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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 13.11.2002
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COMMISSION STAFF WORKING PAPER

**ASSESSMENT OF THE IMPLEMENTATION OF THE 2002 EMPLOYMENT
GUIDELINES**

SUPPORTING DOCUMENT TO THE JOINT EMPLOYMENT REPORT 2002

INTRODUCTION

The European Employment Strategy as defined by Article 128 of the Treaty is an integrated part of a wider political agenda adopted by the Lisbon and follow-up Summits aiming at making the European Union the most dynamic knowledge based economy and regaining the conditions for full employment.

Title VIII of the Treaty establishing the European Community lays down the principles and procedures towards developing a co-ordinated strategy for employment. Article 128 specifically details the steps leading to the formulation of such a strategy including, on an annual basis, guidelines for employment, recommendations to the Member States and a joint report by the Council and the Commission to the European Council on the employment situation in the Community and on the implementation of the guidelines. Each Member State is to provide the Council and the Commission with an annual report on the principal measures taken to implement its employment policy in the light of the guidelines for employment.

This year is the fifth round of this process and Member States duly sent their National Action Plans for Employment (NAPs) to the Council and Commission in May.

The present document is designed to support the preparation of the Joint Employment Report called for under Article 128. It reflects the Commission services' own detailed analysis and assessment of the NAPs and the extent to which they respond to the Employment Guidelines and Recommendations agreed by the Council on 18 February 2002¹. It also takes into account complementary information or explanations presented by Member States at the bilateral meetings held with the Commission in late August/early September 2002.

Part I of the supporting document provides a thematic and European Union wide assessment of the 2002 National Action Plans on Employment. The Guidelines for 2002, approved by the Council on the 18 February 2002, were updated, especially to reflect more the quality in work.

Part II assesses the progress made by each Member State in implementing the objectives and Guidelines for 2002. This is based on the NAPs and on the performance indicators.

¹ Council Decision on Guidelines for Member States' employment policies for the year 2002 (2002/178/EC); OJEC L 60/70 of 01.03.2002.

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PART I
THE EUROPEAN UNION

1. HORIZONTAL OBJECTIVES

Despite the less favourable economic context **employment growth continued** in almost all Member States. Increases can also be observed for the employment rates for most of them. Employment gaps are gradually closing, although differences remain substantial, especially for women and older workers. Compared to 2001, the objective of increasing labour participation (by using the potential reserves, especially older workers) has better been integrated into national employment strategies and a variety of policy responses is being put in place. **Quality at work** is still in most cases dealt with in a partial way as part of the European Employment Strategy implementation strategy.

All Member States see **lifelong learning** not only as a way to improve workers' employability and the adaptability of the labour force but also as a policy instrument to increase labour supply, participation of groups underrepresented in the labour market and to tackle social exclusion (life cycle paradigm). Concrete progress is being made in the development of lifelong learning strategies with all Member States having now laid the groundwork for comprehensive strategies. Further attention is needed to improve the coherence of policies and to ensure adequate attention for disadvantaged persons. A growing number of Member States is setting participation and attainment targets, but none have set targets to increase overall investment levels.

In a majority of the Member States the contribution of the **social partners** to the NAPs has become more robust. The co-ordination of action between the social partners and the public authorities has been implemented through various nation-wide bipartite or tripartite arrangements. In Italy, Austria and recently Spain relations have become more conflictual for various reasons and co-operation is being sought more on a bilateral basis. Little progress has generally been made concerning the social partners' own process of implementing the European Employment Strategy, but in a small number of Member States renewed efforts in that respect can be observed. The social dialogue at European level has produced a number of important initiatives and enhances the potential to develop a structure within which contribution of social partners can be made more coherent and more visible.

Progress has been made concerning the **policy balance between the Pillars** based on a national assessment on the strengths and weaknesses. This leads to more emphasis on policies with regard to the Equal Opportunities and Entrepreneurship Pillar. Within all Member States decreasing **regional disparities** is an important objective. However, the intensity of responses is different and does not always live up to the needs. In general, progress achieved in reducing regional disparities is slow.

Significant progress has been achieved in developing and using **common indicators**, although only some Member States provide the agreed indicators of quality in work.

1.1. Horizontal Objectives A & B: National actions to raise employment rates and improve quality at work

Enhancing job opportunities and providing adequate incentives for all those willing to take up gainful employment with the aim of moving towards full employment, recognising Member States' different starting positions, and recognising the fact that full employment is a goal of overall national economic policy. To this end Member States should consider setting national targets for raising the rate of employment, in order to contribute to the overall European objectives of:

- reaching by January 2005 an overall employment rate of 67% and an employment rate of 57% for women;
- reaching by 2010 an overall employment rate of 70 % and an employment rate of more than 60 % for women;
- reaching by 2010 an employment rate among older persons (aged 55 to 64) of 50 %.

With a view to raising employment rates, promoting social cohesion and social progress, enhancing competitiveness, productivity and the functioning of the labour market, Member States will endeavour to ensure that policies across the four Pillars contribute to maintaining and improving quality in work. Areas for consideration could include, *inter alia*, both job characteristics (such as intrinsic job quality, skills, lifelong learning and career development) and the wider labour market context encompassing gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organisation and work-life balance, social dialogue and worker involvement, diversity and non-discrimination and overall work performance and productivity.

1.1.1. Trends in EU performances

Employment rates

The facts on employment rates (see table 1)

- *Between 2000 and 2001 the overall employment rate in the EU increased in 2001 to 63.9% (+ 0.6 percentage points), for women to 54.9% (+ 0.9 percentage points) and for older workers to 38.5% (+ 0.8 percentage points).*
- *Significant differences exist between Member States in terms of the levels reached and the pace of improvement. The best performing countries, with employment rates above 70% were, as in the previous year, Denmark, the Netherlands, Sweden and the United Kingdom. Lowest rates are again registered for Greece, Italy and Spain.*
- *Employment rates have increased across all age groups in 2001, by 0.4 percentage points in the 15-24 age group and by 0.5 percentage points in the 25-54 age group.*

- While differences across Member States are narrowing in the prime-age group, differences for the young and older workers persist or are increasing. The low employment rates for young people reflect an increase in the proportion of young people in further or higher education.
- The low employment rates for older workers and particularly for women (28.9%, 9.6 percentage points lower than the overall rate for the age group) give cause for concern; despite recent improvement, progress is insufficient to reach the Stockholm target.

Table 1: Employment rates

	EMPLOYMENT RATES IN 2001					GROWTH (PERCENTAGE POINTS) COMPARED TO 1997		
	Overall	Women	Older Workers Overall	Older Workers Women	Older Workers Men	Overall	Women	Older Workers Overall
AT	68,4	60,1	28,6	17,9	40,0	0,6	1,5	0,1
BE	59,9	50,5	24,1	14,3	34,4	3,0	4,0	2,0
DE	65,8	58,8	37,7	29,5	46,1	2,1	3,5	0,4
DK	76,2	72,0	58,0	49,8	65,5	1,3	2,9	6,3
ES	56,3	41,9	38,9	21,8	57,4	8,1	8,3	5,4
EU-15	63,9	54,9	38,5	28,8	48,6	3,4	4,3	2,2
FI	68,1	65,4	45,7	44,8	46,7	4,8	5,1	10,0
FR	63,1	56,1	31,0	26,7	35,4	3,6	3,7	1,9
GR	55,4	40,9	38,0	22,5	55,0	0,3	1,6	2,9
IE	65,7	55,0	46,8	28,8	64,7	8,2	9,1	6,5
IT	54,8	41,1	28,0	16,2	40,4	3,6	4,7	0,1
LUX	62,9	50,9	24,4	14,0	34,8	3,0	5,6	0,5
NL	74,1	65,2	39,6	28,0	51,1	6,1	7,8	7,8
PT	68,9	61,1	50,3	40,6	61,6	4,9	5,0	3,0
SE	70,9	69,4	64,9	62,2	67,7	3,6	3,8	4,7

UK	71,7	65,1	52,3	43,1	61,7	1,7	1,9	4,0
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Source: Eurostat, Labour Force Survey (QLFD).

Finland, France, the Netherlands and Spain succeeded in increasing employment rates for all groups. Belgium, Finland, France, Luxembourg, the Netherlands, Portugal and Spain increased employment rates of young people. Belgium, Greece, Luxembourg and Portugal show decreasing employment rates for older workers. Behind an overall stable employment rate there is an increase in the participation of women in Germany and Luxembourg; of older workers in Austria, Denmark, Sweden and the United Kingdom; and of both women and older workers in Ireland.

When looking at changes over time (1997 - 2001, measuring growth in %) there are only two negative growth rates (for older workers in Germany and Greece). Ireland, the Netherlands, Portugal and Spain emerge as the best performing countries for the overall rate and for increased participation of women and with regard to older workers (the best performing Member State in that respect being Finland). Main sources of growth differ: women contribute most to the overall growth in Austria, Germany, Italy, Luxembourg, Spain and Greece; older workers in Belgium², Denmark, Finland, the Netherlands and the United Kingdom. In those countries (and also in France, Ireland and Sweden) the growth rate for older workers exceeded the overall growth rates, whereas this situation is the case for all Member States with regard to the employment rate for women. The fact that the growth rates for older workers are much higher than the overall growth in Denmark (7 times the overall growth), Finland (nearly four times) and the Netherlands and the United Kingdom (around three times) could indicate that these countries have developed successful strategies for the integration of that group, adding impact to the overall favourable framework; female participation grew more strongly than overall participation in Greece (7 times than overall growth), Austria (3 times) Denmark and Luxembourg (more than two times).

With regard to older workers it is evident that, in spite of progress made, the combination of low employment rate plus moderate employment rate growth, only slightly above the overall growth rate, seriously questions the ability of the EU to reach the target set for this group. The employment rate growth for the age group 55-64 was 0.83% between 1997 and 1998, 1.34% 1998/1999, 1.89% 1999/2000 and 1.85% 2000/2001, but even with a sustained growth of 2% until 2010 the employment rate would remain considerably below the target.

² In the case of Belgium, being the country with the lowest employment rate for older workers, a bottom effect has to be taken into account.

Quality in Work

Many aspects of quality at work can be found in different parts of the NAPs. This section examines quality issues on the basis of the ten dimensions of quality in work defined by the European Commission³ and of the corresponding indicators adopted by the Council.

Overall assessment is difficult. Only in some cases can clearly positive trends be identified (increasing participation in education and training, decreasing gender gap in employment). In other cases stability or stagnation is indicated, which is, however, also the result of changed circumstances, e.g. the recently low increase in labour productivity due to the cyclical downturn in 2001. In general data do not yet allow for a profound and comprehensive assessment of developments over time, particularly because of the fact that for some of the indicators time series are not available.

Transitions between non-employment and employment and within employment by pay level and by type of contract have been chosen as key indicators on **intrinsic job quality**. According to the indicator on the transitions by pay level, between 1977 and 1998 (last available data), about two thirds of low paid workers in the EU (employees in the three first deciles of the earnings distribution) remained at the same level or moved into unemployment, while one third improved their relative position. Belgium, Ireland, Spain and the Netherlands improved low paid workers' situations more than the EU average. The Swedish NAP provides transitions pay data from 1999 to 2000 according to which more than 40% of the low paid have improved their relative position over this period.

Transition indicators by type of contract show significant differences between fixed-term and permanent contracts. In particular 24% of those employed in fixed term contracts in 1997 became unemployed one year later, 34% had a permanent contract and 42% were still in fixed-term contract. By contrast, 92% of those with permanent contracts remained in permanent contract, while the rest became unemployed or moved into fixed-term contracts. In Denmark, Ireland, the Netherlands, Austria, Spain and France the share of workers with temporary jobs becoming unemployed was above the EU average, while in Italy, the United Kingdom, Portugal and Germany the best results were observed on the transition from fixed-term to permanent jobs.

³ "Employment and social policies: A framework for investing in quality", Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions, COM(2001) 313 final. European Council (2001), "Indicators of Quality in Work", Report by the Employment Committee to the European Council, 14263/01. Indicators used in this chapter come from following sources: European Community Household Panel (ECHP), Labour Force Survey (LFS), European Statistics on Accidents at Work (ESAW).

A significant increase took place since 1997 in the percentage of adult population participating in education and training, which have been retained as key quality indicator on **skills, lifelong learning and career development**. The average EU participation rate for the 25-64 age group increased from 5.8% in 1997 to 8.4% in 2001. The best rates in 2001 are found in the United Kingdom, Sweden, Finland, Denmark and the Netherlands, while Austria and Belgium are close to the EU average and the remaining Member States are well below the EU average. The EU average participation rate is higher (9%) for women than for men (8%) in all Member States except in Austria, Belgium, Germany, Greece and the Netherlands. The rates are lower for the 55-64 aged group (3%) as well as for those with a low educational or skill level (2%).

On **gender equality**, the indicators adopted are the ratio of women's hourly gross earnings index to men's for paid employees at work (15+hours) and the gender employment and unemployment rate gaps. In 1998, in the EU women's average gross hourly earnings were 83.8% of men's (gender pay gap: 16.2%). The gender pay gap was higher in the private sector (23.7%). The gender pay gap was higher than the EU average in Austria, Germany, Ireland, the Netherlands and the United Kingdom.

In 2001 the employment rate for women was 54.9% and for men 73%. Although the difference in employment rates between women and men has been reduced in recent years the gap remains substantial (18 percentage points in 2001). There are clear differences across countries, with a high gender gap in Greece, Spain, Italy, Luxembourg and Ireland and relatively low gap in Sweden, Finland and Denmark. The average gender gap is significantly higher when it is measured in full-time equivalent (25 percentage points in 2001), while the differences across countries tend to decrease, reflecting the importance of part-time work in countries like the Netherlands, Germany and the United Kingdom.

The gender unemployment gap was reduced to 2.3 percentage points in 2001 with significant differences across countries. The highest gap is found in Spain (9.7), Greece (8.7), Italy (5.6) and France (3.4). In the United Kingdom, Ireland and Sweden women's unemployment rate is lower than men's. In the rest of the Member States this rate is below the EU average.

The indicator selected to measure **health and safety at work** is the evolution of the incidence rate, defined as the number of accidents at work per 100.000 persons in employment. In 2001, 4.87 million accidents resulting in more than 3 days' absence from work occurred in EU as a whole. The number has even increased in recent years, from 4.69 million in 1997 and 4.76 million in 1998, though some countries (Austria, Germany, Finland, France, Greece, Ireland, and Portugal) have succeeded in reducing it.

The indicator retained on **flexibility and security** measures the number of employees working part-time and of those with fixed-term contracts as a percentage of total number of employees. Both types of employment have increasingly been used. Part time employment (17.9% in 2001) has developed moderately since 1998 (17.7%). The highest (and still increasing) rates in 2001 are found in the Netherlands, the United Kingdom and Germany where more than two thirds can be considered as voluntary part-time. The lowest rates correspond to Greece, Italy and Spain. There are significant gender differences in part-time rates. One third of women, against 6% of men, work part-time.

Moreover 13.4% of employees in 2001 worked under **fixed term** contracts. This share was particularly high in Spain (31%) and relatively high in Portugal (20%) and Finland (18%). Unlike for part-time employment, women's average rate here is only slightly higher than men's.

The transitions between employment, unemployment and inactivity provide the key indicator on **inclusion and access to the labour market**. The data from the period 1995-1998 (last available) shows a relatively poor performance on transitions from unemployment to employment. At the EU average, only 40% of unemployed in 1995 were employed three years later. Of those unemployed in 1997, only 30% of had found a job in 1998. The rest were still unemployed or had withdrawn from the labour force. Better performances can be found in Denmark, Greece, Spain, Portugal, Austria and the United Kingdom and worst in Belgium, France, Italy, Ireland and the Netherlands, while the rest of the Member States are close to the EU average.

More recent transition data are provided in the NAP of Sweden and the United Kingdom. In Sweden 47% of unemployed in 2000 were still unemployed in 2001. In the United Kingdom 53% of unemployed in 2000 were still unemployed in 2001 and 29% found a job (the rest became inactive).

The absolute difference in employment rates without the presence of any children and with presence of a child aged 0-6, has been selected as the indicator on **work organisation and work-life balance**. Parenthood seems to have a negative effect on women's employment rates. Average employment rate in 2001 for women with a child aged 0-6 was 12.4 points below this of women without children. It was 22 points below in Germany and the United Kingdom. The reverse situation (9.5 points above) is observed in male employment rates.

With regard to **social dialogue and worker involvement** the evolution of the number of days lost and the percentage of employees covered by collective agreements provide relevant information. In 2000 the coverage by collective agreements (unofficial data) reached more than 90% in Austria, Belgium, France and Finland, whereas the lowest coverage rate of some

25% was registered in the United Kingdom. Concerning the days lost by industrial disputes the highest rates in 2000 were found in Spain, France, Denmark and Finland, whereas very low rates were identified in Austria, the Netherlands, Luxembourg, Sweden and Germany.

The selected indicators on **diversity and non-discrimination** are the employment rate of 55-64 years olds and the gap between the employment rates for disadvantaged persons (disabled people, ethnic minorities and immigrants) and the overall rates for the population as a whole. The employment rate of 55-64 years olds was 38.5% in 2001. Clear differences exist across countries with rates between 24% and 31% in Belgium, Luxembourg, Italy, Austria and France and between 50% and 65% in Denmark, Portugal, the United Kingdom and Sweden. Concerning the disadvantaged persons, common indicators are missing because of lack of data in several Member States. However, the available data show large employment and unemployment gaps for these groups (see section 2.8).

Growth in labour productivity, measured as change in the levels of GDP per capita of the employed population and per hour worked, has been chosen as key indicator on **overall work performance**. A positive link can be observed between quality in work, productivity and overall employment performance⁴. Short-term productivity evolution reflects the impact of economic downturn. In particular the trend in productivity growth decreased in 2001 as a result of the contraction of GDP in the second half of the year. Average growth in labour productivity of GDP per capita moved from 1.6% in 2000 to 0.3% in 2001. It was even negative in Belgium, Finland, France, Luxembourg, the Netherlands and Sweden.

1.1.2. The identification of key challenges

Some Member States have already exceeded all of the European employment rates targets defined at Lisbon and Stockholm (which are targets for the EU average, not in all aspects to be reached by all Member States): Denmark, Sweden and the United Kingdom. The Netherlands is well above the overall target and the one set for women, however, the employment rate for older workers is only 39.0%. Close to the overall target are Austria, Finland and Portugal; for female employment rate these seven countries already also exceed the target, which, in Portugal is also the case for the employment rate of older workers (so the country only needs to moderately increase the overall employment rate). Ireland is close to all targets. Other Member States are close to the target set for female participation (Germany) or those of older workers (Finland and Ireland). Greece, Italy and Spain have the lowest rates for women; with regard to participation of older workers this is the case for Austria, Belgium

⁴ An analysis of the relationship between productivity and quality in work can be found in the "Employment in Europe 2002" report.

Italy and Luxembourg. **Belgium, Greece, Italy, Luxembourg and Spain still have a long way to go with regard to all employment rate targets.**

Table 2: Employment rates targets in NAPs 2002

MEMBER STATES	NATIONAL TARGETS			COMMENTS
	TOTAL	WOMEN	OLDER WORKERS	
Austria				No targets set.
Belgium	Wallonia: 67 (2004) Flanders: 70 (2010)	A relative target for Wallonia: increase of employment rate for women by 2004 by 30% more than the overall rate		
Denmark	75.7 (2010) ⁵			
France	65.1 (2006)	59.1 (2006)	35.0 (2006)	Targets set for all groups ⁶
Finland	69 and >70	above 68 (2010)	53 and 55.	Targets for 2005 and 2010.
Germany				No targets set ⁷
Greece				No targets set.
Italy	58.5 (2005), 61.3 (2010)	46 (2005)	40 (2005)	
Ireland				No targets set.
Luxembourg				No targets set.
Netherlands		65 (2010)		Increase of participation of older people by 0.75% per year.

⁵ According to Eurostat the total employment rate is already 76.2% in 2001. The target set is based on national figures and is aiming at a 0.5% increase between 2000 (75.3% according to national data) and 2010.

⁶ Between 2001 and 2006 increase overall employment rate with 2% points; female employment rate with 3% points and 4% point for older workers.

⁷ However, on 17 April 2002, the German government approved a national sustainability strategy ("Perspectives for Germany. Our Strategy for Sustainable Development"), in which an overall employment rate target is set (70% by 2010; page 122).

Portugal				The Government objective is to maintain for 2002 all three employment rates reached in 2001. In addition, target for reducing the unemployment gender gap by 25% (2003).
Spain				No targets set.
Sweden	80			Target for 2004 and age group 20-64.
United Kingdom	>75 (2010)			Set of targets ⁸ .

Table 2 shows that those Member States which set fairly ambitious longer-term targets, such as Sweden and the United Kingdom, already have employment rates in excess of the Lisbon and Stockholm targets. Other Member States either do not set targets (though **all refer to the Lisbon/Stockholm targets**) or set less specific, less ambitious or shorter-term targets. To some of the targets set a question mark has to be added with regard to their feasibility, e.g. some of the sub-targets of the United Kingdom or participation of older workers in Italy (the target set would imply a 12% increase in four years). One Member State, Finland, has already given up a former target (70% overall employment rate by 2005). For some Member States the Lisbon targets seem to be over-ambitious, e.g. Belgium, where the 70% target would equal a doubling of the employment growth compared to the average annual growth over the last five years. **Not in all cases do priorities respond to the most visible needs**, e.g. in Austria there is no target for older workers and the target set in the Netherlands for that group is clearly insufficient.

