



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION**

**AND**

**PROPOSAL FOR A COUNCIL DECISION**

**on the Commission's activities of analysis, research, cooperation and action in the  
field of employment**

**(ESSEN)**

(presented by the Commission)

## COMMUNICATION FROM THE COMMISSION

on its activities of analysis, research, cooperation and action in the field of employment

(ESSEN)

### A. REVIEW OF RECENT DEVELOPMENTS

In its White Paper on Growth, Competitiveness and Employment, published in December 1993, the Commission proposed a new medium-term development strategy for creating more jobs and combatting unemployment more effectively. Based on the conviction that economic and social progress should go hand in hand, the medium-term approach set out in the White Paper no longer treats employment as just another factor in growth, but places it at the very heart of economic development.

In adopting the development strategy indicated by the White Paper, the European Council - after reiterating its concerns regarding unemployment trends and affirming the need for the Union to resolve its structural problems - stated that economic recovery, even if it was likely to make the Member States' task easier, would nevertheless not be enough to resolve the employment problems, and it urged Member States to take initiatives on a par with what is at stake.

During the Essen Summit in particular (held in December 1994), the European Council - taking account of the Commission's proposals<sup>1</sup> and building on the decisions it had taken at its previous summits in Brussels and Corfu (December 1993 and June 1994) concerning an employment action plan - set out *inter alia* five key priority action fields:

1. Improving employment opportunities for the labour force by promoting investment in vocational training.
2. Improving the employment-intensiveness of growth, in particular by:
  - more flexible organization of work in a way which fulfils both the wishes of employees and the requirements of competition;
  - a wage policy which encourages job-creating investments;
  - promotion of initiatives, particularly at regional and local level, that create jobs which take account of new requirements, e.g. in the environmental and social services spheres.
3. Reducing non-wage labour costs to facilitate the taking-on of employees and in particular of unqualified employees.
4. Improving the effectiveness of labour-market policy.
5. Measures to help groups which are particularly hard hit by unemployment, in particular young people, the long-term unemployed, older employees and unemployed women.

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<sup>1</sup> Action to turn growth into jobs - Brussels action plan (Phase 2), 29/11/1994.

The European Council also initiated a process for implementing its employment action plan, urging Member States to transpose its recommendations into a multiannual employment programme having regard to the specific features of their employment system as well as their economic and social situation. It also requested the Social Affairs and Economic and Financial Affairs Councils and the Commission to keep close track of employment trends, monitor the relevant policies of the Member States and report annually to the European Council on further progress on the employment market, starting in December 1995.

These recent European Council decisions, justified by the persistently high level of unemployment in the Union, also constitute a significant development both in terms of the degree of priority accorded to job creation and the approach adopted, which is primarily based on the "employment system" concept deriving directly from the guidelines and suggestions set out in the White Paper on Growth, Competitiveness and Employment, which is now placed to the fore.

This development strongly advocated by the Commission thus provides an opportunity - insofar as it points to several ways out of the employment crisis - and also a challenge requiring mobilization of effort and the upgrading and reorganization of action capacities both within the Member States (which remain responsible for the establishment and implementation of their employment policies) and at Union level. As specifically regards the Community level, this will entail, while fully respecting the principle of subsidiarity, carrying out a comparative analysis of the different national situations, promoting exchange of information and experience, and transferring best practice, all factors which correspond to a need generally expressed by the Member States.

Given the results of the action taken in recent years, the Commission therefore deems it necessary to underpin the multilateral monitoring process - recently proposed to the Council<sup>2</sup> in application of the Essen European Council decisions - revising and reinforcing its activities of analysis, research cooperation and action in the employment field.

Among other instruments and Community actions, analysis, research, cooperation and action in the field of employment have been developed under the budget line B3-4010 - labour market and employment - since the early 1980's when a worsening unemployment situation made it necessary to develop new strategies for employment creation. Since then, several initiatives have been developed in response either to Council resolutions or demands from Parliament. These initiatives, that have - as the following chapter shows - clearly proven their usefulness, have nevertheless suffered from a certain fragmentation and did not allow, given their budgetary limitations (of about 10 Mecu/year) for all their results to be optimised, taking into account current needs.

This change, which was announced in July 1994 in the Commission's White Paper on European Social Policy and was only recently reiterated with the adoption of the social action programme, aims to set up new guidelines to foster closer collaboration between the Commission and Member States on analysis, research, cooperation and action in the field of employment and labour market policy, providing the Commission with the necessary legal basis to pursue its activities in this field. Such a coordinated approach should render more effective the measures taken by the Member States and by the Union.

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<sup>2</sup> Communication from the Commission to the Council - follow-up to the Essen European Council (COM(95)74 final of 8 March 1995).

## B. CAPITALIZING ON EXPERIENCE GAINED HITHERTO

Commission observation, analysis and research activity and action in the employment field, along with dissemination of the results, have been growing since the early Eighties<sup>3</sup>. They have often been implemented in conjunction with the Member States and some with other international organisations e.g. the OECD and the ILO.

