

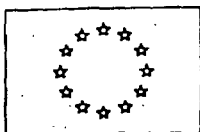
# **COMMISSION OF THE EUROPEAN COMMUNITIES**

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL  
TO THE EUROPEAN PARLIAMENT, ECONOMIC AND SOCIAL COMMITTEE  
AND THE COMMITTEE OF THE REGIONS

**EUROPEAN SOCIAL FUND - THE NEW OBJECTIVE 4**



EUROPEAN COMMISSION

**EUROPEAN SOCIAL FUND - THE NEW OBJECTIVE 4:  
COMMUNICATION TO THE COUNCIL AND PARLIAMENT**

**1 CONTEXT**

As the Commission has now given its approval in principle to most of the programming documents relating to Objective 4, it considers that it is important to inform the institutions of the results of this first stage in the implementation of this new Objective as regards the European Social Fund.

Article 123 of the Treaty on European Union requires the European Social Fund, in addition to its traditional tasks of promoting within the Community measures to facilitate employment and the geographical and occupational mobility of workers (measures which have been concentrated on fighting long-term unemployment and facilitating the occupational integration of young people), to facilitate adaptation to industrial changes and to changes in production systems, in particular through vocational training and retraining. This new task is described in the Structural Fund Regulations<sup>1</sup> and is explained in the subject-related documents distributed by the Commission.

The problem of adaptation to industrial change<sup>2</sup> which relates to all sectors of the economy, including services, covers a wider scope than assistance under the European Social Fund. It is also referred to explicitly in Article 127 of the Union Treaty on Community vocational training policy and indirectly in Article 130, which requires the Community and the Member States to ensure the conditions necessary for the competitiveness of the Community's industry.

Objective 4 constitutes a new approach within the context of employment, structural change and vocational training policies at European Union level:

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<sup>1</sup> See in particular framework Regulation (EEC) No 2081/93 amending Regulation (EEC) No 2052/88 on the tasks of the Structural Funds and Regulation (EEC) No 2084/93 amending Regulation (EEC) No 4255/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the European Social Fund.

<sup>2</sup> Includes changes in the services sector.

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- by targeting workers employed in companies, it makes a contribution to stabilising the jobs of workers under threat of unemployment and to developing companies' human capital, thus increasing their competitiveness;
- by combining needs-anticipation, structured training provision and the preparation and implementation of training measures, Objective 4 constitutes one of the pillars of a pro-active policy of adapting to industrial change;
- action under Objective 4 encourages preventive adaptation to change in preference to a curative approach.

Measures under Objective 4 must contribute to the simultaneous achievement of two goals:

- to boost the competitiveness of the economy by improving companies' ability to adapt to industrial change;
- to promote employment by encouraging the adaptation of workers to structural changes affecting companies.

## 2 IMPLEMENTATION OF WHITE PAPERS

In giving priority to investment in human capital, operations supported under Objective 4 are fully in line with the perspectives and priorities set out in the White Paper on *Growth, Competitiveness and Employment*:

- In terms of objectives, both the framework regulation on the Structural Funds and the regulation governing the ESF implicitly require operations under Objective 4 to address "the underlying causes of problems relating to industrial adaptation", to generate a more competitive economy and to develop the quality of the workforce by way of education and vocational training. Among the priority action areas identified by the Member States in the follow-up to the White Paper, special mention is made of improving education and training systems, reorganising working patterns in companies and improving flexibility in firms and on the labour market, reflecting a convergence between the measures envisaged in the Objective 4 programming operation and the follow-up to the White Paper in the Member States.
- As regards the actual means, the idea of anticipating needs as part of a preventive policy, strengthening continuing training, developing appropriate training systems, developing cooperation structures between the various players in the fields of education and training, and paying particular attention to small and medium-sized businesses are all consistent features throughout the White Paper and constitute priority actions under Objective 4.

By strengthening non-material investment, measures under Objective 4 constitute one of the principal means of boosting the overall competitiveness of the economy, helping to achieve a better match between technological progress and labour force skills and qualifications.