It is striking that the better performing countries are also those which have developed clearer priorities and sometimes also strategies responding to those priorities. Sweden for instance does not only intend to increase the employment rate but also to raise the number of hours worked annually. Furthermore, having observed that reduced inflows into early retirement go parallel with increased inflows in long-term sick leave Sweden reacted by introducing an "11-points-programme for better health in working life", a very distinct and direct response to a

⁸ To ensure by 2004:
- the gap in employment rates is closed for the over 50s, ethnic minorities, disabled people and other disadvantaged groups and areas.
To ensure by 2010:
- a higher percentage of people in employment than ever before - taking account of the economic cycle, at least three quarters of people of working age in work;
- an increase to 70% in the proportion of lone parents (95% of whom are women) in work.

newly emerging challenge. Finland identifies a strong reserve potential among the inactive and unemployed (app. 10% of the labour force) and is therefore still trying to bring those people back to work as the most adequate way for increasing employment participation in the short run. The United Kingdom follows a sophisticated set of targets aiming at activating in a very detailed way those groups among whom even a small potential for increased participation is supposed to exist, but also covering ethnic minorities, who are expected to account for more than half of the population growth of the working age over the next ten years. Denmark identified growth potential among some groups of young people and intends to achieve a faster passing through the educational system, particularly with regard to students; a committee will elaborate proposals for "Quicker passage through the educational system"; however, in the long run significant increase is expected to come from immigrants, an expectation to which a new programme ("On the track towards a new integration policy") tries to react, which is part of an overarching strategic framework (the programme "More people in Employment"). Low or even declining participation of younger people is taken up by several Member States, but since that development is seen as positive (since it is due to longer education), governments either do not intend to change the trend (e.g. in Greece and Portugal, the latter even focusing on a reduction of the outstandingly high child labour) or try to better reconcile education and employment, e.g. in Belgium where increased employment participation of younger people is aimed at by offering part-time employment and part-time education. Austria takes into account several aspects (pension reform, training benefits for older workers, strengthened health & safety regulation), but a clear focus is lacking. The situation is similar for Germany (priorities there are disabled people and reduced social security contributions) and Spain (women, social security contributions). Greece has identified the combination of long working times plus high level of overtime plus the lack of flexible forms of employment as a framework not favourable for increased participation particularly of women; it is assumed that more people would be inclined to take up employment if it were more flexible. Therefore, in order to improve the attractiveness of more flexible types of employment, which are not widely used in Greece, Law 2874/2000 increased the wage for part-time employment (fewer than 4-hours/day) more than for standard employment in order to make part-time work, where incomes are at present (due to social security contributions) close to unemployment benefits, better paid. Furthermore, undeclared work is considered as hampering the desired increase of employment participation, an approach which is also shared by Italy and Portugal (the latter placing undeclared work in proximity to bogus employment). The Dutch case is particular insofar as priorities are set in the areas of female employment and integration of immigrants, whereas the very obvious and most substantial problem, which is rooted in the high stocks of invalidity pensioners, is not tackled seriously.

It can be seen as a promising sign for Member States **efforts to more strategically confront the challenge**, that either studies have been launched which try to identify reasons and the

scope of specific situations and to develop proposals for policy responses, or that institutional arrangements have been set up which try to develop or co-ordinate policies. The Irish "Equality Authority" for instance has established an "Equal Studies Unit" to devise and implement a data strategy for organisations concerned with specific labour market measures for people with disabilities, travellers, refugees and older people. Luxembourg launched an evaluation which should identify the reasons for the extremely low - and even decreasing - employment participation of older workers and which should identify possibilities for a more gradual departure from working life. The Netherlands has launched a study looking into the concept of life cycle approaches and an "Older Workers Task Force" has been set up with the aim of changing mentalities of both employers and employees towards the concept of early retirement. A similar objective (although focusing on the provision of information on the final stage of working life.) is pursued with the newly established "Cellule de consolidation de l'emploi" within the Belgian Ministry of Labour.

In most Member States **social partners** are expected to play a particular role in the context of Horizontal Objectives A and B. In the case of prolonged working life for instance, social partners' co-operation is almost indispensable in order to get the message through and to actually implement, by means of collective agreements, changes which might result from the regulatory framework. However, a clear priority is the quality of work in general and health and safety at work in particular, where direct contributions are needed, which then indirectly facilitate improvements in the area of increased employment participation. That particular role can best be seen in Portugal, where the national strategy heavily relies on social partners' activities.

Beyond the more specific national priorities and specificities mentioned above, all Member States clearly see older workers as the most important reserve potential, for which new initiatives have to be developed e.g. Denmark calculates that half of the increase aimed at can be obtained by limiting early retirement; for Finland, achieving the two EU targets still relevant for the country would require an increase of average retirement age by two years. This has led to a dominance of the issue in Member States' policy responses. However, the particularly low employment rate for women belonging to the critical age group has not led to accordingly targeted policies; a gender dimension of active ageing policies has not yet been developed.

1.1.3. Key elements of the policy response

Focus on older workers

All Member States recognise the importance of creating conditions for **encouraging older workers to remain longer in work**. This requires reforms in the tax, benefit and pension

systems as well as a fundamental change in societal attitudes, in employers job and training practices as well as in quality at work particularly in relation to work organisation/ conditions. With a view to provide support for a long-term sustainable working life, the Barcelona European Council called for measures to improve the incentives for older workers to remain in the labour market through flexible and gradual retirement schemes, guaranteed access to lifelong learning, and a rise of about five years in the average age at which people stop working, achieved progressively by 2010.

Helping people to stay longer in the labour market has become a priority for all Member States' employment policies, by discouraging early exit or by providing incentives for staying longer in working life. In many cases this requires the co-operation of social partners who are called upon to translate changes of the regulatory framework into agreements (e.g. in the case of part-time retirement schemes) or to be part of implementation procedures (e.g. in the area of health and safety at work). Social partners also play a vital role in supporting that change of attitudes among their members which is needed in order to overcome the tradition of early withdrawal from the labour market which has developed over time.

Incentives introduced by several Member States often address wider age groups from 40 plus. In Italy planned pension reform is based on retirement age liberalisation and progressive elimination of the restriction to cumulate income from pensions and residual work and special fiscal and contribution regimes for older people wishing to remain in work. The Austrian "Pact for older people" provides financial incentives for part-time work and training. Belgium encourages people to return to work from early retirement allowing them to keep supplementary benefits and in agreement with the social partners a reduction of working time for those over 50 participating in training; new provisions in 2001 include several incentives for employers as well as obligations for employers such as financial compensation in career breaks of older people and provision of outplacement services for those over 45. In Sweden a new pension scheme has been introduced where the size of the pension payments are more strongly linked to the individuals total life income than previously. The scheme entails that the yield from working an additional year in terms of the size of the pension is considerably better than before, which creates incentives for people to work longer.

Disincentives discouraging early retirement have been introduced in some Member States. In Denmark the transitional allowance scheme (1992) was gradually reformed, new entries were stopped in 1996 and the whole early retirement scheme is to be phased out by 2006; similarly the eligibility criteria for the voluntary early retirement pay scheme (1979) have been strengthened over time. In the Netherlands, early retirement schemes are to be abolished by 2009 and as a first step, favourable tax treatment of early retirement schemes will come to an end in 2003. Others have raised the statutory retirement age (Sweden, Germany, Austria).

Several Member States combine **incentives and disincentives** in their effort to promote **gradual exits from the labour market** (Denmark, Germany, Luxembourg) or changes of work content (Belgium). In Finland social partners concluded an agreement on pensions in 2001, to become effective as of 2005, which makes provisions for flexible entry into retirement between 62 and 68 or even beyond that age. In Austria and Germany older workers use part-time work in the form of block reductions, which again leads to an earlier withdrawal from the labour market. However, the potential for gradual retirement schemes is considerable, as can be seen in the German experience, where 110,000 cases of that kind were registered in 2001.

These efforts are **closely linked to the need of maintaining or enhancing working capacity** through **activation and rehabilitation** (Denmark) or adaptation of the working environment to the needs of older workers (Belgium). In a more general sense this refers to the dimension of **health and safety at the workplace** on which e.g. Sweden focuses very much with a "11-points-programme for better health in working life". Such policies are also aiming at reducing inflows into disability pensions (Luxembourg) where eligibility criteria have been tightened by mandatory medical examinations and the obligation to move to an alternative employment in the same or another company before being allowed to retire.

In order to promote the required **change of attitude**, both for employers and employees, **specialised information and counselling services** are put in place. Some examples are the Belgian "Cellule de consolidation de l'emploi" within the Ministry of Labour, providing information on the final stage of working life, the Finish "National Programme on Ageing Workers", very much focussing on information and the Dutch "Older Workers Task Force" set up with the mandate to help change mentalities.

The need to proceed in that direction is underlined by two facts: (i) the **recurrence of the use of early retirement schemes** e.g. in Belgium, which is still seen by enterprises as an easy way for adapting staff to market changes and (ii) the possibility of **substitution effects between different sections of the social security systems**, e.g. in Sweden, where decreases of inflows into early retirement are partly compensated by increases of inflows into long-term sick leave (figures have almost tripled since 1997); a similar development can be observed for Denmark. Closely related to this are **adaptations of other sections of the social security systems**, since incentives often refer to reduced contributions to those sections or the level of contributions is perceived as negatively affecting job creation. Austria attempts to combine incentives and disincentives in that respect, based on a bonus-malus system introduced in 2000. The Netherlands follow a similar approach, with costs associated with dismissals being higher for older (57+) than for young workers. Invalidity pensions, with nearly one million beneficiaries, are still a matter of concern; the new pension bill will permit pension rights to

be maintained when changing to less demanding and less well paid work in the final years of their career.

Health and safety

Since age is often associated with physical and health constraints, efforts to create an appropriate working environment have led many Member States to develop policies aiming at improved **health and safety at work**.

In most Member States (Austria, Ireland, the United Kingdom, Denmark, Finland, Portugal, Greece, Sweden, Germany, Luxembourg, the Netherlands and Spain) both legal and/or collectively agreed improvements in health and safety are reported. They aim at **improving existing systems both in legislation and implementation**. In the latter case emphasis is increasingly put on prevention through information and counselling, instead of only classical control activities.

In some Member States more ambitious and comprehensive approaches are pursued, even if on an explorative scale e.g. Finland, where the "Well-Being at Work programme" (2000-2003) aims at increasing participation and improving working conditions by promoting and maintaining work ability and welfare at workplaces through dissemination of information, application of research, new research and development projects. Another ambitious case is Portugal, where the Government and Social Partners concluded in 2001 an "Agreement on Occupational Health and Safety and on the Fight against Occupational Accidents"; on quality of work the "National Action Plan for Prevention" is expected to contribute to the definition of a national policy at medium term for prevention of occupational accidents; in parallel, the "National Board of Occupational Health and Safety" (a tripartite body) has been restructured.

Raising women's employment

The stronger focus on increasing employment participation of older people, which concerns women as well as men, is completed by specific initiatives to increase female employment. Since a broad variety of policies and initiatives have been launched over the last years which need to be continued and consolidated, fewer new activities are emerging. However, the NAPs do not indicate political priorities or activities aiming specifically at increasing the employment rate of older women.

Activation measures

The active labour market policy instruments are increasingly geared towards making employment more attractive for people themselves and enterprises; again, a growing priority for older workers can be identified. Programmatic and political approaches can be

identified, the first for instance in Greece, where the Public Employment Service is implementing a programme of financial aid to unemployed people aged 40-56 who are not eligible for regular unemployment benefits, or in Germany, where people older than 50 have become a top priority target group for the Public Employment Service since 2000; the latter for instance in Denmark, where an inter-ministerial committee will identify an action plan "More people in employment", aiming at substantially re-designing the use of active labour market policies. In the Netherlands the government has concluded an agreement with municipalities concerning implementation of active labour market policies which includes incentives to increase participation of disabled and older people.

Undeclared work

In that context **undeclared work is also a major issue for some Member States**, where the focus does not need to be on taking up employment but on moving from irregular to regular employment (Greece, Italy and Portugal); Italy and Greece have identified an increased use of flexible forms of employment as a way to facilitate that transition, the latter indicating that this should primarily foster female participation, since women are expected to be substantially over-represented in the informal economy. Only in one case (Portugal) is bogus self-employment (workers falsely described as sub-contractors) mentioned as a specific point of concern.

Inclusive labour markets

Partly re-directed active labour market policies also pursue the **objective of a more inclusive labour market**. Apart from the important gender dimension inclusion is mainly targeted at **low-skilled employees and immigrants**. In the case of the first group policies already in place are refined or implemented on a broader scale, e.g. in Germany, where model projects have tested support schemes for reduced social security contributions on low-paid employment in general and those projects are now being implemented at national level, or in the Netherlands, where the improvement of the employability of low-skilled employees is an explicit priority for active labour market policies. **Immigration is increasingly seen as a potential source for broadening employment**. Some Member States concentrate on facilitating access for immigrants with high and specialised qualifications, e.g. the German Green Card Initiative or the Netherlands, where an action plan for refugees with good educational qualifications is being worked out. Other Member States follow a more comprehensive approach, aiming at a better integration of immigrants already living within the country and/or providing a framework which facilitates future immigration and integration. In relation to the first approach, Denmark, for instance, has launched a new programme to facilitate the integration of immigrants already settled on Danish territory ("On the track towards a new integration policy", which is part of the overarching "More people in

employment" programme). In the United Kingdom ethnic minority groups are expected to account for more than half of the population growth of the working age over the next ten years, therefore attempts will be made to raise the educational attainment levels which are at present unsatisfying and a major reason for low labour market participation.

NAP reporting mostly missed focussing on people with disabilities in that context, although this is partly dealt with in the context of adjusting tax-benefit systems.

Education and training

Active labour market policies based training activities are also set in the context of the need to prepare people to work in an increasingly knowledge intensive environment. Respective competencies are more and more seen as being of key importance for the entire quality dimension. **Apart from a multiplicity of programmes and projects three approaches towards an improvement of education and training can be distinguished.** First, there are lots of **initiatives aiming at improved the effectiveness** (and eventually efficiency) of education and training, e.g. in Denmark, where the government will present in 2002 an "Action plan on better educational and training programmes", covering education and continuous training and aiming at improving the quality of such measures. Second, many Member States provide **incentives for training purposes**, either in the context of active labour market policies or in the tax system, e.g. Austria, where tax exempts for training purposes have been increased from 6% to 20%. Third, the **most ambitious approaches aim at adapting the educational system in an often fundamental sense**, e.g. Belgium, where a project is underway which tries to identify and classify a system of educational standards [aiming i.a. at modernising curricula, providing a basis for better justified payment (Finland follows a similar approach when it tries to develop a pay system which is based on job evaluations)], or Austria where a comprehensive reform of academic education is being undertaken, including substantial investment in Universities of Applied Sciences. In many cases social partners play an important role in that context, e.g. in Portugal, where a tripartite "Agreement on Employment Policy, Labour Market, Education and Training Policy" has set some ambitious targets: as of 2002 at least 10% of the workers of each enterprise shall participate in continuing training; as of 2003 employees are entitled to a minimum of 20 hours of certified training each year, (35 hours as of 2006; the Netherlands is also experimenting with individual training accounts); for young people a provision has to be included in contracts that not less than 40% of the working time are earmarked for training; this agreement has been transposed to legislation through Decree-law 58/2002 and Regulating Order 16/2002 (both March 2002).

Other aspects of quality at work

The issue of the balance between flexibility and security has been taken up more explicitly by some Member States. **The focus is largely about the relative merits of different contractual relationships.** Belgium notes that atypical work is seen as an intermediate step of a process eventually/hopefully leading to standard employment; however, half of all fixed-term employed tend to stay in that position; it also notes that significantly less people in Belgium work at night or on weekends than in other countries and there does not seem to be an intention to change this situation. In Greece full-time, open-ended employment and high stability of employment, which is the standard in Greece, is seen as an aspect of quality. The Netherlands, a country with highly flexible employment, notes that "the trade-off between flexibility and security merits special attention." A lot of questions remain still unanswered here, e.g. in the case of Italy where three directions for actions in the context of Horizontal Objectives A and B are indicated, one of them being a reduction of the disparity between highly protected and highly flexible work. In one Member State, Sweden, it is hinted that **the balance between flexibility and security has to be seen with regard to both employees and employers**, thereby adding the enterprise dimension to a discussion which is usually confined to employees only. Also in Sweden new grounds in the area of working time arrangements are being tested, social partners have agreed, in some collective agreements, to reach a more flexible working time by letting the employee decide himself on how to use some part of the wage, either as leisure, pension contribution or as cash payment.

1.2. Horizontal Objective C: Life Long Learning

Member States shall develop comprehensive and coherent strategies for lifelong learning, in order to help people acquire and update the skills needed to cope with economic and social changes throughout the entire life cycle. In particular, the strategies should cover the development of systems for initial, secondary and tertiary education, further education and vocational training for young people and adults to improve their employability, adaptability and skills, as well as their participation in the knowledge-based society. Such strategies should articulate the shared responsibility of public authorities, enterprises, the social partners and individuals, with a relevant contribution from civil society, to contribute to the realisation of a knowledge-based society. In this context, the social partners are invited to negotiate and agree on measures to improve further education and training of adults to enhance the adaptability of workers and competitiveness of business. To this end, Member States should set national targets for an increase in investment in human resources as well as in participation in further education and training (whether formal or informal) and monitor regularly progress towards such targets.

Member States progress towards comprehensive and coherent strategies

The recommendations issued to the vast majority of Member States have had a positive effect in triggering numerous policy responses and **overall performance has improved**, with the **most visible strides being made in some of the Member States with the least developed comprehensive approaches.** Last year's assessment was that half of the Member States had comprehensive and coherent strategies whilst this year *all have now laid the groundwork for comprehensive strategies*, although further attention still needs to be given to disadvantaged

persons in several Member States. Progress on coherence aspects is moving at a slower pace than on comprehensiveness since it requires more far-reaching reforms of systems and practices, but many positive developments have nonetheless taken place.

Particular emphasis has been put on improving the co-ordination of lifelong learning and several Member States have set up, or are in the process of setting up, new bodies to facilitate this (Austria, Greece, Ireland, Italy, Portugal, Spain) as well as mechanisms to improve regulation and quality assurance, especially of continuing vocational training provision. However, permeability between the different systems (education, vocational training, employment, non-formal) is underdeveloped and requires further attention. Moreover, relatively little information is given on reforms of formal education systems (primary, secondary and higher education) and how they are integrated into lifelong learning strategies.

Many Member States have given attention to the **recognition and validation of non formal learning** and major initiatives have been announced by France, Spain and Portugal. However, although it is a clearly stated objective in many Member States, more effort is needed to develop implementation mechanisms. In particular, **requirements for entry, progression and recognition in the formal sector should be adapted in order to take account of non-formal and informal learning**, for example competencies developed through working life or participation in voluntary associations. These efforts should be combined with initiatives to promote a culture for learning across society and to raise the awareness of individuals and employers alike of the benefits of learning.

All Member States have taken **steps towards building closer links between education and training systems and the labour market** (for example by making initial education more vocationally relevant, expanding and modernising apprenticeships, improving mechanisms to identify skill needs). However, a shift towards demand-driven systems is noticeable in only a few Member States (Sweden and the United Kingdom).

Many Member States have **enhanced information, advice and guidance services** (Austria, Belgium, Denmark, Greece, Finland, Italy, Ireland, Luxembourg, Spain, Portugal, the United Kingdom). However, with a few exceptions there is a continuing lack of co-ordination between services in the various sectors (education, vocational training, employment).

In order to increase labour supply several Member States (notably Sweden, Finland, Denmark, the Netherlands and the United Kingdom) have put a stronger focus on education and training measures to **tap the full employability potential offered by older workers, women and disadvantaged persons**.

Using the same criteria⁹ as last year, **table 3** analyses the extent to which Member States are developing and implementing comprehensive and coherent strategies for lifelong learning. These criteria are fully consistent with the building blocks defined in the Commission Communication on 'Making a European Area of Lifelong Learning a Reality'¹⁰.

Assessment of progress needs to take account of Member States' different points of departure in relation to formulating and implementing lifelong learning policies. Some Member States had already developed comprehensive and coherent lifelong learning strategies before 2000, although the pace of implementation varied from one Member State to another.

The Member States can be grouped into the following four broad clusters:

Those Member States which are well advanced in the implementation of their strategies and are refining them to enhance coherence (Sweden, Denmark, Finland, the Netherlands and the United Kingdom). In the past year they have devoted attention to consolidating adult education, strengthening the regional dimension of lifelong learning, improving the responsiveness of education and training systems and developing the skills of the workforce. Recognition of competencies acquired outside formal contexts (e.g. in the work place) is a clear strength across the board, although at different stages of maturity in Member States. Increasing emphasis has been put on promoting disadvantaged persons' access to learning but further efforts are required to ensure learning opportunities for all.

Those with recently developed comprehensive and coherent strategies at an early phase of implementation (Portugal, Spain, Luxembourg). These Member States have made significant progress. They have devised ambitious strategies within a full lifelong learning perspective and they have instigated wide-ranging reforms of their education and training systems. They have succeeded in expanding continuing vocational training provision and have turned their attention to improving quality assurance and evaluation, the recognition of non-formal learning and broader partnership working. Portugal and Spain have also set a range of quantified targets. Portugal is advancing rapidly and early reports are promising. Spain and Luxembourg are only just moving to the implementation phase. Close monitoring

⁹ On *comprehensiveness* evidence is sought that the full range of issues within each criterion is covered – for example, 'formal adult education and training' covers everything from basic skills and academic study to full-time professional training and continuing vocational training. In addition three separate criteria highlight non-formal learning (including in the workplace), prioritising disadvantaged groups and investment/funding issues because of their particular relevance and importance within the context of the Employment Strategy and the ambition to make Europe a learning society for all. The second set of criteria describe key elements that help ensure the *coherence* of Member States policies. In each case, the bracketed wording illustrates some forms which these may take. However, every aspect of each criterion is not expected to be covered. Both sets of criteria correspond to the 6 building blocks identified in the Communication on 'Making a European Area of Lifelong Learning a Reality': 'facilitating access; adequate resourcing; insight into demand for learning; partnership working; creating a culture of learning and striving for excellence.

¹⁰ COM (678) final of 21.11.2001.

and reporting on implementation is needed for all three Member States and perhaps further enhancement of some aspects of their education and training systems to fully realise their ambitions.

Those who are close to finalising blueprints for strategies (Ireland, Austria, Greece). These Member States have: put in place the main building blocks as regards comprehensiveness; completed a consultation process to develop a lifelong learning strategy; earmarked considerable increases in funding for human resources to support it and have established, or are in the process of establishing, bodies to facilitate its implementation. Implementation is expected to get underway at the end of this year or the beginning of next year. A wide range of measures is already being carried out including the development of basic skills of young people and adults, the enhancement of information and guidance and the improvement of transparency of qualifications. Reflection is also underway on how to take forward financing incentives for individuals and the recognition of prior learning and experience. However, information on how an overall coherent framework will be ensured in practice is lacking, especially in Greece and Ireland. Furthermore all three Member States need to set measurable targets and follow them up with appropriate monitoring and evaluation systems. Greece should also examine ways of strengthening the local dimension of lifelong learning.

Those who have already put in place the main building blocks but have not yet developed overarching lifelong learning strategies (Germany, France, Belgium, and Italy). Germany and Belgium have implemented some broad lifelong learning action plans at regional level and all four Member States have initiated numerous measures including reforms of education and training systems. All have areas where particular progress was made (for example the promotion of recognition of non-formal learning in France, the modernisation of vocational training in Germany, the improvement of basic skills in Belgium, the reform of compulsory education and the University system in Italy) but these efforts have not been designed as part of an integrated lifelong learning agenda. Nor do they report on specific plans to lead to the development of a more coherent approach in the short-term. Therefore, further efforts are needed to integrate education and training systems into a coherent lifelong learning perspective. Belgium, Germany and Italy need to devote more attention to promoting the participation of the low skilled and other disadvantaged persons. Germany also needs to strengthen support for SMEs.

