

ESF InfoReview

N°5 / May 1998 - Newsletter of the European Social Fund

Special Insert
A Guide to the new
Structural Funds Regulations

The ESF Congress – A forum for the fight against unemployment

I am very pleased to introduce the first-ever European Congress on the European Social Fund. The timing of the event could not be more propitious, following hard on the heels of the Commission's proposals for the reform of the Structural Funds and in the wake of remarkable political progress on the employment front. What better time to take stock of what we have achieved in recent years and to reflect on how to improve our performance to meet the many challenges that still lie ahead?

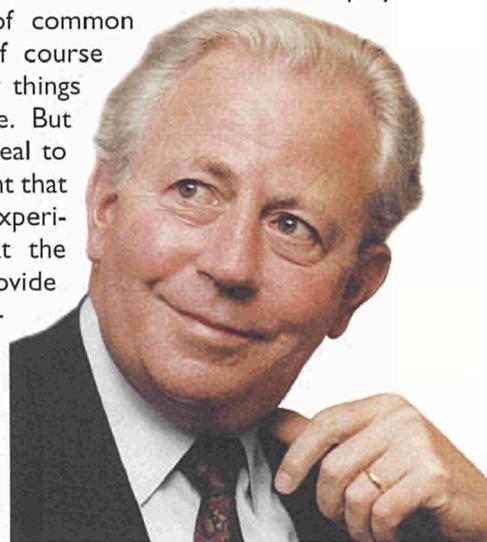
Our task for 1998 and beyond is to translate our recent political successes – the Amsterdam Treaty employment provisions and the Jobs Summit commitments – into collaborative action to support Member States' efforts to create more and better jobs, to reduce unemployment significantly and to modernise the workforces and workplaces of Europe.

The Amsterdam Treaty has now started a process which enables Member States to look at their employment situation each year and adopt guidelines for their national employment policies. Employment is now a matter of "common concern"; an issue to be given the highest priority by Member States working together in partnership. This underlines a new level of economic and social interdependence in the Union. The Commission has clear ideas about what needs to be done to generate employment and combat unemployment. The Member States have strong ideas too. They also have resources, and they have the key responsibility for policy. They must now marshal all the necessary forces – local, regional, public and private – to engage with their action plans, to encourage enterprise and job creation, to create a culture of entrepreneurship, employability, adaptability and equality, and to modernise working life in the Union.

The European Social Fund has a fundamental role to play in helping the Member States achieve these aims. The ESF is the Union's main mechanism for developing skills and employability and for opening up job opportunities for all. It makes a vital contribution to

bolstering the four cornerstones of the European Employment strategy, particularly in the field of human resource development.

There is no denying that we have come a long way since I proposed my Confidence Pact for Employment in January 1996. Back then, I called on the Union to treat unemployment as a matter of common interest and I am of course delighted to see how things have developed since. But there is still a great deal to be done. I am confident that the pooling of ideas, experience and initiative at the ESF Congress will provide the kind of momentum needed to take us that little bit further forward towards our goal.



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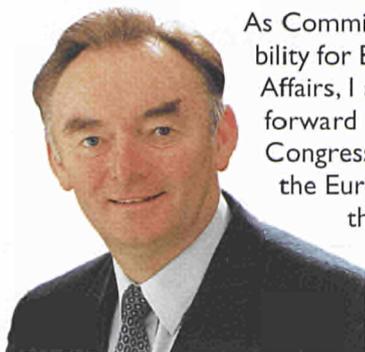
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Employment & social affairs



European Commission

The European Social Fund: investing in people



As Commissioner with responsibility for Employment and Social Affairs, I am very much looking forward to the first-ever Congress at European level on the European Social Fund. For the first time in the forty-year history of the Fund, people from throughout the Union will have an opportunity to come together to examine the ESF in

all its dimensions. The Congress will provide a unique forum for the exchange of experience and for the exploration of new avenues which will equip the Fund for the new challenges of the year 2000 and beyond.

1998 promises to be a key year for employment and for the European Social Fund. Proposals for the Regulations governing the Structural Funds for the next seven-year period (2000-2006) are now on the table. We are proposing a new framework for the ESF, one which builds on the progress made over 40 years of operations, and which responds to the demands of the new employment framework which the EU and its Member States agreed upon in 1997 and will start to implement this year.

The participants at the ESF Congress will be invited to assess the role and potential of the European Social Fund in its new political context and to consider ways

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in which it can best contribute to improving employability, encouraging entrepreneurship and helping companies and their workforce adapt to a fast-changing world; one in which a concerted effort is made to ensure equality of opportunity for all.



ESF in focus at the International Convention Centre, Birmingham, UK

Round tables

ESF actions aim at tackling some of the major challenges in today's society. The Congress will start with a discussion of these issues, and will examine the different approaches to them in a wider domain, without necessarily limiting their scope to an ESF, or European, context.

Two concurrent Round Tables will consider issues relating to training: what is it for, who should provide it, what kind of investment should be made, etc.

NGO Presentation

The Platform of European Social NGOs has prepared a presentation and four open debates relating to the first four themes of the Congress.

Workshops

The six workshops, on Wednesday 27 May, will provide the main opportunity for formal discussion. Six themes have been chosen for the workshops, corresponding to the main priorities of the ESF.

Six experts in these fields have been appointed as Congress rapporteurs.

The key issues which they have pinpointed as areas for examination and debate are previewed in this article.

Exhibition

The exhibition will provide a further opportunity for Member State administrations and project representatives to display how ESF priorities are put into practice, both at European and national level, and to allow delegates to discover and possibly draw inspiration from what is going on elsewhere.

Congress website

There are undoubtedly a great many people who although unable to attend the Congress would like to be able to follow what is going on and possibly also to air their views. Anyone wishing to submit comments or suggestions may do so using the e-mail addresses given on the ESF Congress home page <http://europa.eu.int/en/comm/dg05/esf>. Documentation relating to the Congress, such as the full text of the rapporteurs' reports, are already available on this site and the conclusions will be made available in the same way as soon as possible after the event.

Congress themes

Long-term unemployment

Rapporteur: Nigel Meager, Institute for Employment Studies, Brighton

More than half the unemployed within the EU have been without work for more than twelve months.

The problem of long-term unemployment has been recognised at successive European summits, particularly at the Luxembourg Jobs Summit, where EU leaders undertook to offer every unemployed adult a new start in terms of improved employability before 12 months of unemployment. Similar measures will be taken for young people before they have reached six months of unemployment.

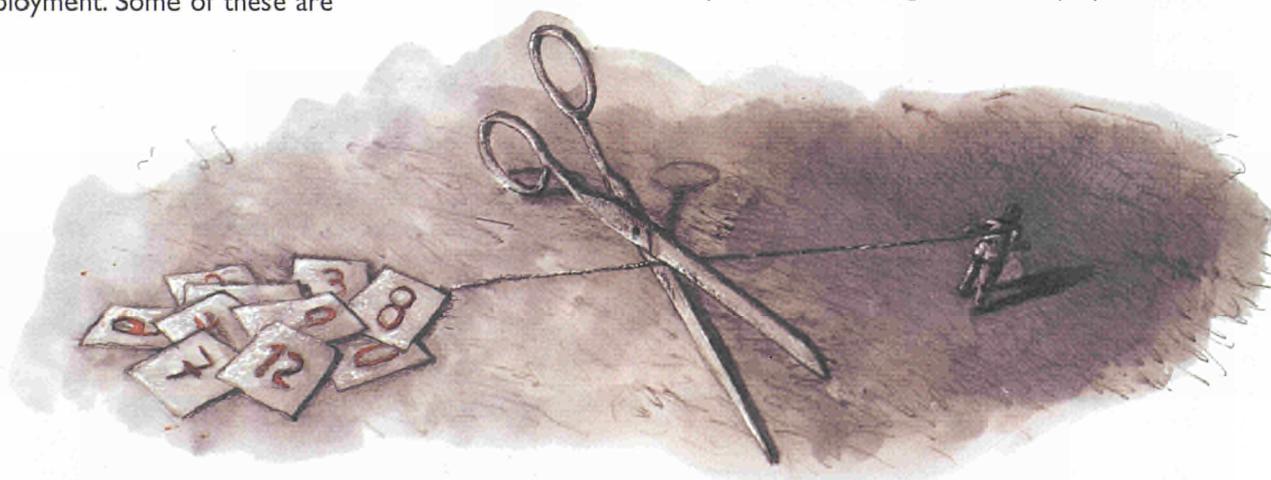
For the period 1994-1999, the ESF has co-funded a wide range of actions in the Member States, including vocational training and pre-training, temporary employment aids, the development of training, employment and support structures, including the training of training staff and care services for dependants.

Member States have put in place a number of different initiatives to tackle long-term unemployment. Some of these are

aimed at increasing demand through subsidies to employers, or through work experience schemes, or jobs in the intermediate labour market. ESF support tends to concentrate on measures aimed at the unemployed people themselves, to equip them to find a job by providing training-based measures, social and personal support, etc. These are increasingly combined to form an integrated package of measures – the so-called *pathways to integration* approach.

Some of the questions to be addressed in the workshop:

- What evidence do we have of the impact of projects or programmes; how should this best be measured and assessed?
- What are the elements within projects which tend to make them successful (or not)?
- Integrated approaches or single strand projects?
- How do ESF co-funded projects complement and enhance national policy?
- How do ESF projects actively contribute to the prevention of long-term unemployment?



Young people

Rapporteur: Enzo Mingione, Fondazione Bugnascchi, Milan

Youth unemployment is higher than adult unemployment in fourteen of the fifteen Member States, and between three and four times higher in five countries, notably in Southern Europe. Of particular concern is the fact that for most of these youngsters, the likelihood is that they will remain out of the job market for a long time, and thus become further excluded from society.

The European Employment Strategy recognises the importance of tackling youth unemployment. An important step was made at the Jobs Summit in November, when EU leaders undertook to provide a 'new start' – a job, training, re-training, work placement or other such measures – for each young person before they have been unemployed for six months.

The European Social Fund has a firm commitment to the integration of young people into the job market, focusing in particular on those who have dropped



out of the education system or who lack the qualifications, skills and /or work experience to find a job.