At European level, social policy has an essential role to play in this process of change. The White Paper on *European Social Policy - A Way Forward for the Union* seeks to set out the main approaches to action in this area at European Union level in the years to come: while considering social policy to be broader than just employment policy, one of the main priorities of this White Paper is the creation of jobs and investment in high-standard labour.

There must be positive interaction between operations financed under Objective 4 and LEONARDO, the European Community's action programme on the implementation of a vocational training policy, and the Community's ADAPT initiative.

ADAPT, which aims to help workers under threat of unemployment as a result of industrial change to adapt to new working methods and practices, makes it possible to introduce a transnational dimension and reinforce the innovatory nature of specific measures.

It is intended to have a major catalytic effect on efforts to promote employment and improve training service quality and standards.

The aim of LEONARDO is for training measures to take account of far-reaching changes regarding skills and qualifications: special attention will be devoted to relational, methodological and social skills and to helping individuals contend with permanent change and manage their own development, as well as to facilitating the transferability of qualifications.

### 3 THE MAIN PRIORITIES OF OBJECTIVE 4

#### 3.1 Guidelines and general principles

The programming documents drawn up by the Member States in partnership with the Commission are part of the process of implementation of the broad guidelines and the general principles set out in the Commission's regulations and documents. They are the result of negotiations which have sometimes been difficult, owing to various reasons:

- from the point of view of Structural Fund assistance, Objective 4 is of a novel nature, necessitating a "running-in period" for the implementation of concepts and redefinition of measures;
- in comparison with Objective 3, which supports and strengthens policies which are already well-established in the Member States, Objective 4 represents a specific approach to the employment,

training and competitiveness problem. Although the constituent elements of the Objective are present in the Member States concerned, national policies are not necessarily structured in the terms of Objective 4;

- the wide diversity of starting situations in the Member States does not make easy the implementation of a common framework of objectives and measures.

During negotiations it became apparent that the **joint** involvement of the social partners and a "bottom-up" approach would be essential in the choice, design and implementation of measures under Objective 4.

Negotiations have resulted in satisfactory agreements on the following main points, i.e. anticipation, the horizontal approach and activity concentration procedures.

### **3.2 Anticipation**

The anticipation aspect has been strengthened vis-à-vis the plans as originally presented. By anticipating trends and the development of employment, trades, skills and qualifications as a preliminary to concrete training measures, it should be possible to provide firms with improved capacity for managing the process of change in production systems.

### **3.3 The horizontal approach**

The horizontal approach, which is specifically referred to in the regulations, derives from the fact that industrial change and changing production systems affect all enterprises and all workers. At any one time, of course, there are sectors which are in the forefront of such changes. Whereas all sectors of the economy are confronted with the same competitive environments, each one has to contend with specific developments. The rates at which structural changes affect the different sectors and economic activities are therefore not the same, and vary in time.

In other words industrial change, which is found to varying degrees in most sectors of activity, may at a given moment have greater implications for workers in certain activities where the process of change is speeding up. In these circumstances non-material investment, particularly in the development of human resources, helps to boost the competitiveness of undertakings in these sectors. In this context the anticipatory and training measures envisaged under Objective 4 and ADAPT are likely to play a specific role in respect of the workers employed in certain sectors. This

problem has recently been the subject of Commission communications emphasising the importance of the adaptation of workers to changes as a tangible manifestation of the horizontal approach. They include the automobile industry, construction of machine-tools, civil aviation, textiles and maritime industry.

### 3.4 Concentration

The multisectoral horizontal approach combines positively with concentration, which comprises four aspects:

- Concentration in terms of undertakings: special emphasis is placed on small and medium-sized undertakings, including relations with large concerns.
- Concentration in terms of beneficiaries: workers whose jobs are liable eventually to disappear or undergo great change, workers halfway through their working lives, and workers whose initial qualifications are insufficient to allow them to participate effectively and actively in the process of change affecting their sector. The point here is to target ESF measures on workers with less chance of getting on a training course, in a manner which complements undertakings' efforts.
- Concentration in terms of action: anticipation, counselling, training and better training provision to accompany industrial change.
- Concentration in terms of subject: the aim here is to address subjects common to several economic activities, such as adaptation to technological developments and changes, introduction of total quality, internationalisation of markets, new forms of company management as well as techniques and methods for increasing productivity.