Setting national targets

In general, Member States again failed to set overall targets on investment in human capital. Regarding participation in education and training, **around two thirds have now set targets relating to participation of certain groups and/or to improving attainment levels** (Austria, Belgium, Germany, Denmark, the Netherlands, Ireland, France, Portugal, Spain,

Sweden and the United Kingdom). There is some improvement in reporting on progress towards national targets set previously and the results are generally encouraging.

Providing adequate resourcing

The financial information provided shows that, since 2000, despite the lack of targets, public expenditure on human resources has generally risen, in some cases significantly (notably Greece, Portugal, Austria, the United Kingdom). The role of the ESF in underpinning these budget increases is key in Objective 1 regions. The ESF is channelling considerable resources towards investment in human capital with a minimum of 12 billion Euro earmarked for lifelong learning between 2000-2006. Proposed expenditure broadly reflects the level of educational attainment within Member States, a greater share of ESF is spent in Member States with lower levels of educational attainment. There is **increasing evidence of shared responsibility for financing** as some Member States also report a rise in private expenditure by enterprises on continuing training (for example Germany, Spain, Ireland, the United Kingdom). Many Member States have introduced initiatives to increase incentives to learn. However, average public expenditure on education as a percentage of GDP has remained at around 5% which is insufficient to achieve the Lisbon goal of turning the EU into the most competitive knowledge-based economy in the world. An **increase in overall rates of public and private investment should be combined with a redistribution of resources** across the learning spectrum and with the further development of fiscal and other incentives for learning. Moreover, investment in education and training needs to be accompanied by an evaluation of the efficiency of the education system and, where necessary, measures to improve it.

Partnership working

Steps have been taken to **increase co-operation between competent ministries in several countries** (notably Portugal, Greece, Spain, Italy), although much progress still remains to be made. The crucial role of social partners as investors, negotiators and promoters of lifelong learning is stressed by all Member States. The nature and extent of their involvement varies from one Member State to another, reflecting differences in national legislation and practice. However, **all NAPs refer to the involvement of social partners in the design of lifelong learning policies**. Furthermore, a number of Member States (e.g. Portugal, Spain and Germany) have concluded general agreements with social partners on promoting lifelong learning, setting out the division of responsibilities and their respective commitments. **In contrast, the involvement of other players seems marginal**. Relatively few references are made to the involvement of learning providers, NGOs, civil society and citizens themselves.

Improving quality of learning provision

Only a few NAPs address the issue of quality in a systematic and comprehensive way. **More efforts are required on the part of Member States to put quality mechanisms into place which should include quality assurance systems, evaluation exercises** (e.g. against the comprehensiveness/coherence criteria and against national targets), and regular assessment/revision of strategies to maintain their relevance and effectiveness, particularly with respect to their flexibility, permeability and labour market relevance.

Table 3: Member States' positions on developing lifelong learning strategies

CHARACTERISTICS	BE	DK	DE	EL	ES	FR	IRL	IT	LUX	NL	AU	PT	FIN	SW	UK
COMPREHENSIVENESS OF STRATEGIES															
Compulsory education	P	A	A	P	P	A	P	A	P	A	P	P	A	A	A
Formal adult education/training	P	A	A	P	P	P	A	P	P	A	P	P	A	A	A
Workplace/other non-formal/ recognised prior learning	P	A	A	P	P	A	P	P	P	A	P	P	A	A	A
Focus on disadvantaged persons	P	A	P	A	P	P	P	I	P	P	P	P	A	A	P
Overall investment / funding schemes	P	A	P	P	P	P	P	P	P	A	P	P	A	A	P
COHERENCE OF STRATEGY															
System development (policy needs, planning, targets, implementation, monitoring)	P	A	P	P	A	A	P	I+	P	A	P	P+	A	A	P+
Partnership working (social partners, public authorities, learning providers, civil society)	P+	A	A	I+	P	P	A	P	P	A	P	P+	A	A	A
Cross-cutting aspects (advice/guidance services, education/training mobility)	P	A	P	P	P	A	P	P	P	P	I+	P	A	A	A

Notes:

A Adequate. 'Adequate' denotes that a particular criterion is given appropriate priority within both the Member State's strategy and concrete actions.

P Partial. 'Partial' indicates that some attention is given to the criterion in both the strategy and actions *or* that it given appropriate priority in one or the other.

I Insufficient. 'Insufficient' refers to when the particular criterion is absent from both the strategy and the actions or is given some attention in one or the other.

Letters in **bold** and grey indicate changes compared to last year.

1.3. Horizontal Objective D: Social partners

Member States shall develop a comprehensive partnership with the social partners for the implementation, monitoring and follow-up of the Employment Strategy. The social partners at all levels are invited to step up their action in support of the Luxembourg process. Within the overall framework and objectives set by these Guidelines, the social partners are invited to develop, in accordance with their national traditions and practices, their own process of implementing the Guidelines for which they have the key responsibility, identify the issues upon which they will negotiate and report regularly on progress, in the context of the national action plans if desired, as well as the impact of their actions on employment and labour market functioning. The social partners at European level are invited to define their own contribution and to monitor, encourage and support efforts undertaken at national level.

The degree of comprehensive partnership between the public authorities and the social partners in the Member States

The **strongest degree of partnership** has been continued in Ireland, Belgium, Luxembourg, Portugal (where three important tripartite agreements have been signed in 2001), Finland and, though less, in the Netherlands, Greece and Germany.

In other Member States like Sweden and Denmark the **social partners themselves** continue to play a decisive role and provide material on the implementation of the Guidelines which are especially addressed to them. In part and to a much smaller degree, but below the level of statutory provisions this is also true for France.

Tensions between the governments and notably the Trade Unions emerged in Italy, Austria and recently in Spain. In the latter two major bipartite agreements have been signed on the reform of social protection including measures to create incentives to recruit older workers and on the reform of the collective bargaining process. In Austria the traditionally high importance of tripartite concentration continues at a lower profile and the main focus of action of the social partners is collective bargaining at sectoral level. In Italy, after intense conflict, between the government and the Unions the dialogue seems to have been resumed recently. In the United Kingdom the well-known **decentralised approach** of social partners' involvement is again highlighted which, while initiating a range of important actions, is rather indirectly linked to the European Employment Strategy.

The involvement of the social partners in important issues

Concerning quality in work the contributions from the social partners mainly relate to action in the field of improving health and safety as well as by way of stabilising employment relationships and with regard to more access to continuing training possibilities in companies. These are described more in detail under the Adaptability Pillar.

Lifelong learning is now being more and more integrated into collective bargaining in most of the Member States. The main focus should continue to be on actually implementing of what is laid down in inter-professional or collective agreements at lower levels. This approach has notably been taken in Austria, Belgium, Denmark, Finland, Italy, Portugal, Sweden, Spain, Luxembourg and Germany.

Although issues on promoting gender equality are, to various degrees, tackled in bi- and tripartite framework agreements as well as in collective agreements, a higher policy priority needs clearly to be given and concrete action need to be intensified. Especially in Sweden, Denmark, Ireland, Finland, and Belgium certain actions have been undertaken. In France and Luxembourg the social partners are legally obliged to negotiate on equality matters on an annual basis and in the latter a proposal to amend the law on collective agreements regarding the gender dimension has been presented. **Overall and in view of little progress achieved so far the European social partners should consider taking up this issue in their envisaged multi-annual work programme.**

With regard to an increase of labour market participation of older workers some progress is made concerning progressive retirement and continuing training. Positive contributions are made in this way especially in Denmark, Luxembourg Italy, Spain, Belgium, Finland and Sweden. However attention should be paid to the fact that sometimes part-time employment before the retirement age is practically transformed into early retirement schemes, which in fact reduces labour market participation of older workers. This is notably the case in Germany and Austria.

The inclusion of disadvantaged persons into the labour market is as yet less developed in collective action, with some exceptions including Denmark, Sweden and the Netherlands. Increased efforts are needed.

It should be underlined that in many Member States the social partners are strongly involved at regional and local level, by various procedures including territorial employment pacts (Austria and Italy), regional job alliances (Germany), local initiatives (Denmark and Finland), local development fostered by the Structural Funds (Ireland), the regionalisation of labour market policy (Belgium and Spain) and regional growth programmes (Sweden).

As in previous years the concern remains, that a large number of measures involving the social partners **has not been underpinned by budgetary appropriations**, with the exception of some cases in which the ESF contribution is broken down by Pillar. However, it should also be taken into account that notably with regard to the norm-setting character of Guidelines 13 and 14, both at collectively agreed and statutory level, budgetary earmarking is often not the appropriate way to highlight political developments.

European-level activities of the social partners

The **reinvigorated social dialogue at European level** has notably contributed to the development of the EES with the following initiatives, within which also the contribution of the national social partners can be made more coherent and, especially, more visible:

A report of the high level group of experts from the social partners and independent experts concerning **the future of industrial relations** in Europe.

A **joint declaration of the European social partners** to the European Council in Laeken underlining the necessity to develop the autonomous social dialogue further, for which purpose a **multi-annual work programme drawn up by the social partners** will be submitted in autumn 2002. Tripartite concentration should be centralised in a newly created **Tripartite Social Summit** for growth and employment.

At the occasion of the Barcelona Summit in March 2002 the social partners submitted a **framework for action with regard to skills and competencies development**. The social partners committed themselves to regularly monitoring its implementation at national and lower levels and to undertake an evaluation in 2006.

In response to the employment Guidelines which invite the social partners to develop a policy for active ageing the social partners for Commerce, EuroCommerce and Uni-Europa signed, in March 2002, an agreement setting voluntary Guidelines on age diversity at work.

In July 2002 an **agreement on telework** has been signed by the European social partners, which will be transposed into national agreements by the associated organisations within a period of three years. This agreement has been largely inspired by agreements on telework in the telecommunications industry respectively in the commerce sector, signed in February and April 2001¹¹.

¹¹ The following **Commission initiatives** are also likely to foster the contribution of the social partners to the EES:
In January 2002 a **consultation of the social partners** has been launched, under Article 138, on a Commission document **concerning anticipating and managing change**.
Following the failure of the European social partners to negotiate an agreement on **temporary agency workers** the Commission has submitted its own proposal in this area in March 2002.
In June 2002 the Commission adopted a communication (COM (2002)341) **on the European social dialogue: a force for innovation and change** setting out a number of elements to improve governance and a proposal for a Council Decision for the creation of a **Trilateral Social Summit for growth and employment** (replacing the present Standing Committee on Employment), as recommended by the social partners in their joint Laeken declaration.
In July 2002 a further communication (COM(2002)347) was adopted concerning **corporate social responsibility (SCR)**.

1.4. Horizontal Objective E: Policy mix

In translating the employment Guidelines into national policies, Member States will give due attention to all the four Pillars and the Horizontal Objectives by setting their priorities in a balanced manner, so as to respect the integrated nature and equal value of the Guidelines. The national action plans will develop the strategy for employment (adopting a gender mainstreaming approach), comprising an identification of the policy mix based on the four Pillars and the Horizontal Objectives which should make explicit how policy initiatives under different Guidelines are structured in order to reach long-term goals. In giving effect to the Strategy, the regional dimension and regional disparities will be taken into account in terms of differentiated policies or targets, while fully respecting the attainment of national targets and the principle of equal treatment. Likewise, it is appropriate for Member States, without prejudice to the overall framework, to focus, in particular, on certain dimensions of the strategy to meet the particular needs of their labour market situation.

The balance between the Pillars¹²

With regard to the coverage of Horizontal Objectives and Pillars in national policies, the main focus remains on the Employability Pillar (with more emphasis on measures aiming at the integration of disadvantaged persons). However, renewed emphasis is put on the Equal Opportunities Pillar and (although to a lesser extent) on the Entrepreneurship Pillar (especially in relation to self-employment and combating undeclared work). The coverage of the Adaptability Pillar generally tends to under-report the efforts undertaken by the social partners in this area. A rebalancing of the policy mix is in particular visible in Spain, Austria, Luxembourg and Ireland.

Based on the Lisbon political commitments and the growing importance of the knowledge society issues this item has become a central element in all Pillars. The main emphasis remains on the Employability Pillar, but the interest for ICT within the entrepreneurship Pillar is increasing.

As in all previous years of the European Employment Strategy, due to the fact that reports on the implemented policies are mostly lacking, it is difficult to assess if the balance between the Pillars is, in its outcomes, optimal.

Regional and local dimension

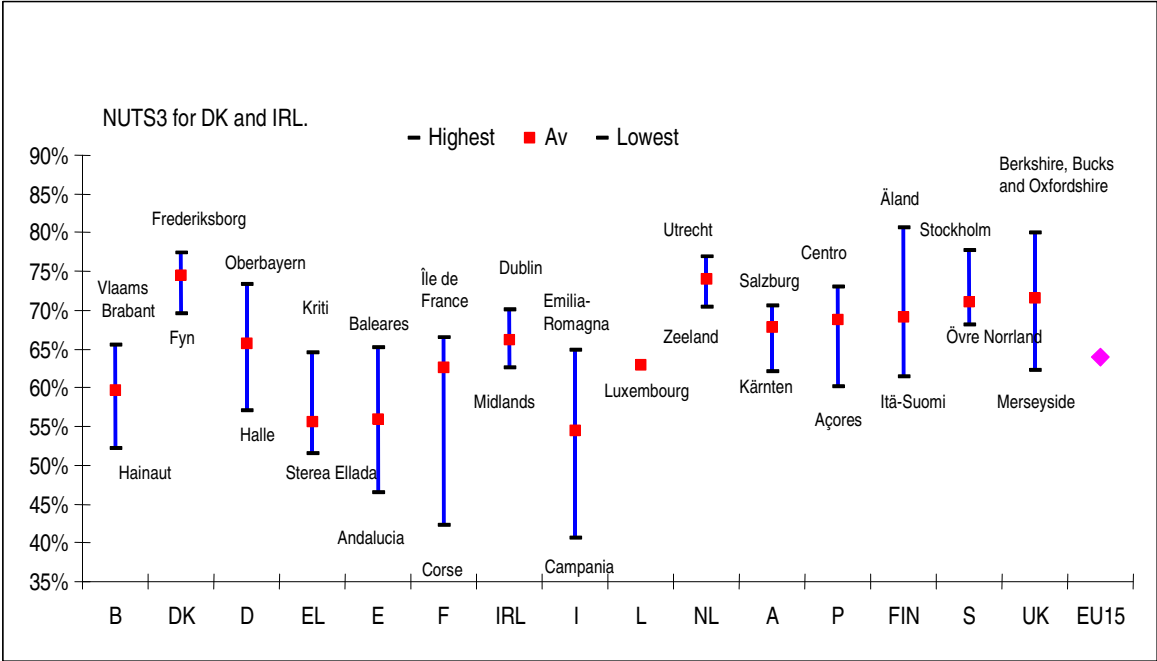
Between 2000 and 2001 regional disparities remained a particularly serious problem in Belgium, Germany, Spain, Italy and Finland. Disparities are in general more pronounced for unemployment (measured by the coefficient of variation¹³) than for employment, and it is also

¹² For an overview of the key developments within each Pillar see the sections 2, 3, 4 and 5.

¹³ The Coefficient of Variation is obtained by dividing the Standard Deviation by the average-weighted mean value (weighted average of the employment/unemployment rate in a country).

unemployment where more Member States experienced deterioration (Germany, Greece, Italy, the Netherlands, Austria and the United Kingdom) than is the case with employment (Germany, Austria and Finland). Germany and Austria are the only Member States with increasing disparities in both employment and unemployment (Austria, however, still at a very low level).

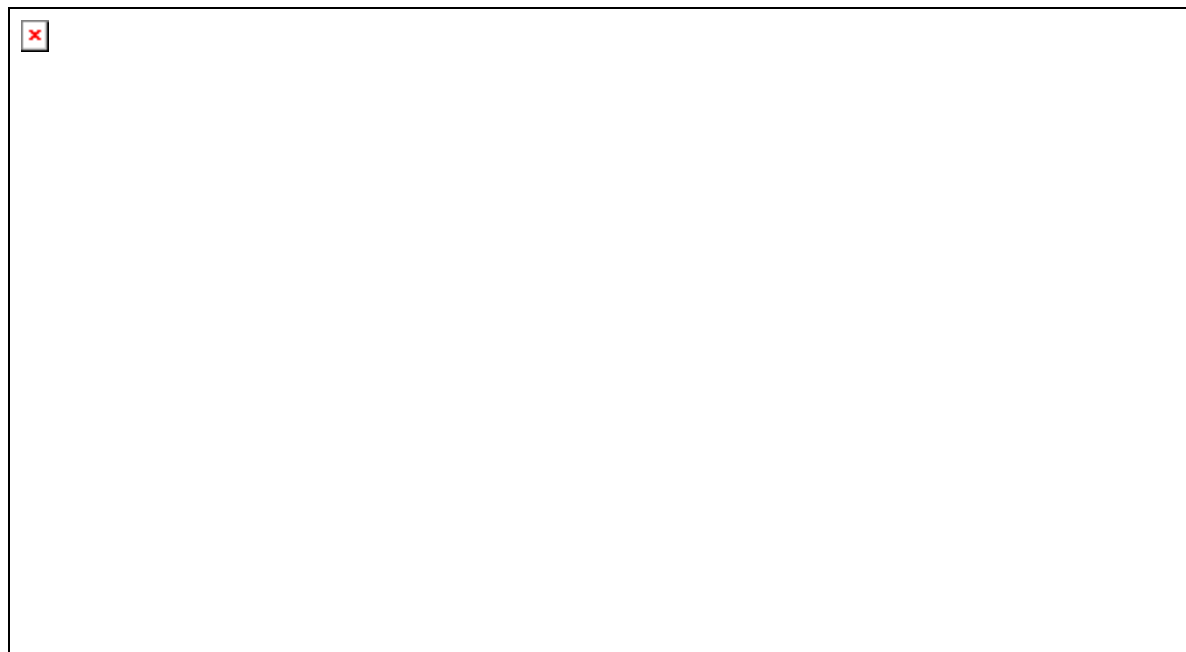
Graph 1: Employment rates in NUTS2 regions in 2001 (% of population 15-64)



Source: LFS NUTS2 level, Eurostat. DK and IRL NUTS3 from national LFS¹⁴.

14 Data for Ireland: Central Statistics Office Ireland. Employment from Quarterly National Household Survey. Working-age population from "Population and Migration Estimates April 2001".
 Data for Denmark: Provided by Arbejdsministeriet, Danmarks Statistik, Labour Force Survey 2001. Employment rates defined as persons in employment aged 16-66 in their working-age population.
 Data for France do not take into account the French Départements d'outre-mer (DOM).

Graph 2: Unemployment rates in NUTS2 regions in 2001 (% of labour force 15-64)



Source: LFS NUTS2 level, Eurostat. DK and IRL NUTS3.

Some Member States are focussing on this challenge more clearly than others. In Finland, there is a sharp North-South divide (the unemployment rate in northern and eastern regions being three times higher than in other regions), accompanied by differences within regions. This situation is taken into account in the regional distribution of funding allocations for active labour policy measures in that the regions with the highest unemployment rates can have about four times as many unemployed participants in active measures as low-unemployment regions. Spain has traditionally pronounced regional disparities and was recommended to more vigorously reduce such disparities in terms of employment and unemployment. Spain responded mainly by addressing Structural Funds activities. Disparities continue to exist in Belgium, with an employment rate of 63.3% in Flanders and of 54.4% in Brussels. In Ireland and in Germany, specific policies aimed at achieving more balanced regional development and a reduction in the disparities between and within regions are being continued and extended under the 2002 NAPs. In Ireland the relevant framework is provided by the National Development Plan. In Germany the support for the catch-up process of the East is a cross-cutting priority for all national policies, for example visible in the allocation of active labour market expenditure, (45% is earmarked for the East). Portugal is also confronted with significant regional asymmetries within the mainland territory. This led, in line with the content of the NAP, to the creation Regional Action Plans for Employment in specific

regions. The regional plans are in different stages of design and implementation. Finland has stopped using the instrument of Regional Action Plans, because of the incorporation of basic principles of the method into national policy and administration.

In a medium-term perspective, modest progress has been made in reducing regional disparities. During 1995–2000 there has been an increase of disparities in terms of income and productivity levels, but also of unemployment rates, while progress has been more even in terms of employment rates. Persistently low performance in terms of employment, unemployment and productivity characterises the regions which are lagging behind. Differences in the skills composition of the working age population, in the sectoral specialisation, in per-capita GDP levels, in the ability to mobilise female participation, and in employment in 1995 explain wide disparities in regional employment performance between 1995 and 2000. The share of high skilled in the working age populations differs by more than one to two between regions and this accounts for a large part of the variance in employment rates.

1.5. Horizontal Objective F: Indicators and evaluation

Member States and the Commission should strengthen the development of common indicators in order to evaluate adequately progress under all four Pillars, including with regard to quality in work, and to underpin the setting of benchmarks and the identification of good practice. The social partners are invited to develop appropriate indicators and benchmarks and supporting statistical databases to measure progress in the actions for which they are responsible. In particular, the Member States should evaluate and report in the framework of their respective national action plans on the efficiency of their policy measures in terms of their impact on labour market outcomes.

Significant progress has been achieved in most Member States in developing and using common indicators to be provided in the NAPs, especially on prevention and activation. However prevention indicators are lacking in some Member States (Greece and Italy).

In response to the request by the European Council, the Employment Committee defined 31 indicators of quality in work¹⁵. Only a few Member States have provided indicators covering quality in work from national sources. Thus, common indicators on disadvantaged persons (ethnic minorities, migrant workers and disabled people) are lacking as well as indicators on transitions between non-employment and employment (for the latter only three Member States submitted data). Although eleven Member States provided data on childcare provision and five countries on care for elderly, most of the data is not in full compliance with the agreed indicators. In general, Sweden, France, Belgium and the Netherlands have provided

¹⁵ Under the ten dimensions of quality in work, the Employment Committee recommends 8 key indicators, used to measure progress in relation to the Employment Strategy, and 23 context indicators, used to support the analysis of the NAP (see section 1.1).

the most extensive list of quality in work indicators. In Luxembourg, the Employment Observatory¹⁶ will be in charge of defining these indicators. For Finland, indicators are partially provided, and the working life barometer provides useful information in many aspects of working life and working conditions. In addition to key indicators, Sweden and Belgium provide a large set of context indicators.

Most Member States have not submitted the necessary information allowing a judgement about the efficiency of active labour market measures on employment to be made. Further progress is needed in relation to the indicators in this field. Moreover, very few Member States have submitted information allowing an assessment of labour market bottlenecks.

With regard to the invitation of the Council to develop appropriate indicators and benchmarks in the actions for which they are responsible, the social partners are gradually taking a more active stance in most of the NAPs. The comprehensiveness of their involvement in this respect should be considerably strengthened and structures by means of their EU-level multi-annual work programme to be submitted to the European Council of Copenhagen in December 2002.

¹⁶ Observatoire des relations professionnelles et de l'emploi.