Thus on the observation and analysis side, the Commission has set up a European employment observatory the mainstays of which are the system for mutually exchanging information on employment policies, better known as MISEP, and the Community System of Documentation on Employment (SYSDÉM).

The information produced by the European employment observatory constitutes the source in particular for the drafting of the annual report on Employment in Europe and for providing insights leading to the submission of new policy proposals on employment/unemployment in the European Union.

In the run-up to the Essen European Council, for instance, the information generated by the observatory enabled the Commission and the Member States together to present the synoptic comparative tables showing the main measures taken on employment in the Member States.

The recognition by the Council in 1984 of how important the local level is in the fight against unemployment<sup>4</sup> has also enabled the Commission to pursue a series of initiatives in a largely unfamiliar area. The first efforts were designed to explore and assess local job creation potential, whereas subsequently the focus was on identifying and exchanging experience; this, thanks to the development of appropriate intervention techniques, resulted in the transfer of best practice across the EU countries. The most significant endeavour pursued by the Commission in this context is the LEDA (Local Employment Development Action) programme which since 1986 has, through a series of specific tools (manual on employment, LEDA school, management training programme, international mini-networks) been devising solid know-how for local employment development and thus contributing to the emergence and consolidation of local patterns of growth not only in the 42 zones in which the programme is currently active but also elsewhere thanks to an active policy of dissemination of results.

The Commission has also been active in the promotion of equal employment opportunities for men and women. Of the initiatives introduced, the most familiar is undoubtedly the LEI (local employment initiatives targeted at women) launched in 1987 to fight against female unemployment by encouraging and helping women to create lasting jobs by setting up in business or organising cooperatives or pursuing any other initiative capable of creating jobs. In addition to the 300 or so projects it produces every year which lead to the creation of jobs, the programme also publishes self-teaching/self-training packs and guides and conducts awareness-raising campaigns and exchanges of experience which can help to improve the situation of women on the employment market.

As for action targeted at the most disadvantaged groups on the labour market, the Commission has, complementing the Social Fund activities in this field, focused its efforts in recent years on

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<sup>3</sup> Council Resolution of 12 July 1982 on Community action to combat unemployment (OJ No C186 of 21.7.1982).

<sup>4</sup> Council resolution of 7 June 1984 on the contribution of local employment initiatives to combating unemployment (OJ No C161 of 21 June 1984).

action-research in order to obtain a better understanding of the problems of reintegrating the long term unemployed. A transnational programme, ERGO, makes it possible to improve knowledge of the problems the latter come up against as they try to re-enter the labour market, evaluates steps taken by the Member States and enables the transfer of best practice and sound approaches e.g. the idea of pathways to integration, throughout the European Union.

Lastly, the Commission has for some years now been pursuing a strategy of communication based *inter alia* on the publication of documentation, the promotion of international conferences and seminars of experts, the organisation of events such as the Employment Week, or support for the work and expansion of transnational networks (TURN, EGLEI - European Group for Local Employment Initiatives)<sup>5</sup> of operators examining new ways out of the employment crisis.

Among other actions, these initiatives have over time contributed to the examination of how to develop the policies of the EU, the Member States and their local authorities, and helped the economic and social players in the fight against unemployment.

At EU level, the development in the Structural Fund regulations and especially those of the ESF now enable the introduction of the lessons of this action-research, thus leaving in particular, scope for action to boost local employment development, innovatory approaches to integrate the long term unemployed into the labour market, the idea of pathways to integration, and action to promote equal opportunities.

At Member State and local authority level, the EU initiatives, thanks to exchange of information and experience, provide a better knowledge of best practice in various parts of the Union while at the same time, in the context of the fight against unemployment, contribute in particular to the the promotion of local employment development.

Lastly, as regards the economic and social players, it is essentially through their involvement in transnational exchange networks and the development of appropriate methods that their daily work has been enhanced by new expertise.

Considering the inherent limitations of any action which gives priority to seeking out and testing new solutions to the employment crisis and the comparatively low level of resources earmarked (around 10 million ECUs/year), the initiatives pursued so far may be deemed to be insufficient but have nonetheless proved their worth in catering for certain specific requirements. However, their fragmentation and, at times, their multiplication, has not always made it possible to concentrate resources nor consequently to optimise their potential impact.

An homogeneous approach is therefore needed in order to structure the different elements of Community action on employment policy so that they dovetail and in order to favour their interaction, while fostering partnership-based relations between the Commission and the Member States and thus make it possible to sustain and supplement the efforts made by the latter.

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<sup>5</sup> The TURN (Trade Union Regional Network) is a transnational network of trade-unionists active in the area of job creation and vocational training for the unemployed.

The EGLEI (European Group for Local Initiatives) network is an international association of local development agencies.