Some of the questions to be addressed in the workshop:

- What are the best ways of bridging what can often be a vast gap between school and the labour market?
- How effective is the traditional approach of combining the teaching of theory with practical training and work experience?
- What contribution could be made by another – perhaps more innovative – approach, aiming to encourage the growth of self-esteem and self-confidence and the capacity to fulfill personal ambitions and individual potential.
- Do projects – and the approach behind them – take sufficient account of the specific nature of young people's lifestyles?

Equal opportunities

Rapporteur: Marie-Christine Lefebvre, L Consult, Brussels

From 1994 to 1996, three-quarters of newly-created jobs went to women. And yet women are still at a disadvantage on the job market. Only 62.5% of women aged between 20 and 59 are gainfully employed, compared to 88.4% of men of the same age. What is more, men's salaries are roughly 20% higher than women's.

Equality of opportunity for men and women is a fundamental objective of the EU, along with the fight against unemployment. The Treaty of Amsterdam gives the EU the legal base to pursue this objective in all fields.

It is also an explicit objective for Structural Fund action, including that of the ESF. National ESF programmes often support specific projects for equal opportunities.

A major source of expertise and inspiration has been the Community Initiative Now, which supported over 1500 projects during the 1994 and 1999 programming period.

Some of the questions to be addressed in the workshop:

- How can we maximise the impact of ESF programmes on the labour market and at the workplace?
 - by changing education and training practices?

- by sensitising key players and setting up partnerships around the theme of equal opportunities?
- by involving equal opportunities authorities in the programming and monitoring of ESF action?
- Which areas should be priorities for ESF action?
 - Equal opportunities has tended to remain a priority of Objective 3 measures, and of human resources programmes within Objective 1 regions. How can it be further expanded outside these frameworks?
 - How do we focus ESF action on the most common areas of discrimination between men and women (salary, family responsibility, over-representation)?



Exclusion from the labour market

Rapporteur: Erwin Seyfried, FHVR, Berlin

The EU has long recognised the need to direct labour market policy measures towards the needs of particularly disadvantaged people: those who because of varying types of social problems find it difficult to find or keep a job. Potential target groups include the physically disabled, the mentally disabled, single parents, the homeless, prisoners or ex-offenders, drug-addicts, or those recovering from addiction, people living in isolation and vulnerable young people.

The traditional ESF focus on vocational training is enhanced for these groups by an emphasis on career guidance, motivation and counselling, which recognises that people who are already excluded from the labour market will often have a long way to go before they can think of true integration into the job market. Excluded groups are also the targets of the Integra and Horizon Community Initiatives; Now and Youthstart deal specifically with the needs of women and young people.

Some of the questions to be addressed in the workshop:

Equity

- Are the right people being targeted and receiving the level and type of assistance they require? Are these groups themselves changing?

Adequacy

- Do activities match the requirements of the target groups? Are they making the most of their potential?

Effectiveness

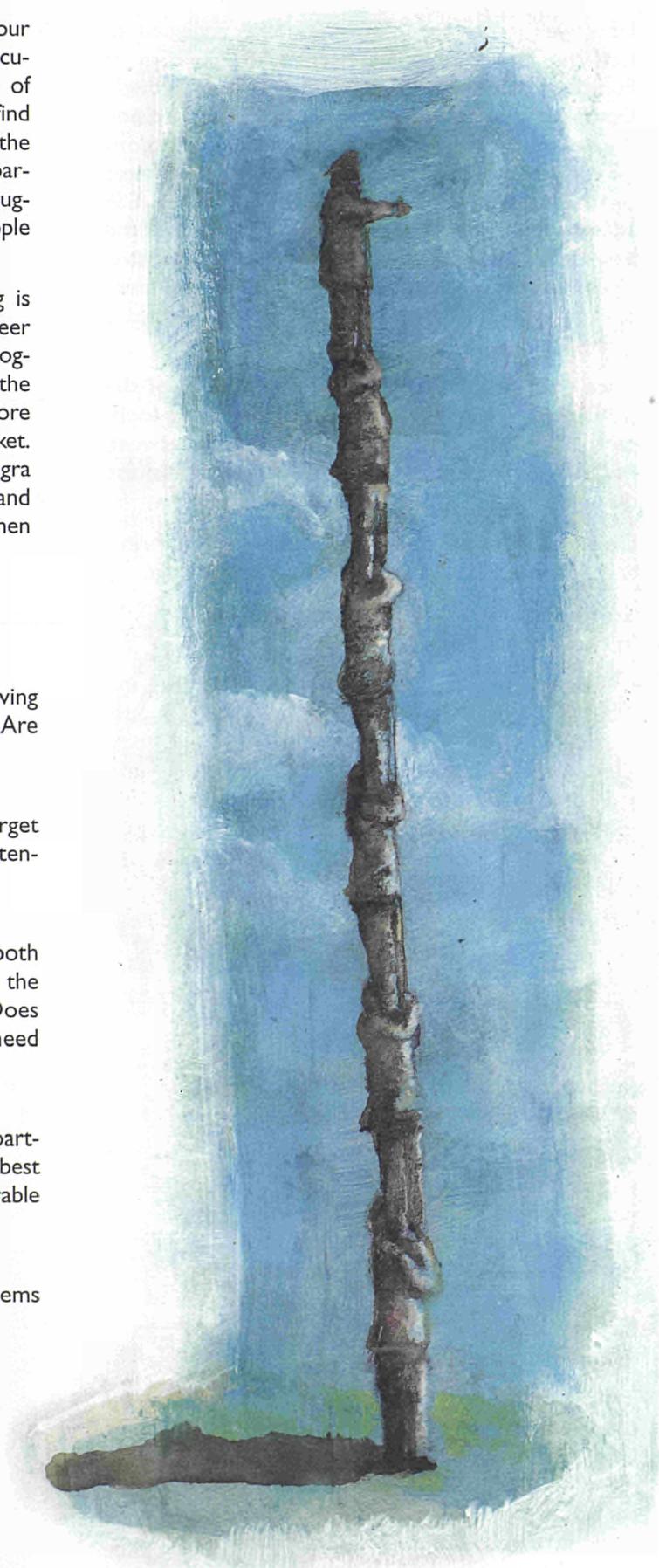
- Are programmes having a discernible effect, both on individuals and on 'integration' rates for the excluded? How do we measure progress? Does today's competitive environment mean we need different benchmarks for the excluded?

Access to employment

- Which routes to employment? What can local partnerships provide? How can the third sector be best developed to offer opportunities to vulnerable groups?

Vocational training

- How do we best match vocational training systems and qualifications to employment systems?



Adaptation to industrial change

Rapporteur: Jens Henrik Haahr, DJH, Aarhus

How well is the European workforce equipped to face the future? This has been a key concern of European policy since the White Paper on Growth, Competitiveness and Employment in 1993 underlined the link between workforce skills and qualifications on the one hand, and growth and employment rates on the other. At around the same time, the ESF addressed this issue directly with the creation of the new Objective 4 and the Adapt Community Initiative. These aim to equip people who are in work with up-to-date skills, and to help companies anticipate changes in the labour market and their impact.

Since then, adaptability has become a pillar of the new European Employment Strategy, involving social partners in agreements to seek the balance between flexibility and security which a dynamic workplace demands.

Objective 4 is a relatively new idea. How is it faring, and what are the questions we should be asking?

Some of the questions to be addressed in the workshop:

- Bottom-up or top-down: how do we achieve the best balance? A project-driven approach on the one hand might mean optimal use of local resources and innovation, but might also bring with it a loss of focus at programming level as a whole. How can the balance between mainstream Objective 4 programmes and the Adapt Initiative address this issue?
- Is it possible to improve the systems which help anticipate change in order to avert unemployment or bottlenecks?
- Can new approaches to training improve the capacity of companies and personnel to adapt to new circumstances?
- Is transnationality part of the answer in the age of globalisation? How can we best exchange good practice across borders?
- What have experiences from Objective 4 or Adapt approaches contributed to national labour market and/or human resources policy?
- Is it the job of the public sector to grant funding to certain parts of the private sector to increase their competitiveness?



The ESF in Objective I regions

Rapporteur: Vassilis Dertilis, Director National Employment Observatory, Athens

Almost half of the ESF budget for the 1994-1999 period is used to co-finance actions in Objective I regions (those whose development is lagging behind the EU average). As these actions often form part of large-scale development plans for human resources in these regions, the ESF generally stresses supplementary types of activities to tackle the particular problems these regions face.

The Commission's report on economic and social cohesion, which looks at countries covered by Objective I (Greece, Ireland, Portugal and Spain) identifies significant progress since 1989 in the rate of participation in education, the evolution of education systems, and improved links between school and work. Programmes to strengthen education and



Illustrations: Manuel Geerinck

training systems can involve the training of teachers, the introduction of new education and vocational training materials and methods, the development of certification systems and equipping the educational system to react to changes in technology and the economy.

In some regions there is an additional focus on improving the operation of the public administration through the training of officials, introduction of networks and other forms of modernisation. In the new Länder of Germany and the Italian Mezzogiorno, ESF action has focused particularly on helping the young and long-term unemployed. In a number of regions in France, Austria, Belgium, the UK, Netherlands, high jobless rates have focused programmes on fighting unemployment and social exclusion.

Some of the questions to be addressed in the workshop:

- How have programmes for education and training in Objective I regions been successful in:
 - improving the structure and functioning of education and training systems?
 - bringing these systems closer to the requirements of the job market?
- What are the priorities for improving public administration and how can the results be best disseminated?
- What does the future hold for this type of action?