2. PILLAR 1: EMPLOYABILITY

The main aim of the Pillar is to improve employability of workers in order to contribute to prevention and reduction of unemployment and support the general objective of raising overall employment rates in the European Union. In 2002 no new Guidelines were added but the scope of Guideline 3 was extended to draw attention to the importance of promoting quality in work in maintaining older workers in the labour force. Across the whole Pillar the accent of Member States' efforts in the past year has been on **consolidation and on improving the effectiveness** of measures, both in terms of quality and in terms of coverage.

With regard to **prevention** there is increasing evidence of more integrated approaches better tailored to individual needs. Member States have expanded and enhanced systems to identify and anticipate labour market and skill needs. Far-reaching reforms of Public Employment Services have continued to take place. A growing proportion of unemployed people is benefiting from preventive measures and unemployment, especially long-term unemployment, is decreasing. Intensified efforts are nonetheless called for since full compliance with the targets has only been achieved by five Member States.

Member States have continued to improve their **activation** rates, fourteen Member States have levels which exceed the target of 20%. The share of women taking part in active measures has increased. In general, insufficient attention is given to the inactive. Links between activation measures and combating skill shortages have been strengthened, especially in terms of ICT training. The tendency towards co-operation with employers in the design of measures has been consolidated. Less than half of the Member States provide data on outcomes, outputs and cost-effectiveness of measures, which continues to limit evaluation of impact, although there is an improvement compared to last year.

Some progress has been made in reforming benefit systems, though comprehensive **tax-benefit reforms** are still limited to a few Member States. Attention has focussed on tax reductions with a small, though growing number of Member States addressing the interaction between tax and benefit schemes. Incentives to take up work have been improved and implemented by making increasing use of employment-conditional benefits. However, increased efforts are needed to make unemployment benefit schemes more employment-friendly to tackle the high structural unemployment in most Member States, notably through improving the incentive structure of the tax-benefit systems as well as the interaction between taxes and benefits stimulating work take-up.

Member States are implementing a wide range of policies to raise the employment rates of older workers and extend working life but few have developed national **active ageing** strategies. Most Member States concentrate on benefit reforms, and give less attention to

working capacity or incentives for employers to retain or to recruit older workers. The tendency is to cover a broader age group than those aged 55-64 and to focus on older workers in employment rather than those in unemployment. The limited progress so far and the diversity of older age-related labour market issues underline the need for comprehensive national strategies and better targeted policy actions.

Member States have reinforced **lifelong learning** policies and all have now laid the groundwork for comprehensive strategies. However, further development and concretisation of the strategies are required, especially to improve coherence of policies and to ensure that adequate attention is given to disadvantaged persons. The school drop out rate is gradually decreasing, but the pace of progress is slow and calls into question the feasibility of meeting the common target of cutting the rate in half by 2010. Attention has continued to focus on basic skills, developing continuing education and training for adults and improving the responsiveness of systems to the labour market. The social partners are playing an increasingly important and wide-ranging role in lifelong learning in all the Member States. The common e-learning targets have not yet been fully met in all Member States but generally strong progress has been made, although more attention needs to be devoted to ICT training of teachers.

Member States put **more emphasis on preventing and combating bottlenecks**. Short term tensions on the labour market seem, compared to last year, somewhat diminished. Referring to demographic changes, most Member States emphasise this is not the case from a long-term perspective. To prevent future bottlenecks Member States put more energy into the **development of monitoring systems**. Concerning the policies most Member States emphasise the **linkage between active labour market policies (especially for disadvantaged persons) and education policies** and the prevention of future bottlenecks.

Many Member States link the prevention of bottlenecks and the raising of employment rates with the **activation of disadvantaged persons**. Most Member States stress the need to **promote a level playing field** in access to the labour market. Member States **combine continued integration efforts** with more **emphasis on recruitment policies**. Due to the general lack of data and evaluation, assessment of progress is very difficult.

2.1. Tackling youth and long-term unemployment (Guideline 1)

Every unemployed person is offered a new start before reaching six months of unemployment in the case of young people, and 12 months of unemployment in the case of adults in the form of training, retraining, work practice, a job, or other employability measure, including, more generally, accompanying individual vocational guidance and counselling with a view to effective integration into the labour market.

These preventive and employability measures should be combined with measures to reduce the stock of the long-

term unemployed by promoting their reinsertion in the labour market.

In this context, Member States should pursue the modernisation of their public employment services, in particular by monitoring progress, setting clear deadlines and providing adequate retraining of their staff. Member States should encourage co-operation with other service providers so as to make the strategy of prevention and activation more effective.

2.1.1. Preventing long-term unemployment

The facts about long-term unemployment

- *In 2001, unemployment fell among both young people and adults. The overall unemployment rate fell from 8.1% in 2000 to 7.4% in 2001, and the rate for women from 9.7% 2000 to 8.7% in 2001. The proportion of young people who were unemployed dropped from 7.6% in 2000 to 7.3% in 2001.*
- *The long-term unemployment rate fell by more than the overall unemployment rate, namely from 3.7% in 2000 to 3.2% in 2001. The rate for women dropped from 4.4% in 2000 to 3.9% in 2001. In 2000, 46% of unemployed people were classified as long-term unemployed, a figure which fell to 42% in 2001. This rate varies significantly between Member States. It is less than 1% in Austria, Denmark, Luxembourg and the Netherlands, but above 5% in Greece, Spain and Italy.*
- *The rate of inflow into long-term unemployment varies considerably between Member States. The lowest rates among unemployed adults are found in Austria, Denmark and Sweden (0.6%, 3%, and 4.4%). The lowest rates among unemployed young people are found in Sweden, Austria and Denmark (2.1%, 2.8% and 6%), followed by Ireland (7.2%), Finland (8.6%), Spain (10%) and the Netherlands (10%). Rates of inflow of women into long-term unemployment are higher than those for men in all Member States except Denmark, Finland, Sweden and the United Kingdom.*

Indicators

Progress has been made by most Member States with regard to providing commonly agreed indicators (see annex at the end of Part I). All except Greece and Italy have submitted prevention indicators. By contrast, there are few indicators available for the degree of effective integration following the implementation of prevention measures (see section 2.3). There are differences between Member States concerning the period covered and breakdown by sex.

This progress makes it possible to compare Member States' indicators more accurately. However, some comparability problems remain, owing to the quality of national statistics and different calculation methods.

Progress towards achieving the objectives of the European Union

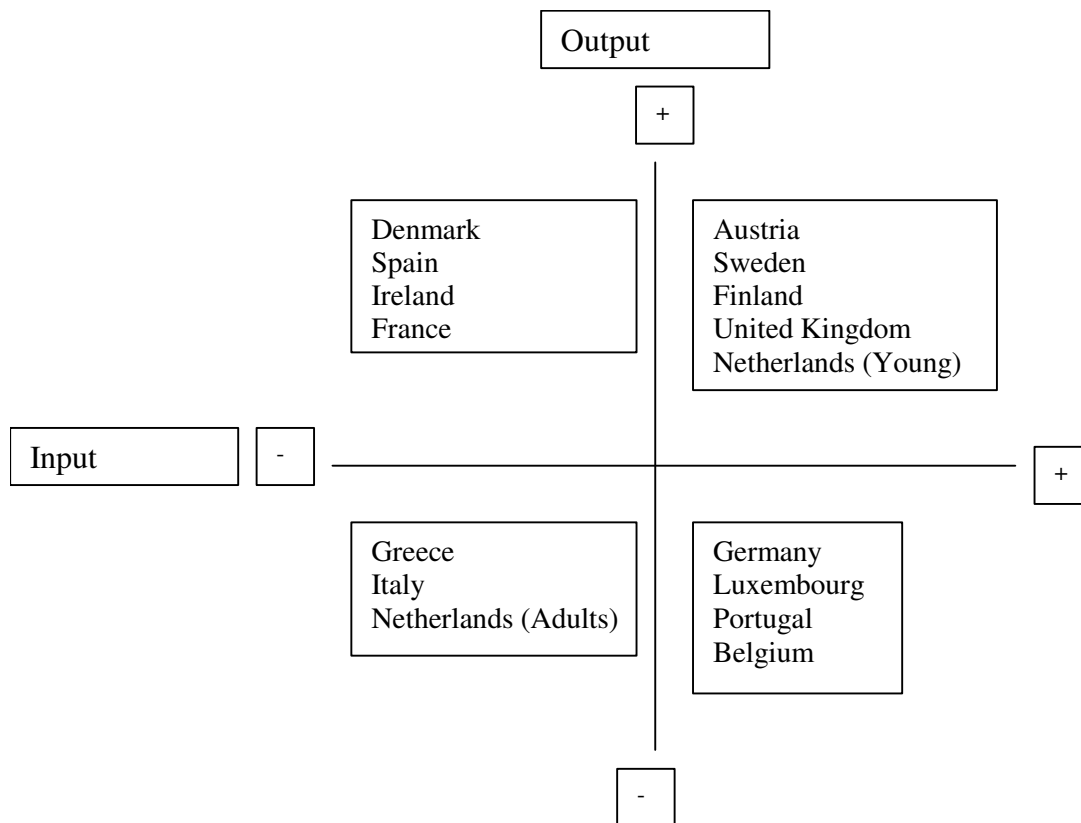
There are substantial differences between Member States as regards their conformity with the common guidelines on prevention. These differences are illustrated in the following diagram.

Performance in terms of reducing inflows into long-term unemployment is shown on the vertical axis. The Member States in the lower/upper parts of the diagram have a rate of inflow into long-term unemployment which is lower than or equal to/higher than EU young people and adults average (13.4%) respectively. The degree of compliance with common provisions is expressed on the horizontal axis. The Member States on the right-hand side have relatively low non-compliance rates (less than EU young people and adults average, i.e. 29.5%). The indicators relate to 2001.

Generally speaking, the results for young people are better than for adults. In some Member States (e.g. Netherlands) these differences are particularly marked. As a result, the Netherlands appears in the diagram twice, once for young people and once for adults.

Four groups of Member States can be identified. The first group, consisting of Austria, Finland, Sweden, the Netherlands (young people) and the United Kingdom, achieved a satisfactory result in 2001 in terms of meeting the common guidelines and reducing inflows into long-term unemployment. They may be regarded as having met the objectives. By contrast, other Member States are only just starting (Italy, Greece) or have achieved very inadequate results for the indicators as a whole (the Netherlands for adults).

The other Member States' results show an imbalance between the aim (to reduce inflows into long-term unemployment) and the resources invested (prevention policies). In practice, despite their low levels of implementation of preventive measures, some Member States (Denmark, Ireland, for young people, Spain and France for the first half of 2001) have succeeded in curbing inflows into long-term unemployment. The momentum of the labour market in these Member States is such that many unemployed people are able to find a job on their own initiative during their first few months of unemployment. On the other side of the coin, some Member States (Germany, Luxembourg, Portugal and Belgium) have stepped up their efforts (rate of non-compliance below 30%) without managing to reduce inflows into long-term unemployment.



The **first group** of Member States have almost achieved the European Union's objectives. Most young people / adults have received a firm offer within 6/12 months, in the form of an individual action plan, a job, a training place or another integration measure. The proportion of jobseekers who have not started a training plan within 6/12 months is less than 15%, as is the proportion of unemployed people who become long-term unemployed.

Austria, which was already a member of the group of Member States complying with the guideline in a satisfactory manner, has further improved its degree of achievement of objectives with regard to both young people and adults. Its non-compliance rates are 14% for young people and 15% for adults. The *Bundesjugendfördergesetz* (Youth Promotion Act), which entered into force on 1 January 2001, provides a basis for reinforcing prevention policies and increasing funding for education programmes. Inflow into long-term unemployment has been reduced by more than initially forecast, the rate for adults being the lowest among the 15 Member States.

Sweden has placed the emphasis on skills upgrading, to enable the unemployed to return to work. The proportion of unemployed people benefiting from a training plan fell in 2001 but

remains one of the highest (98% for young people and 96% for adults). The proportion of young people still unemployed after six months is also the lowest among the Member States (2%). The municipal authorities guarantee young people aged between 20 and 24 a job or training place within the first 100 days of unemployment. The rate of inflow into long-term unemployment fell significantly in 2001 (4%).

Improvements in all performance indicators have been achieved in Finland. The proportion of unemployed people pass the limit of 6/12 months without receiving a proposal for a new start and the rate of inflow into long-term unemployment are in all cases below the 10% threshold.

The Netherlands offers contrasting pictures for young people and adults. The objectives concerning unemployed young people have already been achieved, in that all of them have received an individual action plan within the first six months of unemployment, and only 10% drift into long-term unemployment. However, only a small proportion of adults benefit from new-start measures, and the rate of inflow into long-term unemployment is 23%, putting the Netherlands in the fourth group as regards adults.

As for the United Kingdom, in 2001 more than a million young people who had been unemployed for less than six months received a new-start offer under the “New Deal for Young People” programme, as did nearly two million adults who had been unemployed for less than 12 months. All unemployed young people/adults embarked upon an individual action plan before they had been unemployed for 6/12 months respectively.

Among the **second group** of countries, the proportion of unemployed people benefiting from active measures is very small, which means that the rate of non-compliance is very high. However, these Member States have achieved good results in terms of inflow into long-term unemployment.

In Denmark, most unemployed people manage to find work on their own initiative within the first few months of unemployment, and only one young person out of 20 and one adult out of 30 become long-term unemployed. The input indicators show that only a small proportion of unemployed people benefit from an action plan. However, it must be pointed out that personal interviews of unemployed people by the public employment services during the first six months (which cover nearly all unemployed people, as they are compulsory) are not classed as new-start measures. Otherwise, Denmark would be among the first group of countries.

In France, a new ambitious programme, replacing the "National Service for a new Start", was launched in July 2001, namely the “personalised action project for a new start”, intended to give general currency to the preventive and personalised approach. It offers individual assistance for all unemployed persons (whether or not they are receiving benefit) as soon as

they register. This programme brought about an immediate improvement in the effort rate. Its positive overall impact on the non compliance rate appeared only 6 months later: it was reduced to 23% for young people and 50% for the adults in the first half of 2002. These rates show a clear improvement in relation to the relatively high rates of 2001, i.e. 54% for young people and 39% for the adults in the first semester and 79% for young people and 75% for the adults in the second semester. The rates of inflow into long-term unemployment (14% for young people and 12% for adults) also fell in 2001. In Ireland, although only a small proportion of unemployed people benefited from action plans, only 7% of young people were still unemployed after six months. The corresponding figure for adults was higher (13%).

In Spain, approximately one million unemployed people (less than a third of the total) benefited from preventive measures. The rate of non-compliance for unemployed adults has improved considerably since 1999 (when it was 89%), but is still very high (62%). It is also relatively high for young people (46%). On the other hand, 90% of young/adult jobseekers find work within the first 6/12 months of unemployment, a large proportion of them on fixed-term contracts (which account for approximately one third of contracts overall, and two thirds of contracts for young people).

The **third group** is characterised by input indicator values which are higher than those of the previous group and by high rates of inflow into long-term unemployment.

In the case of Portugal, all indicators reflect results which are less favourable than those of previous years. However, the point should be made that the results are not comparable, as it is only from 2001 that data cover the entire country. The non-compliance rate exceeds 20% for both young people and adults, and the rate of inflow into long-term unemployment exceeds 17% in both cases.

In Germany, the new legal framework which came into force on 1 January 2002 (“AQTIV” – “activate, qualify, train, invest and place”) has had the effect of consolidating and generalising the preventive approach, in terms of diagnosing the situation of unemployed people, providing guidance and advice, and offering employment or training. Consequently, effort indicators show better results for both young people and adults (approximately three quarters of unemployed people have benefited from an individual action plan), and non-compliance rates have fallen. However, inflow into long-term unemployment is relatively high (16% for young people, and 21% for adults).

In Luxembourg, effort and non-compliance indicators show an improvement on previous years. Young people are in a better position than adults. The rate of inflow into long-term unemployment remains relatively high.

In 2001 Belgium made significant progress in preventing unemployment among young people, especially as a result of the “CPE” system (first-job agreements) launched in April 2000. These agreements, which are now offered throughout the country, provide young jobseekers with work experience. Progress has been less marked in the case of adults, for whom the non-compliance rate in 2000 (latest figure available) was 38%. However, it should be noted that the preventive approach in favour of adults is currently being strengthened in conjunction with outplacement and redeployment. The output indicator remains too high in all cases. More than a third of unemployed young people and adults drift into long-term unemployment. The level of preventive action varies from region to region.

In the case of the **fourth group**, Greece and Italy are lagging well behind in terms of implementing the guideline and have not provided any indicators to make it possible to assess the level of achievement in this field.

At the moment we do not have any prevention indicators for Italy, where implementation of the preventive approach seems to be hindered by difficulties in setting up an organisational and information structure.

Greece is in the process of reorganising its public employment service in order to provide new-start support. Personalised attention for unemployed people has been available since July 2001. An interview, guidance and advice are followed by the preparation of an individual action plan covering training, a job offer and work experience. Between July and December 2001, 30 000 people were interviewed by the employment services, and a third of them benefited from new-start support.

Finally, this group includes the Netherlands as regards preventive action in favour of unemployed adults, owing to the country’s low prevention and output indicators for adults.

2.1.2. Promoting the reintegration of the long-term unemployed

Reintegration of the long-unemployed into the job market is a goal pursued not only by prevention and activation policies, but also by policies concerned with fighting social exclusion and supporting active ageing.

In several Member States with low overall rates of long-term unemployment (Denmark, the Netherlands, Sweden, Ireland, Portugal), action in favour of the long-term unemployed focuses on those who are **the most vulnerable** and most difficult to reintegrate (the unskilled, the elderly and ethnic minorities).

In Sweden and Finland, reintegration of the long-term unemployed into the job market is also an aspect of measures aimed at solving **recruitment problems** in certain sectors and/or

professions. The reintegration strategy is seen from a long-term perspective taking account of both skills shortages and demographic factors.

In some Member States, the **personalised approach** is applied not only to unemployed people in the first 6/12 months, but also to the **long-term unemployed**. This is the case in France and in Luxembourg, where it is generally applied to all unemployed people. In other Member States (Ireland, Portugal) initiatives in this direction have been developed at local level or in certain regions. Spain's programmes for the reintegration of the long-term unemployed are progressively being extended and combine personal attention, training and employment in public works and services.

Forms of assistance are varied. Finland has put the emphasis on help for jobseekers and skills upgrading. Other Member States have given priority to placing young people in firms (Sweden) or granting aid to firms which recruit poorly qualified young people (Belgium). In Denmark unemployed people are recruited to replace workers attending training courses (job rotation). In France, state-funded jobs have been offered to young people in new services linked to needs not covered by the market. Other Member States have stepped up business start-up or self-employment aids (Luxembourg, Portugal) or have increased the number of subsidised jobs (the Netherlands). Although these programmes can be regarded as having a positive impact in terms of integration of the unemployed into the job market, their relative effectiveness is not easy to evaluate.

2.1.3. Modernising Public Employment Services (PES)

The important role of Public Employment Services (PES) in the delivery of the European Employment Strategy is more visible in the 2002 NAPs than before. Frequent mention is made of their activities under many different Guidelines. PES modernisation is an effort covering many years, with changing points of attention from year to year. Several NAPs are brief this year about major modernisation projects (already described in previous editions and still ongoing).

'Modernisation of Public Employment Services' is the generic term that covers a wide variety of aspects like organisational framework, resources, service packages, working methods, relationships with other actors in the labour market and so on.

Over the years many Member States have testified that the strategy of activation and prevention induced a comprehensive remodelling of PES operations. Highlights this year are:

- In **France**, a substantial increase in the budget and staffing resources of the PES (ANPE, AFPA) to operate a new scheme (PAP-Nouveau Départ) by which implementation of the

strategy of prevention and activation will be fully completed for all categories of unemployed jobseekers. Within this same framework partnerships are strengthened between the different services and agencies. Finally, 100 additional local employment offices are created and new principles of teamwork are introduced in all local offices.

- Also **Germany** has created conditions for full implementation of the strategy of prevention and activation via the new 'Job-Aktiv Act'. Placement and counselling capacity and staff of the PES has been increased, a new management structure, more similar to the patterns in private enterprise, has been introduced, the licence regime for private placement agencies has been abolished and the co-operation with third parties in service delivery has been strengthened.
- In April 2002, the **United Kingdom** has started the actual introduction of 'Jobcentreplus', which brings the Employment Service and the Benefit Agencies under one roof, extending active employment services from claimants of unemployment benefits to all inactive benefit claimants. This is accompanied by many changes in the operations of the local job centres, who become more strongly involved in partnerships with other local and regional organisations. **Greece** has succeeded in creating proper conditions for a progressive roll-out of the strategy of prevention and activation by completion of the **restructuring of its PES**. The PES has been broken up into a composite of three separate bodies whose activities are co-ordinated by a national Employment Agency: one for placement and counselling, one for vocational training and one for labour market information and analysis. The first body manages a progressively expanding network of local Employment Promotion Centres.
- First substantial results become visible in the **reform of the PES in Italy**. Significant progress is reported with regard to setting up regional networks of employment centres and improving the scope and quality of their services. However, progress is still much weaker in the south than in the northern part of the country, and a long way is still to go before the strategy of activation and implementation becomes fully operational.
- **Spain** is approaching the final stage of rebuilding its national PES into bodies governed by **autonomous regions** (transfer completed for 12 out of 17 regions by 1 January 2002). Decisive progress is reported with regard to the establishment of arrangements that should guarantee sufficient national co-ordination in labour market policy and continued nation-wide transparency of the labour market. The introduction of an integrated computer system (SISPE) for nation-wide data exchange will be completed this year.

On relationship between the PES and private employment service agencies a clear trend in the NAPs this year is the progressive development of a mixed market of public and private

employment services. Several Member States mention further liberalisation of regulations on private employment agencies, also including temporary work agencies (Italy, Austria, Germany, Belgium). Other Member States (Denmark and the Netherlands) are introducing procedures by which private employment services can take part in the delivery of public service programmes.

Public Employment Services are now increasingly investing in more and better **services to enterprises**. Examples are the United Kingdom, where the new Jobcentreplus organisation introduced an 'Employer Directorate' and a 'Large Organisations Unit', which deals with major companies recruiting nationally. Finland has developed a successful 'employer contact' programme that is now extended to PES offices nation-wide. The Netherlands reports a successful covenant with the national association of small and medium enterprises (MKB-Nederland), which led to 60.000 vacancies reported by these enterprises and opening opportunities for 40.000 workers from ethnic minorities.

The increasing **use of new information and communication technology** is becoming one of the main vectors of PES modernisation. Almost all Member States mention vast investment in continuously expanding, enriching and improving electronic self-service facilities. Particularly the self-service facilities over the internet are mentioned by many Member States as a forceful tool to strengthen the position of the PES as a recruitment channel for enterprises.

2.1.4. ESF contribution

Only four Member States have provided information on the ESF's contribution to the funding of guideline 1. More than a third of ESF funding is absorbed by this guideline in Belgium, Spain and Italy, while in France the figure is 20%. The Member States have not provided any information on added value or on the impact of the ESF in relation to prevention policy under guideline 1, although some have mentioned the importance of the ESF at regional level (Germany) or described examples of local-level activities (Sweden and United Kingdom).