**C. Renewed orientations for analysis, research, cooperation and action in the field of employment**

With the new development strategy advocated in the White Paper on Growth, Competitiveness and Employment and in the medium-term social action programme and considering the momentum generated by the conclusions of the Essen European Council, the problem of employment is now at the top of the EU's list of political priorities.

This new approach stresses the need for a better understanding, in line with the employment system approach, of all the issues which can determine a more dynamic operation of the employment market, and to share the results of best practice, particularly through exchanges of information and experience.

It is against this backdrop and making the best possible use of achievements to date in terms of knowledge and expertise that the new orientations will embrace within an homogeneous approach the complementary functions defined below. In view of the limited funding available, the actions to be promoted will be implemented with priority being given on the one hand to the principles of cost/effectiveness analysis and on the other by painstaking selection of activities so as to generate a major multiplier effect and substantial added value. These functions will be flanked by transversal support activities to the benefit of the Member States and the players involved that wish to draw on them, particularly for defining and implementing the multiannual employment programmes requested by the European Council.

**PROMOTING A BETTER KNOWLEDGE OF THE LABOUR MARKET AND OF EMPLOYMENT POLICIES**

Establishing the procedures for monitoring the employment policies to be implemented in application of the Essen European Council decisions calls for Community observation and analysis capacities to be strengthened. This analytical capacity will be underpinned through research into medium-term trends in the employment systems and through the study of new problems linked to the changes, already taking place, in European society and their impact on employment.

**1.1 Observation and monitoring**

Introducing an observation system consisting - at Community level - of a permanent database containing information on labour market trends, national employment systems and the policy measures promised by Member States, in particular those related to the multiannual employment programmes.

This observation system will also collect all the relevant research work done in the employment field at both national and international level.

The above-mentioned observation activity will be undertaken in cooperation with the Member States through reinforcing the tools developed so far under the Mutual Information System on Employment Policies (MISEP) and the Community System of Documentation on Employment (SYSDM).

## **1.2 Analysis**

The information collected and then enhanced through other sources, in particular through national and Community statistics, will be analysed in order to evaluate and compare at Community level the action taken by Member States on employment policy, and in order to detect examples of good practice in the Member States by boosting the capacity for qualitative analysis. As regards the statistical side, it is difficult to reconcile the European Council's wish to monitor employment trends closely with facts and figures which are a year or more out of date. The Community labour force sample survey should therefore be converted as soon as possible into an ongoing survey generating quarterly figures which can be made available quickly.

In order to be able to fulfil the reporting functions, in particular towards the European Council, it will also be necessary to develop the conditions - in agreement with the Member States - enabling a homogeneous analysis and comparability of results at Union level.

This requires greater cooperation between the Commission and the authorities responsible for employment policy, as well as promotion of Community-level cooperation between the national authorities whose responsibilities involve implementation of policies having a bearing on employment in various fields such as social protection, education, training, taxation and promotion of equal opportunities for women and men.

Finally, it is important to involve the social partners in the monitoring and analysis procedure, in particular through the existing social dialogue arrangements at Community level.

## **1.3 Research on new issues**

It is vital, in this field more than elsewhere, to improve our knowledge of the factors which have a bearing on employment and skills in the medium and long term, and of the forces at play to which can influence the creation or the disappearance of jobs, particularly in the context of industrial restructuring. It is therefore necessary to foster the study of topics able to shed light on the conditions affecting the creation and disappearance of jobs in the future, all on the basis of examining current trends. Such studies will take into particular account the need for more detailed analysis of the factors which make for a more job-creative pattern of growth, and the potential impact on employment of globalization of the economy, including relations between the Union and its main trading partners and the social consequences of achieving the single market. Attention will also be paid to the employment problems linked to relations with the countries of the European Economic Area; the countries of Central and Eastern Europe; Cyprus, Malta and the Mediterranean partners of the Union; and with other non-member countries as well.

The research topics will, by way of example, include relations between the tax and social security protection systems and job supply and demand; the relations between employment and environmental protection policies, analysis of the information society's impact in terms of economic and social development, the real or potential risks of job delocalization caused by globalization of the economy, and the contribution of the social economy to the creation of new jobs.

The forward studies undertaken will be coordinated, in particular, with the targeted socio-economic research carried out under the fourth research and development framework programme, particularly under the "education-training" section.

## **2HELPING TO PINPOINT AND TRANSFER BEST PRACTICES**

The experience gathered so far shows the importance of developing Community actions contributing, at Union level, to pinpointing and transferring best practices in promoting employment. Analysis shows that some of the action priorities stipulated by the Essen European Council lend themselves particularly well to projects aimed at providing methodological and technical support in the quest to find new solutions to the employment crisis.

The activities to be promoted in this context will be implemented in cooperation with the Member States, with the accent on partnership and through fostering consistency and complementarity with activities funded by other national or Community sources, notably the Structural Funds and the *Leonardo* programme.

