of Member States;
- studies, technical assistance and the exchange of experience which has a multiplier effect, preparation, appraisal, monitoring, and detailed evaluation, as well as control of operations financed by the Fund;
- operations directed, within the framework of social dialogue, at staff from enterprises in two or more Member States and concerning the transfer of special knowledge relating to modernisation of the production apparatus;
- informing the various partners involved, the final recipients of assistance from the Fund and the general public.

2. In accordance with the last subparagraph of Article 3 ⁽²⁾ of Regulation (EEC) No 2052/88, the Fund may also contribute up to 1 % of its annual budget to the financing, outside the Community support framework, of:

- studies on the Commission's initiative;
- pilot projects including exchanges of experience and transfers of know-how

- relating to the labour market at Community level or contributing to the implementation of Community vocational training policy.

These may concern in particular the design and development of job systems, of job supply and demand mechanisms, of methods for forward-looking labour force management as well as for the anticipation of skill needs, for the promotion of equal opportunities for men and women on the labour market and for the integration into employment of persons exposed to exclusion from the labour market, the improvement or overhaul of training structures, the establishment or development of a national system of validation and accreditation of qualifications, or they may complement specific Community programmes.

3. Operations carried out on the Commission's initiative may, in exceptional circumstances, be financed by the Fund at a rate of 100 %, it being understood that those carried out on behalf of the Commission itself shall be financed at a rate of 100 %.

Article 7

Combination and overlapping

Pursuant to Article 14 (2) of Regulation (EEC) No 2052/88, the Fund may finance under more than one of the Objectives set out in Article 1 of that Regulation operations concerning in particular the development of employment, training and other similar structures, including the training of teachers and instructors of either sex and other categories of staff of those structures as well as technical assistance operations.

Article 8

Transitional provisions

Those portions of the sums committed for the granting of assistance in respect of projects decided on by the Commission before 1 January 1989 under the Fund which have not been the subject of a request for final payment to the Commission by 31 March 1995 shall be automatically released by the Commission by 30 September 1995 at the latest, without prejudice to those projects which are subject to suspension for judicial reasons.'