2.2. Tax-benefit reforms (Guideline 2a)

Each Member State will:

- review and, where appropriate, reform its benefit and tax system to reduce poverty traps, and provide incentives for unemployed or inactive people to seek and take up work or measures to enhance their employability and for employers to create new jobs.

Enhancing work incentives and improving interaction of tax and benefits

In 2001, reforms in the tax-benefit systems continue to put emphasis on tax reductions while the interaction between tax and benefit schemes has been addressed only in few cases (Belgium, France, the Netherlands, the United Kingdom, Denmark). Most Member States have further reduced taxes on labour income (personal income taxes plus employee's social security contributions [SSC]) particularly for those at the lower end of the wage scale although tax cuts have not always been targeted strictly to low paid labour. Others have undertaken tax reforms by introducing modest general tax reductions.

The disincentive effects of unemployment benefit schemes have not been adequately addressed, particularly in relation to reviewing the eligibility rules and improving the control system. For many Member States, more effective enforcement of eligibility criteria including through better interaction with active labour market policies and giving more attention to the way benefit systems are administered, can contribute in reducing work disincentives while preserving an adequate degree of social protection for the unemployed. As an example, Sweden introduced changes in 2001 to reduce unemployment benefits after the first 100 days of benefit receipt.

The rapid withdrawal of benefits as people earn income from taking up work is now widely recognised as a major disincentive to seek employment. In addressing this issue Member States have implemented various measures. Luxembourg, according to its minimum guaranteed income scheme does not take fully into account earned income when calculating benefits due: as from March 2002 the threshold of the guaranteed minimum income to be deducted from earned income has been raised, from 20% to 30%. Denmark, on the other hand, considers in-work benefits to be weaker incentive than tax reductions in view of the compressed wage structure, high progression in taxation and large share of short-term unemployment.

Several Member States pursue efforts to reduce SSC particularly for the low-paid. Germany provides a sliding scale reduction for SSC of low-income earners and pilot schemes to exploring ways to reduce unemployment traps related to high SSC and withdrawal of social assistance when taking up work. Greece provides for reductions of employer's SSC for low-paid labour, abolition of employees' SSC for full-time employees on minimum wages and subsidies to enterprises for new recruitment. Finland has reduced unemployment insurance and pension contributions particularly for those employed in labour-intensive activities.

Labour cost subsidies, often in the form of reduced SSC, can be effective in terms of increasing regular employment when targeted at people on low wages, new recruits or disadvantaged persons. Spain, for instance, provides reductions in social contributions for employers offering stable contracts to new recruits from disadvantaged persons; combine unemployment benefit in the agricultural sector with income from work, in the effort to

combat undeclared work; subsidises recruitment of unemployed by paying the difference between received social benefit and the worker's normal wage. Similarly, Italy in draft legislation on pensions reforms proposes special fiscal and contribution measures for older workers to remain in work, which would help surface undeclared labour. Moreover, Italy proposes tax-benefit reforms aiming at guaranteeing a broader and non-discriminatory benefit coverage. In France cuts in employer SSC are combined with the 35 hours working week. Changes were also introduced in housing taxes/subsidies and improvements in eligibility requirements for health insurance. In the Netherlands, high dead weight losses associated with labour cost subsidies for the unemployed and low-paid workers call for greater efficiency. Belgium highlights the administrative complexity of labour cost subsidies and in order to enhance their effectiveness, all targeted reductions in social contributions are to be simplified as from 2003. In Greece draft legislation highlights early withdrawal for the labour market as a key problem and the impending reform of the national insurance system is expected to tackle the current problem of incentives for the labour market withdrawal.

Benefits targeted at making work pay

Incentives to take up work have been further increased in 2001 with much emphasis on targeted measures. Several Member States are extending or making increasing use of **employment-conditional benefits**. The Tax Credit schemes introduced in the United Kingdom, Ireland, Finland and more recently in France, Belgium, and Italy is a positive development for enhancing work incentives. However, while these schemes contribute to reducing the unemployment trap, they may increase the risk of poverty traps for those already in work particularly for married couples with or without children. The risk and the potential budgetary costs are higher for countries with high levels of taxes and benefits and a compressed earnings distribution. The risk is higher for those Member States with high marginal effective tax rate, which takes account the combined effect of increases in taxes and benefit withdrawal for a given increase in earnings. The marginal tax rate¹⁷ (an rough proxy measure of the marginal effective tax rate because of data availability) for a married couple with two children and two earners has been reduced further in 2001 in several Member States with substantial reductions observed in 2001 for France and Sweden. In others the marginal tax rate remains high or has increased to high levels ranging from 45%-55% (Belgium, Germany, Finland, Denmark, the Netherlands).

Some Member States have implemented targeted measures which are related to **changes in minimum wages and child benefits structure** (the United Kingdom, Ireland, Austria, Sweden) or combine benefits with part-time work and training (Sweden, Denmark, Portugal,

¹⁷ Defined as the ratio of income tax plus social security employee's contributions, less cash family benefits, as a % of gross wage.

Austria). Ireland and the United Kingdom are raising their national minimum wages as part of their strategies to tackle the problems of poverty and 'make work pay' which goes hand in hand with benefit reforms. Ireland also uses the child income support as a job incentive mechanism providing a substantial increase in child benefits over the period 2001-2003. In Austria the introduction of child benefits, without being related to previous work status but to a relatively high-income threshold, should encourage part-time work. In Sweden the ceiling on childcare fees introduced in January 2002 should help improve the marginal take home pay and combining study support with income from work will make work more rewarding while studying. Denmark, introduced a starting allowance (50-70% of full social assistance) for immigrants who arrived in Denmark after July 2000 and has extended the eligibility of unemployed people aged 25-29 (currently applicable under 25) to participate in education/training. In Portugal, unemployment beneficiaries are allowed to accumulate unemployment benefit with training allowances or part-time work.

In some Member States **the invalidity issue** is a matter of concern and needs to be tackled more effectively. Measures taken by Luxembourg are in the right direction. Draft legislation places emphasis on reintegrating disabled workers either in the same company or externally and if integration is not successful a temporary benefit is paid - equivalent to invalidity benefits. Doubts could be raised concerning measures taken by the Netherlands. New legislation (January 2002), during the first year of invalidity a reintegration report will define the steps needed to accelerate return to work. Also, a reform plan, adopted by the previous government and endorsed by the present one, will restrict eligibility for the disability scheme. In future only permanent and long-term disabled will qualify for a disability benefit. Partly disabled must participate in the labour market as much as possible. The financial incentives for reintegration have been expanded including tax credits or reduced social contributions for employers. Sanctions for both the employer and the disabled worker will be imposed if they fail to meet their obligations. However the outflow problem remains a point of major concern.

The NAPs do not, however, address the possible **gender effects of tax-benefits** reforms. Enhancing the work incentives aspect of the tax-benefit systems, as underlined in the joint report on labour force participation, need to consider *"the incentive structure of means-tested benefits and their dependants with a view that each member of the household has an incentive to work"*. This may have important implications for family types facing a high risk of poverty traps.

2.3. Improving activation policies (Guideline 2b and 2c)

Each Member State will:

- endeavour to increase significantly the proportion of unemployed and inactive persons benefiting from active measures to improve their employability with a view to effective integration into the labour market, and will improve the outcomes, outputs and cost-effectiveness of such measures;
- promote measures for unemployed and inactive people to acquire or upgrade skills, including IT and communication skills, thereby facilitating their access to the labour market and reducing skill gaps. To this end, each Member State will fix a target for active measures involving education, training or similar measures offered to the unemployed thereby aiming at gradually achieving the average of the three most advanced Member States, and at least 20%.

Compliance with the common objective

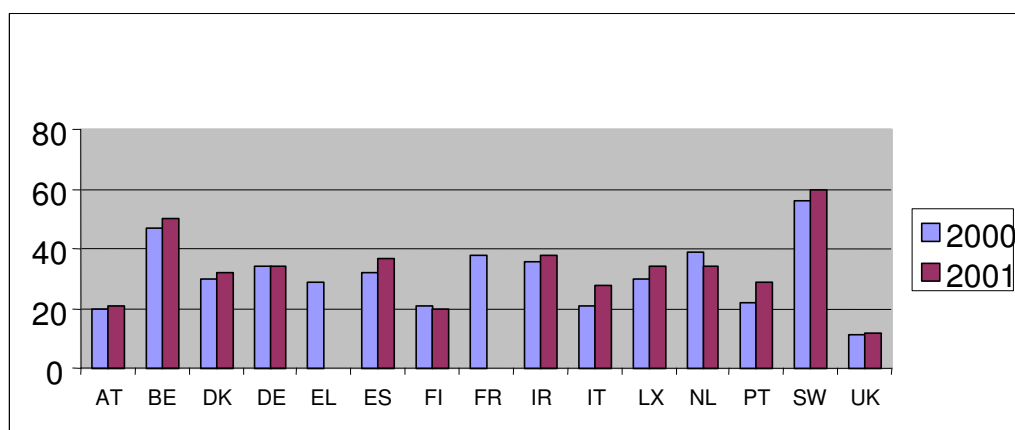
All Member States (except the United Kingdom) already reached the 20% target in 2000 as regards active measures offered to the unemployed (see table 4).

In 2001, the three best activation rates were those for Sweden (60%), Belgium (50%) and Ireland (38%). The average for the three Member States which have made the most progress is therefore 51%. The 2001 average for the 13 Member States for which we have all the data needed to calculate activation rates (all except France and Greece) is 34%.

Sustained increase in activation

The **activation rate** for 2001 has increased compared with 2000 in Austria, Belgium, Denmark, Spain, Ireland, Italy, Luxembourg, Portugal and Sweden. This increase is the combined result of the fall in the unemployment figure and the increased number of persons benefiting from active measures. The activation rate has remained unchanged in Germany and has fallen in Finland and the Netherlands. The following graph illustrates these developments.

Graph 3: Activation rates 2000 and 2001



Source: Eurostat, 'Statistics in focus', March 2002.

In 2001 the number of **participants in active measures** increased compared with 2000 in Austria, Belgium, Denmark, Germany, Spain, Ireland, Italy, Luxembourg, Portugal and Sweden. It fell in Finland and the Netherlands. The all-country increase in 2001 compared with 2000 was 8%.

The proportion of participants in **training** measures went up by 6% for the Member States as a whole. Five Member States increased their number of training participants (Belgium, Denmark, Germany, Spain, Luxembourg, Austria and Portugal), whereas the opposite trend was observed in three countries which were able to provide data (Ireland, Finland and Sweden). A general trend is that ICT training is progressing in all Member States.

Among the seven Member States which have submitted **activation rates by sex** for 2001, the rate for women is higher than for men in Austria, Belgium, Denmark, Finland and Sweden, whereas the opposite is the case in Spain and Germany. The number of women participating in active measures in 2001 increased compared with 2000 in all Member States except Germany.

In most Member States efforts have been made to tailor measures to the needs of the **different groups** of jobseekers (young people, older workers, persons with major difficulties). Some Member States (Belgium, Ireland, Sweden, Finland) include inactive persons among the potential beneficiaries of active measures. However, on the whole little attention is devoted to such persons.

Table 4: Number of participants in all measures and in training measures in 2000 and 2001

TOTAL EU (1)	2000	2001
Participants in all measures	4 351 633	4 691 962
Participants in training (2)	2 036 682	2 140 533

(1) Except Greece, France and Italy as regards participants in all measures.

(2) Except Greece, France, Italy and the Netherlands as regards participants in training.

Substantial variation in spending on policy to promote employment

The statistics provided by the Eurostat-managed database on spending on labour market policies (LMP) show that in 2000 average spending for the EU was 0.92% of GDP¹⁸ (representing a slight decrease from 0.97%). Belgium, Germany, France, Ireland and the Netherlands are close to the EU average. Sweden and Denmark had the largest budgets. The figure for the remaining Member States are below the average. In terms of the share of active measures in total LMP expenditure, an increase was observed between 1999 and 2000 (from 32.4% to 33.4%).

Table 5: Public spending on labour market policy in 2000 (% of GDP)

DK	SW	BE	FR	IE	NL	DE	FIN	ES	IT	AT	PT	EL
1.64	1.51	1.00	0.93	0.93	0.92	0.92	0.74	0.63	0.44	0.37	0.25	0.25

Greater diversification among measures

The main trend observed in recent years, including 2001, is increasing diversification in the range of measures aimed at the long-term unemployed: training, placement, subsidised jobs, in-company training periods, utilisation and recognition of vocational experience acquired.

Training represents nearly half of active measures, although the figure varies from one Member State to another. The proportion of all participants in all active measures who are attending training is over 60% in Germany, Denmark and Luxembourg, between 40% and 60% in Austria, Finland and Sweden, and below 30% in Belgium, Spain and Ireland.

In the latter three Member States priority has been given to **finding jobs for the unemployed**. In Ireland, integration measures mainly take the form of “back-to-work schemes” and “community employment schemes”. In Spain, the placing of unemployed people in the private sector or in services of public interest and public or private non-profit organisations constitutes the bulk (70%) of active measures. However, these measures often include a training aspect. In Belgium, activation measures include financial incentives intended to encourage employers to recruit unemployed people and social assistance recipients.

The private sector plays an important role in placement plans in the latter three Member States. More generally, **co-operation with employers** is tending to increase in all Member

¹⁸ Cf. Eurostat, Labour Market Policy Expenditure and participants. Does not include special apprenticeship aids, for which data are not comparable between countries. Includes all Member States except Luxembourg and United Kingdom, for which certain categories of expenditure are not available.

States. For example, in France the private sector is being asked to take over from the public sector in terms of creating permanent skilled jobs in new services. The Danish plan points out that the objective is not to channel all unemployed people into subsidised jobs or other activation measures, but to integrate them into ordinary jobs in the labour market.

Some Member States (France, Spain, Ireland) have continued with the individualised approach to assisting the long-term unemployed, along similar lines to the prevention approach.

Effectiveness of integration into the job market

Seven NAPs have provided output indicator data making it possible to assess the effectiveness of integration into the job market following participation in a measure¹⁹. A number of studies (see Spain in the following table) show that the job market integration rate for beneficiaries of active measures is higher than for unemployed people who have not participated in such measures. However, even though it is generally agreed that these measures have a positive impact on job market integration, the extent of this impact may vary considerably depending on the measures concerned, the category of beneficiary and the country.

Table 6: Principal data resulting from the NAPs

Member States	Indicators/data	Results
A	Studies to evaluate job market integration for beneficiaries of training measures between January and June 2000	Out of a total of 66 192 beneficiaries, 50.3% were in work six months later.
DK	Calculation of the number of unemployed persons three or six months after completing an activation programme, compared with the total number of beneficiaries of activation measures.	After three months: 22% in 1998; 21% in 1999; 19% in 2000. After six months: 27% in 1998; 26% in 1999; 29% in 2000.
D	Retention rate (proportion of participants in a measure who are no longer registered as unemployed six months later) for the period from July 2000 to June 2001.	Advanced vocational training: 67%; job-creation schemes: 45%; integration subsidy: 82%; recruitment subsidies for business start-up: 76%; structural adjustment measures: 55%; allowances for starting self-employed: 91%.
E	Study covering training beneficiaries in 2000.	67% of beneficiaries found a job within one year of participating in the measure. This proportion is 9.8%

¹⁹ The output indicator is defined as the rate of return to unemployment (or inflow into employment) three or six months after participation in a measure.

		participating in the measure. This proportion is 9.8% higher than for unemployed people with similar characteristics who did not attend training.
FIN	Percentage of people unemployed three months after participating in a measure.	44% in 2000; 45% in 2001.
S	Rate of return to unemployment three months after participating in a measure.	1999: 36%; 2000: 33%; 2001: 23%.
UK	Proportion of people leaving registered unemployment for training who return within 3 or 6 months.	3 months: 2000: 36.5%; 2001: 36.4% 6 months: 2000: 61.1%; 2001: 61.3.

Note: The common indicator is defined as the rate of return to employment (unemployment) after participation in a measure.

The different national contexts determine the effectiveness of the measures implemented. In countries where there is little momentum from the point of view of job creation, participants in active measures do not always find a job. In other countries which have succeeded in substantially reducing unemployment, effectiveness of measures is reduced because they tend to focus on persons with a large distance to the labour market. As pointed out in the Finnish report, as the number of unemployed people falls, measures tend to focus on groups with major integration difficulties, where the chances of success are smaller.

The relative effectiveness of measures is a difficult issue, again as a result of the different national context. According to the evaluations carried out in Germany, Sweden and Finland, the best results in those countries are associated with business start-up incentives. Subsidised jobs in many cases last only as long as subsidies are granted. Job-related training often seems more effective than more general training, although the latter may turn out to be more effective in the medium term. The time horizon often plays an important role. Results are therefore difficult to extrapolate.

Most studies show that the effectiveness of training is boosted where training is combined with other measures, such as work experience. More generally, the combination of measures produces synergistic effects.

Table 7: Activation rates 2000 and 2001

MEMBER STATES	Year	PARTICIPANTS			ACTIVATION RATE (%)		
		Total	Men	Women	Total	Men	Women
<u>Belgium</u>	2000	427 838	159 843	267 995	47	43	50
	2001	468 973	172 309	296 664	50	45	53
Training	2000	68 404	34 581	33 823	7	9	5
	2001	70 731	34 855	35 876	8	9	7

<u>Denmark (1)</u>	2000	55 212	19 943	32 270	30	26	32
All	2001	58 810	24 666	34 142	32	31	33
Training	2000	37 743	12 387	25 353	21	17	25
	2001	42 063	17 560	24 503	23	22	24
<u>Germany (2)</u>	2000	1 970 000	1 080 000	890 000	34	34	33
All	2001	2 015 000	1 154 000	861 000	34	35	33
Training	2000	1 227 462	681 673	545 789	21	22	20
	2001	1 273 918	708 466	529452	22	23	20
<u>Greece</u>	2000	138 976			29		
All	2001						
Training	2000	48 976					
	2001						
<u>Spain (3)</u>	2000	939 804	488 257	451 547	32	39	26
All	2001	1 169 585	563 579	606 006	37	43	33
Training	2000	310 897	145 794	165 103	10	12	9
	2001	343 489	157 620	185 869	11	12	10
<u>France</u>	2000	1 415 489			38		
All	2001						
Training	2000	86 383			3	3	3
	2001						
<u>Ireland</u>	2000	88 719			36		
All	2001	88 772			38		
Training	2000	19 670			11		
	2001	18 847			12		
<u>Italy</u>	2000	535 800			21		
All	2001				28		
Training	2000	338 500			14		
	2001						
<u>Luxembourg</u>	2000	2 085	1 064	1 021	30	34	25
All	2001	2 440			34		
Training	2000	1 612	915	697	25	25	24
	2001	1 843			28		
<u>The Netherlands</u>	2000	200 200			39		
All	2001	167 500			34		
Training	2000						
	2001						
<u>Austria</u>	2000	48 933	22 122	24 734	20	17	23
All	2001	52 727	24 379	28 348	21	17	24
Training	2000	28 587	13 544	15 043	12	10	13
	2001	31 615	15 050	16 564	13	11	14
<u>Portugal</u>	2000	90 699			22		
All	2001	129 965			29		
Training	2000	24 124	6 257	17 867	7		
	2001	49 593			11		
<u>Finland</u>	2000	83646	32 875	50 771	21	17	24
All	2001	75 440	21 580	46 860	20	16	24
Training	2000	48 833	22 135	23 153	12	11	11
	2001	41 280	18 281	22 999	14	12	15
<u>Sweden</u>	2000	289 295	147 042	142 254	56	54	58
All	2001	293 064	144 876	148 188	60	57	63

Training	2000	127 064	52 939	74 125	24	19	30
	2001	127 033	48 319	78 714	26	19	34
<u>The United Kingdom (4)</u>	2000	146 842	118 875	31 556	12	13	11
	2001	162 825	124 261	38 562	14	14	14
All	2000	142 286	115 434	30 448	12	13	11
	2001	140 371	108 380	31 991	12	12	12

(1) 2001: average based on 1st-3rd quarters. The figures refer only to insured persons.

(2) The figures refer only to insured persons.

(3) The 2001 figures cover the period 1 April 2001 to 31 March 2002.

(4) Estimate of those who joined training or other measure from claimant unemployment. Training figures includes the New Deal for young people and adult claimants and work-based training and learning.

Definition of activation rate: Number of participants in training and similar measures who were previously registered unemployed (=E) related to the number of registered unemployed (=E+F) (yearly averages).

Source: National Action Plans

2.4. Policies for active ageing (Guideline 3)

Member States, if appropriate with the social partners, will therefore develop policies for active ageing with the aim of enhancing the capacity of, and incentives for, older workers to remain in the labour force as long as possible, in particular by:

- adopting positive measures to maintain working capacity and skills of older workers, not least in a knowledge based labour market, in particular through sufficient access to education and training, to introduce flexible working arrangements including, for example, part-time work if workers so choose, and to raise employers' awareness of the potential of older workers;
- reviewing tax and benefit systems in order to reduce disincentives and make it more attractive for older workers to continue participating in the labour market.

Enhancing working capacity of older workers and promoting working conditions

In view of the Stockholm employment rate target for older workers and the Barcelona effective average exit age target by 2010, apart from pursuing further reforms related to financial incentives it is crucial to focus active ageing policy on enhancing working capacity and on improving and creating the right working conditions for the older workers. Reporting in the NAPs 2001 indicates that an increasing attention is given to enhancing capacity particularly though training and improving working arrangements.

Enhancing working capacity through training

The changing nature of work raises adaptation problems for older workers who are expected to carry out a range of tasks and share knowledge with others in the workplace. To enable them to adapt to changing labour markets needs older workers would frequently require re-skilling, but it is less likely to have access to training than the young ones especially in new

economy skills. Several Member States promote training and reskilling as part of their ageing policy for employed and/or unemployed older persons (Sweden, Germany, Denmark, the United Kingdom, Belgium, Ireland, Portugal, Finland, Austria, Greece). However, available information on access in education and training despite improvements in recent years shows disappointing low results for older workers. The participation rate of older workers in the EU increased from 1.2% in 1997 to 3% in 2001, which is only a third of the participation rate for the adult working age population (8.4%). Sweden, the United Kingdom, Denmark and Finland are the best performers with an average participation rate for older workers 10.9%. This underlines the need for paying more attention on incentives for training of older workers particularly at workplace, **targeted training at wider age groups** including the upper prime-age group (45-54).

Some Member States are promoting integrated programmes combining training with job placement for older workers (Germany, Greece) or “recruit and train” packages currently under development focussed on sectors with skills shortages such as IT and healthcare (the United Kingdom) or covering training costs for those employed in SMEs (Germany). In Finland, the National Programme for Ageing workers will be continued as part of other programmes and new initiatives in 2002 focus on labour market training or those lacking vocational training to be linked with regional and company development strategies. In Austria training benefits have been raised and enrolment increased in 2001. Portugal provides incentives for re-qualification of workers in companies undergoing restructuring.