Among the priorities as laid down by the Essen European Council, the following will be the subject of initiatives forming part of the above-mentioned projects:

### **2.1 Promoting local development and employment initiatives**

Encouragement, in particular at local and regional level, of initiatives that create jobs which take account of new requirements, e.g. in the environmental and social services spheres, is one of the key fields identified by the European Council. This aspect will be taken into consideration, taking account of the information presented in Essen by the President of the Commission on the local development and employment initiatives and on changes in the present model of economic growth and economic objectives in relation to the environment and time management. The initiatives to be taken in this field will be enhanced by drawing on the measures undertaken by the Commission in the past few years - particularly the LEDA programme which will come to an end in its present form - and by taking into account the experience of the Danish, Irish and Portuguese in developing a framework at regional level and structures and procedures at local level in order to support an integrated concept for development at local level, as presented at the same European Council.

These activities will help to attain the objectives set out in the Communication which the Commission has just passed on to the Council concerning local development and employment initiatives.

### **2.2 Implementing measures to help groups particularly hard hit by unemployment, particularly young people, long-term unemployed, older employees and unemployed women**

The initiatives in this sphere will be carried out in conjunction with certain specific actions promoted, in particular, by the Structural Funds, by the *Leonardo* programme or as part of the fourth framework programme on equal opportunities for women and men, in which the LEI programme is to be incorporated. The benefit of what has been learned through the ERGO programme - also due to come to an end in its present form -, and from the research undertaken in the field of integration/exclusion by the fourth framework programme, will also be applied in this context.

### **2.3 Encouraging action in connection with reorganization of working time, including adaptation of working hours, which fulfil both the wishes of employees and the requirements of competition and involve the social partners.**

Action in this area will initially attempt to identify and analyse, from the job creation point of view, the many examples of reorganisation of work and re-arranging of working time currently under way. At a later stage these will be networked in order to promote exchange of experience and the transfer of best practices in partnership with the Member States and the social partners.



Due to their transnational nature, and through establishing a Union level network interlinking players concerned, all these initiatives - which aim to establish interactive platforms for developing and exchanging best practices in employment development - will also contribute a genuine added value thereby raising the performance of the players involved, who are all too often isolated in their daily activities.

### 3 DEVELOPING AN ACTIVE POLICY IN DISSEMINATING RESULTS

Finally, active dissemination of all the information obtained will be promoted. This information will be made available to all the public and private players concerned with employment problems. Depending on the circumstances, dissemination will be via regular bulletins, the Report on Employment in Europe, the Social Europe Review and through any communication channels deemed necessary to reach the target groups concerned or discussed at international seminars. Promoting maximum transparency, the Community framework aims, in collaboration with Member States, to play a part in highlighting the advantages which membership of the Union imparts, and thus to underpin citizens' acceptance of the Union, as recommended by the European Council.

As far as the Union level in particular is concerned, the results obtained from this new approach to Commission activities of analysis, research, cooperation and action in the field of employment will be presented in a final report to be submitted to the Council, the Parliament, the Economic and Social Committee and the Committee of the Regions by 31 December 2001 at the latest.

### D. PROMOTING PARTNERSHIPS AT ALL LEVELS

While employment policy is the responsibility of each Member State, it is nevertheless acknowledged that, whatever the level of institutional power, there can be no active employment policy without the active cooperation of all the socio-economic players.

This being so, the new approach will equally, in full respect of the principle of subsidiarity, seek to involve all the Member States, and the directors-general for employment in particular, in a partnership-based implementation of the action to be taken. Appropriate involvement of all players concerned, the social partners in particular, in the fight against unemployment will be sought within this partnership which will at the same time stress the role of the regional and local authorities.

In this context the Standing Committee on Employment will be one of the foremost forums for discussing both initiatives put forward by the Commission and the results of action undertaken within the EU.

The findings of all initiatives will provide the basis for the drafting of the report on employment in Europe and will also enhance the report to be submitted every year to the European Council on developments in the employment situation in the European Union.

## **Article by article-guide to the proposal for decision**

- Article 1: Decision to set up the new Community action "Essen"**
- Article 2: Definition of the aims of the action: setting up a new approach for Commission activity of analysis, research, cooperation and action in the area of employment.**
- Article 3: Content and type of action to be promoted. These actions are subdivided into three complementary functions:**
- **improving knowledge of the employment market and employment policies through observation, monitoring, analysis and research, also covering factors which can determine the creation or the disappearance of jobs;**
  - **identification and transfer of best practice through projects which will serve as the methodological and technical platforms in the quest for new solutions to the employment crisis;**
  - **development of an active policy to disseminate findings.**
- Article 4: Consistency and synergy with all European Union policies.**
- Article 5: Involvement in certain "Essen" actions of the EFTA countries, the countries of Central and Eastern Europe, Cyprus and Malta and to the MED countries in accordance with arrangements to be defined in the context of the relations with these countries.**
- Article 6: Implementation and partnership approach.**
- Article 7: Involvement of the social partners and the Standing Committee on Employment in the action taken.**
- Article 8: Submission of a final report to the Council and to the European Parliament by 31 December 2001 at the latest, giving the results of the action taken.**
- Article 9: Standard text.**