What the papers say

- 1 Kickstart for jobs
Pontypridd & Llantrisant Observer (UK)
- 2 EU support for small and medium enterprises
Dagens Industri (Sweden)
- 3 'Visa for employment' - a solution to reintegrate the job market
La Dernière Heure (Belgium)
- 4 'Mais' project - twenty years of support to women
Activa (Portugal)
- 5 Success in Eastern Germany - 270 000 new jobs created
Die Presse (Austria)
- 6 Credit does not have any gender
De Morgen (Belgium)
- 7 Female management - tomorrow's management
La Libre Belgique (Belgium)
- 8 Women receives support from the EU
Aalborg Stiftstidende (Denmark)
- 9 The European Social Fund will help 150 000 people to keep or find employment
Sur (Spain)



El Fondo Social Europeo ayudará a 150.000 españoles a mantener o encontrar empleo

EU-pengar lyft för småföretag

Une amorce de réinsertion dans le monde du travail

Kvinder får støtte fra EU

Kickstart for jobs

Erfolg in Ostdeutschland 270.000 neue Jobs

Leningen hebben geen seks

Management au féminin, management de demain

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Leningen hebben geen seks

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Kickstart for jobs

Organisation 1998 sets the new ground-rules for DG V

DG V has comprehensively reorganised its structure to gear up to meet the new EU employment and social challenges from 1999 through to the next millennium. The new organisation was announced by DG V Director-General, Allan Larsson, and Commissioner Pádraig Flynn in early February, and was made effective from the start of March.

Agenda 2000, the new Amsterdam Treaty and the Luxembourg accord have all underscored employment as the top priority of the European Union. This has paved the way for a strengthening of policy and has conferred new responsibilities on DG V, the Directorate-General for Employment, Industrial Relations and Social Affairs. One key outcome of this has been the decision to integrate the ESF with the policy development and implementation of the employment strategy.

Whilst political developments were central to the decision to reorganise the DG, another aim was to optimise DG V's overall efficiency by streamlining internal resources.

The operational changes consist of three main components. Firstly, the three policy directorates are to be more focused on their core activity (A: on employment and the ESF, D: on working life policies, E: on

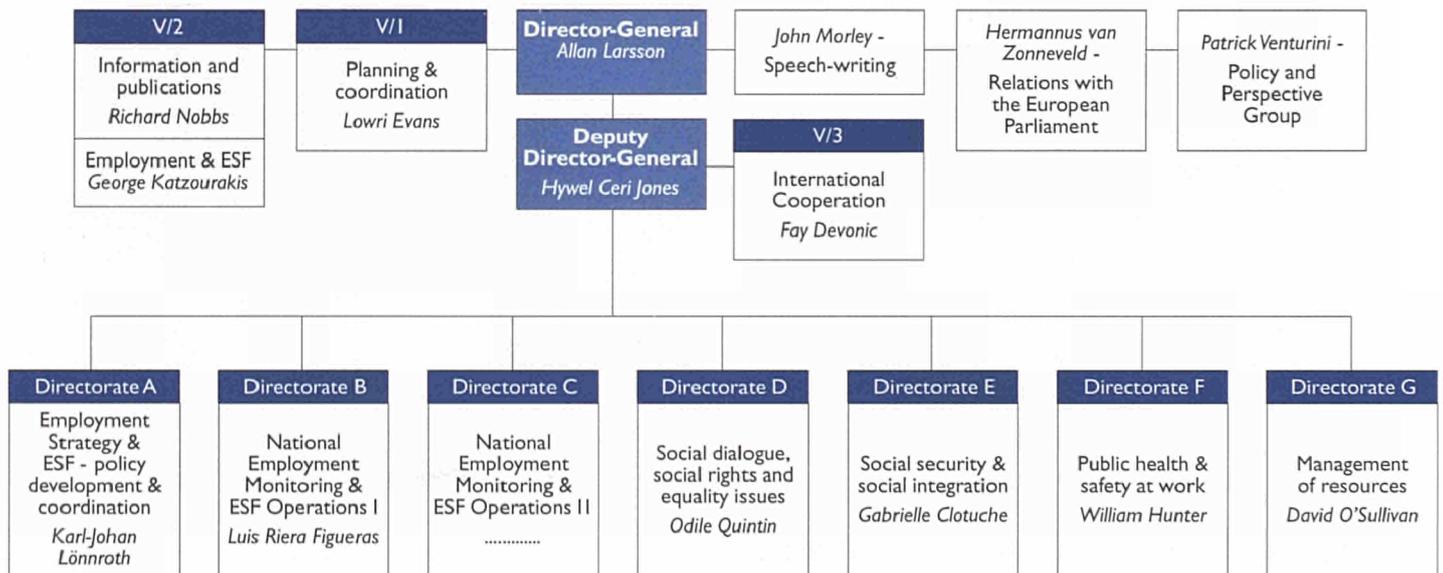
social security). In addition, the newly-formed ESF country-desk directorates have received broader responsibilities (Directorates B and C: on ESF operations with an important role in the employment strategy), while the information and communications unit and the unit for external affairs have become horizontal functions, reporting directly to the Director-General and servicing the whole DG. The reorganisation of Directorate F, responsible for Public Health and Safety at Work, which started with a review, is in the process of completion. Directorate G, managing DG V's financial and human resources, which was only recently created during the reorganisation in 1996, is to continue its work for DG V as whole.

"All staff are involved," said Allan Larsson, presenting the re-organisation. "New priorities have to be met through better use of our most important resource, people..."



Allan Larsson, Director-General, DG V

Directorate-General for Employment, Industrial Relations and Social Affairs



Bruges Seminar paves the way to integration

Pathways to integration seminar, Bruges

Last October, some 350 people from throughout the European Union came together in the Belgian city of Bruges to discuss and reflect on "Pathways to Integration." The two-day event was organised to coincide with the introduction of the Pathways concept throughout Belgium: all action funded under Objective 3 will now embrace this approach.

The Pathways to Integration approach is as intricate as the problems it is designed to resolve. It is not only a matter of accompanying the individual along his or her unique pathway into employment, using a tailor-made package of training and other supporting measures. A whole host of other elements come into play as well: partnership, target groups, the fight against exclusion, labour market policy, employment policy, etc. All of these elements were, directly or indirectly, part of the Bruges agenda, as participants exchanged views on the relative failure of traditional policies to quell unemployment, and voiced (often quite divergent) opinions as to how best to tackle the problem in future.

Pathways to Integration looks at the unemployment problem from a dual perspective, examining both the problem and the remedy. Why is there unemployment? What do we actually mean by integration? At what point can integration be said to have been achieved?



Is it not absurd to spend more time reshuffling a queue than reducing its length?

It is one thing to talk about improving the employability of the jobseeker, but, as more than one participant was at pains to point out, it is not the unemployed who create unemployment, but rather the lack of jobs which give rise to unemployment and, consequently, the unemployed.

When can integration be said to have taken place and what indicators should be used to gauge the degree of success of the Pathways approach? Are placement rates the only measure of success? What about a jobseeker's sense of relief at having regained lost dignity, the feeling of fitting in, of having a place in society? Doesn't ultimate success go much deeper than the newfound job *per se*, to everything that it entails in terms of dignity, social values, equality of opportunity, and so on.

The social economy should not appear only as a mere footnote in the text

Looking at the issues from this angle, a number of participants broadened the scope of the integration concept, refusing to view the issues in purely labour market terms. They shifted the emphasis from handicaps to resources, from the traditional labour market to the new model, which embraces new forms of work and qualifications. Society is changing: a third sector has emerged which corresponds to new ways of thinking and new priorities.

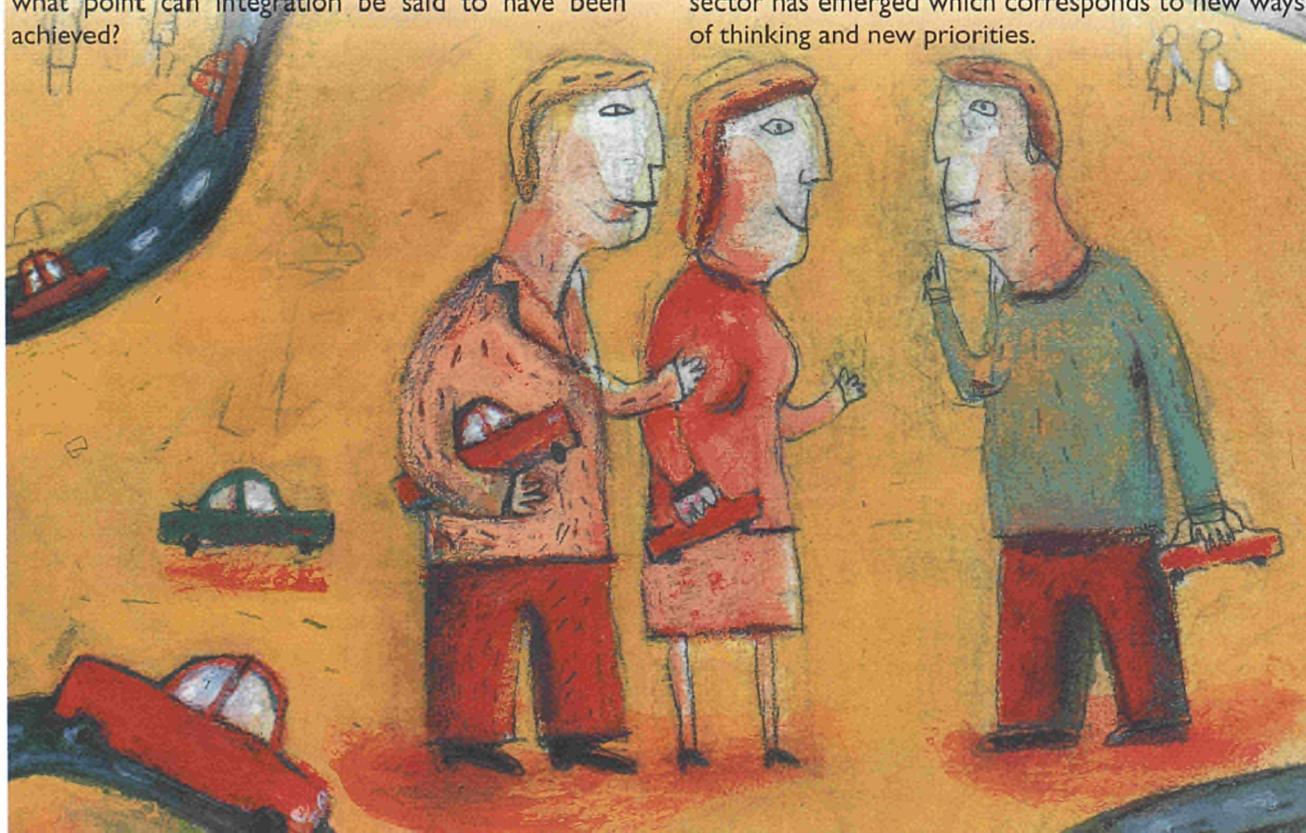


Illustration: Alain Wibert

The Pathways to Integration approach – a very specific concept which must not be bandied about inappropriately – embraces a number of elements which are fully commensurate with the priorities set out by the European Commission. Thus, in stepping up measures to assist the most vulnerable jobseekers, Pathways gives priority to the “human dimension,” increasing the individual and collective involvement of the beneficiaries themselves. Similarly, local employment initiatives promote the partnership concept and help bring activities down to grass-roots level. The integrated action promoted by Pathways should deliver a huge efficiency boost by combining expertise and improving synergy, complementarity and solidarity.

