



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL DECISION

**ON GUIDELINES FOR THE EMPLOYMENT POLICIES
OF THE MEMBER STATES**

(presented by the Commission)

EXPLANATORY MEMORANDUM

A fundamental review based on an extensive evaluation and the European Council's orientation

Article 128.2 of the Treaty provides for the annual adoption of the Guidelines for the employment policies of the Member States on the basis of a proposal from the Commission.

The present proposal provides for a fundamental review of the guidelines based on a major evaluation, carried out jointly by the Commission and the Member States, of the experience of the first five years of the Employment Strategy. This led to a Communication of 14th January 2003 outlining the Commission's view on the future of the European Employment Strategy and on the priorities for the new Employment Guidelines¹. The proposals account for the extensive debate and consultation held throughout 2002, and so far in 2003, with all EU institutions and major stakeholders, including civil society. In particular they account for the important contributions from the European Parliament, including the Resolution of 25th September 2002 on the evaluation of the EES, the resolution on streamlining the annual economic and employment policy co-ordination cycles of 5th December 2002, and the Resolution of February 2003 on the preparation to the Spring European Summit.

At its meeting on 20th and 21st March 2003, the Spring Brussels European Council provided clear orientations for the future Employment Guidelines, reflecting in particular the key messages sent by the Council and the Commission in the framework of the Joint Employment Report adopted on 06/03/03.

A Medium Term Strategy to address the new labour market challenges

The Guidelines address the need to re-design the Employment Strategy to account for an enlarged European Union and to better deliver the Lisbon strategy. The evaluation of past experience has confirmed the positive role of the Employment Strategy in supporting the employment performance of recent years. However, the acceleration of economic, social and demographic change, globalisation and the demands of a modern economy, and the forthcoming EU enlargement, represent important employment challenges that must now be addressed by the guidelines.

In line with the request for a streamlined approach, the Employment Guidelines are intended to be more stable and orientated towards delivering the medium-term goals of the 2010 time-horizon set at Lisbon. To this end, whilst maintaining the annuality in line with the Treaty, changes to the guidelines should be kept to a minimum until the mid-term review in 2006. Such stability should be facilitated by fewer and simpler guidelines reflecting key common challenges. In line with the conclusions of the 2003 Brussels European Council, emphasis is placed on more result-oriented guidelines which allow Member States to design the appropriate mix of action. This requires that the guidelines be underpinned by appropriate targets.

¹ The future of the European Employment Strategy "A strategy for full employment and better jobs for all" COM(2003)6 final 14.01.03

Support for the Lisbon objectives

The successful implementation of the Lisbon agenda calls for the employment policies of Member States to foster, in a balanced manner, three complementary and mutually supportive objectives of full employment, quality and productivity at work, and social cohesion and inclusion. The achievement of these objectives requires further structural reforms concentrating on 10 key and equally important priorities, and special attention paid to the governance of the process. The Employment Guidelines are therefore presented in three parts, addressing respectively the three over-arching objectives for the strategy, the 10 key priorities for structural reform, and the need to improve the delivery and governance of the process. All three elements of the guidelines deserve to be reflected in National Employment Plans and monitored at EU level.

Priorities designed to tackle existing and new challenges

Within the priorities, continuity is assured by the fact that many of the previous generation of guidelines and priorities are also covered in the new guidelines. Important examples include activation and prevention, reform of tax and benefit systems, entrepreneurship, adaptability and balancing flexibility and security, and ensuring equal opportunities for all. Increased stress is placed on a number of areas such as lifelong learning, active ageing, the need to increase the supply of labour, and to tackle undeclared work.

Good governance requires building an effective partnership between major stakeholders and notably on the active involvement of European institutions, national governments and parliamentary bodies, regional and local authorities, social partners and civil society. The need to improve the delivery and governance of the process is given a higher profile in the Guidelines.