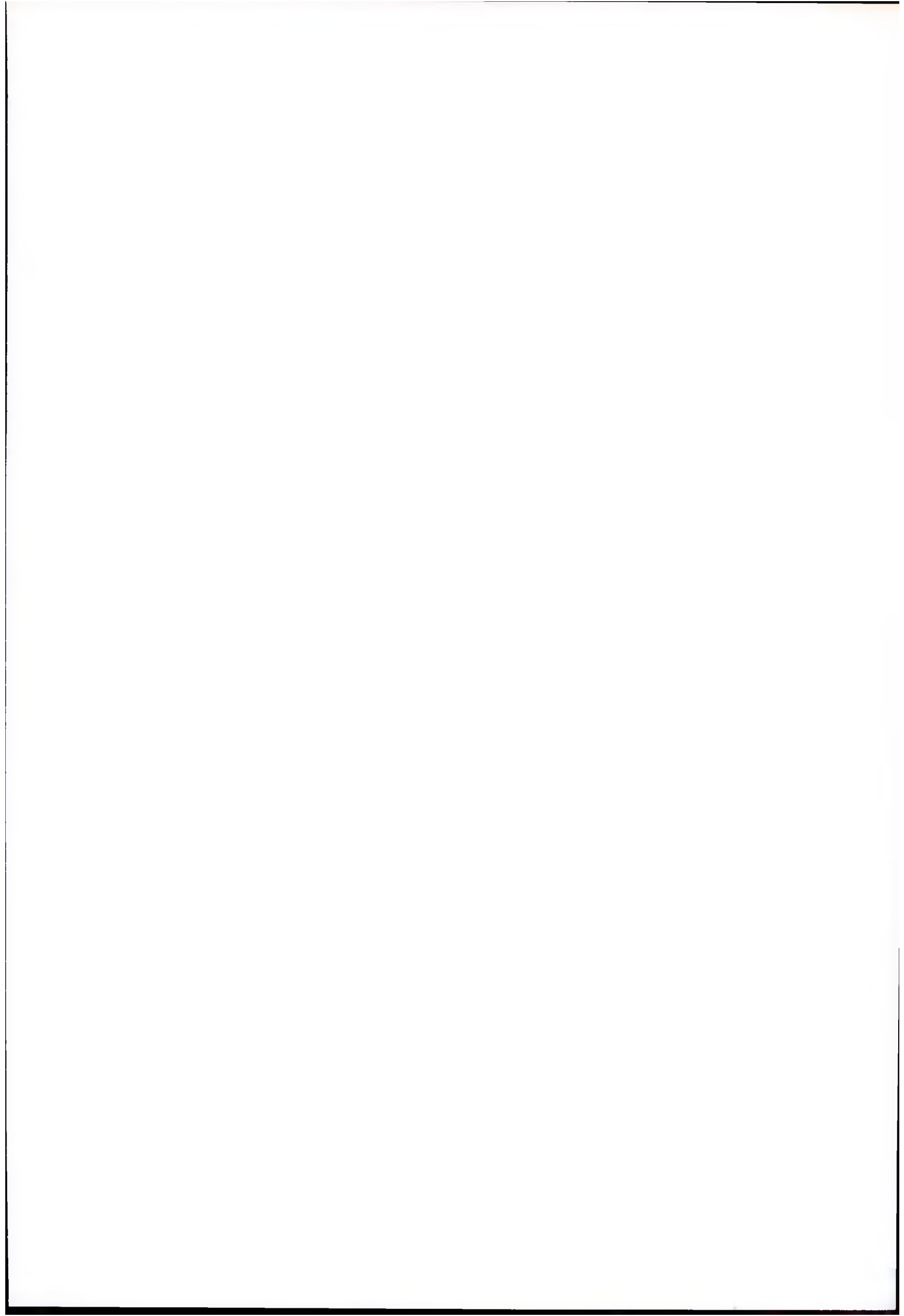
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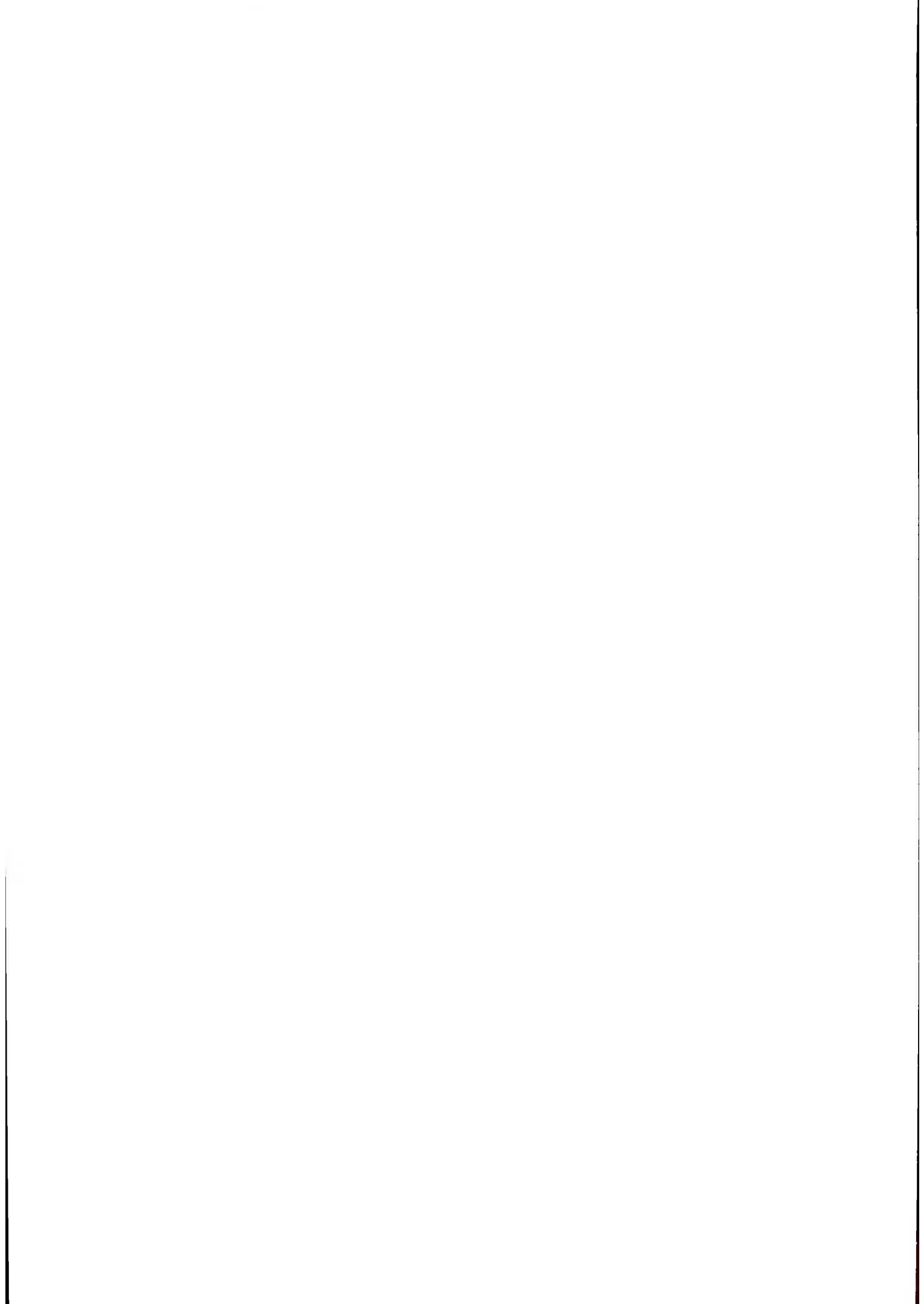
This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

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

Done at Brussels, 20 July 1993.

For the Council
The President
W. CLAES





European Commission

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