But there are dangers too, which should not be ignored. A number of participants pointed to the constraints imposed by legal, social security and even placement authorities. In several Member States, unemployment allowances are conditional upon agreement by the claimant to participate in specific training courses. The question was asked whether the imposition of such conditions was compatible with the objectives of reintegration, boosting personal motivation, and the provision of support and assistance.

The Pathways concept is attractive.... if there is an outcome. If that outcome does not exist, if jobs are so scarce that integration is not ultimately possible, then participants’ feelings of guilt and frustration are only compounded. Pathways to Integration cannot be extended *ad infinitum*; it has to be a means to an end, not an impasse. It would be illusory to see Pathways to Integration as a guaranteed route to employment *per se*. New and alternative forms of employment and/or of integration must also be created and acknowledged as valid objectives.

The partnership

The issue of partnership – one of the three workshop themes – was the subject of wide discussion. Everyone agreed on the importance of the partnership ideal, although the forms such partnerships take vary enormously on the ground, depending on which partners are involved (including or excluding decision-makers, social partners, etc.), the targets they set themselves (e.g. better management of common resources or of objectives), their form (top-down, bottom-up) and structure (institutional or network set-up).

The participants in Bruges expressed a clear preference for bottom-up partnerships (those which ensue “naturally” on-the-ground, at the level of project promoters and beneficiaries) rather than a top-down set-up (dominated by political, regulatory, financial or supervisory organisations).

Why the social partners?

Working on the assumption that the large, traditional policy-making mechanisms are not best-placed to generate innovative activity, it would seem advisable to encourage bottom-up initiatives, with the support of the social partners. The social partners can also provide a framework for strengthening links with employment, either by helping define professional profiles, or by becoming actively involved in Pathways (by providing training, jobs or by reviewing the selection criteria for jobs).

Evaluating Pathways to Integration

A specific work session was devoted to evaluating the various components of the Pathways to Integration approach. A number of participants felt that there was, in general, too little opportunity to discuss evaluation issues. There was widespread consensus that, rather than focusing almost exclusively on placement results, evaluations should be based on qualitative criteria, with the active participation of beneficiaries themselves. What better way to judge the success of a Pathway than by allowing the participants themselves to become fully involved in the evaluation of what is after all, their unique experience.

The reports of the Bruges seminar are available in four languages (EN-FR-NL-DE) from the secretariat of DG V/B/2 (Tel.: +32-2-299.22.64).



Commissioner Flynn with participants at the Pathways to Integration Seminar, Bruges

Events in brief

'How to work better: the flexible firm' Seminar in Madrid

The objective of this seminar, held in Madrid on 3-4 December 1997, was to increase knowledge and raise awareness of how new forms of work organisation can contribute to a firm's performance. Organised by the Universidad Politécnica (Polytechnic University) in Madrid, some 250 people attended, including company managers, trade unionists, representatives from regional governments, education and training institutes and research bodies. Mr Saturnino de la Plaza, rector of the university, chaired the seminar.

Examples of best practice, i.e. case studies by companies which had successfully developed new forms of work organisation, were presented at the seminar. The participants also learned about public activities to support the development of new forms of work organisation in France and Denmark.

In his keynote address, Mr. Allan Larsson, Director-General of DG V, stressed the importance of the provisions made in the new Amsterdam Treaty and the decisions taken at the Jobs Summit. Other representatives from the European Commission spoke of the contribution made by the Community Initiative ADAPT to new forms of work organisation and of the results of OECD surveys on the impact of new forms of work organisation on enterprise performance.

Territorial Employment Pacts – Second Seminar on Good Practice, Bremen

Around 150 representatives from Territorial Employment Pacts, the Member States and the Commission gathered in Bremen on 25-27 January to focus on and support ongoing work aimed at furthering job creation in the Union.

There are now 89 Territorial Employment Pacts spread across the EU, all of which include highly diverse areas, covering a population of 36 million (around 10% of the EU's population) with an average unemployment rate of 13%.

The purpose of the Bremen seminar was to encourage fruitful discussion between all those involved in the Pacts. The seminar programme focused on three themes; involving non-public sector partners; identifying, managing and maximising resources and managing an on-going partnership. The seminar workshops stimulated constructive dialogue, confirming the crucial role played by the private sector and emphasising the importance of fostering a sense of common interest between the public and private sector as a prerequisite for a valuable partnership. On the theme of maximising resources, there was a general consensus that the

comprehensive mapping-out of available support in cash or in kind was an essential starting point for each Pact. Individual Pacts presented some interesting methods of financing their activities, including different ways of linking existing local and regional sources of finance to Pact activities. Finally, the workshops on managing an on-going partnership looked at how frequent communication between all involved cements the relationship and builds confidence in the process. Participants' attention was also drawn to the importance of evaluation as a means of assessing the impact of Pact activities.

More extensive information on the conclusions of the seminar is contained in the seminar report, available from the Employment and ESF Information Sector.

Joint colloquium on the follow-up to the Jobs Summit, Brussels

The European Parliament, Brussels, was the venue for a colloquium on 27 January on the follow-up to the Jobs Summit, organised jointly by the Commission and the European Parliament and presided by Mr Stephen Hughes, Chairman of the European Parliament's Committee on Employment and Social Affairs.

In his introductory address, Commissioner Flynn set the follow-up process in context, casting the spotlight on what he referred to as a series of "remarkable achievements" in the field of European Employment policy in 1997 and explaining how "rigorous application of the process and priorities confirmed by the Member States in Luxembourg" would help meet the European Employment Strategy objectives. UK Minister for Employment and Disability Rights, Mr Andrew Smith referred to unemployment in his video address as the "number one priority of the UK Presidency" and "an essential part of our overall objective of Making Europe work for the People."

The greater part of the day was given over to consecutive panel discussions on each of the four pillars of the Employment Strategy. Presentations by leading figures from the political and business world and representatives of public service and the Social Partners gave much food for thought, as shown by the level of audience participation in the debates.

Concluding the session, Mr Lönnroth and Mr Larsson of the European Commission drew attention to the failures of the past and emphasised how European-level targets could be met in future through "partnerships between enterprise, public authorities and the voluntary and third sector... by engaging the Social Partners in the implementation of policy... working locally... and recognising the diversity of country, region and sector."

Adapt and Employment update

In 1997, both Human Resources Community Initiatives made their second and final call for project proposals and both selected more projects than in the first round. The 2 250 Adapt and the 3 600 Employment projects are now starting their local activities and getting their transnational partnerships underway. The next edition of ESF InfoReview will look more closely at the activities of these new projects and the types of changes in policy or practice which they are hoping to influence. While these new projects were being selected, many of the first generation were nearing completion. Four European conferences or seminars were organised to give some of the promoters of these projects the chance to explain their experience and to display their products to a range of key actors and decision-makers. Here we look in on two such events – the Integra conference in Barcelona on combating exclusion and the Now seminar in Brussels on business creation by women.

Inclusion rather than exclusion

Right at the beginning of the Integra Conference, Commissioner Flynn spelt out the challenge facing the new Integra strand of Employment. "Integration demands that we decisively tackle all the factors which lead to exclusion: poor education, unemployment, poor health and housing, urban decay, poverty and marginalisation." These are the realities of life for Integra's target groups which include the long-term unemployed, unemployed lone parents, migrants and refugees, itinerants, gypsies and travellers, prisoners and ex-prisoners, recovering substance abusers and the homeless. This European conference, held by the European Commission and the Spanish Authorities in Barcelona in November last year, set out to unravel some of the complex issues involved in tackling the overall problem of exclusion.

Fortunately, Integra can build on the experience and expertise of those projects previously supported in the Horizon-Disadvantaged sub-strand of Employment. The 400 participants at the event included promoters of these projects, representatives of local and national government, key actors at local, regional, national and European level, and NGO representatives. An exhibition also ran in parallel with the other activities of the Conference. The Conference was able to demonstrate some of the best approaches to overcoming exclusion from the labour market, to identify factors of success, and to highlight the potential of these strategies and methods for transfer and mainstreaming.

Partnership was seen as essential if opportunities for local development were to be grasped. The discussion during the Conference had highlighted the role of local authorities, social partners and NGOs in this process and also the need to promote the participation of deprived groups in local affairs. The latter is a key principle of the new Integra strand and the Employment Guidelines of the Jobs Summit in Luxembourg. A particular challenge to the new projects will be to develop the capacity of such groups and to exploit their role as agents of change in the local community by preparing them to act as mediators, animators, counsellors or trainers.

The improvement of physical infrastructure in certain areas and of the quality of employment are also important factors. New jobs occur principally in the environmental sector and in the area of social and cultural services. "Fostering social concern and economic efficiency are not contradictory," remarked one of the participants present at the Conference. "We want to create lasting employment for people in difficult social situations, but this is only possible with good quality work and a product which is commercially viable. We are participating in the development of a society of greater solidarity."

This echoes the reason why Integra was created : to foster innovation and to disseminate good practice which can help disadvantaged groups gain access to employment and thus reduce social exclusion. In other words, Integra will contribute to the creation of a Europe of solidarity.