Improving working conditions

Germany promotes pre-retirement part-time work through collective agreements, allowing older workers to halve their working time without significant income losses. Belgium places emphasis on the reduction of working time, improving quality at work and better reconciling working with non-working life. In Sweden, a programme has been introduced for improved health in working life and modernising work organisation. In Denmark, new measures aim at promoting a more flexible labour market with possibilities of creating a working environment better adapted to older workers abilities. In Ireland, retention of older people is linked to promoting flexibility in work arrangements and reconciliation between work and family life through the social partnership approach, but not specifically targeted for older workers. In Finland, promoting workplace health and ensuring well-being at work will continue e.g. as part of the ESF programmes and the Well-Being at Work programme. In the United Kingdom, the project on flexible working practices contributes in identifying good practices for older people together with the employers of gradual or flexible retirement practices.

Awareness raising among business

In the Netherlands, the newly established Older Workers Task Force will make recommendations to encourage change in attitude towards older workers. The United Kingdom focuses on recruitment and retention of those 50+ and on encouraging employers to apply age positive employment practices over the years up to the implementation of age legislation by 2006 and is promoting active ageing also through awards, advertising initiatives and events. Portugal places an emphasis on changing attitudes towards older workers, raising public opinion awareness of the problems related to demographic ageing and of the importance of promoting active ageing. Finland, in its Ageing Programme, places the emphasis on information concerning older workers.

Financial incentives to raise labour participation of older workers

Member States have stepped up their efforts in reforming early retirement schemes. These reforms have **increased the statutory standard or early retirement ages** (Denmark, Austria) and made early retirement schemes less attractive in most Member States. In particular, they have allowed for more flexible working arrangements with possibilities for combining **gradual retirement with part-time work** and loosened “earnings tests”, which often precluded individuals from working while receiving a pension (Germany, Sweden, the Netherlands, Denmark, Italy, Spain, Ireland, Portugal).

Several Member States (Spain, Portugal, Finland, Germany, Austria,) have introduced **disincentives for early retirement** by reducing pension rights for those retiring before the statutory retirement age or phasing out favourable tax treatments for early retirement schemes (the Netherlands), with some also providing **bonuses for later retirement** (Spain, Portugal) or higher pensions (Finland, Luxembourg) to individuals who continue to work beyond the statutory retirement age or special fiscal and contribution regime (Italy). Others provide **guarantees on pension rights**: Some examples include the Netherlands which plans a bill guaranteeing the social security rights of older workers taking up a job at a lower wage than previously and allowing them to keep their social security rights based on previous higher wages or return to work without losing their right to early retirement (Ireland and Sweden). Despite progress policies that encourage an early exit from the labour market need to be re-examined. The culture of early retirement should not be advocated as the preferred solution to corporate restructuring.

Reintegration of unemployed and job placement of inactive older people

The importance of the demand side is often under-estimated. It is not sufficient to reform benefit systems discouraging early retirement and expect employers to adjust to the new environment. The accepted view is that enterprises often tend to adjust their workforce, especially during periods of rapid technological changes and economic downturns, by

dismissing older workers and hiring younger with new skills. The facts do not seem to support this view, since employment rates for both the young and older workers have increased over the period 1997-2001. This result may partially reflect the impact of policy measures for raising participation for all ages.

Incentives addressed to employers to retain or to recruit older workers can stimulate demand for older workers. Some Member States provide such job incentives, in the form of reduction of employer's SSC and job subsidies, to maintain older workers (Germany, Greece, Belgium, Spain) or to recruit new staff, particularly long-term unemployed (Belgium, Italy, Austria, the United Kingdom, Sweden). Others, such as Spain, provide higher reduction in SSC for the 60+ or exemption from SSC for those over 64 and support for non-profit organisations helping people over 45 to find jobs. Germany promotes reinsertion of unemployed in part-time jobs or fixed-term contracts for those aged 58+, particularly through the job incentives of Job-AQTIV Act. Italy has introduced special fiscal and contribution regime for older people remaining in work.

A few Member States (the Netherlands, Spain, Austria) have introduced **penalties to discourage the dismissal of older workers**. In the Netherlands, a new law becoming effective in January 2003 provides for employer's contribution to unemployment costs for when dismissed older workers (57½ +) claim unemployment benefits. In Spain employers who dismissed workers over 55 must pay SSC until the worker reaches the age of 61; in downsizing the company pays part of the employer's SSC for dismissed workers over 54. In Austria the bonus-malus system encouraging recruitment and penalising dismissal of older workers appears to be effective - with bonus cases up and malus cases down. Moreover, employers have to notify dismissals of older workers (50+) so that they can receive counselling and guidance.

Nevertheless, targeted job incentives for employers need to be strengthened and extended, particularly in those Member States where the employment rate for older workers is very low. Restrictive policies discouraging people from leaving work should be combined with job incentives, otherwise employers would be reluctant to hire older workers.

2.5. Skills and lifelong learning (Guideline 4)

Member States are therefore called upon to improve the quality of their education and training systems, as well as the relevant curricula, including the provision of appropriate guidance in the context of both initial training and lifelong learning, the modernisation and greater effectiveness of apprenticeship systems and of in-work training, and promote the development of multi-purpose local learning centres, in order to:

- equip young people with the basic skills relevant to the labour market and needed to participate in lifelong learning;

- reduce youth and adult illiteracy and reduce substantially the number of young people who drop out of the school system early. Particular attention should also be given to young people with learning difficulties and with educational problems. Member States will in this context develop measures aimed at halving by 2010 the number of 18 to 24 year olds with only lower-secondary level education who are not in further education and training;
- promote conditions to facilitate better access of adults, including those with atypical contracts, to lifelong learning, so as to increase the proportion of adult working-age population (25 to 64 year olds) participating at any given time in education and training. Member States should set targets for this purpose;
- facilitate and encourage mobility and lifelong learning, paying attention to such factors as foreign language education, the improved recognition of qualifications and knowledge and skills acquired in the context of education, training and experience.

The facts on educational attainment

- *The positive trend towards the upskilling of the adult population (25-64) is continuing, although there are signs of a slow-down and stabilisation in the pace of change, measured as the percentage of people who attained at least upper secondary education level. Between 1999 and 2000 the rate of the population with such a qualification rose by over 1 percentage point from 62.4% to 63.6, whereas for 2001 the increase was only 0.2%.*
- *Wide disparities remain between the Member States but since for the younger age groups the Southern Member States have generally achieved faster rates of increases than the Northern Member States, there are indications of possible convergence in the long-term. The attainment rate for young adults (25-34) is now nearly 60% in all Member States, except Portugal, compared with an EU average of just over 74%.*
- *The gender gap has reduced even further with only just over 5 percentage points now separating the overall rates for women and men aged between 25-64. In the younger age groups women's educational attainment levels have either overtaken those of men or are within 3 percentage points.*
- *The three top performing Member States are Germany, the United Kingdom and Denmark who all have educational attainment rates of over 80% for the whole adult population.*

Basic skills for young people and adults

Most Member States (notably Italy, the Netherlands, Portugal, Belgium, Luxembourg, Sweden, Spain, Greece, Austria) report on further developments incorporating more vocational elements into education and reinforcing on-the-job training possibilities, often as alternative learning pathways for students with difficulties who might otherwise drop out. The majority of Member States outline steps taken to **expand and enhance maths, science and technology learning**, especially within secondary level education. Some (Austria, Sweden,

Finland, Spain and the United Kingdom) are extending these reforms to tertiary level education too.

Although basic skills approaches are very diverse, attention is generally given to **functional literacy**, including basic ICT competence, and to learning to learn skills as well as the ability to read, write and count. **Second chance education** or training opportunities are used not just to address the problem of early school leavers but also to give adults with no or low qualifications the opportunity to catch up. Improvement in **adult literacy** is a particular priority, especially in the United Kingdom, Ireland and the Netherlands where quantified targets have been established. Broad information and awareness raising campaigns have been initiated in several Member States and steps taken to promote literacy development in the workplace.

The facts on early school leaving

- *In 2001 17.6% of people aged 18-24 in the EU had left the education system prematurely, with lower secondary education or less.*
- *Although the situation is mixed at Member State level, the EU average rate is considerably higher for males than for females – 19.7% compared to 15.4%.*
- *The drop-out rate remains persistently high, especially in Portugal, where around 45% of cohorts leave school with minimal skills, and in Spain and Italy with rates of over 25%. With the exception of Portugal, there is a strong correlation between high drop-out rates and high youth unemployment rates.*
- *The United Kingdom, Austria, Finland and Sweden have the lowest incidence of early school leaving with rates of 10% or less.*

Combating school drop-out and reducing the numbers of young people without upper secondary qualifications continues to be a priority in all Member States. The scale of efforts has been significantly increased (Ireland, Greece, Spain, Austria, Portugal, the United Kingdom, Luxembourg and France) and growing attention is being paid to preventive action, sometimes combined with geographical targeting on economically and socially disadvantaged areas and greater involvement of local communities (Greece, Ireland, Portugal, the United Kingdom and France). Portugal is setting up new social school support centres bringing together multi-disciplinary teams to complement existing measures.

A good understanding of the nature and volume of ESL is a pre-requisite for effective measures and it is encouraging that some Member States are testing actions to improve their capacity to register drop-out rates (the Netherlands, Greece, Italy). However, further action to enhance monitoring and evaluation of the effectiveness of measures is necessary, particularly regarding the more entrenched problem of male drop-out.

Closer links with the labour market

Increasing attention is being paid to promoting a better match between education and training supply and labour market demand. In addition to making initial education more vocationally relevant, **apprenticeship provision** has been considerably expanded (Finland, Luxembourg, Italy, Portugal, Ireland) and is undergoing reform to align it better with new labour market needs and improve effectiveness (the United Kingdom, Austria, Germany, Belgium and Spain).

Greece and Finland report on mechanisms to better **anticipate skill needs** to ensure more targeted education and training provision. The United Kingdom and Belgium describe centres of vocational excellence aimed at enabling providers to respond more effectively to employers needs. Finland and the United Kingdom also highlight closer collaboration between learning providers and employment services on vacancy databases and information on training opportunities. However, overall, provision remains supply-led.

Most Member States are linking vocational training of **vulnerable groups** such as older workers, the low-skilled, the unemployed, women (re) entering the labour market, ethnic minorities and migrant workers to skill shortage areas, especially ICT.

Some Member States have introduced support measures, such as language training in the workplace, to facilitate the employability and adaptability of **migrant workers** (Denmark, Finland, the Netherlands, Sweden). Sweden, Denmark and Finland are also trying to streamline their education systems to promote a faster flow-through and quicker entry of appropriately qualified young people onto the labour market.

The facts on participation

- *Participation in education and training, as measured by the LFS²⁰, continues to be low at only 8.4% of the adult population aged between 25-64. There was no change at all in the rate between 2000 and 2001 and the increase since 1999 was marginal, 0.2%.*
- *Participation rates are particularly low in several Member States, below 4% in Greece, France and Portugal and below 6% in Spain, Italy, Ireland, Germany and Luxembourg.*
- *Participation rates vary widely between the different age groups and attainment levels. Those aged between 25-34 are nearly five times more likely to take part in education and training than those aged between 55-64, more than twice as likely as those aged between 45-54 and over a third more likely than those in the 35-44*

²⁰

Source: Labour Force Survey data 2001. For most Member States, LFS participation refers to education and training in the four weeks preceding the survey, but for Portugal, France and the Netherlands, data are only collected if participation is ongoing at the time of the survey.

age group. The differences between attainment levels are even more marked with those with low skills being over 6 times less likely to participate than those with high skills.

- Women's progress has been particularly strong, in 1997 their participation rate for the adult population was slightly behind that of men – 5.6% compared to 5.9%, whilst in 2001 the rate for women stood at 9% compared to 7.9% for men.
- The highest adult participation levels in education and training are found in the United Kingdom, and Sweden with rates of over 21%.

Broadening access to learning

Efforts to **bring learning closer to people** have been reinforced through a variety of actions including the expansion of regional and local learning centres (Austria, Belgium, Finland, Italy, Sweden, the United Kingdom). Lifelong learning is increasingly being integrated into broader regional development strategies and learning partnerships (Belgium, Germany, Finland, France, Italy, Spain, Ireland, the Netherlands and the United Kingdom). A number of Member States report on increased lifelong learning budgets for regional authorities (notably Sweden and Greece).

Member States have also broadened lifelong learning participation through the further **development of financial incentives** for enterprises and individuals (for both employees and unemployed) and time to learn (see section 4.2). **Information, advice and guidance** services have been enhanced (Austria, Belgium, Denmark, Greece, Finland, Italy, Ireland, Luxembourg, Spain, Portugal, the United Kingdom). Particular attention is given to disadvantaged persons and Member States tend to focus on workplace orientation, information for unemployed people, 'job-seeker programmes' and information about present and future competencies required. However, co-ordination between these various systems needs to be improved. Some also mention measures to make **learning provision more flexible** including through greater use of distance learning (Belgium, Greece, Sweden, the United Kingdom), more adaptable curricula (Austria, Denmark, Sweden) and more possibilities to combine part-time study and work (Belgium, Portugal, Sweden). A few Member States (Denmark, Portugal, the United Kingdom) outline awareness raising actions to promote the value of learning but generally more attention needs to be given to developing a broad culture of learning.

Several Member States have set up new bodies or enhanced existing systems to **improve quality management**, evaluation, accreditation and certification of continuing vocational training. However, only a few report on more wide-ranging initiatives to improve quality. Denmark is launching a general Action Plan for Better Education and Training Programmes to strengthen standards, modernise curricula and make systems more flexible. Spain has

proposed a draft Law on Quality to reinforce management and assessment which would reform infant, primary, secondary and higher education systems to ensure everyone has the basic skills to participate in lifelong learning. Greece is establishing a range of new evaluation and monitoring structures, as well as improving methodology and teaching material for teacher training. Luxembourg is planning to develop quality criteria for lifelong learning. However, overall, more attention needs to be paid to quality, especially to the further development of appropriate monitoring and evaluation to enable better assessment and reporting on impact.

Many initiatives also target **the recognition and certification of non-formal or workplace learning** (notably in France, Ireland, the Netherlands, Sweden, Denmark, Finland and Belgium). For example in Portugal the intention is to set up 84 centres to recognise and validate basic skills and qualifications by 2006. However, in most Member States the schemes are still in the early implementation phase. Following initiatives taken at EU level, certificate supplements are being introduced to improve the transparency of vocational skills and qualifications.

With regard to the promotion of **mobility**, several Member States report on measures to strengthen language learning, especially in initial education (Belgium, Italy, Portugal, Spain, Sweden). Sweden has set up a national centre for information on vocational education and training to increase mobility.

National Targets

Although there continues to be a lack of targets on investment, **two thirds of Member States have now set national targets on participation and attainment** (Austria, Belgium, Denmark, France, Ireland, the Netherlands, Portugal, Spain, Sweden and the United Kingdom). And some of those which have not yet set targets report on mechanisms being put in place to enable them to do so as of 2003 (Finland, Greece). Two Member States also outline their intention of setting regional sectoral targets (Finland) or of monitoring progress at regional and local level towards targets already set (the United Kingdom). There has been an improvement in consistency with Member States retaining the same targets and providing quantified data often showing good progress. Nonetheless, the target setting remains rather patchy and many of the targets cover participation or attainment only for limited parts of the population. There is a tendency to focus more on the younger age-groups and, whilst this is important, attention also needs to be given to how to increase the participation of older age groups, the low-skilled, vulnerable groups, SME employees and those on atypical contracts.

Increased resources

The majority of Member States, whilst not setting actual targets to increase investment, nonetheless report higher budgets for lifelong learning. For example spending in Greece will rise by 8.5% every year until 2006. Since 1998 the higher education budget in the United Kingdom has risen by 18%. In France 22.7% of the national budget was spent on education in 2001 compared to 20.5% in 1995. The education budget in Austria now accounts for 13.72% of the overall government budget which is the highest of all departmental expenses. Between 2000-2006 Ireland will spend 15 billion Euro on human resource development. The bulk of expenditure on human resource development in Greece, Ireland and Portugal comes from the ESF.

Some Member States also report on increases in spending on lifelong learning by enterprises and social partners (see section 4).

Social partners involvement

The role of the social partners in lifelong learning is continuing to grow and they are increasingly involved in the design of adult education and training policies and in the co-ordination, delivery and financing of the related measures (see section 4).

2.6. Development of e-learning (Guideline 5)

Member States will aim at developing e-learning for all citizens. In particular, Member States will continue their efforts to ensure that all schools have access to the internet and multimedia resources and that, by the end of 2002, all the teachers needed are skilled in the use of these technologies in order to provide all pupils with a broad digital literacy.

The facts on e-learning

- *The EU average rate of access to the Internet for all educational levels reached 93% in 2002 compared to 89% in 2001. Over the same period the rate for secondary schools rose from 96% to 98% and from 84% to 90% for primary schools.*
- *Internet coverage levels of between 99%-100% for all educational institutions have been reached by 6 Member States (Denmark, Germany, Ireland, Finland, Sweden and the United Kingdom), five have levels of between 92%-94% (Austria, Spain, Belgium, the Netherlands and Portugal), whilst the rates for the remaining Member States vary between just below 90% (France, Italy) to around 65% (Luxembourg) and just under 60% (Greece).*
- *Internet coverage at secondary and tertiary level is generally high, with the exception of Greece, all Member States have reached rates of 94% and above for secondary level. At primary level only 11 Member States have rates of over 90%.*

- *The ratio of students to on-line computers is steadily improving, the average number of students per computer at secondary level is now around 10 compared to 15 in 2001. All Member States have higher numbers of students per PC in primary schools than in secondary schools. Best performers: Denmark, Finland, Sweden and the United Kingdom achieving ratios of under 14 students per PC in both primary and secondary schools.*
- *Just under 60% of primary teachers and just over 50% of secondary teachers in the EU have received computer training. Around 40% have received Internet training whilst 40% of primary and 47% of secondary teachers had not received any ICT related training. Best performers: Ireland, Denmark and Finland, which have achieved rates of around 75% or over for both primary and secondary level teachers.*

In assessing Member States performance account needs to be taken of their very diverse starting points prior to the introduction of the common targets, following the Lisbon European Council in 2000. Whilst substantial differences still exist, and the best performers continue to be drawn from those countries which were well advanced before 2000 (Denmark, Finland, Sweden and the United Kingdom), some of the others (in particular Portugal, Spain and Greece) have achieved **impressive results, especially in terms of improving the student/computer ratio**. Overall, strong progress has been made towards the e-learning targets, although they have not yet been fully met. Further efforts are called for, especially in primary schools. And the situation with regard to the **training of teachers is less satisfactory and casts doubt on the feasibility of meeting this target by the end of 2002**.

Member States' performance on school and pupil access to PCs and the Internet

Clear progress has been made regarding the access of educational institutions to the Internet, 11 Member States have now achieved, or are close to achieving, the target of 100% Internet coverage of schools. The gaps between Member States are narrowing although rates for primary schools are lagging behind, especially in Greece. The slower progress at primary level appears to be owing mainly to a policy choice to give priority first to ensuring good access at secondary and tertiary levels. Now that attention is being turned more towards primary schools there is no reason why the same rapid pace of progress witnessed at secondary and tertiary level will not be achieved at primary level too. It is encouraging that, in their NAP, Greece states that they expect to achieve the common e-learning targets by the end of 2003.

Member States performance on ICT literacy for teachers

Whilst the target does not necessarily require the training of 100% of teachers (since it refers to 'all teachers and trainers concerned') **coverage of only half of secondary school teachers is low** and calls for significant stepping-up of efforts. The nature of the training provided varies between Member States but most go beyond equipping teachers with basic ICT skills and include the use of ICT for specific pedagogic purposes.

Nearly all Member States report on the use of e-learning tools and several have established specific portals for educational institutions, providing useful links and information on good practice and tools (for example Denmark, Germany, Luxembourg, Portugal, Sweden). Several Member States have launched programmes to stimulate the development of appropriate teaching and learning software and content for use in the different education and training sectors (Austria, Germany, Denmark, the Netherlands, Luxembourg, the United Kingdom).

ICT skills for all

Many Member States are continuing to give special attention to particular priority groups in ICT skills training, especially the unemployed and older people. Several Member States have also put in place specific programmes aimed at women. Sometimes the main focus is on basic ICT skills (Austria, Belgium, Luxembourg, Germany) and sometimes it is part of broader action to encourage more women to take up science and technology related subjects (Finland, Italy, Sweden, the United Kingdom). In addition to the many actions mentioned in last year's JER to promote digital literacy for all, key measures highlighted this year concern intensified action at regional and local level, often through the expansion of IT competence centres (Austria, Belgium, Spain, Italy, the United Kingdom) and, more rarely, through innovative action in disadvantaged communities²¹.

Only Belgium and Luxembourg report on developments to make the European Computer Driving Licence accessible to all, and generally **more attention needs to be given to the issue of certifying basic ICT competencies**.

Improve matching of education/training provision with market needs

All Member States have reinforced ICT skills development within initial and further education, often as part of broader action to incorporate more technology in curricula. As regards initial training several Member States have introduced specially adapted or modernised apprenticeships in the field of ICT. The majority have also expanded provision of continuing ICT training, sometimes by making IT compulsory in all vocational training programmes as has been done in Denmark, or by setting a minimum level, as is the case in Portugal where ICT must be involved in 50% of continuing training. Some Member States, such as Spain, have also instigated programmes where unemployed people will be trained by companies as ICT experts. Some of these measures are covered by collective agreements but, with a few exceptions, the role of the Social Partners in this area remains generally weak²².

²¹ For example the connection of 14.000 households to local community web sites and internet services in the United Kingdom's pilot 'Wired-Up Communities'.

²² See also Guideline 15 on ICT literacy opportunities for all workers.

Other initiatives to promote a better match between ICT education and training provision and the labour market include surveys to identify companies ICT skills and competence needs and the promotion of networking between education and training providers and companies in the area of research, science and technology.

The Member States which last year had reported on initiatives to offer on-line services about learning for adults (Austria, Sweden, the United Kingdom) have developed their efforts and Finland announces a similar project this year. However, otherwise, **relatively little use seems to be being made of the potential offered by ICTs to expand and enhance information and guidance services on learning opportunities**. This is surprising in view of the importance access to good information on education and training possibilities plays in supporting professional mobility. In particular more attention should be given to ensuring closer collaboration between learning providers and employment services on vacancy databases and information on training opportunities, as is already happening in Finland and the United Kingdom.