## PROPOSAL FOR A COUNCIL DECISION ON

### COMMISSION ACTIVITIES OF ANALYSIS, RESEARCH, COOPERATION AND ACTION IN THE FIELD OF EMPLOYMENT

(ESSEN)

#### THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 117 thereof,

Having regard to the proposal from the Commission,<sup>1</sup>

Having regard to the opinion of the European Parliament,<sup>2</sup>

Having regard to the opinion of the Economic and Social Committee,<sup>3</sup>

Having regard to the opinion of the Committee of the Regions,

Having regard to the previous Council resolutions on employment policy and the labour market<sup>4</sup>

Having regard to the resolution which the European Parliament presented to the Heads of State and Government at the European Council of Essen held on 9 and 10 December 1994,

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<sup>1</sup> OJ No C...

<sup>2</sup> OJ No C...

<sup>3</sup> OJ No C...

<sup>4</sup> Resolution of 12 July 1982 on Community action to combat unemployment, OJ No C 117 of 21.7.1982, p. 1;  
Resolution of 7 June 1984 on the contribution of local employment initiatives to combat unemployment, OJ No C 161 of 21.6.1984, p. 1;  
Resolution of 19 December 1984 on action to combat long-term unemployment, OJ No C 1 of 04.1.1985, p.3;  
Resolution of 22 December 1986 on an action programme on employment growth, OJ No C 343 of 31.12.1986, p. 2;  
Conclusions of 1 December 1987 on action to combat long-term unemployment, OJ No C 343 of 15.12.1987, p. 1;  
Council Resolution of 30 November 1989 on setting up a European employment survey, OJ No C 328 of 30.12.1989, p. 1;  
Council Resolution of 29 May 1990 on action to assist the long-term unemployed, OJ No C 117 of 27.6.1990.

Whereas, in accordance with Article 118 of the Treaty, the Commission has the task of promoting close cooperation between Member States in the social field, particularly in matters relating to employment and vocational training ;

Whereas, at the European Council of 10 and 11 December 1993, the Heads of State and Government approved the medium-term development strategy put forward in the Commission's White Paper on Growth, Competitiveness and Employment;

Whereas the Commission, in its medium term social action programme, announced its intention to propose a new approach for its analysis, research, cooperation and action in order to foster closer and more effective collaboration between itself and the Member States in the area of policy on employment and the labour market and to promote the rationalisation of its research work and other activities in the area of employment policies;

Whereas, in the conclusions of the European Council of Essen in December 1994, the Heads of State and Government confirmed that the fight against unemployment and to achieve equality of opportunity for men and women are and will remain the paramount tasks of the European Union;

Whereas, at the same meeting, the European Council identified five main areas for action to promote employment and called on the Member States to incorporate its recommendations into a multi-annual programme having regard to the specific features of their economic and social situation;

Whereas the European Council also requested the Labour and Social Affairs and Economic and Financial Affairs Councils and the Commission to keep close track of employment trends, monitor the relevant policies of the Member States and report annually on further progress on the employment market;

Whereas the Commission, in its Communication of 8 March 1995<sup>5</sup>, put forward its proposals on the political follow-up to the Essen European Council;

Whereas the Commission considers it necessary to complement the multilateral monitoring process recently proposed to the Council by the reorganisation and strengthening of all its activities concerned with the analysis of the labour market and of employment policies;

Whereas, without prejudice to the responsibilities of the Member States for promoting employment, this new approach can produce Community added value by pinpointing and encouraging best practices and policies, promoting innovation and exchanging relevant experience;

Whereas the promotion of employment is a priority task for the Union and the Member States, the achievement of which will involve all their policies and require all action undertaken to dovetail;

Whereas it is important to cooperate with the social partners and to mobilise all the local, regional, national and Community players concerned;

Whereas, in accordance with the interinstitutional agreement on budgetary discipline, it is necessary for actions taken on the initiative of the Commission to have a legal basis.

Whereas, for the measures concerned, the Treaty does not provide for any powers other than those referred to in Article 235,

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<sup>5</sup> Com(95) 74 final

**HAS DECIDED AS FOLLOWS:**

**ARTICLE 1**

A Community action for analysis, research, cooperation and action in the field of employment (ESSEN) is hereby established for the period from 1 January 1996 to 31 December 2000.

**ARTICLE 2**

This action aims to establish a new approach for analysis, research, cooperation and action in the field of employment, thereby creating a platform for the exchange of information and experience relating to employment. This new approach will contribute to the development of measures taken in the Member States which are in keeping with the focus of the Commission's White Paper on Growth, Competitiveness and Employment and with the decisions taken at the Essen European Council.