Commissioner Flynn and the Spanish Minister of Employment and Social Affairs, Mr Arenas, at the Integra Conference

Women – a growing force for business and job creation

“My colleagues thought that the idea of a software house was ridiculous, as software was normally given away free with every computer purchased, and my friends thought that I was not tough enough to survive in business.” Steve Shirley, Life President of F.I. Group plc, and keynote speaker at the Now seminar, began by outlining some of her difficulties in becoming an entrepreneur. “No-one expected much from women in work because all expectations were about home and family. But I could not accept all this and so I challenged the conventions of the time, even to the extent of changing my name from Stephanie to Steve in my business correspondence so as to get through the door before anyone realised my gender.” Steve started from home, and her business was already pioneering tele-working in Europe back in the 1960s. Today the company employs two thousand people and was floated on the London Stock Exchange, last year. A story resembling the American dream with its entrepreneurial edge and vision which are much rarer in Europe.

Yet many women in the European Union are trying to make similar dreams come true. Every third new business is created by a woman. But women still face barriers, even more so when trying to develop micro-enterprises into small and medium-sized firms. More than 50% of the Now projects focus on business creation, and this European seminar, held last December, gathered promoters from some of these projects, women entrepreneurs, representatives of national and local government, banks, chambers of commerce, economic development agencies and the social partners. The purpose of the seminar was to share examples of good practice and to identify measures to strengthen the framework for women's entrepreneurship in Europe.

The Now seminar identified access to start-up loans and legal advice as two of the main obstacles to female business creation. “Now” projects have proved to be successful in helping women overcome such barriers.



Ms Steve Shirley, keynote speaker at the Now seminar together with Hywel Ceri Jones, Deputy Director-General, DG V

They offer counselling, guidance, training and support, as well as helping to build networks among women entrepreneurs all over Europe. During the seminar, participants discussed new types of partnerships between banks, government agencies and the social partners as a way of facilitating loans for women's business start-up and growth.

Margareta Winberg, Swedish Minister of Labour, guest VIP speaker at the seminar, commented that it was crucial to transfer successful mod-



els, developed in schemes such as Now and other European Social Fund activities, into the mainstream labour market and training systems, and into business creation and SME support structures. The Minister explained that, in Sweden, the majority of entrepreneurs are men, however in regions affected by long-term unemployment in particular, “it is women who take initiatives and become entrepreneurs, whereas men tend to wait for the government to create jobs.”

“Women have superior intuition and interpersonal skills, use new styles of management and are very creative in finding new areas of employment”, commented David O’ Sullivan, Director at the European Commission, then responsible for the co-ordination of European Social Fund policy. He concluded the seminar by reminding the audience that it was “clearly stated at the Job Summit that a European business culture needs to be encouraged in order to stay competitive in the 21st century;” and that “women will play an essential role in this respect.”

For more information

If you would like more details about these events, please contact EUROPS, the organisation which assists the European Commission in the implementation of the Adapt and Employment Initiatives or visit the Adapt and Employment website (www.europs.be).

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Focus on Italy...

In this section we again turn our attention to one particular Member State. For this issue, we focus on Italy, providing an overall view of the country's recent economic reforms and employment policies, and shedding light on the role of the ESF.

Economic stability: Italy's ticket to European integration

"An extraordinary year." This is how the Italian Prime Minister, Romano Prodi, at the end of 1997, described the exceptional economic headway made by Italy last year. And the figures prove him right. In just one year, the deficit/GDP ratio, a crucial yardstick for gauging Member States' readiness to join the first wave of Economic and Monetary Union, fell from 6.8% to 3.8%. This achievement was due primarily to massive cuts in government spending, which are expected to stabilise the deficit/GDP ratio at 2.8% in the course of 1998. Italy has also managed to get a grip on inflation, bringing it down from 3% in June 1996 to 1.5% in December 1997. The Italian stock exchange also turned in a most satisfactory performance, notching up a gain of almost 50% in 1997 and weathering the Asian storm better than all the other European stock exchanges. On the employment front, progress was more modest, with employment rising by 0.2% in the third quarter of 1997. The national unemployment rate is, however, still over 12%.

1998: Year of employment

Unsurprisingly, the Prodi Government cites employment as its top priority for 1998. The strategy devised by the Minister of Labour, Mr. Tiziano Treu, is based on a range of measures which have become known as the 'Treu Package'. A number of important changes have been brought in. As in many other European countries, agencies are now involved in work placement in Italy. The rules on apprenticeship have also been changed for training and traineeship contracts. 'Socially useful work', (i.e. work useful to the community at large and commissioned by the local authorities), 'work exchanges' and 'work of public interest' have been introduced. Lastly, a loan offering

preferential terms of interest and security has been created for young people to facilitate business creation. The aim of all these initiatives, financed to a large degree by the European Social Fund (ESF), is to create at least 600 000 jobs in 1998.

The ESF in Italy

In Italy, the ESF is investing in over one million people, helping them to improve their prospects in finding, keeping or regaining work. The overall aim is to address the high level of unemployment (around 12%), and to reduce socio-economic regional disparities. Between 1994 and 1999, much of the allocated LIT 10 515 billion* will go to training schemes that help open up work opportunities, particularly for the long-term unemployed, recent school leavers and other disadvantaged groups at risk of social exclusion.

Italian ESF programmes focus on employment counselling and guidance, vocational training, promotion of self-employment and on-the-job-training. Around LIT 650 billion are directly invested in developing people's employability in "new employment areas" such as social services, the audio-visual sector, recreational and cultural activities, and environmental protection. Special support of LIT 503 billion is given to small and medium-sized enterprises (SMEs) to help create training programmes which develop new employee skills and help them adapt their existing ones – an investment that SMEs often have difficulties in making on their own.

A characteristic problem for Italy, however, is the North-South gap still dividing the Centre-North and the southern, Mezzogiorno, regions which are lagging behind in economic development. In 1995, unemployment was more than twice as high in the South than in the Centre-North. For this reason, 51% of ESF funding in Italy (LIT 5 405 billion) supports the Mezzogiorno regions to upgrade and modernise workforce skills and to stimulate entrepreneurial initiative. This encourages domestic and foreign investment into the regions, helping them to foster greater economic competitiveness and prosperity.

"1997 has been a good year in Italy for the European Social Fund," says Lisa Pavan-Woolfe, Acting Director for National Employment Monitoring and ESF Operations II, in the European Commission. "On the financial side, expenditure has gone up from 12% to 31% and commitments from 24% to 63%. The mid-term evaluation exercise has produced interesting material which demonstrates the added value of the European Social Fund."

* Exchange rate: ECU 1 = LIT 1 973.5



"The long-term unemployed and jobless youth are the major beneficiaries of ESF assistance. The percentage of long-term unemployed covered by ESF operations is 2.1% in Objective 1 regions and 9.5% in Objective 3 regions (Centre-North). The most successful projects follow the pathways to integration approach, providing skills assessment, guidance, training and back-up. The proportion of young job-seekers assisted by the ESF is quite considerable: 17% in the Southern regions and 18% in the Centre-North. These figures are close to the 20% target agreed in the Luxembourg conclusions."

"Moreover," adds Ms Pavan-Woolfe, "two new ESF Operational Programmes were launched in 1997 to help integrate the unemployed into the labour market. These programmes place particular emphasis on local development, cultural heritage, and the transfer of best practice between Northern and Southern regions."

Interview with the Head of the ESF Mission, Ms. Annalisa Vittore

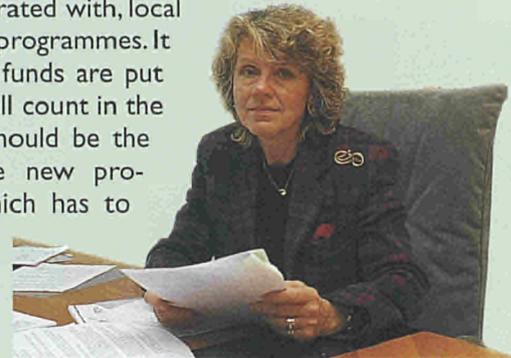
ESF InfoReview asked Ms. Annalisa Vittore, Head of the ESF Mission, to give her views on the work of the ESF in Italy.

"In Italy the objectives of the European Social Fund are obviously intimately linked to the principles of the European Union. But our programmes vary considerably from region to region, which is quite normal because the situation in Italy is far from homogenous. The regions of Central and Northern Italy are in line with the EU average, while those of Southern Italy are frequently in a critical situation.

Some 80% of the programmes are administered by the regions, 20% of them by the Ministry of Labour and other institutions. In addition, there is overall monitoring of unemployment among young people, the problem of the long-term unemployed, the situation of women and all those who are part of the socially disadvantaged segment. Our aim is to face up to Italy's employment challenges by adopting creative approaches. The low-interest/low-security loan, promoted by the Agenzia per l'imprenditoria giovanile (Agency for business creation among young people) is one initiative supported by the ESF. This special loan is given by the State to young people wishing to set up a business. This has been highly successful to date, with eight out of ten companies surviving on the market. We have also seen what a driving force training is. There can be no development without training and, above all, without training it is impossible to bridge the gap between labour supply and demand. We have therefore included training requirements in the Territorial Pacts, providing a consensual

framework for all the active forces of the labour market in a given region, including companies, workers and local authorities with whom we have worked out development and training approaches.

This is also where ESF support for the Italian Government's labour policy comes in. Community funds must not be added to, but must be integrated with, local development programmes. It is how these funds are put to use that will count in the future. This should be the basis for the new programming which has to be increasingly focused on the integration of ESF support with the var-



Ms Annalisa Vittore, Head of the ESF Mission

ious national policy measures. The fundamental aim is to produce high-quality workers. This is what the 'Treu Package', approved by the Italian Government, sets out to achieve. Apprenticeship, traineeship, low-interest/low-security loans are all measures in which ESF funding is used. Thanks to the resources from the ESF 450 000 apprentices in Italy will have the opportunity to participate in external training. The mid-term reprogramming exercise will make it possible to reallocate the resources of Objective 3 to other programmes targeting the young and the unemployed.