2.7. Bottlenecks (Guideline 6)

Member States will, as appropriate with the social partners, step up their efforts to identify and prevent emerging bottlenecks, in particular by:

- developing the job-matching capacities of employment services;
- developing policies to prevent skills shortages;
- promoting occupational and geographical mobility within each Member State and within the European Union;
- enhancing the functioning of labour markets by improving databases on jobs and learning opportunities which should be interconnected at European level, making use of modern information technologies and experience already available at European level.

Awareness and interpretation of the problem

Compared with last year, most Member States which reported acute bottlenecks report **lesser problems** due to the slow-down in economic growth since mid 2001. Portugal does not yet observe reduced problems. Luxembourg makes the point that it was never confronted with serious bottlenecks, due to a substantial labour reserve across its borders. The United Kingdom argues that its dynamic labour market prevents bottleneck problems spreading beyond small labour market areas.

Member States often mention the IT sector and highly skilled technicians in a broad range of business sectors for recruitment bottlenecks. Furthermore several Member States refer to problems in parts of the public sector (health and care services and education), which are not directly affected by trends in economic growth.

Some Member States (Sweden, Finland, Denmark and Ireland) show concerns about continued or possibly **increasing bottlenecks in the coming decade**, due to a decline in the potential labour supply. For example, Finland expects in 2004 the number of people leaving the labour market to exceed the number of young people entering it. Thus, more than ever economic growth will become dependent on a more active management of the labour supply. Longer-term developments lead many Member States to widen the policy issue beyond the remit of preventing bottlenecks, both in terms of causes (the demographic factor) and of policy response (co-ordinations between different policy fields).

Many Member States present bottleneck problems as not exclusively the difficulty of filling vacancies, but as a comprehensive staffing problem. The Netherlands, for instance, addresses problems in the public sector with a package of measures that also include improving the labour market competitiveness of public organisations and efforts to reduce sickness absenteeism.

Identification and analysis of bottlenecks²³

As the planning of vocational education and training programmes is dependent on monitoring labour market developments, many Member States (Belgium, Italy, Greece, the United Kingdom, and Portugal) report efforts to **monitor the development of bottlenecks**. On the one hand such monitoring focuses on measurement of size and on explanation of causal factors. A second objective is to predict longer-term developments (for instance mentioned by Ireland and Finland). Other Member States (Sweden, Denmark and Spain) report initiatives to further strengthen their systems for monitoring and analysis. The key issue in Sweden and Denmark is the co-ordination of monitoring actions at regional and national level. Although there is progress, the descriptions of national monitoring efforts remain rather fragmentary. Therefore it is impossible to assess their effectiveness.

Policy actions

As preventing and alleviating bottlenecks in the labour market becomes an important concern in Member States **policy responses seem to become better articulated**. In Denmark,

²³ The data concerning the v/u ratio trend (NECK C1) and vacancy duration (NECK C2) are coming from national source and will be available in August.

regional Public Employment Services have been instructed to take initiatives in all fields with existing or emerging bottlenecks and at the end of each policy cycle initiatives are taken to evaluate the results.

In many Member States policies with regard to specific bottleneck areas tend to be framed in action programmes with many different components, sometimes also of a wider range than just preventing bottlenecks. These programmes may also be agreed with sector organisations of social partners and receive specified contributions from their side.

Job-matching capacities of employment services

Many Member States mention substantial and continued **investments of their Public Employment Services** in electronic information and matching services that are increasingly made available over the internet. These **electronic systems** provide jobseekers and employers with a steadily widening range of services (introduction of electronic CV-banks).

A more **targeted management of placement services** for unemployed jobseekers is also developed, in order to bridge more effectively the employers' demand and the registered unemployed jobseekers. These models entail a higher demand on active and broad search activity of jobseekers, an early and more systematic diagnosis of available skills and competencies, and continued individual case management towards (re-)employment. Several Member States (for example the United Kingdom and France) mention **specific initiatives** to link more effectively the remodelled job search assistance services to the recruitment and selection needs of employers. This leads to more staff resources being dedicated to develop contacts with employers in order to better understand their specific recruitment needs and to work out strategies for effectively use the available reserve of unemployed jobseekers. Various facilities (wage-cost subsidies, preparatory and on-the-job training, etc.) may be integrated into these strategies. Sweden has set a **target** to secure adequate matching services to employers: the Public Employment Service should provide a sufficient number of applicants to fill the vacancy to 80% of the employers who report vacancies.

Preventing skills shortages and promoting occupational mobility

Change in occupational employment structure: the facts

Comparing 1997 and 2001 in the EU as a whole the trend in changes in the occupational structure multiplied by two third (from 1.9% to 2.9%)²⁴. The upward trend was substantial in Denmark, Greece, Italy, Austria, Sweden and the United Kingdom. In Germany, France, Ireland, Portugal and Finland changes diminished during this period.

²⁴ For Sweden the data is only available for the period 1998 - 2000 and for Finland only for the period 1998 - 2001.

In all Member States **vocational education and training of employed and unemployed people** are important components of the policy to reduce bottlenecks in specific sectors (ICT, health and care, education) and occupations (higher technical staff)²⁵. Member States which foresee continued or even aggravating staffing bottlenecks in the years to come deliberately seek to develop **pro-active education and training programmes**, in many cases linked with the development of a comprehensive systems for life-long learning (see Section 1.2). Adopting a concept developed in the USA, the United Kingdom refers to *workforce development*. A national 'Learning and Skills Council' has been created to formulate a national agenda for workforce development. The national Council is complemented with 'Sector Skills Councils' through which employers can influence and contribute to the national agenda. Belgium introduced a measure that could well be interpreted as part of the previous concept: all workers have been given the right to be diagnosed on their formal and informal work skills and competencies. Ireland feels that a large part of the training efforts should be focused on employed parts of the labour force. In other cases the pro-active focus includes changes in the planning of the education system at large (for example creating more places in educational courses for which labour market demand is high). Several Member States (Denmark, Sweden, and Finland) created more facilities for adult workers to participate in **post-secondary vocational education**. Some Member States have identified **target groups** which are not yet participating very much in vocational education and training (older workers in Finland and in Sweden non-Swedish workers).

Geographical mobility within each Member State and within the European Union

Geographical mobility: the facts

- *In 2001 within the EU 15.2% of the population changed residence (including within the same city) for occupational reasons²⁶. Above average are Austria (18.3%), Germany (19.3%), France (21.1) and Greece (17.1%). Substantially below average are Belgium (9.3%), Ireland (10.9%), the Netherlands (8.5%) and Portugal (8.9%).*
- *Regarding all people that change residence between regions (in the same or another Member State) between 1997 and 2001 in the EU as a whole the percentage went up from 1.2 till 1.4. The highest growth was in France (1.6% in 1997, 1.9% in 2001) and Austria (4.2 in 1997, 5.8 in 2001). The greatest downward trend can be observed in Italy (1.1% to 0.6%) and Belgium (1.2% to 0.1%).*
- *Comparing males and females within the same period the growth for males (1.2% in 1997, 1.4% in 2001) was somewhat higher than for females (1.3% in 1997, 1.4% in 2001). The same Member States are the highest and lowest as for the population as a whole.*

²⁵ See also Guidelines on life long learning.

²⁶ Based on the outcomes of the Eurobarometer 54.2, February 2001.

More than last year, Member States **mention policies to influence geographic mobility**. Part of these policies concern **inter-regional mobility** within the national labour market. Germany mentions a steady increase in the utilisation of public funds to reimburse the expenses for job interview in other parts of the country and to cover costs of worker migration. France mentions a doubling of the budget to support labour mobility. Spain mentions a programme for inter-regional mobility of agricultural workers who move between seasonal jobs in different regions. Belgium mentions intensified efforts to increase mobility between the French and Dutch speaking part of the country that experience large differences in unemployment and vacancy levels. Language courses are an important part of these policies. Italy supports stronger mobility between its Northern and Southern regions. There is an annual net balance of more than 80.000 migrants to the North.

Several Member States (Luxembourg, Finland, Germany, Austria, the Netherlands, Ireland and Portugal) mention **labour immigration** as part of the solution to labour shortages, thus recognising the importance of a better-integrated European labour market. The Netherlands sees mobility within the European Economic Area (EEA) as an important tool for addressing bottlenecks, next to further activation of potential national labour reserves. With regard to admission of workers from outside the EEA, national policies tend to become more selective. The downturn in economic growth has been a reason for Ireland to reconsider the rapid increase in work permits for workers. In the Netherlands, legislation is under preparation that will give priority to labour supply from candidate countries over that from other non-EU countries. Austria is working on new regulations of similar kind. In Germany a recently adopted act replaces the existing recruitment stop for foreign workers, but not selectivity: it seeks a multi-layered set of instruments in order to react to situations in an appropriate way. Portugal seeks to prioritise domestic and EEA labour supply with more effective regulations on illegal migrant labour.

Improving databases on jobs and learning opportunities, which should be interconnected at European level

Many member States mention their co-operation within the **EURES system**. They are rapidly developing electronic databases of vacancies and CVs which are interconnected through EURES. Several projects are under way to further improve this interconnection and to offer richer services to jobseekers and staff recruiting employers with an interest in the labour market beyond national borders.

Budgetary impact

Five Member States (The United Kingdom, France, Sweden, Finland and Ireland) mention some projects **co-funded by ESF** as part of their policies to reduce bottlenecks. Most of them

are vocational training projects. One Finnish project aims at creating more training opportunities for workers over 40 years of age. Sweden and the United Kingdom describe projects, which seek to expand job-related training in SMEs. The French projects are concerned with adapting staff skills and competencies in restructuring enterprises. The Irish projects organise pro-active training for unemployed and redundant workers that should help to solve bottlenecks in the IT sector and some other business sectors.

2.8. Combating discrimination and exclusion (Guideline 7)

Each Member State will:

- identify and combat all forms of discrimination in access to the labour market and to education and training;
- develop pathways consisting of effective preventive and active policy measures to promote the integration into the labour market of groups and individuals at risk or with a disadvantage, in order to avoid marginalisation, the emergence of 'working poor' and a drift into exclusion;
- implement appropriate measures to meet the needs of the disabled, ethnic minorities and migrant workers as regards their integration into the labour market and set national targets where appropriate for this purpose.

Absence of common definitions

As 'disadvantaged persons' are not defined at the EU-level, this leads to **great variation between Member States**. Furthermore, most Member States do not support the choice of target groups, by way of an analysis as to why certain groups are identified as disadvantaged. Also for **three specific target groups** mentioned in the Guideline (disabled people, ethnic minorities and migrant workers) there are definition differences between Member States, for example for ethnic minorities (non-nationals, third country-nationals, immigrants, ethnic minorities, national minorities). Greece and Spain also consider national returning emigrants as a target group.

Use of common indicators on disadvantaged persons

It was agreed that certain data, based on national sources, would be provided for ethnic minorities, migrant workers and disabled people²⁷. For most **Member States this data is lacking**. In different forms some Member States (Belgium, Denmark²⁸, Germany, Finland, Luxembourg, the Netherlands, Sweden and the United Kingdom) have presented data showing the trends of employment (and/or unemployment). No data is presented by Austria,

²⁷ See EMCO/19/310501/REV 1/EN (list of agreed indicators).

²⁸ Only for immigrants.

Greece, Ireland, Italy, Portugal and Spain. Therefore, it is difficult to assess if and how Member States are confronted with problems regarding the integration of disadvantaged persons and thus if targets need to be set.

The **available data shows large gaps** in employment/unemployment rates between the three targets groups and the overall rate (in the United Kingdom the gap is narrowing). In Denmark, for example, the unemployment rate of migrants is three times higher than the average. When data is broken down by gender (Belgium and Sweden) it shows that the **employment gap for migrant women is even bigger than for men**. Thus, despite considerable improvements in the overall labour market situation in recent years, the situation of disadvantaged persons seems only slightly improved, meaning to a lesser extent and at a slower pace than the labour market in general.

Targets

Member States realise that given, for example demographic changes, the effective (re)integration of disadvantaged persons is of major importance in order to keep up the labour supply and raise their employment rates. However, in most Member States this is **not translated into any precise and quantifiable targets**. For **ethnic minorities and migrant workers** the same three Member States (Denmark, the United Kingdom and the Netherlands) as in 2001 confirm the set national targets. The Netherlands and the United Kingdom put this in the broader context of increasing labour force participation among disadvantaged persons. In addition more or less explicit targets are set by five Member States. Finland, Germany, Ireland and Sweden describe an overall target to raise/reduce employment/unemployment rates of migrants/foreigners. Portugal's target is on the improvement of the living conditions of population groups in a vulnerable situation.

Last year four Member States (Austria, Germany, Ireland and the United Kingdom) had set national targets on **disabled people**. All four report good progress on meeting these targets. Austria reports that the campaign to integrate people with disabilities into the employment market set new precedents, notably in measures for young people at the school/work interface. It has increased the budget for these measures. The target set by Germany is almost achieved (November 2001). Ireland has set up a Monitoring Committee to monitor progress towards their target of increasing the quota of people with disabilities employed in the public sector from 2.7% in 2000 to 3%, and an action plan is being implemented to help achieve this target. In the United Kingdom, the employment rate for disabled people has increased from 45.1% in 1998 to 47.8% in 2001.

Only the United Kingdom and Spain have set **quantifiable employment rate targets for 2002**. Ireland confirms its long-term target (reduction of unemployment disadvantaged

persons towards national average by 2007). France and Portugal set targets for active labour market measures. Belgium, Luxembourg, the Netherlands, and Portugal include **statements of intent**. Belgium aims to promote a management policy whose target is to increase the employment rate of vulnerable groups. Luxembourg will improve the effectiveness of its programme to favour the employment of people with disabilities. The Netherlands will promote the employability of disadvantaged persons, including people with disabilities. Portugal implemented a policy to promote employability and motivate economic and social inclusion of disadvantaged persons, including people with disabilities. Finland includes a general statement in its NAP that it is facing an increased labour market exclusion and this might be a suitable area to set a target.

Mainstreaming employment and social policies for disadvantaged persons

As last year **integration into the labour market**, combined with the need to raise employment rates, is assessed by Member States as the **best way to social inclusion**.

Member States put more emphasis on the creation of a **level playing field** in accessing the labour market for disadvantaged persons compared to general unemployment. This is why many Member States **combine activation policies with an emphasis on recruitment policies** (awareness raising of employers and anti-discrimination laws) in order to make the labour market more open and responsive to the needs of disadvantaged persons.

With respect to last year more Member States report on ICT training for disadvantaged persons, which is one of the steps to avoid the digital divide. Concerning other domains to ensure e-inclusion in particular the Web-Accessibility Initiative Guidelines²⁹ for public services are implemented or are going to be implemented by ten Member States (Belgium, Denmark, France, Italy, Ireland, Luxembourg, Portugal, Finland, Sweden and Germany) and the Member States are considering them or preparing for their implementation.

Concerning **activation policies** most Member States put emphasis on a **personalised approach**, which means that an individually tailored combination of measures is used to create effective pathways towards employment. Within most Member States this leads to combining specific measures (for example language courses for ethnic minorities) and general measures (for example training measures and work experience measures)³⁰.

In some Member States (Denmark, Belgium and Ireland) it is considered that reintegration on the labour market is **not a direct option** for all disadvantaged unemployed people. Emphasis

²⁹ See COM(2001) 529.

³⁰ See also DEELSA/ELSA/WP2(2002)4.

is put on the need for a more comprehensive approach between the creation of a level playing field and the wider range of social inclusion policies (housing, health, urban and rural regeneration policies). Half of the Member States refer to such global and integrated approach by mentioning their national action plans on social inclusion (2001).

There is **very little specific evaluation** on the policy results concerning disadvantaged persons. Only the United Kingdom and the Netherlands have undertaken or are about to undertake a specific evaluation on the impact of ethnic minorities' policies. Finland mentions the integration plans drawn up in 2001 for disadvantaged persons and the percentage of immigrants who found work on the open labour market. The Danish NAP mentions that integration policies implemented so far have not demonstrated effective outcomes in helping refugees or migrants to get a job. In Sweden the government's advice on immigrant entrepreneurship through the Swedish Association of Ethnic Entrepreneurs has been evaluated. In the Netherlands the Disability Reintegration Act had disappointing evaluation results. The Act was modified in January 2002 in an attempt to increase the number of long-term disability benefit recipients who find work. In Germany the new law on reduction of unemployment of disabled people and helping them to get a job has been evaluated.

Re-integration policies for ethnic minorities and migrant workers

With reference to the raising of employment rates some Member States (Austria, Finland, Sweden) put activation within the framework of a policy for the integration of immigrants (see Section 2.7).

Member States (Belgium, Ireland, the Netherlands, Sweden and the United Kingdom) acknowledge the importance of creating a **level playing field**, especially as available data shows that the (gender) employment gap is wider than for the overall employment.

Concerning **active labour market policies**, as in previous years Member States' measures include creating a specific national body responsible for integration (Greece) and integration programmes for specific groups (Denmark, Germany, Finland, Austria, the United Kingdom) which imply literacy programmes, language courses, education and training and vocational guidance. The measures are often funded under ESF objectives. **Emphasis is more on recruitment policies.** Anti-discrimination policies are implemented, aiming to combat/prevent discrimination of potential victims, in general by means of **awareness raising** (Belgium, Ireland, the Netherlands, the United Kingdom) and/or greater **involvement of social partners** (Belgium, Denmark, Finland). A majority of Member States (Greece, Belgium, the United Kingdom, Spain, Finland, Sweden, Denmark, Germany, Ireland, the Netherlands and France) explicitly mention the transposition of the two **Article 13** Directives, or they point out their progress in tackling discrimination. In several Member States

(Belgium, Finland, Sweden) **general programmes** to combat racism and ethnic discrimination have been launched. In Belgium and the United Kingdom anti-discrimination measures are targeted at specific disadvantaged persons. Belgium considers anti-discrimination measures a key priority. Portugal combines anti-discrimination legislation with changing of the law to enter the country. The latter to combat illegal work. Greater attention is paid to specific measures to tackle **discrimination on the workplace**, in particular for the recruitment of foreigners/migrants (Belgium and Ireland). Some Member States have set up or are setting up national bodies (or bodies within firms) to ensure the equal treatment of persons who are discriminated against (Equality Committee in Denmark, Ombudsman for Minorities in Finland, works councils in Germany, National Framework Committee for the Development of Equal Opportunities at the Level of the Enterprise in Ireland). Sweden has instructed the National Board for Public Procurement to produce examples of anti-discrimination clauses to be used in contracts awarded in public procurement, and the government has instructed the National Labour Market Administration (AMS) to undertake measures to counteract discrimination in the activities of the employment service. In 2001 The Netherlands made a considerable investment in helping employers to employ minorities (Promotion Act) and pursue multicultural personnel policies. This has increased the number of companies submitting annual reports in compliance with the Act. Also, there a covenant was signed between the government and Small and Medium Enterprises to employ ethnic minorities. Such a covenant is now also signed with large companies.

New initiatives are announced with respect to the organisation of integration. Denmark launched a new programme ('On the track towards a new integration policy') aiming at increasing migrants' prospects for better integration. The programme calls on the different actors (social partners and the municipalities) to take their own responsibility for integration. Individualised measures are taken that are tailored to the specific qualifications and requirements of the migrant concerned. Finland relies on local integration programmes aimed at specific groups, which were being implemented in co-operation between local authorities, employment offices, immigrants' organisations and other NGOs.

Re-integration policies for people with disabilities

The past years' **active labour market policies** for disabled people intensified. In some Member States (Belgium, Austria, Denmark, Germany, Sweden, the United Kingdom) specific measures have been introduced for people with disabilities. To a lesser extent this is the case for Spain, Ireland, Luxembourg and Greece. As monitoring and evaluation arrangements are not presented, real progress is difficult to assess. Only Sweden has launched a review of labour market programmes in favour of disabled people.

Interesting programmes are found in Austria to give disabled persons access to information, communication and further training; these have combined to help achieve a small but encouraging increase in jobs take-up among people with disabilities. In the United Kingdom, Job Centre Plus, will deliver services to all people of working age. Denmark and Sweden give preferential treatment to disabled persons applying for jobs with public sector employers. Belgium has set up an inter-ministerial Conference to research 'inactivity traps' for disabled people. France extends a special programme to favour creation of new enterprises, which offers direct financial support and exemption from taxes, to disabled workers. Germany has special schools where disabled pupils can take part in vocational training and employment programmes, and there is a network of learning networks to motivate 'disadvantaged' people with limited access to education/training. In Sweden, a new law on equal treatment of students prevents discrimination on the basis of, inter alia, disability. Sweden has an Institution for Special Needs to develop teaching aids for adults with functional disabilities. Spain will pay particular attention to the earliest stages of education and there has been an 8.5% increase in the participation of students with special education needs (generally due to disability) in initial training programmes.

Four Member States (Austria, Denmark, Ireland and the United Kingdom) include specific action regarding **raising employers' awareness**. Austria's 'Disability Billion' programme contains an 'outreach' initiative to help raise employer awareness of difficulties faced by disabled employees. In Denmark, qualified disabled persons must be offered a job-interview at which they are given an opportunity to discuss their disability in a work-related context. In Ireland regional seminars are being held for public sector employers, information brochures will be produced and a report will be published. The United Kingdom has a comprehensive programme of awareness-raising, in consultation with the Disability Rights Commission (DRC). Belgium, while not making any direct reference to awareness-raising, has nevertheless tried to mobilise the social partners towards activity on behalf of the disabled. France wants to put emphasis on raising awareness of civil servants by offering training by association of people with disabilities. It is a part of an agreement signed in October 2001 to integrate disabled workers into the public sector. Greece and Luxembourg also put **emphasis on the empowerment of individuals** as an important aspect in the way towards equal treatment.

For disabled people the **Article 13** Directives seem to represent an important step forward in this respect and provide a legal basis for further action. Examples are Germany (the Social Law Compendium IX) and the United Kingdom (the Disability Discrimination Act). However, the results are not always positive. In Ireland, the Disability Bill 2001 had to be withdrawn in controversial circumstances, following criticism from disability groups.

Financial information

Specific reference is made to the financial contribution of ESF and EQUAL concerning measures and programmes for disadvantaged persons. Six Member States (Austria, Belgium, Germany, Italy, the Netherlands and Sweden) describe the specific programmes and the financial means involved, including the division between Community and national funds. Some Member States however, limit themselves to the description of more generic projects funded under ESF or EQUAL. This makes it **difficult to assesses** outcomes of the measures/programmes. It would be useful to have a breakdown of general projects aimed at specific target groups and in those cases where Member States suggest that disadvantaged persons are included within mainstream programmes. **Specific data** for disabled people and the balance between ESF/EQUAL and national expenditure is given by seven Member States (Austria, Belgium, Denmark, Germany, Greece, Ireland and Luxembourg). For ethnic minorities and migrant workers five Member States (Finland, Greece, Ireland, Italy and the United Kingdom) make a reference to projects (combating racism at the workplace and integration of asylum seekers) funded under ESF/EQUAL.