Consistency and complementarity with the Broad Economic Policy Guidelines

The Barcelona European Council requested that policy co-ordination processes be more streamlined, with synchronised calendars for the adoption of the Broad Economic Policy Guidelines and the Employment Guidelines. In its report on streamlining of 3 December 2002, the Council considered that streamlining should be guided by the objective of increased transparency and efficiency, avoidance of overlap and repetition in the formulation of the guidelines, and ensure consistency, complementarity and coherence. The Employment Guidelines are therefore presented as part of a package together with the Employment Recommendations and the Broad Economic Policy Guidelines. The package is intended to be adopted by the Council at the end of the first semester 2003.

Within a streamlined approach the Broad Economic Policy Guidelines provide the overarching economic policy co-ordination for the European Union, while the leading role on employment policy co-ordination lies with the Employment Guidelines and Recommendations to Member States. The 2003 Brussels European Council requested that the Employment Guidelines and the Broad Economic Policy Guidelines operate in a consistent way.

Proposal for a

COUNCIL DECISION

**ON GUIDELINES FOR THE EMPLOYMENT POLICIES
OF THE MEMBER STATES**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 128 (2) thereof,

Having regard to the proposal from the Commission ²,

Having regard to the Opinion of the European Parliament ³,

Having regard to the Opinion of the European Economic and Social Committee ⁴,

Having regard to the Opinion of the Committee of the Regions ⁵,

Having regard to the Opinion of the Employment Committee,

Whereas:

- (1) Article 2 of the Treaty on the European Union sets the Union the objective of promoting economic and social progress and a high level of employment. Article 125 of the EC Treaty states that Member States and the Community shall, work towards developing a co-ordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change with a view to achieving the objectives defined in Article 2.
- (2) Following the extraordinary European Council meeting on Employment on 20 and 21 November 1997 in Luxembourg, the Council Resolution of 15 December 1997 on the 1998 Employment Guidelines ⁶ launched a process with high visibility, strong political commitment and a wide-ranging acceptance by all parties concerned.
- (3) The Lisbon European Council on 23 and 24 March 2000 set a new strategic goal for the European Union to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. To this end the Council agreed overall employment targets and employment targets for women for 2010, which were completed at the

² OJ C ..., ..., p. .

³ OJ C ..., ..., p. .

⁴ OJ C ..., ..., p. .

⁵ OJ C ..., ..., p. .

⁶ OJ C 30, 28.1.1998, p 1.

Stockholm European Council on 23 and 24 March 2001, by intermediate targets for January 2005, and a new target for 2010 for the employment rate of older women and men.

- (4) The Nice European Council on 7, 8 and 9 December 2000 approved the European Social Agenda, which states that the return to full employment involves ambitious policies in terms of increasing employment rates, reducing regional gaps, reducing inequality and improving job quality.
- (5) The Barcelona European Council of 15 and 16 March 2002 called for a strengthening of the European Employment Strategy through a reinforced, simplified and better-governed process, with a timeframe aligned to 2010, and which incorporates the targets and goals of the Lisbon strategy. The Barcelona European Council also requested a streamlining of policy co-ordination processes, with synchronised calendars for the adoption of the Broad Economic Policy Guidelines and the Employment Guidelines.
- (6) The Brussels European Council of 20 and 21 March 2003 confirmed that the Employment Strategy has the leading role in the implementation of the employment and labour market objectives of the Lisbon strategy, and that it and the Broad Economic Policy Guidelines, which provide the overarching economic policy co-ordination for the Community, should operate in a consistent way. The European Council called for guidelines to be limited in number, results orientated, allowing Member States to design the appropriate mix of action, and should be supported by appropriate targets.
- (7) The Employment Strategy has been exhaustively evaluated, including a thorough mid term review of the strategy, completed in 2000, and a major evaluation in 2002 of the experiences of the first five years. This evaluation pointed to the need for continuity in the strategy to address remaining structural weaknesses, as well as the need to address new challenges facing an enlarged European Union.
- (8) The successful implementation of the Lisbon agenda calls for the employment policies of Member States to foster, in a balanced manner, three complementary and mutually supportive objectives of full employment, quality and productivity at work, and social cohesion and inclusion. The achievement of these objectives requires further structural reforms concentrating on 10 key interrelated priorities, and special attention paid to the coherent governance of the process. Policy reforms require a gender-mainstreaming approach in implementing actions.
- (9) On 6th December 2001 the Council adopted a series of indicators to measure ten dimensions for investing in quality in work and called for these indicators to be used in monitoring the European Employment Guidelines and Recommendations.
- (10) Active and preventative policies should contribute to the goals of full employment and social inclusion by ensuring that unemployed people, and inactive people wanting to work, are able to compete in and integrate into the labour market.
- (11) Entrepreneurship and business innovation should be encouraged in order to exploit better the potential of enterprises to create more and better jobs. Member States are committed to implementing the European Charter for Small Enterprises and are engaged in a process of benchmarking of enterprise policy.