But we should not lose sight of the individual projects. In the field, we have always worked on a case-by-case basis, paying attention to the actual social situation we have before us. Let me quote the example of the Solarium project in one of the worst areas of Palermo, where retired craftsmen teach their trade to young men and women who, despite their young age, already have a criminal record. Those retired craftsmen win them back into society and snatch them from the clutches of the Mafia. These young people from Palermo are among 650 000 workers who took part in our training schemes in 1997. This is the path we intend to follow."





Interview with the Italian Minister of Labour, Mr Tiziano Treu

ESF InfoReview spoke to the Italian Minister of Labour, Mr Tiziano Treu.

The European Union has noted the progress made by Italy in absorbing EU Structural Fund support. Could you explain in general terms how these Funds are used in your country?

Mainly for infrastructure, active labour market policies, human resource development and vocational training. Our main concern at present is how to make optimal use of the funding available. One of our most recent undertakings has been to reorganise training centres, turning them into training agencies, which are better equipped to deal with the changing needs of the labour market. We were particularly pleased to see that the Jobs Summit in Luxembourg called for more targeted use of ESF funding, focusing in particular on training schemes for young people and for people who lose their jobs later in life and need to acquire new skills to enable them to re-enter the labour market.

Your Government has the difficult task of reconciling competitiveness and labour market flexibility. Could you give me some specific examples of the contribution made by ESF programmes to this and other objectives?

The ESF has enabled us to do a great deal in the area of training and has made a vital contribution to enhancing the capacity of workers and management to meet difficult challenges for which a

prerequisite is the continual updating of knowledge and managerial skills, indispensable in this era of globalisation of markets and the economy. The SMEs in the north-east of the country are a good example. The ESF also acts as a lever in promoting labour market flexibility. It plays a crucial role in facilitating young people's access to companies, in particular through the combined work/training contract, which

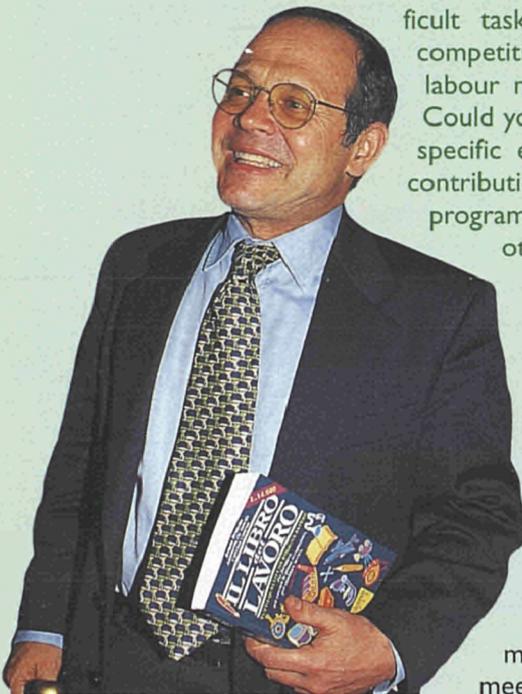
in recent years has had considerable support from the ESF, and the redesigned apprenticeship schemes which have provided a gateway for thousands of young people.

Despite an exceptional year in cleaning up public finances and boosting the economy, the official figures show that Italy has made little headway in solving the unemployment problem. What contribution has the ESF made – and could it make in future – to developing human resources and creating new jobs? In your opinion, how many jobs have, or will be created thanks to ESF funding?

It is never easy to give this kind of estimate. What we can say with certainty, however, is that the ESF has made a significant contribution to vocational training activities, for instance through the measures I have mentioned already. Its role is set to increase still further in helping boost new employment opportunities through other active policies.

The allocation of the Structural Funds among the various national programmes in Italy has brought to light a number of problems. Expenditure on infrastructure, for example, is very weak (10%) as are the allocations for tourism and for the training of training personnel. Does the Italian Government plan to review the distribution of Community resources, and if so, how?

Yes, we do have plans to evaluate region by region the room for manoeuvre for redistributing available resources. This has been done to some extent already. I am thinking here of unspent funds for specific projects which were reallocated to a road transport infrastructure project in "Salerno-Reggio Calabria", a major development initiative in the Italian Mezzogiorno. We also want to pay more attention to the training of "trainers" and we have paid specific attention to this aspect when redesigning our training centres.



Mr Tiziano Treu, Minister of Labour



Project examples

Retraining Italy's metal workers

Metal worker Manlio Sitta joined the Falck Concordia foundry when he was just 18, but after 24 years' service was made redundant when the company restructured. "To start with, it was hard," Manlio recalls. "In the factory, I had been promoted to shift foreman, but that was worth nothing now." It is people like Manlio and others in his situation, that an ESF-funded initiative launched by the specialist training company Riconversider and the Italian Ministry of Labour, sets out to support.

The initiative faced its first major challenge when 1 857 workers were made redundant by three large firms in Northern Italy: Falck Spa, Montello Spa, and Ferrero Spa. This was particularly devastating for older metal workers with up to 25 years experience of assembly lines and blast furnaces. The scheme managed to meet its goal of retraining and finding new jobs for most of the redundant workers. "We didn't want to discard the experience they brought with them, but at the same time we had to bring it up to date with modern skills which would make these workers productive in new positions," explained Ferdinando Pancaldi, in charge of the project.

The iron and steel industry in Italy is particularly prone to the economy's cyclical growth, with production rising and falling with market demand. The cycle also hits the labour market: as soon as demand has been met with new hirings, the industry is forced to cut back again. Riconversider was created to break this cycle and to retrain metal workers in the iron and steel industry who had lost their jobs during the restructuring process. It was founded by the Federacciai, a federation of Italian firms in the iron and steel industry, as well as other regional institutions such as local finance agency, Finlombarda, the Mediocredito Bank, the provincial governments of Milan, Bergamo and Brescia, and the Small Business Association in Lombardy.

New jobs and new skills

The approach has paid off. Some 1 479 – or 77% – of the 1 857 people made redundant have since found new jobs. The re-training courses provided places for 601 people for a total of some 251 000 hours, focusing in particular on computing skills.

Manlio was just one of the successes of this effort. Alongside his co-workers in Sesto, Manlio went on a computer training course. When a nearby solid urban waste treatment plant in via Rubattino, Milan, started looking for new operators, Manlio was well-placed to begin a second career. Along with 75 ex-colleagues

from the Falck plant, he learned to weigh and compact 2 000 tonnes of waste a day, and to handle the administrative paperwork verifying how it had been treated and recycled. "It may seem absurd but there is no great difference between producing steel rods and processing waste. You just have to learn how to do it," he said.



Metal workers being retrained at Riconversider

Teaching global entrepreneurship

"I have already visited a firm and attended a conference on foreign investment at which we contacted companies from Italy, China, Morocco and Ethiopia," said Majid Bekkous, a 25-year-old Moroccan student from Casablanca, one of the young trainees who will open up Italy's Emilia Romagna region to the global markets. The training program that prepares him for the task is an ESF-supported initiative carried out by COFIMP, the SME consortium in the region.

Most small and medium-sized enterprises in the Emilia Romagna region are acutely aware of the need to seek more global markets, according to a 1996 study carried out by COFIMP. The study revealed that only 10% of the 126 SMEs surveyed had yet to consider branching into foreign markets, although 73% of them already had contacts in Latin America, the Middle East and North Africa. The results clearly show that managers needed a programme to train them to master the international language of business, according to COFIMP's Carla Tolomelli: "As well as having the contacts, managers must also be able to understand the cultural characteristics and behaviour of countries they see as potential business partners."

Foreign graduates as envoys

COFIMP decided that the best stratagem would be to develop a course for final year college students from outside the European Union studying business in Emilia Romagna. "They could then provide a cultural and economic 'bridge' between Emilia Romagna and their home country," said Alister Catalini, one of the course teachers.



COFIMP then contacted firms, asking about their specific needs, and selected the students on the basis of these demands. The result was a class of 12 students: five Africans, four Eastern Europeans, two Japanese, and one Peruvian. The entire course lasted 800 hours. The first 500 involved classroom lessons, exercises, case studies, role playing, and company visits and presentations. The final 300 hours included work placement training in a company, foreign placements in a country of interest to the company and related to the student's national culture, and a return to Italy to report on the results of the trip.

Bridging cultures and markets

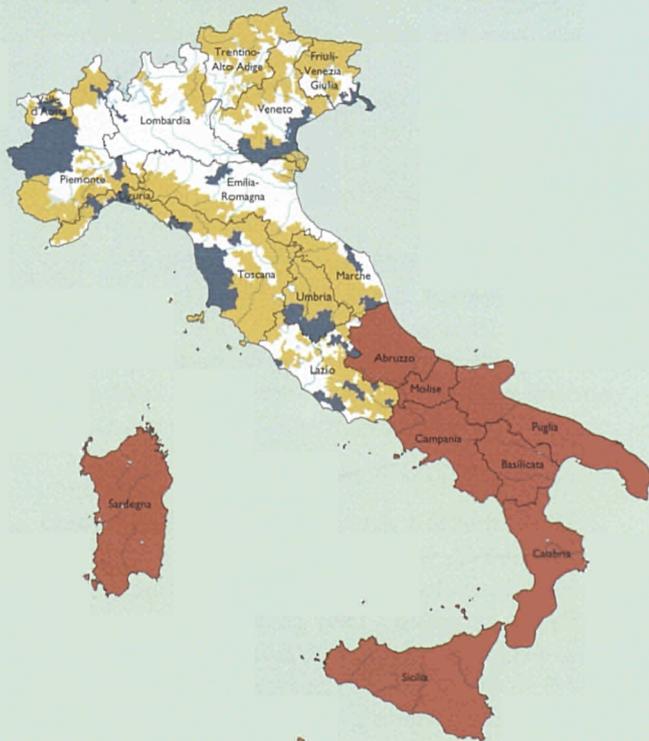
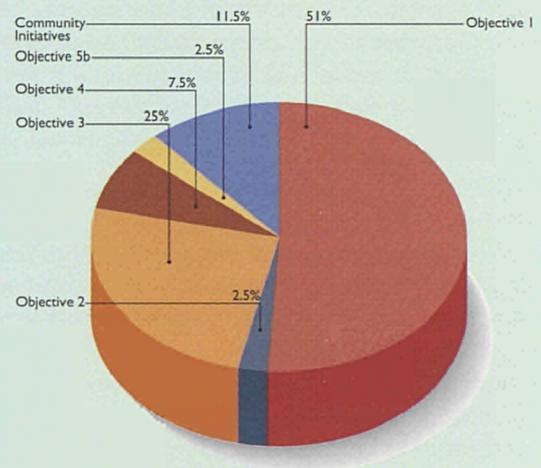
Majid had already tried to act as an intermediary between Moroccan and Italian firms before the course. Studying economics at the University of Bologna when he was contacted, he explained the programme in more detail: "The idea was to become a professional capable of forming a bridge between two diverse economies, markets and cultures." Even early on in the course, Majid could see its practical applications: "I am learning how to use software to form relationships with banks, for example. Above all however, the programme has fuelled my motivation, and given me a firm basis for any future ventures I undertake."