These different concentration criteria make it possible to identify the workers most affected by change and to take the most suitable measures to improve their ability to adapt to change and boost the competitiveness of undertakings by encouraging non-material investment.

Finally, it should be emphasised that the objective of concentration is not to exclude other potential beneficiaries - workers or undertakings - from the measures in question.

Emphasis has also been placed on strengthening **technical assistance**, particularly for small and medium-sized businesses.

Finally, co-financed measures must have a **complementary** effect alongside efforts already made by firms and public authorities in this domain.

#### 4 THE SALIENT FEATURES OF THE PROGRAMMING DOCUMENTS

The measures envisaged with a view to implementing Objective 4 are set against four priorities which are common to the various programming documents.

In accordance with the current Structural Fund regulations, these are as follows:

- anticipation of labour market trends and vocational qualification requirements;
- vocational training and retraining, guidance and counselling;
- improvement and development of appropriate training systems;
- technical assistance or horizontal measures relating to the CSF as a whole.

Within this common framework of priorities the Member States, in partnership with the Commission, have designed series of measures to implement Objective 4. These measures reflect the general principles of Objective 4 and the specific circumstances in each Member State.

The main aspects of these programming documents are set out below, in relation to the four priorities.

##### 4.1 Anticipation

This is a question of anticipating labour market trends and needs in terms of skills and qualifications. The anticipation dimension is characterised by the fact that it recurs throughout the programming process, and must prepare the way for counselling, guidance and worker training measures, as well as back-up and adaptation measures relating to the training structures at the appropriate level.

Measures to be adopted here include both prospective studies and activities at various levels (national, regional, sectoral, group and undertaking) and application of these results and anticipation practices in businesses.

The manner in which this priority is taken into account varies from one Member State to another, in terms of the relative level of financial resources allocated to it (between 10% and 17% of the total for Objective 4), the approach envisaged and the existing structures.

- cases where structures permitting anticipation exist: measures are designed to enhance the awareness of those concerned - undertakings, training establishments and workers - of the importance of such an approach and of the use of the results to define training measures;
- cases where such structures exist, but need reinforcing before dissemination and use of the results by the actors involved;

- cases where structures do not exist or are completely inadequate, necessitating a special effort at the beginning of the programming period in order to set up appropriate structures, possibly at the same time as a continuing training system.

## 4.2 Training

The training priority is concerned with the development of the training effort and with guidance and counselling, the aim being to prevent exclusion from the labour market of the workforce of companies affected by industrial change and changes in organisation systems and to train staff likely to be one of the key elements of increased competitiveness of European companies.

These measures are intended to stabilise employment by making it easier for workers to change jobs within undertakings and, where redundancies are unavoidable, by providing workers with qualifications so as to improve their employability in other undertakings and sectors.

The financial resources allocated to this priority vary between 52% and 83% of the total available under the various programming documents.

In all programming documents an attempt is made to concentrate measures on the workers under threat of unemployment and on the workforce and management of small and medium-sized undertakings.

Workers under threat of unemployment are basically identified in two ways:

- through their particular situation in terms of inadequate qualifications or a vulnerable situation on the labour market which reduces their chances of gaining access to training (fixed-term contract, involuntary part-time work);
- through the type of job they exercise, in that certain jobs are likely to disappear or be significantly affected by organisational changes with an across-the-board impact on a number of economic sectors. The approach is thematic rather than based on target groups.

The concept of "worker under threat of unemployment" does not therefore correspond to a predefined socio-economic profile, but is seen in terms of the need for reorganisation within undertakings.

The emphasis on small and medium-sized undertakings covers not only workers under threat of unemployment, but also management and staff. Workers' access to training operations is improved by measures involving



training, counselling and boosting awareness of the importance of human resource management.