It is designed to promote the analysis of the labour market and of employment policies at Community level, to help to identify and transfer best practices and to develop an active programme for disseminating the results obtained.

**ARTICLE 3**

In order to achieve the objectives referred to in Article 2, the Commission may promote cooperation with the players concerned and/or provide financial support for the following measures:

- a) the establishment of permanent systems for observing, monitoring and exchanging comparable information and carrying out studies on employment policies and systems as defined in the Commission's White Paper on Growth, Competitiveness and Employment, labour market trends and the means whereby new jobs are created in the Member States and the Union;
- b) the provision of methodological and technical support for projects to identify and transfer best practices in areas such as work organisation, regional and local measures for creating jobs which meet new needs, and measures to assist certain groups of people particularly hard hit by unemployment;
- c) the implementation of any initiatives likely to encourage the broad dissemination of results obtained from the measures, including assistance in preparing regular reports on employment.

**ARTICLE 4**

The Commission shall guarantee the consistency of and synergy between the measures under this Decision and those taken under all policies of the Union. The Commission and the Member States shall seek to ensure that their actions of analysis, research, cooperation and action in the field of employment and those taken under the Structural Funds, the research and development framework programme, the fourth framework programme on equal opportunities for women and men, and those taken in the field of vocational training, in particular under Leonardo, complement each other.

## **ARTICLE 5**

Certain activities shall be open to the participation of the countries of the European Economic Area, the countries of Central and Eastern Europe, Cyprus and Malta, and to the European Union's partner countries in the Mediterranean, in accordance with arrangements to be defined in the context of the relations of the Union with these countries.

## **ARTICLE 6**

The Commission shall ensure implementation in accordance with this Decision. To this end, it shall cooperate on a partnership basis with the Member States, and especially as part of the regular consultation of the senior civil servants responsible for employment.

## **ARTICLE 7**

The social partners shall be associated with the action taken. The Standing Committee on Employment shall in this connection be the main forum for discussing its results

## **ARTICLE 8**

The Commission shall submit a final report on the results of this action to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, by 31 December 2001 at the latest.

## **ARTICLE 9**

This Decision shall be published in the Official Journal of the European Communities.

Done at Brussels,

For the Council  
The President

## FINANCIAL STATEMENT

### 1. TITLE OF OPERATION

Labour market and employment - Commission activities of analysis, research, cooperation and action in the field of employment (ESSEN)

### 2. BUDGET HEADINGS INVOLVED

B3-4010	Labour market
A0-1178	Technical assistance, consultants
A0-2380	Administrative costs

### 3. LEGAL BASIS

Application of Article 235 of the Treaty. Council Decision expected at the end of 1995.

### 4. DESCRIPTION OF OPERATION

#### 4.1. Objectives

Among other Community instruments and actions promoting employment, the aim is to develop a new approach for Commission activities of analysis, research, cooperation and action in the field of employment. Activities will be organised in cooperation with the Member States on the basis of the guidelines set out in the White Paper on Growth, Competitiveness and Employment.

#### 4.2. Period covered

Period from 1 January 1996 to 31 December 2000.

### 5. CLASSIFICATION OF EXPENDITURE

- 5.1. Non-compulsory expenditure
- 5.2. Differentiated appropriations
- 5.3. Type of revenue involved: none

### 6. TYPE OF EXPENDITURE

- 6.1. 100% subsidy for contracts for studies and the provision of services, meetings of experts and the organisation of conferences and seminars, as well as for publication and dissemination expenditure agreed on the basis of an initiative from the Commission.

- 6.2. Subsidies generally below 75% of total costs for operations jointly funded with public or private bodies at their request.
- 6.3. Interest subsidy: none
- 6.4. Other: none
- 6.5. Reimbursement: a partial or total reimbursement may be requested if the activities for which funding was granted are not carried out or are carried out only in part.

The proposed operation will not cause any change in the level of revenue.

## 7. FINANCIAL IMPACT

Estimates have been made on the basis of past experience. They take account of the needs stemming from the decisions on employment policy taken by the Essen European Council. The breakdown is given for guidance and covers only the measures to be attributed directly to budget heading B3-4010. The trend in budget line B3-4010, which is presented simply for guidance, is compatible with the ceiling laid down under heading 3 of the financial forecasts.

Subject	1996	1997	1998	1999	2000	Total
A. Analysis of the labour market and of employment policies						
A.1 Observation and monitoring	1.0	1.1	1.3	1.4	1.6	6.4
A.2 Analysis and evaluation	1.0	1.1	1.3	1.4	1.6	6.4
A.3 New problems						
B. Identifying and transferring best practices (projects)	3.4	5	5.6	6.5	7.1	27.6
C. Active dissemination policy	1.6	1.7	2.0	2.2	2.6	10.2
Total	8.0	10	11.5	13	14.5	57

Indicative breakdown in MECU for line B3-4010: this indicative breakdown does not prejudice the amounts which may actually be allocated by the budgetary authority for each of the years in question. On the other hand, the breakdown for each area of action is given purely for guidance. The amounts indicated for the subsequent years of the programme shall be defined in the appropriate initial draft budgets.