- (12) Providing the right balance between flexibility and security will help support the competitiveness of firms, increase quality and productivity in work and facilitate the adaptation of firms and workers to economic change. Levels of health and safety standards at work need to be raised in line with the new Community strategy for 2002-2006. The sectors of fishing, agriculture, construction, and health and social services are particularly high-risk sectors for accidents at work. Access of workers to training is an essential element of the balance between flexibility and security and the participation of all workers should be supported through appropriate targets, taking into account the returns on investment for workers, employers as well as society as a whole.
- (13) The implementation of coherent and comprehensive lifelong learning strategies is critical in delivering full employment, improved quality and productivity at work, and better social cohesion. The Barcelona European Council welcomed the Commission Communication ‘Making a European Area of Lifelong Learning’ which spelt out the essential building blocks of lifelong learning strategies of partnership, insight into demand for learning, adequate resources, facilitating access to learning opportunities, creating a learning culture, and striving for excellence. The Lisbon European Council called for a substantial per capita increase in investment in human resources. Increasing investment requires sufficient incentives for employers and individuals, and re-directing public finance towards more efficient investment in human resources across the learning spectrum.
- (14) An adequate labour supply is needed in order to support economic growth, promote employment, and support the sustainability of social protection systems. The Joint report from the Commission and the Council "Increasing labour-force participation and promoting active ageing"⁷, concludes that this requires developing comprehensive national strategies based on a lifecycle approach. Policies need to exploit the employment potential of all groups, including women, older workers, people with disabilities and immigrants. The Barcelona European Council agreed that the European Union should seek, by 2010, a progressive increase of about 5 years in the effective average exit age at which people stop working. This age was estimated at 59.9 in 2001.
- (15) Gender gaps in the labour market need to be progressively eliminated, if the EU is to deliver full employment, increase quality in work and promote social inclusion and cohesion. This requires both a gender mainstreaming approach and specific policy actions to create the conditions for women and men to enter, re-enter, and remain in the labour market. The Barcelona European Council agreed that Member States should provide childcare by 2010 to at least 90% of children between three years old and the mandatory school age and at least 33% of children under 3 years of age. The underlying factors of the gender gaps in unemployment and in pay should be addressed and targets on the reduction of such gaps should be achieved as a result, without calling into question the principle of wage differentiation according to productivity and labour market situation.

⁷ Joint report from the Commission and the Council "Increasing labour-force participation and promoting active ageing", adopted by the Council on 7 March 2002.