Other workers and undertakings are not excluded from such operations, as long as they comply with the objectives of adaptation.

As for the actual content, measures include refresher courses, general or specialised technical training, market or quality-related training schemes, preparation of skills balance-sheets, and personalised guidance and follow-up for workers. Examples of the fields covered by training measures are new forms of work organisation, technological change, new production processes, environmental constraints and productivity improvements.

In this context, Member States have drawn up proposals concerning, firstly, improvement of basic and multi skills enabling enterprises to develop their capacity to react to changing situations by this flexibility of the workforce and, secondly, the promotion of new multi-discipline qualifications linked to the introduction, exploitation and development of new technologies and production techniques, to reorganisation of production and to distribution systems.

The programming documents also provide for training measures addressing the necessity for SMEs to adapt to new forms of cooperation with big companies, particularly in the context of sub-contracting. In addition there are 're-cycling' measures enabling workers affected to keep their job or facilitate their reintegration into suitable jobs.

#### **4.3 Improvement of training systems and structures**

The improvement of training systems and structures is intended to achieve a balance between the training courses on offer and the needs of the persons concerned.

Depending on the Member State, between 5% and 30% of resources available for Objective 4 are allocated to this priority.

The content and the actors involved vary considerably between Member States. Activities may involve:

- support for the creation of an in-company continuing training structure where one does not exist;
- training for trainers, including company employees required to act as trainers;
- investment in training tools, involving new subject matter or supports (distance learning);
- development of networks between enterprises, research institutes and training centres to permit the rapid adaptation of training course contents.

#### 4.4 Technical assistance

Technical assistance is particularly important given the novel character of Objective 4. It accounts for between 5% and 17% of the ESF resources under the various programming documents. The operations envisaged are horizontal in nature and cover a range of areas:

- coordination and organisation of partnership between undertakings, the social partners and the authorities;
- assistance for the improvement of anticipation tools;
- publicity and dissemination of information on the results of measures under Objective 4;
- assistance with the implementation of individual projects, monitoring and assessment.

### 5 FINANCIAL ASPECTS

The sums available for Objective 4 outside Objective 1 regions for the Member States concerned were arrived at by a three-stage procedure:

- the overall budget available for the CSFs for Objectives 3 and 4 outside Objective 1 regions was fixed by the Commission on 21 November 1993 at ECU 13 948 million for the period 1994-99 (at constant 1994 prices);
- at the beginning of the year, the Commission undertook a provisional distribution of the budget for Objectives 3 and 4 amongst the Member States on the basis of several objective criteria in accordance with the conclusions of the European Council in Edinburgh;
- in the process of planning for Objectives 3 and 4, the Member States divided up their financial allocations between these objectives, taking account of the considerations mentioned in the joint declaration by the Council and the Commission on Article 1 of the framework regulation. Over the period 1994-99 Objective 4 (outside Objective 1 regions) accounts, outside the United Kingdom, for an average of almost 19% of the total envelope for Objectives 3 and 4.

An appropriate balance between national and regional public funding, private funding and Community support has been achieved.

The ratio, which varies with the Member State and is adjusted in accordance with the priority and the size of the enterprises concerned, is around one-third national and regional public funding, one-third private funding and one-third Community support.

Measures will be implemented in a manner consistent with the provisions on state assistance, application of which will have to be examined in the context of the framework on employment and training aids to be approved by the Commission.

## 6 MONITORING AND EVALUATION PROCEDURES

The programming documents submitted to the Commission provide for stronger monitoring mechanisms, in line with the arrangements made for the other objectives. The powers of the monitoring committees have thus been increased, especially with regard to interim assessments and the option to propose that certain activities be reinforced and/or new activities created within the CSF, *inter alia* by allocating the resources generated by annual indexing of the initial schedule. The principle of partnership has also been strengthened in the context of the new monitoring committees.

Emphasis must be placed in this regard on the vital role of the social partners, who should contribute jointly to the development of measures to permit the anticipation of industrial change.