## 8. FRAUD PREVENTION MEASURES

All the measures funded are subject to *ex ante*, *in itinere* and *ex post* analysis by the responsible departments as regards content quality and cost effectiveness. These measures are supplemented by the work, including monitoring in the field, carried out by the financial departments of the Commission and the Court of Auditors. The documents which contractually bind the Commission and the



recipients of the payments provide for anti-fraud measures to ensure that the financial contributions of the Community are used correctly.

## 9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

The elements below only relate to line B3-4010. It should be noted, however, that certain measures will be promoted in coordination with other budget lines, in particular B3-4012 - the fourth programme on equal opportunities for women and men, B2-605 - pilot projects for the benefit of the long-term unemployed, or in association with the work of the Structural Funds, especially the European Social Fund, and budget lines B3-1020 and 1021 concerning vocational training policy, as well as the activities carried out in the context of the socio-economic research module of the fourth framework programme.

Given the limited financial resources, the actions to be promoted under these provisions will involve both the application of the principles of cost-effectiveness analysis, and the rigorous selection of activities in order to induce a significant multiplier effect and a strong value-added.

### 9.1 Specific objectives

#### A. *To promote the analysis of the labour market and of employment policies*

The conclusions of the European Council of Essen call for the monitoring and assessment of employment policies to be stepped up. With regard to Commission activities of observation, monitoring and analysis of employment policies under the B3-4010 budget line, this necessitates a strengthening of the analytical capacity and a better understanding of labour markets.

The overview of analyses will help the Commission to provide Member States and other interested parties with the necessary technical assistance in defining and developing multiannual programmes for employment as indicated in the conclusions of the Essen European Council.

#### A.1 Observation and monitoring work

This framework sets up a system of observation establishing at Community level a permanent database on labour market trends, national employment systems and the policy measures promoted by the Member States, in particular those concerning the establishment of multi-annual employment programmes.

This observation system, based on a strengthening of the European Employment Observatory which consists of a mutual information system on employment policies (MISEP) and an European documentation system (SYSDM), will also collect details of all relevant research work in the area of employment at national and international level.

On the basis of MISEP and SYSDM experience, a budget from between 1 MECU in 1996 to 1,6 MECU in 2000 is deemed the necessary minimum. These amounts will in particular be used to gather information - through national correspondents - on the employment policies in the 15 Member States, to produce

overviews and to present the results via comparative, synoptic tables at Union level.

## A.2 Analysis

This analytical work is designed to evaluate and compare at Community level the measures of the Member States in the area of employment policy. The results of this work will be presented to the other Community Institutions, to the Member States and other players concerned by employment policy, notably by means of the annual Report on Employment in Europe. In line with the decision taken by the Essen European Council, an annual report on developments in employment is to be presented. The present analytical work will contribute significantly to the preparation of this document

The observation and monitoring activities will be complemented with specific analyses enabling the Commission to evaluate the efficiency of actions promoted by Member States, in particular with reference to the development of multiannual programmes and the effectiveness of their results.

A budget from between 1 MECU in 1996 to 1,6 MECU in 2000 is deemed the necessary minimum to meet these requirements.

## A.3 Research new issues

In order to improve knowledge of the factors affecting employment in the medium and long term, the framework will support studies dealing in particular with the conditions affecting job creation. These studies will take account of the potential impact on employment of the globalisation of the economy, the social consequences of the completion of the single market, the employment problems linked to relations with non-member countries and the associated countries of Central and Eastern Europe, and to the new Euro-Mediterranean policy. The subjects to be covered by studies will include the links between taxation and social protection systems and between job supply and demand, the links between employment and environmental protection policies, and the analysis of the impact of the information society in terms of jobs and social development.

A budget from between 1 MECU in 1996 to 1,6 MECU in 2000 is deemed the necessary minimum to meet this requirement.

## *B. Helping to pinpoint and transfer best practices.*

Previous experience has shown how valuable it is to develop Community measures which help the Union to pinpoint and transfer best practices for promoting employment. Certain of the priorities fixed established by the Essen European

Council are particularly suited to the establishment of projects designed to provide methodological and technical support in the quest to find new solutions to the employment crisis. By their transnational nature and the networking of all players, these projects also produce genuine added value of quality for the joint funding provided notably by the Structural Funds.

The projects will be implemented in cooperation with the Member States, the accent being on partnership and efforts being made to ensure that the measures are consistent with and complement the activities funded by other Community sources, especially the Structural Funds, or by national sources.