- (16) The effective integration into the labour market of those at a disadvantage will deliver increased social inclusion, employment rates, and improve the sustainability of social protection systems. Policy responses need to tackle discrimination, provide a personalised approach to individual needs, and create adequate job opportunities by providing recruitment incentives for employers. The Council Decision of 3 December 2001 designated 2003 as the "European Year of People with Disabilities"⁸. Access to the labour market is a major priority with respect to people with disabilities who are estimated to represent some 37 million people in the EU, many of whom have the ability and desire to work.
- (17) In order to improve the prospects for full employment and social cohesion, the balance between income from work against income in unemployment or inactivity should be such as to encourage people to enter and to remain in the labour market, and to foster job creation.
- (18) Undeclared work is taken to mean "any paid activities that are lawful as regards their nature but not declared to public authorities"⁹. Studies estimate the size of the informal economy on average at between 7% and 16% of EU GDP. This should be turned into regular work in order to improve the overall business environment, the quality in work of those concerned, social cohesion and the sustainability of public finance and social protection systems. Improving statistical knowledge about the extent of undeclared work in Member States and the EU should be given priority.
- (19) The Barcelona European Council welcomed the Commission action plan on Skills and Mobility and the Council Resolution on Skills and Mobility of 3 June 2002 further invited the Commission, Member States and the Social Partners to undertake the measures required. Better occupational and geographic mobility and job matching will help increase employment and social cohesion. The potential of immigration to solve labour market bottlenecks should be given due consideration, whilst supporting the long-term development objectives of the countries of origin.
- (20) The evaluation of the first five years of Employment strategy highlighted better governance as a key for the strategy's future effectiveness. A successful implementation of employment policies depends on partnership at all levels, the involvement of a number of operational services, and an adequate financial provision to support the implementation of the guidelines. Member States have responsibility for the effective implementation of the Employment Guidelines, including ensuring a balanced delivery at regional and local level.
- (21) The effective implementation of the Employment Guidelines requires active participation of social partners at all stages, from designing policies to their implementation. At the social summit on 13 December 2001 the social partners expressed the need to develop and improve co-ordination of tripartite consultation. It was also agreed that a Tripartite Social Summit for Growth and Employment would be held before each Spring European Council.

⁸ OJ 19/12/2001 (2001/903/EC)

⁹ COM (1998) 219 final

- (22) In addition to these Employment Guidelines, Member States should fully implement the Broad Economic Policy Guidelines and ensure that action is fully consistent with the maintenance of sound public finances and macro-economic stability.

HAS DECIDED AS FOLLOWS:

Article 1

The guidelines for Member States' employment policies as set out in the annex are hereby adopted.

Article 2

All aspects of the guidelines shall be taken into account by the employment policies of Member States in a comprehensive and integrated manner and reported upon in National Action Plans submitted annually on the 1st of October.

Done at Brussels,

*For the Council
The President*

The Employment Guidelines

A European strategy for full employment and better jobs for all

Member States shall conduct their employment policies with a view to implementing the objectives and priorities for action, and progressing towards the targets specified below. Special attention will be given to ensuring good governance of employment policies.

In addition to these Employment Guidelines and their associated Employment Recommendations, Member States should fully implement the Broad Economic Policy Guidelines and ensure that the two instruments operate in a consistent way.

A. The overarching objectives

Reflecting the Lisbon agenda, the employment policies of Member States shall foster the three objectives of full employment, quality and productivity at work, and social cohesion and inclusion.

These objectives should be pursued in a balanced manner, reflecting their equal importance in achieving the ambitions of the Union. Synergies should be fully exploited, building on the positive interaction between the three objectives.

Full employment

Member States shall aim to achieve full employment by implementing a comprehensive policy approach incorporating demand and supply side measures and thus raise employment rates towards the Lisbon and Stockholm targets. .

Policies shall contribute towards achieving on average for the EU:

- *An overall employment rate of 67% in 2005 and 70% in 2010*
- *An employment rate for women of 57% in 2005 and 60% in 2010*
- *An employment rate of 50% for older workers in 2010.*

Member States shall set corresponding national targets consistent with the outcome expected at EU level.