Most programming documents (SPDs and CSFs) have been established for the period 1994-1996. Assessment of this initial period, which will take place at the halfway stage of implementation of the second reform of the Structural Funds, will be able to take account of aspects such as the data, experience and evaluations under the LEONARDO action programme and the Community's ADAPT initiative.

## 7 THE FORM OF PROGRAMMING DOCUMENTS

The programming documents for Objective 4 outside the Objective 1 regions have been approved in principle for eight Member States. In the case of the three Member States covered exclusively by Objective 1 (Greece, Ireland and Portugal), action under Objective 4 is covered by the programming documents adopted for Objective 1. The United Kingdom has not put forward a plan for Objective 4. The sum allocated to the United Kingdom for Objective 3 for 1994-96 amounts to 95% of the total figure available for that country under Objectives 3 and 4. As regards the form of documents, it should be noted that these are Single Programming Documents for all the Member States except Belgium, which has opted for a Community Support Framework.

## 8 CONCLUSIONS

Generally speaking, the programming documents translate well the aims and priorities of Objective 4 and constitute the first stage in the implementation of measures in the Member States:

In the course of the following stages and throughout the programming period the need for more in-depth action relating to a number of major points should form the basis for specific measures, as well as representing priorities for the work of the new monitoring committees:

- **anticipation** of employment and qualifications must take place at the various levels of economic activity (national as well as regional, local and company) and must involve all economic and social players. "Forward management of employment at company level" and "prospective employment policy at other appropriate levels" are also part of the panoply of job creation means identified by the social partners;<sup>3</sup>
- the "**bottom-up**" approach must be developed in a dynamic manner and must be reflected above all in concrete procedures for designing and selecting projects;
- consultation of the **enlarged partnership** has taken place in principle in conjunction with the preparation of national plans for Objective 4. Such consultations must be continued and developed throughout the implementation period, taking account of the specific features and institutional practices of the Member States, in such a way as to ensure a broad consensus among all those involved in operations.

In this context, the effective joint contribution of the social partners should be improved and developed. Consequently, the Commission will examine with the social partners the modalities of an European wide level mechanism which will ensure this contribution. More precisely, meetings and seminars will be arranged, both at national and European level, to explore relevant aspects of the implementation of objective 4. Finally, a conference will be arranged at an EU level in 1995.

- an attempt to achieve **positive interaction with other national and Community policies** such as vocational training and industrial competitiveness is a necessary condition if the anticipated multiplier effect of structural measures is to be achieved.

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<sup>3</sup> See joint opinion of 13 February 1990 on the creation of a European vocational and geographical mobility area and the improvement of the operation of the European labour market, point 12 in European Social Dialogue, "Joint Opinions", documentary series, Commission of the European Communities.

Objective 4. Distribution of EFS resources by country and by priority axis 1994-1996								In MECU
	Belgium	Denmark	Germany	Spain	France	Italy	Luxembourg	Netherlands
Anticipation	8.3 (33%)	1.9 (14%)	11.6 (11%)	36.9 (10%)	32.1 (11%)	56.9 (15%)	0.09 (10%)	15.1 (10%)
Training	8.7 (34%)	6.7 (52%)	73.6 (70%)	308.4(83%)	227.8(78%)	321.8 (80%)	0.5 (57%)	105.4(67%)
Training systems	6.4 (25%)	3.9 (30%)	13.7 (13%)		14.6 (5%)		0.15 (16%)	23.9 (15%)
Technical Assistance	2.0 ( 8%)	0.5 (4%)	5.7 (6%)	23.3 (7%)	25.4 (6%)	19.9 (5%)	0.17 (17%)	11.7 (8%)
<b>TOTAL</b>	<b>25.5</b>	<b>13</b>	<b>104.5</b>	<b>368.6</b>	<b>299.6</b>	<b>398.7</b>	<b>0.895</b>	<b>156.2</b>
<i>For Spain, Italy and the Netherlands, the period covered is 1994 - 1999</i>								
<i>The percentages for France are based on the total costs</i>								
<i>For Spain and Italy, the axis training includes the improvement of training systems</i>								

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