Facts and figures – Italy

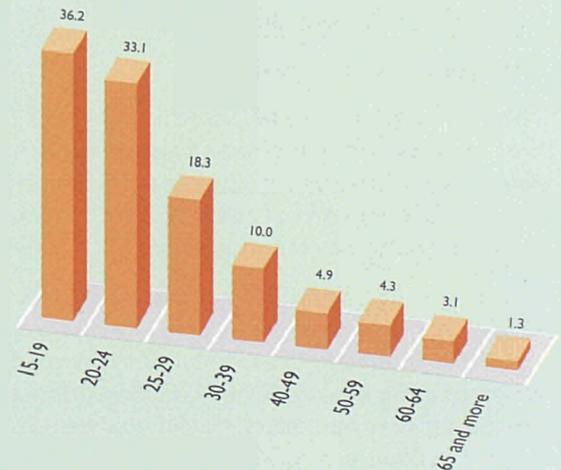
National statistics

Official language	Italian
Currency	ECU 1 = LIT 1 973.5
Italy GDP per capita	90.5% of EU average
Population	54.5 million (April 1997)
Demographic density	190 inhabitants per km ² (EU density 115 per km ²) (January 1996)
Unemployment rate	12% (March 1998)
Trade with EU	imports – 62.9% exports – 61.5%

Breakdown of ESF funding (1994-1999)



Unemployment rate per age group (1996)



ESF 2000: A Guide to the new Structural Funds Regulations

Introduction

The current EU Structural Funds regime - which has been in place since 1994 - is due to expire at the end of 1999. On 18 March 1998, the European Commission formally adopted a series of draft Regulations which, once approved by the European Parliament and European Council, will determine why, where and how the Funds are to be spent in the seven-year period from 2000 to 2006.

This special Supplement to InfoReview No. 5 summarises the main features of both the draft **General Regulation**, which sets out the overall principles and objectives of the Funds as a whole, and the draft **ESF Regulation**, on which all European Social Fund spending in the new programming period will be based.

Overview

Since the last major reform of the Structural Funds in 1988, the Europe we live and work in has changed dramatically. In the past five years alone, we have witnessed the completion of the Single European Market, the continued expansion of the Union, the consolidation of economic globalisation and rapid technological change. In the near future, meanwhile, the introduction of a single European currency and significant further enlargement of the Union loom large on the horizon.

Substantial progress has also been made during the past decade with regard to **economic and social cohesion**, particularly in the reduction of disparities in per capita income between Member States. However, in terms of tackling unemployment, the situation is less than satisfactory: the creation of almost 7 million net jobs since the mid-1980s has barely reduced the total number of people out of work in the Union, and variations in regional employment have actually risen sharply during that time. As a consequence, cohesion and employment continue to rank amongst the top political priorities of the EU.

The revised European Social Fund should be seen in the context of the new **European Employment Strategy** (EES), the foundations of which were laid at the Essen European Council in 1994, and which was further developed by the inclusion of a new Employment Title in the Treaty of Amsterdam. This Title makes the promotion of employment a matter of common concern for the EU and requires Member States to co-ordinate their policies in order to achieve a high level of employment in the context of balanced and sustainable economic and social progress. The strategy was further reinforced by the subsequent adoption by the Council of Ministers in December 1997 of a series of Employment Guidelines, based on four core themes: **employability, entrepreneurship, adaptability and equal opportunities**. The National employment Action Plans (NAPs), which each Member State must now submit to the Council and Commission as part of the EES, should reflect these four priority themes.

The new draft ESF Regulation dovetails perfectly with this approach, effectively making the revised European Social Fund a key policy and financial support for the EES.

The draft Regulations

The five draft Structural Fund Regulations - comprising a horizontal **General Regulation** and one vertical Regulation for each Fund (ESF, ERDF, EAGGF-Guidance, FIFG) - are based in large measure on the Commission's blueprint for the future development of the Union, as outlined in the *Agenda 2000* document of July 1997.

With a proposed total budget of **ECU 210 billion** (at 1997 prices) for the seven-year period in question, the new draft Regulations have been developed around the following principles:

- The need to maintain financial solidarity and greater cost-effectiveness in the new programming period
- The desire for a new partnership between the Commission and the Member States, comprising a clear division of responsibilities between the two parties which gives a wider remit to the individual States and re-focuses the Commission's own responsibilities
- The promotion of four basic Community priorities:
 - sustainable economic development
 - competitiveness and innovation
 - employment and human resources
 - equality of opportunity between men and women.

The General Regulation

Perhaps most important of all, however, are a series of **guiding principles**, as follows, which are set out in the General Regulation, and which underpin the overall context and content of the four vertical regulations:

1. Greater concentration

In line with commitments already outlined in *Agenda 2000*, the new Structural Funds will be focused on a limited number of priority **objectives**. The Funds currently cover seven different objectives, but in order to achieve a more efficient use of limited resources, it is proposed to reduce these to just three. Two of these will be region-based, while the third will be a horizontal, human resource-focused measure.

Objective 1: Regions whose development is lagging behind

Will provide maximum level of structural assistance to regions whose level of development in per capita GDP terms is less than 75% of the Community average. In order that funding may be concentrated in the areas which need it most, the criteria which determine eligibility for Objective 1 status will be strictly applied. However, a transition phase of up to

six years will be put into operation for regions which currently hold Objective 1 status but whose standard of living has now risen above the 75% threshold. Assistance for Objective 1 regions will be available from all four of the Structural Funds, and will account for approximately two-thirds of the total spend.

Objective 2: Regions undergoing economic and social conversion

Designed to cover regions whose economies are not sufficiently diversified. Assistance will be strictly focused on those regions that are most seriously affected by economic and social conversion. Not more than 18% of the total EU population should be covered by this Objective, of which two-thirds should come from industrial or urban areas, and the remainder from rural or fisheries-dependent regions. For those regions which currently qualify for either Objective 2 or 5(b) status, but which will not be eligible for the new Objective 2 post-1999, a four-year transition arrangement will be put in place. Objective 2 will be financed by three Funds: the ERDF, the ESF and the Guarantee section of the EAGGF.

Objective 3: Human resources

The new Objective 3, which will be financed by the ESF, will be horizontal in nature, focusing primarily on the adaptation and modernisation of national and EU policies and systems for employment, education and training. It will serve as a reference framework for all human resources operations in the Member States, and for ESF assistance in particular, taking account of the Employment Title in the Amsterdam Treaty and the Union's new Employment Strategy, including the co-ordination of Member States' employment plans.

Objective 3 will be implemented with sufficient flexibility to take account of the wide variety of policies, practices and needs that exist in the different Member States. Taking account also of the seven-year lifespan of the new regulations, eligible measures under Objective 3 have been quite broadly defined, e.g. active labour market policies to fight unemployment; the promotion of social inclusion and equal opportunities for men and women; employability via lifelong education and training systems, and the anticipation and facilitation of economic and social change.

Objective 3 will endeavour to facilitate an effective "dove-tailing" between the assistance provided and National employment Action Plans, and to ensure that the funding corresponds in broad measure to national and regional priorities.

The Community Initiatives and innovative measures

The main objective of the Community Initiatives is to stimulate Member States, regions and economic and social partners to work together to implement measures of common interest to the EU. In line with the general commitment to concentrate resources, it is envisaged that the number of Community Initiatives will be reduced from the present 13 to just 3: one for

inter-regional and trans-national co-operation, one for rural development and one which concentrates on all forms of equality of opportunity. To ensure simplification, each Community Initiative should only be eligible for assistance from a single Structural Fund. ECU 10.5 billion - approximately 5% of the total Structural Funds budget of ECU 210 billion - will be allocated to the Community Initiatives during the period 2000-2006. A further 1% of the total Structural Funds budget will be allocated by the Commission to innovative measures such as studies, pilot projects and other initiatives involving exchange of experience.

In terms of concentration by **topic**, and in order to facilitate the preparation of Member States' national development plans, the Commission has undertaken to prepare guidelines in advance which set out the particular priorities for each of the objectives. As well as facilitating the partnership between Commission and Member State, this will have the added benefit of encouraging potential beneficiaries to focus their activities on Community priorities.

A commitment to gradual **geographic** concentration is evidenced by the Commission's wish to reduce the proportion of the overall EU population covered by Objective 1 and 2 from the present 51% to between 35 and 40%. The transition phases referred to above (six years for Objective 1 and four for Objective 2) are intended to prevent any adverse effects arising in those areas which no longer qualify.

Finally, there will be concentration of **funding**: the Commission favours continuation of the principle, first agreed by heads of State and Government at the Edinburgh Summit in 1992, that approximately two-thirds of the total Structural Funds budget should go to those regions whose development is lagging behind (including those areas in which such assistance will be transitional).

2. Simplification and decentralisation

The key to the future operation of the Structural Funds is an improved **partnership** between the various actors concerned. To this end, the Commission proposes two related reforms:

(i) **Expansion** of the partnership beyond national and regional authorities to include, in a real and meaningful way, local authorities and social and economic partners on the ground;

(ii) A **clearer division** of the responsibilities of the different actors, which is a sine qua non for simplification in the administration of the Structural Funds.

Decentralising as much of the Structural Fund programmes as possible is an important objective of the new Regulations. Whilst the broad thrust of each programming document will be agreed by the Commission and the Member State acting in partnership, detailed programming will be entirely the responsibility of the Member State.