Improving quality and productivity at work

Improved quality at work is closely inter-linked with the move towards a competitive and knowledge-based economy and should be pursued through a concerted effort between all actors and particularly through social dialogue. Quality is a multi-dimensional concept addressing both job characteristics and the wider labour market. It encompasses intrinsic job quality, skills, lifelong learning and career development, gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organisation and work-life balance, social dialogue and worker involvement, diversity and non-discrimination, and overall work performance.

Increasing employment rates must go hand in hand with raising overall labour productivity growth. Quality at work can help increase labour productivity and the synergies between both should be fully exploited. This represents a specific challenge for social dialogue.

Strengthening social cohesion and inclusion

Employment policies should foster social inclusion by facilitating participation in employment through: promoting access to stable and quality employment for all women and men who are capable of working; combating discrimination on the labour market; and preventing the exclusion of people from the world of work.

Economic and social cohesion should be promoted by reducing regional employment and unemployment disparities, tackling the employment problems of deprived areas in the EU and positively supporting economic and social restructuring.

Policies should contribute notably to achieving a substantial reduction by 2010 in the proportion of working poor in all Member States.

B. Priorities for Action

In pursuing the three overarching objectives, Member States shall implement the following priorities. In doing so they shall adopt a gender-mainstreaming approach across each of the priorities.

1. ACTIVE AND PREVENTATIVE MEASURES FOR THE UNEMPLOYED AND INACTIVE

Member States will prevent inflows into long-term unemployment and promote the sustainable reintegration into employment of both unemployed and inactive people wanting to work. They will:

- ensure that job seekers benefit from an early identification of their needs, advice and guidance, job search assistance and a personalised action plan at an early stage of their unemployment spell; *by 2005, such services should be offered to all unemployed people before they enter their 4th month of unemployment*
- offer job seekers access to effective and efficient measures to enhance their employability and chances of integration. Active labour market measures should meet individual needs, with special attention given to people facing the greatest difficulties in the labour market, and should equip people with relevant experience to compete in the labour market; in particular Member States will ensure that:

by 2005, all unemployed people are offered a new start in the form of work experience or training (combined where appropriate with on-going jobsearch assistance) before reaching 6 months of unemployment in the case of young people most prone to becoming long-term unemployed, and 12 months of unemployment in all other cases

by 2010, 30% of the long-term unemployed participate in an active measure in the form of work experience or training.

- ensure regular evaluation of the effectiveness and efficiency of labour market programmes and review them accordingly.

2. FOSTER ENTREPRENEURSHIP AND PROMOTE JOB CREATION

Member States will encourage the creation of more and better jobs by fostering entrepreneurship and innovation in a favourable business environment. Particular attention will be given to exploiting the job creation potential of new enterprises, of the service sector and of R&D. Policy initiatives supported by national targets will focus on:

- Promoting education and training in entrepreneurial and management skills and providing support, including through training to make entrepreneurship a career option for all, especially for women, unemployed and inactive people wanting to work;
- Simplifying and reducing administrative and regulatory burdens for business start-ups and for the hiring of staff, facilitating access to micro-credits and risk capital for start-ups and enterprises with a high growth potential (see also BEPGs, Guideline 11).

3. ADDRESS CHANGE AND PROMOTE ADAPTABILITY IN WORK

Member States will facilitate the adaptability of workers and firms to change, taking account of the need for both flexibility and security. They will modernise employment legislation by relaxing overly restrictive elements that affect labour market dynamics and the employment of those groups facing difficult access to the labour market, develop social dialogue, foster corporate social responsibility, and undertake other appropriate measures to promote:

- diversity of contractual and working arrangements, including on working time, favoring career progression, a better balance between work and private life and between flexibility and security;
- better working conditions, including health and safety, and access for all workers to training; policies will aim to achieve in particular:

a 15% overall reduction in the incidence rate of accidents at work, and a 25% reduction for high risk sectors, in each Member State

a reduced gap in the participation in training of low skill workers compared to high skill workers.