Among the priorities established by the Essen European Council, the following should be the subject of initiatives forming part of the above-mentioned projects:

- B.1 The promotion, especially at regional and local level, of initiatives that create jobs which take account of new requirements, e.g. in the environmental and social services spheres;

On the basis of the experience with the LEDA programme, a minimum budget from between 1,5 MECU in 1996 to 3 MECU in 2000 is required to promote identification and dissemination of best practices and their transfer to the level of all 15 Member States of the Union.

- B.2 The implementation of measures to help groups particularly hard hit by unemployment, particularly young people, long-term unemployed, older employees and unemployed women;

On the basis of experience with previous programmes such as ERGO, a budget from between 1,2 MECU in 1996 to 2,1 MECU in 2000 is deemed necessary to obtain, on the level of the 15 Member States, the required minimum impact ( taking into consideration the relative heterogeneity of the groups concerned : young people, long term unemployed, unemployed women and elderly workers)

- B.3 The encouragement of measures in connection with the reorganization of working time, including the adaptation of working hours, which fulfil both the wishes of employees and the requirements of competition.

With regard to this new field of activity in which the Commission has little experience, it will first be necessary to collect information before developing research actions and their transfer. The minimum budgets deemed necessary are from between 0,7 MECU in 1996 to 2 MECU in 2000.

*C. Developing an active policy in disseminating results*

Lastly, the framework is designed to promote active dissemination of all the information obtained from the activities. This information will be made available to all public and private players concerned with employment problems. Depending on the circumstances, dissemination will be by regular bulletins, the Report on Employment in Europe, the Social Europe Review and through any

communication channels deemed necessary to reach the target groups concerned, including international seminars.

On the basis of past experience over the last few years in the field of production, editing (including translations) and distribution, these activities will be divided into producing written materials (annual Employment in Europe report, bulletins comparable to the present existing ones for MISEP and SYSDÉM), producing informatics such as the development of databases on CDROM, the realisation of media events such as the "employment week", and the organisation of national and international seminars to exchange information and experience or to publicise evolutions in the field of employment.

A budget from between 1,6 MECU in 1996 to 2,6 MECU in 2000 is deemed the necessary minimum to meet these requirements.

## **9.2 Grounds for the operation**

In December 1994, the European Council confirmed that the fight against unemployment and to achieve equality of opportunity for men and women were priority tasks for the Union. It therefore urged the Member States to incorporate its recommendations on employment into relevant multiannual programmes. It also requested the Council and the Commission to keep close track of employment trends and to report to it annually.

On the basis of the above, the Commission considers it necessary to contribute with this new approach, and apart from other initiatives, to the process of multilateral monitoring recently proposed to the Council.

## **9.3 Monitoring and evaluation of the operation**

Given that this framework is designed to encourage new solutions to employment problems, the functions of monitoring and evaluation naturally form part of the activities implemented, in such a way as to derive maximum benefit from them.

Two approaches will be used to evaluate the content of the measures:

- an efficiency analysis to compare the results obtained from each measure with the objectives established for it;
- an effectiveness analysis to determine the impact of the measures promoted on decision-taking.

The evaluation of projects will seek to identify and organise the transfer of best practices.

The Commission will present the Council with a final report on the implementation of the measure before 31 December 2001.

## 10. Administrative expenditure (Part A of the budget)

Administrative expenditure necessary for the implementation of "ESSEN" is provided for a fixed period of 5 years from 1996. They do not imply a supplementary budgetary allocation.

### 10.1 Technical assistance – consultancy – budget heading 1178

The measures will be managed, and their results applied, by the staff of the Employment Directorate of DG V, where necessary, in collaboration with other relevant services within the Commission.

Specialised consultants will be used for the operational management of the measures relating to the European Employment Observatory (multilateral follow-up of the employment policies of the Member States, and analyses) and to the projects.

The estimates of the expenditure to cover the fees of the consultants responsible for the operational management which are to be attributed to budget heading A-1178 are as follows:

A1178	1995	1996	1997	1998	1999	2000
Observatory		630.000	660.000	690.000	725.000	760.000
Projects		870.000	900.000	945.000	990.000	1.040.000
Total		1.500.000	1.560.000	1.635.000	1.715.000	1.800.000

For 1996 +/-30 persons/year at an average cost of 50.000 ecus/year.

### 10.2 Operating expenditure – A0-2380

The operating expenditure resulting from the activities described in point 10.1 are estimated to be:

A2380	1995	1996	1997	1998	1999	2000
Observatory		900.000	950.000	1.000.000	1.050.000	1.100.000
Projects		450.000	500.000	500.000	600.000	650.000
Total		1.350.000	1.450.000	1.500.000	1.650.000	1.750.000

The granting of any supplementary resources must be seen in the context of the priorities decided by the Commission in fixing the limits for the future budgetary exercises and the allocation of resources. In any event, supplementary resources will not prejudice the decision to be taken in this case.