The current system of financial management and control of the Funds is considered to be overly-complex. As this has led to payment delays resulting from relatively minor blockages in the system, the Commission is proposing to put **simpler but more stringent financial management** requirements in place.

3. Improved efficiency

Clarifying responsibilities and decentralisation should lead, in part, to greater efficiency. Other means of achieving this could include:

- Using a tighter definition of eligible expenditure;
- Making greater use of financial engineering by developing forms of assistance other than grants, e.g. reimbursable aid, low-cost loans, etc.;
- Full integration of evaluation, in order to spread best practice;
- Streamlining of the process of additionality verification.

The Performance Reserve:

A novel feature of the next round of Structural Fund programming will be a mid-term Performance Reserve of 10% of the total budget, which is designed to enhance and reward the efficiency with which Member States use their funding allocations to achieve pre-determined targets, while seeking an additional economic impact in real terms.

4. More effective controls

Improved procedures for checking Structural Fund assistance is another quid pro quo for the decentralisation of implementation. The Commission plans to ensure that more reliable financial inspection systems are put in place, and that financial corrections, where necessary, can also be made more effective.

The European Social Fund 2000-2006

Within the overall context of the General Regulation, the new draft ESF Regulation sets out a range of provisions that apply specifically and uniquely to the European Social Fund.

It is worth recalling that the cornerstone of the revised ESF is the new European Employment Strategy (EES), in particular the Title on Employment in the new Treaty of Amsterdam, and the annual Employment Guidelines around which each Member State must now submit an annual action plan for employment.

Also worth noting is that the general policy fields in which the ESF may intervene post-1999 provide an almost-perfect match with the main pillars of the EES (employability, entrepreneurship, adaptability and equal opportunities).

- (i) The development of **active labour market policies** to fight unemployment, to prevent women and men from moving into long-term unemployment, to facilitate the re-integration of the long-term unemployed into the labour market, and to support the occupational integration of young people and of people returning to the labour market;
- (ii) The promotion of **social inclusion and equal opportunities** for all in accessing the labour market;
- (iii) The development of education and training systems as part of lifelong learning policy to enhance and sustain **employability, mobility, and integration** into the labour market;
- (iv) The improvement of systems to promote a **skilled, trained and adaptable workforce**, to foster **innovation and adaptability** in work organisation, to support **entrepreneurship and employment creation**, and to boost human potential in research, science and technology;
- (v) Increasing the **participation of women in the labour market**, including their career development and access to new job opportunities and entrepreneurship, and reducing segregation in the labour market.

These priorities are, by necessity, relatively broad, not only because employment and human resources policies, practices and needs vary considerably from Member State to Member State, but also because of the seven-year lifespan of the new Regulation. The objective is to ensure the participation of the ESF in all five fields, whilst at the same time allowing each Member State to decide its own priorities for ESF investment.

Particular emphasis is, however, placed on the importance of **local employment initiatives**, with the Commission especially keen to build on the success of the Territorial Employment Pacts developed as pilot projects under President Santer's Confidence Pact for Employment. In a similar vein, the draft Regulation also stresses that the employment potential of the Information Society should not be ignored.

Specific financial support will be made available both to **persons** and to **structures and systems**. Support for persons will take the form of training, particularly in the field of research and technological development, and of aids for employment and self-employment. For structures and systems, aid will be provided to improve the quality of training and the efficiency of employment services, to develop closer links between the world of work and education & training establishments, and to foster systems for forward planning and anticipation of changing employment and skills needs, particularly in relation to new forms of work organisation.

In addition, there will be support for **accompanying measures**, such as the provision of care services and facilities for dependants, and awareness-raising activities. Also included under this heading are activities which facilitate the so-called "pathways approach" to labour market integration, whereby a long-term, integrated series of training, guidance and support measures, specially tailored to the needs of the individual, is developed in the context of an overall partnership between the various actors in a particular region.

In line with the General Regulation, Member States will be obliged to ensure that ESF money is invested in a focused manner with clearly verifiable impact and visibility.

The end result for each Member State will be a "reference framework" which identifies:

- The allocation of funding across the five policy goals
- A set number of priorities for expenditure within those five categories
- Mechanisms for identifying precise outcomes and outputs from the programme for the purposes of monitoring and evaluation
- Defined targets which allow performance to be measured in the context of a possible allocation from the mid-term Reserve.

In financial terms, the ESF is likely to account for about 35% of the entire Structural Funds budget in the new programming period, i.e. approximately ECU 70 billion.

The draft ESF Regulation - article by article

Article 1

Adjusts the basic mission statement of the ESF to take account of the Europe Employment Strategy as outlined in the Amsterdam Treaty.

Article 2

Sets out the five policy fields in which the ESF may intervene (see above), as well as general commitments to mainstreaming equality of opportunity between men and women.

Article 3

Defines in an indicative way the activity areas eligible for ESF support.

Article 4

Sets out the commitment to concentrate ESF funding on the areas most in need of support, with particular emphasis on policy fields (iv) and (v) above. Proposes the designation of a minimum of 1% of total ESF funding for so-called "social risk

capital", i.e. the distribution of small grants by intermediary organisations (particularly NGOs). Also includes special references to the promotion of local employment initiatives and territorial pacts.

Article 5

Proposes the specific arrangements for the human resources Community Initiative, which will be focused on combating discrimination in gaining access to the labour market. It will be funded entirely from the ESF.

Article 6

Provides for support for innovative measures (such as pilot projects, studies, exchanges of experience, etc.) and for measures to improve the effectiveness of ESF operations.

Articles 7-10

Practical provisions regarding applications to the Fund and implementation of the Regulation.

The adoption by the Commission of these draft Regulations marks the beginning of the formal EU decision-making process. Before they can be formally adopted by the European Council, for which unanimity will be required, they must first be transmitted to the European Parliament for its assent (by simple majority), and to the Economic and Social Committee and the Committee of the Regions for their respective Opinions.

Once formally adopted, the new Regulations will enter into force three days after their publication in the Official Journal of the European Communities. They will be binding in their entirety and directly applicable in all Member States. The new measures will repeal the existing Structural Fund Regulations as of 1 January 2000.

We're on the web!

The month of March saw the launch of a brand new website devoted to the European Social Fund, accessible via the Europa server. With its new structure, graphic presentation and a whole host of new information, the site aims to provide an overview of ESF activities and to provide swift, comprehensive answers to all your questions.

The site contains details of many of the projects co-financed by the ESF in the Member States, publications on ESF activities, seminars and conferences, legal documents relating to the individual Member States (including summaries of Community Support Frameworks and Single Programming Documents), information on the numerous ESF priority themes, key facts and figures, etc.

The ESF Congress, which will be held in Birmingham from 26-28 May 1998 receives comprehensive coverage: you can already access Congress documentation and submit questions and comments relating to the different Congress themes. Once the event is under way, you will also be able to follow the Congress debates.

Take a look for yourself on:

<http://europa.eu.int/en/comm/dg05/esf>

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European Social Fund publications

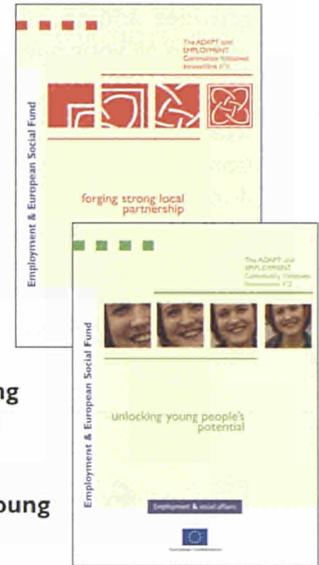
Available publications

- **The European Social Fund brochure**, July 1995 (available in all EU languages)
- **Leaflets on the ESF in each Member State**
Available in the national language(s), plus English
'The ESF in...
Austria, Belgium, Ireland, Italy, France, Germany, Portugal, Sweden, Greece, Finland, Netherlands, Spain and UK.
Appearing shortly: 'The ESF in...
Denmark, Luxembourg.
- **Meeting the challenge of change at work**, ESF project examples, October 1997 (available in English, French and German)
- **Territorial Employment Pacts**: Examples of good practice, September 1997 (available in all EU languages)
- **Local development and Territorial Employment Pacts, Report of the Rome seminar**, September 1997 (available in English, French, German and Italian)
- **Building the European information society for us all** – Final report of the High Level Group of Experts, April 1997 (available in all EU languages)
- **Living and working in the information society: People first** – Green paper, July 1996 (available in all EU languages)

Community Initiatives

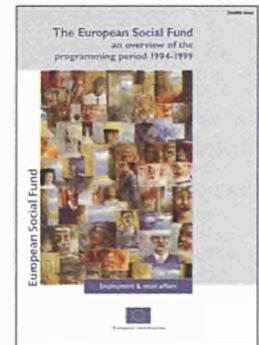
- **Information leaflets**, December 1996 (available in all EU languages)
Employment - Now; Employment - Horizon; Employment - Youthstart; Employment - Integra (Oct 1996); Adapt.
- **Special reports**, Feb/May 1997 (available in all EU languages)
Employment - Now; Employment - Horizon; Employment - Youthstart; Employment - Integra; Adapt.
- **Summaries of Member State operational programmes** (available in English and French)
Employment, December 1995
Adapt, January 1996

- **Provisional directory of projects**, March/September 1996. 4 editions
Employment - Now; Employment - Horizon; Employment - Youthstart; Adapt.
- **New Perspectives - Youthstart: a new commitment**, March 1996 (available in English, French, German and Spanish)
- **Special Report n°4: Employment - Now: New opportunities for women**, March 1996 (available in English, French and German)
- **Innovations n°1: Forging strong local partnerships**, March 1998 (available in English)
- **Innovations n°2: Unlocking young people's potential**, March 1998 (available in English)



New publications

- **Four brochures covering the ESF's work in the areas of**
 - Promoting equal opportunities for men and woman
 - Combating exclusion from the world of work
 - Helping young people along the path from school to work
 - Fighting long-term unemployment (available in English, French and German)
- **The European Social Fund, 1994-1999 programmes** (available in English and French)



To obtain copies of ESF publications, please contact
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