- the design and dissemination of innovative and sustainable forms of work organization;
- the positive management of economic change and restructuring.

4. MORE AND BETTER INVESTMENT IN HUMAN CAPITAL AND STRATEGIES FOR LIFELONG LEARNING

Member States will implement lifelong learning strategies, including through improving the quality and efficiency of education and training systems, in order to equip all individuals with the skills required for a modern workforce in a knowledge-based society, to permit their career development and to reduce skills mismatch and bottlenecks in the labour market.

Policies will aim in particular to achieve the following outcomes by 2010:

- *Member States should ensure that the average percentage of 25-64 years old in the EU with at least upper secondary education reaches 80% or more.*
- *an increase in the participation rate of adults in education and training to 15% in the EU, with participation rates above 10% in every Member State.*

Efficient investment in human capital by employers and individuals will be facilitated, for example through appropriate tax treatment of expenditure on education and vocational training, and public finance will be re-directed towards investment in human resources in line with overall budgetary commitments.

Policies will aim in particular to achieve by 2010 a substantial per capita increase of public and private investment in human resources, according to national targets including a significant increase in investment by enterprises in the training of adults to aim at 5% of total labour costs overall in the EU.

5. INCREASE LABOUR SUPPLY AND PROMOTE ACTIVE AGEING

Member States will promote an adequate availability of labour and employment opportunities to support economic growth and employment. They will:

- increase labour market participation by using the potential of all groups of the population, through a comprehensive approach covering in particular the availability and attractiveness of jobs, making work pay, raising skills, and providing adequate support measures;
- promote active ageing, notably by fostering working conditions conducive to job retention - such as access to continuing training and flexible forms of work organisation - and eliminating incentives for early exit from the labour market, notably by reforming early retirement schemes and ensuring that it pays to remain active in the labour market;

In particular, policies will aim to achieve by 2010 an increase by 5 years, at EU level, of the effective average exit age from the labour market (estimated at 59.9 in 2001). In this respect, Member States shall set national targets which are consistent with the outcomes expected at EU level.

- and, make use of the additional labour supply resulting from immigration, in line with Community immigration policy and in a manner supporting the long-term development objectives of the countries of origin.

6. GENDER EQUALITY

Member States will, through a gender mainstreaming approach and specific policy actions, progressively eliminate gender gaps in employment rates, unemployment rates, and pay. *In particular, policies will aim to achieve by 2010 the elimination of gender gaps in unemployment and a halving of the gender pay gap in each Member State, through a multi-faceted approach addressing the underlying factors of the gender pay gap, including sectoral and occupational segregation, education and training, job classifications and pay systems, awareness raising and transparency.*

Particular attention will be given to reconciling work and family life, notably through the provision of care services for children and other dependants. *Policies will aim to achieve, by 2010, a 33% coverage of childcare services for 0-3 year olds and a 90% coverage of childcare services for 3 years old to mandatory school age in each Member State.*

7. PROMOTE THE INTEGRATION OF AND COMBAT THE DISCRIMINATION AGAINST PEOPLE AT A DISADVANTAGE IN THE LABOUR MARKET

Member States will foster the integration of persons facing particular difficulties on the labour market, such as early school leavers, people with disabilities, immigrants, and ethnic minorities, by developing their employability, increasing job opportunities and preventing all forms of discrimination.

In particular, policies will aim to achieve by 2010:

- *a halving of the school dropout rates in each Member State leading to an overall reduction in the EU to 10%.*
- *a reduction by half in each Member State in the unemployment gaps for people at a disadvantage, according to national definitions.*
- *a reduction by half in each Member State in the unemployment gaps between non-EU and EU nationals.*

8. MAKE WORK PAY THROUGH INCENTIVES TO ENHANCE WORK ATTRACTIVENESS

Member States will reform financial incentives with a view to make-work attractive and to encourage people to seek, take up and remain in work. They will reform tax and benefit systems and their interaction with a view to eliminating unemployment, poverty and inactivity traps, and encouraging the participation of women, low skilled workers, older workers and those furthest from the labour market in employment.

Whilst preserving an adequate level of social protection, they will in particular review replacement rates and benefit duration; ensure effective benefit management, notably with respect to the link with effective job search, taking into account individual situations; consider the provision of in work benefits, where appropriate; reduce high marginal effective tax rates to eliminate inactivity traps; and reduce the tax burden on the low paid.

In particular, policies will aim at achieving by 2010 a significant reduction in the tax burden on low paid workers according to national targets.

9. TRANSFORM UNDECLARED WORK INTO REGULAR EMPLOYMENT

Member States will develop and implement a broad policy mix to eliminate undeclared work, which combines simplification of the business environment, removing disincentives and providing appropriate incentives in the tax and benefits system, improved law enforcement capacity and the application of sanctions. They will invest in the development of the statistical basis at national and EU level to measure the extent of the problem and progress achieved at national level.

Policies will aim to achieve by 2010 a substantial reduction in undeclared work in each Member State, based on an improved statistical basis.

10. PROMOTE OCCUPATIONAL AND GEOGRAPHICAL MOBILITY AND IMPROVE JOB MATCHING

Member States will address labour shortages, bottlenecks, and regional employment and unemployment disparities, by promoting occupational mobility and removing obstacles to geographic mobility, especially by implementing the Skills and Mobility Action Plan, improving the recognition and transparency of qualifications and competencies, the transferability of social security and pensions rights, providing appropriate incentives in tax and benefit systems, and by harnessing the potential of immigration.

The transparency of job and training opportunities at national and European level should be promoted in order to support effective job matching. *In particular, by 2005, jobseekers throughout the EU should be able to consult all job vacancies advertised through Member States' employment services.*

C. Promoting better governance, partnership and delivery

Member States will ensure the effective implementation of the Employment Guidelines, including at the regional and local level.

The mobilisation of all relevant actors

With due respect to different national traditions and practices, close involvement of relevant parliamentary bodies in the implementation of the guidelines should be ensured. In addition, all main stakeholders, including civil society, should play their full part of the European Employment Strategy.

Participation of regional and local actors in the development and implementation the Guidelines should be supported notably through local partnerships, the dissemination of information and consultation.

A strong involvement of the Social Partners

Partnership with social partners should be promoted at national, sectoral, regional, local and enterprise levels to ensure the implementation, monitoring and follow-up of the Employment Strategy.

Social partners at national level are invited, in accordance with their national traditions and practices, to ensure the effective implementation of the guidelines and to report on their most significant contributions in all areas under their responsibility, in particular concerning the management of change and adaptability, synergy between flexibility and security, human capital development, gender equality, making work pay, as well as health and safety at work.

European Social partners at inter-professional and sectoral level are invited to contribute to the implementation of the Employment Guidelines and to support efforts undertaken by the national social partners at all levels, such as at inter-professional, sectoral and local level. As announced in their joint work programme the social partners at inter-professional level will report annually on their contribution to the implementation of the guidelines. Sectoral social partners are invited to report on their respective actions.

Effective and efficient delivery services

Member States shall ensure the capacity of operational services to deliver employment policy objectives and priorities in an efficient and effective way. This requires in particular a modern system of Employment Services working in close co-operation with Social Re-integration services; the availability of quality services supporting life-long learning; and Labour inspectorates promoting better work conditions.

Adequate financial allocations

Member States will ensure that adequate financial resources are allocated to the implementation of the Employment Guidelines, while complying with the need for sound public finances in line with the Broad Economic Policy Guidelines.

They shall fully exploit the potential contribution of the European Structural Funds, in particular the European Social Fund, to support the delivery of policies and to strengthen the institutional capacity in the field of employment.