3. PILLAR 2: ENTREPRENEURSHIP

Despite efforts made to facilitate the start up and running of businesses, to encourage entrepreneurship and create job opportunities in key sectors, employment growth in small businesses slowed down in 2001 as a result of the general economic conditions.

The emphasis placed on the reduction of administrative or other burdens on businesses is also reflected in this year's NAPs. **Simpler registration procedures are being introduced for business start-ups** in many Member States. Some Member States have amended their gift tax and inheritance laws to facilitate the transfer of businesses. Quantitative results on the impact on employment of such efforts, however, are not reported. Some progress is observed on **business impact assessment**, related to new regulation. Various forms of Regulatory Impact Assessment systems have been established in most Member States, with a view to ensuring that all new and revised laws are preceded by an analysis of alternatives to regulation and the evaluation of costs and burdens on business. In several Member States alternatives to regulation, such as voluntary agreements, are analysed prior to adopting legislation.

Member States are committed to the objective of reducing the tax burden on labour. **The trend in the labour tax burden has been reversed** mainly due to reductions in employees' and employers' social security contributions and for the low-paid (3 percentage points in 1997-2001). However labour taxes remain high, even for low-paid workers. A few Member States (Germany, Sweden, Spain) have developed **tax incentives** for small enterprises' purchases of ICT equipment and/or projects, while tax incentives for employers to offer training opportunities remain limited. Only a few Member States encourage recruitment of technologically qualified personnel in SMEs.

Most Member States have taken initiatives to promote general **awareness of entrepreneurship**. **The education of potential entrepreneurs**, and existing entrepreneurs, sees a wide number of initiatives in several Member States. Member States are making an effort to promote the **potential of women entrepreneurs** through initiatives facilitating creation of enterprises including start-up advice. **Some progress is made in combating undeclared work**. Most Member States have implemented or announced new initiatives (France, Germany, Spain, Italy, Greece, Belgium, Portugal, the United Kingdom, Austria, the Netherlands) but limited information on results is reported.

Employment creation in the service sector follows last years' upward trend, but there are limited new concrete actions to promote the sector's potential. A range of new initiatives promoted in several Member States aim at **creating job opportunities in knowledge-based services and in the environmental domain**.

On local and regional actions for employment, Member States continued to implement measures and policy changes initiated earlier and only some of them introduced new measures. The process started in previous years has entered a phase of consolidation. There is a growing tendency towards decentralisation of employment policies, in many cases influenced by the EES and the Structural Funds. Most Member States also focus on regional disparities within the State. **The need for a more strategic approach in developing employment at local level seems to be widely accepted**, and this is increasingly reflected in the NAPs.

3.1. Reducing costs and burdens for business (Guideline 8)

Member States will give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, in particular when an enterprise is being set up and when hiring additional workers. Also, Member States should, when drafting new regulations, assess their potential impact on such administrative burdens and overhead costs for businesses.

Reducing administrative burdens for business

The reduction of administrative burdens for business plays an important role in ensuring the creation and development of businesses in the EU. Efforts to reduce these burdens have continued, albeit to a varying extent. Emphasis is placed on the simplification of registration procedures, the reduction in the number of documents to complete and the time necessary to do this, and the provision of online services for full or partial business registration. Even Member States with a better than average record for rapid registration and low costs related to this, such as the United Kingdom, are aiming to reduce them even further.

Some Member States have **set quantitative targets**, such as reducing the administrative burden by 25% by the end of the current legislative term (Belgium) or reducing to 20 days the maximum period for the overall procedure to start-up a business (Portugal).

Several measures taken address the need to **invest in ICT and the role that it can play in reducing bureaucracy and hence stimulating ‘start ups’**. ICT can also facilitate the survival and growth of young businesses and several Member States have reported the setting up of web sites aimed at reducing bureaucratic burdens. This can relate to various measures, *e.g.* in Belgium, VAT declarations and as from January 2003 all communications concerning social security issues will be made on line. Denmark has set up a ‘*Business Guide*’, an Internet portal for trade and industry that provides information about legislation, rules, the running of businesses. Spain has set up a system for electronic submission of social security system documents on Internet. Similar systems have now been set up in Luxembourg and Austria introduced Internet portals aiming at facilitating import/export deals.

Assessment of the impact of new legislation on business

While many **Member States have embarked on programmes to simplify existing legislation, the assessment of new legislation is only considered in a few of them.** The United Kingdom system of regulatory impact assessment is developing towards measurement of cost and benefits of regulations, including alternatives to regulations. In Sweden all proposed new legislation and rules, which may affect small businesses, must be submitted to an impact assessment. In Luxembourg new legislative proposals will be accompanied by a “technical fiche” on expected impact of legislation on SMEs environment and on enterprises directly concerned, informing businesses of likely effects and increasing transparency in legislation affecting businesses. In Denmark impact assessment is used to reduce the administrative burdens. Enterprises undertake an active role in the process of preparing legislation through consulting the enterprise test panels of the Ministry of Economics and Industry.

Focusing on Start-ups

The legislative changes to facilitate start-ups have also been addressed, although **most Member States have yet to make visible progress in this area.** The *entrepreneurship project* in Finland details around 120 concrete measures involving all of Finland’s TE Centres and business-sector stakeholders. In addition, the new *Companies Act* and a new *Company and Organisation Register* enabling companies to submit data through one notification is yet another good example. In Greece the *law 2941/2001* reduces the complexity of the procedures involved in setting up a business. It reduces the number of stages from 13 to 7, the agencies involved from 11 to 6, the time required to complete the procedure from 8 weeks to 1 and cuts the cost by about 15%. In Austria, the Business Start up Promotion Act exempts newly established enterprises from fiscal duties. In Sweden an internet portal has been started containing agency information for small companies and start-up. Also an interactive service is launched where companies can ask specific questions and receive answers within 48 hours.

On the other hand a number of initiatives in several Member States such as the German initiative on ‘*Good Practice at the interface between Businesses and local authorities*’ are not yet up and running. The ‘single code number’ in all administrative dealings is also expected to make life easier for German enterprises in general. Others have proceeded further than this, though are still in the early stages, such as Portugal’s new system of incentives for setting up of micro and small enterprises (SIPIE), the organisational innovation promotion (INOFOR) based on the identification and analysis of good practices and their subsequent dissemination. Denmark has set-up a Business Impact Assessment system, aiming essentially at developing IT solutions that will reduce administrative burdens. Luxembourg has developed a similar

initiative. The *'New Business statute'* and the CIRCE system (Spain), offering assistance and support to companies during their first year of operation should come into force during 2002.

One-stop shops are continuing to grow across the EU. They are presented in many different forms i.e. the system of *single business windows* in Spain. Examples of initiatives already put into action, or which will shortly be put into action, include *'coupole PME'*, *'Maisons de l'Economie flamande'*, *'guichet unique pour les entreprises bruxelloises'* (Belgium). In Italy, despite last year's one-stop shop experience the Government has announced a future reform to simplify administrative rules and to create rules of conduct by sector.

In response to the invitation of the Lisbon European Council for a benchmarking exercise aimed at finding out, *inter alia*, the time and costs involved in setting up a company, the Commission has now published³¹ the results of such an exercise. It covers all aspects of start-up procedures and allows differences in approach to regulatory issues to be compared.

Hiring additional staff

Business growth heavily relies on the possibility to recruit additional staff. This critical step for businesses, particularly micro enterprises and the self-employed, can be characterised by constraints. This year's national action plans have not reported on any specific measures in this field, although tax reduction measures have been undertaken by some Member States (i.e. the reduction of employers' social security contributions).

3.2. Encouraging the taking up of entrepreneurial activities (Guideline 9)

Member States will encourage the taking up of entrepreneurial activities:

- by examining, with the aim of reducing, any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses,
- by promoting education for entrepreneurship and self-employment, targeted support services as well as training for entrepreneurs and would-be entrepreneurs,
- by combating undeclared work and encouraging the transformation of such work into regular employment, making use of all relevant means of action including regulatory measures, incentives and tax and benefit reform, in partnership with the social partners.

³¹ Benchmarking the Administration of Business Start-ups, Final Report, January 2002, carried out for the European Commission by CSES (Centre for Strategy and Evaluation Services) – available at:
http://europa.eu.int/comm/enterprise/entrepreneurship/support_measures/start-ups/benchm_summary_2002_en.pdf.

Self-employment/sole proprietors business

Self-employment in the EU continued to decline in 2001. The share of self-employment to total employment decreased from 14.9% in 1997 to 14% in 2001, the decline being faster for men than for women. Over the same period, an increase in the share of women self-employed is observed only in Greece (from 18.8% to 21.3%) and the Netherlands (from 8.3% to 8.4%). An increase in self-employment growth is recorded at EU level (0.6%) in 2001 mainly due to a strong increase in Portugal (3.5%), Spain (1.9%), and to a lesser degree in Italy (0.5%) and Luxembourg (0.7%). To a certain extent this development might simply be the result of a gradual structural change, i.e. traditional sectors in which self-employment is relatively strong make room for new sectors where self-employment is a less characteristic feature.

Empirical evidence suggests that knowledge of markets and technologies is one of the key success factors for new businesses. Nevertheless, only about one third of new enterprises are established by persons with more than ten years of experience in the sector. In many Member States, cultural reasons and relatively great actual and perceived difficulties to set up a business (high start-up costs, lack of finance etc.) deter people from becoming entrepreneurs, especially if they have already found a well paid job. Consequently many persons with entrepreneurial potential remain dependant employees for their whole working life.

Tax levels on self-employment and small businesses

Income from self-employment is mainly subject to personal income tax and, to a lower degree to corporation tax. A common decline in statutory corporation tax rates is observed over recent years. As regards personal income tax, many Member States have introduced or announced various tax measures, often in the context of general tax reforms. The information given by Member States is too sketchy to properly evaluate these measures for the Entrepreneurship Pillar.

Sweden is reviewing the possibilities for simplification of existing tax rules for partners in partnerships with a view to introduce simplification for small businesses. The Netherlands is improving further fiscal conditions for setting up or existing companies by reducing the corporation tax rate. In Finland a special service has been created to support and facilitate the transfer of businesses between generations or in change of ownership. In Denmark, facilitating generation shifts including possibility for employees taking over business on the same conditions as family members, facilitate generation shifts with tax successions.

Female entrepreneurship

Most Member States report on the active measures that they are undertaking to promote female entrepreneurship. Germany held a women entrepreneurs day in 2001 and is planning

several activities for 2002 through the action programme “Power for women” with targeted measures including publicity campaigns and motivating women to set up their own business. Belgium introduced measures for the social protection of co-entrepreneurs, often being women. Greece perseveres with its high range of existing activities for women and young entrepreneurs, and continues its programme ‘Support for Women’s Entrepreneurship’. Moreover, in 2002 about 500 candidates are expected to receive support from the operational programme “Competitiveness on strengthening Female Entrepreneurship”. Finland promotes entrepreneurship among women and minorities, with attention on training and development of support and advisory services and networking. Several initiatives aim at preparing women for reintegration into the workforce, particularly in Finland, Luxembourg and Ireland. Ireland reports on the use of EQUAL to promote self-employment for women. Austria established a foundation of business centre for women to assist networking among women starting up or running existing business. Sweden provides financial support on female entrepreneurship.

Education for entrepreneurship

The importance of entrepreneurship as a basic skill is generally recognised. In most Member States **a number of initiatives have been taken already with the aim of promoting entrepreneurship within the education system**. In others, think tanks have been created to study ways to address this issue (Denmark) or have launched national programme for entrepreneurship (Finland and Sweden).

There are of course different ways of promoting the teaching of entrepreneurship. In some Member States emphasis is given to the learning of entrepreneurship through experience, with students creating mini-companies (Belgium, Germany), or strengthening the links between schools and the business world (Austria, the United Kingdom) or including entrepreneurship in the national curriculum (Finland) or promoting enterprise culture in schools including finance and marketing in programmes for students considering self-employment (Ireland). Measures addressing technical/ vocational schools have been given special attention (Spain) where the programmes aim at encouraging self-employment and the creation of small firms. Various initiatives are ongoing at university level including creation of Chairs in Entrepreneurship (Austria, Germany). However, **more emphasis should be placed on encouraging young people to consider self-employment as an attractive career opportunity**, and should be given the appropriate tools including soft skills such as creativity, spirit of initiative.

The provision of specific training to the teachers on entrepreneurship seems to be a weak point in all countries, and this is a major obstacle to the implementation of entrepreneurship courses and programmes. At University level, it is not clear to what extent initiatives taken

address students participating to a broad range of courses on different subjects, or whether initiatives are only focused on students following studies in economics and business.

Teaching entrepreneurs

Overall, Member States offer a diverse spectrum of training opportunities for entrepreneurs and potential entrepreneurs. Such opportunities have been created by various institutions, business support organisations and professional organisations. Hence the issue is not so much to ensure that training opportunities exist but rather to assess whether the opportunities offered meet the demands of entrepreneurs or potential entrepreneurs in a timely manner and to the satisfaction of the users. Concerning concrete demands of potential entrepreneurs, i.e. the need for training displayed by people with an identified project, **the training opportunities are adequate in most countries**. However, information is lacking with regard to the sources of finance for those training opportunities, and the degree of financial support that entrepreneurs will benefit from, via the availability of free consultants' services or training subsidies ("cheques formation" in France or Belgium).

On the whole, evaluation of existing training schemes is lacking and **only a few Member States have developed a strategic and integrated approach to organising training for entrepreneurs and potential entrepreneurs** (Finland, the United Kingdom). With regard to latent entrepreneurship, a number of countries have placed the emphasis on the potential existing in the scientific communities. This positive drive and continued effort is to be observed for example in Austria.

Support services to small enterprises and access to finance

The NAPs 2002 provide limited information on the actual development of **support services for SMEs**, though future development is inferred in a number of countries, notably Austria. Some examples are targeted support services for enterprises employing 3-150 persons (Greece) and facilities and technical support to newly created enterprises (Portugal). Furthermore, in 2001, Denmark created a new contact point for entrepreneurs and Business Angels, replacing an advice service. In the United Kingdom, the Small Business Service established a network of business advice run through 45 local business links, which also provide start-up packages in areas of high unemployment. Finland is extending the current business service system by creating 50 regional business service points (in 2002-2007) providing advisory and development services to enterprises, and created a new portal to help companies to find public sector services and contracts.

Access to financing has not received the required attention especially the risk capital for the creation and development of new enterprises. Very few specific initiatives are reported on

promoting access to finance: Denmark has established growth funds for financing SMEs in the form of loans, equity capital in the early development phase and creation of well functioning capital market. France details a loan, which is available to new enterprises. Over 7300 of these loans were granted by the end of 2001. Belgium provides financial support to new innovative enterprises and through the guarantee fund facility. In Greece a Guarantor Agency is to be established in 2002 to support the creation of new SMEs and very small enterprises.

Combating undeclared work

Some progress has been made in combating undeclared work. Although Member States recognise the implications for the competitiveness of enterprises, the sustainability of the social security system and the social cohesion try to face the issues through the general labour market reforms. Most Member States concentrate their efforts on simplifying procedures for the declaration of new jobs, increased inspection and control campaign; combining job incentives with sanctions including measures to combat tax and social insurance fraud; the reduction of VAT rate in labour-intensive services allowing to better compete with the same services undeclared; legislation to control undeclared work or illegal work of immigrants. Measures on regional and local actions on employment address also the issue of undeclared work particularly in disadvantaged areas where the problem is more acute.

Most Member States have implemented or announced new initiatives in these areas. The United Kingdom puts emphasis on regional and local actions promoting employment in disadvantaged areas where long-term unemployment is more prevalent, and finances projects encouraging the legitimisation of business currently operating in the informal economy. Portugal is taking steps to regularise various forms of illegal work including child labour and strengthening the activities of the Inspectorate General of Labour Conditions. Italy proposed favourable fiscal incentives and reduced contributions for older workers to help reduce undeclared work. Germany has stepped up inspection and control of illegal employment and concluded bilateral agreement with France to combat cross-border abuse of the social security system and cross-border labour leasing. Austria provides tax relief for occasional part-time jobs, which was estimated to have regularised 6,500 jobs. Belgium strengthened inspection for number of sensitive sectors such as road and transport services and for independent undeclared work. France continued measures initiated in 2001 and announced a package of measures for 2002 including i) financial penalties and refusal of public contracts to business sued for undeclared work ii) inspections for illegal work in the subcontracting sector in particular with the transnational secondment of workers and iii) an action plan for interministerial co-operation to fight illegal work in seasonal activities. Spain aims at the reduction of overhead costs on business and simplification of administrative burdens as an effective means to regularise the situation together with promoting campaign against the black

economy and strengthening inspections, which in 2001 brought 62000 into the legal labour market. The Netherlands and Greece put an emphasis on reduced VAT rate for labour-intensive services, in addition Greece is taking measures to combat illegal work among immigrants and control illegal overtime work.

3.3. Job creation and the service sector (Guideline 10)

Member States will remove barriers to the provision of services and develop framework conditions to exploit fully the employment potential of the full range of the services sector to create more and better jobs. In particular, the employment potential of the knowledge society and the environmental sector should be tapped.

Removing barriers to the provision of services

Denmark and Germany are among the few Member States to have detailed their efforts in the removal of barriers to the provision of services. Denmark is promoting the use of social clauses in the outsourcing of services, thus not only opening up the market to competition but also allowing traditionally less favoured workers to gain a foothold in the labour market. Germany has amended its appliance and equipment safety law to similarly open up the market to competition and has certified new professions in the service sector.

Developing knowledge based services

The facts on the services sector

- *The employment growth of the services continued to increase in 2001 but at lower pace, 1% at EU average, which is below the overall average growth in employment (1.2%). The employment growth rate in services was higher for women than for men in most Member States.*
- *The employment rate in services increased throughout the period 1997-2001 by almost 4 percentage points to 44% in 2001 and is stightly higher for women (45.6%) than for men (43%).*

Member States are concentrating this year, more than ever, on investment in knowledge-based services. In order to reduce the administrative burden, electronic one-stop-shops exist in several Member States. Some of them provide further assistance to start-ups by proposing different types of advice, preparing on-line co-operation and networks. Further services (in information and transfer of know-how, in the electronic market place and support for R&D and specific training for target groups) have been established to help enterprises to develop their activities, to favour innovation and to create new job opportunities.

Nevertheless, the development of these services is still very variable between Member States. Some examples may illustrate recent developments. Germany has created more than 10,000 new IT specialist jobs for foreigners under the Green Card initiative. Finland is developing a

portal for companies, entrepreneurs and prospective entrepreneurs to find key public sector services and contracts. Luxembourg is promoting the creation of new technological enterprises. Denmark has made IT compulsory in all vocational training courses and Sweden and Spain pay particular attention to the ICT knowledge needs of SMEs. Greece supports investment projects in new technologies through the New Economy Fund, expected to create 1000 new jobs.

Tapping the employment potential in the environmental sector

Following a disappointing report last year on employment in the environmental sector, several Member States have intensified their efforts. There is a strong link between the development of these work opportunities, and the insertion/reinsertion of traditionally socially excluded groups of workers. Austria is undertaking a range of initiatives including a bio-energy cluster, the Sustainability Strategy and the National Climate Strategy. Belgium has created jobs in the recycling of electrical goods, water treatment and nature conservation. Denmark will implement 250 job creating environmental projects in 2002-2004. Germany aspires to create 155,000 jobs by 2005 under its 'Klimaschutzprogramme' and with 'Environment and work' initiative aims at increased environmental protection and recommendations for job creation.

3.4. Regional and local action for employment (Guideline 11)

Member States will:

- take into account, where appropriate, in their overall employment policy the regional development dimension,
- encourage local and regional authorities to develop strategies for employment in order to exploit fully the possibilities offered by job creation at local level and promote partnerships to this end with all the actors concerned, including the representatives of civil society,
- promote measures to enhance the competitive development and the capacity of the social economy to create more jobs and to enhance their quality, especially the provision of goods and services linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles to such measures,
- strengthen the role of the public employment services at all levels in identifying local employment opportunities and improving the functioning of local labour markets.

Participation of sub-national levels in the NAP Process

As in 2001, the participation of local and regional authorities in the NAP process is, in most Member States, limited to implementation. The NAPs are elaborated primarily by central government in consultation with - but rarely in partnership with - other actors. The principle

actors consulted are national ministries, regional governments and social partners. The only instances in which the regional governments or authorities are involved in negotiations on the content of the NAP are where the regional level has significant political and administrative competencies and resources (e.g. the German Länder, the Belgian regions, the devolved administrations for Scotland, Wales and Northern Ireland in the United Kingdom, the Autonomous Regions in Spain). Local authorities are mentioned as having a role in the design of the NAPs in only a few countries (Denmark, Finland, Spain). By contrast, implementation of the NAPs is undertaken by the local and regional authorities in all of the Member States. However, the nature and extent of their involvement varies significantly from country to country.

The regional action plans emerged last year have been further developed. Regional Action Plans for employment are in place in four Member States (Belgium, Portugal, Spain and the United Kingdom), although they function slightly differently in each. In Portugal the earliest Regional Employment Plans to be established, in Azores and Madeira in 1998, are now in the implementation phase and are being administered by the local governments of these autonomous regions. The 1999 RAPs in Alentejo and Oporto are also being implemented in order to reduce the disparity between the national and the regional rates of unemployment. Additional regional plans were created in 2001 in Trás-os-Montes and Alto Douro, and a further plan for Setúbal is currently being elaborated. In Finland and the United Kingdom, Regional Action Plans for employment are incorporated into a wider regional strategy. Finland no longer prepares regional action plans for employment; in the belief to strengthen added value, from 2002 onwards regional plans will be integrated into the NAPs, with ministries and their respective regional bodies negotiating annual targets and resources for the regions. Meanwhile, the United Kingdom Regional Development Agencies must address the problems of skills shortages and unemployment, but as a part of their regional economic strategy, rather than as an independent Regional Employment Plan. In Spain, too, the autonomous regions manage active labour market policies, and many of them have used Regional Employment Plans. In addition, an emergency plan for 100 municipalities with problems was established in 1999, and is still being implemented, with completion due at the end of 2002. Regional Operational Programmes have been established in Ireland and Greece to develop local strategies. In Belgium (Flandre), the subregional "Subregionale Tewerkstellingscomités" (STC) co-ordinates the labour market policy and employment in 13 subregions of Flandre and adopted local action plans for 2002.

The Territorial Employment Pacts (TEPs) are the main instruments for implementation of employment policies at regional/local level in some MS, for example in Italy, Portugal and Austria. Italian regions use structural funds to increase local development through for example integrated territorial projects and small grants.

The local level and Employment Strategy

In general there is a growing interest in Member States in the role of territorially-based integrated strategies, and in partnerships as instruments of active labour market policy. The degree of autonomy and influence of public administrations at regional and local level differs substantially across the EU; the Länder and local authorities in Germany, and the regional and local authorities in Finland have significant flexibility to develop their own labour market policy programmes at least, because of the regionalised structure. In Greece by contrast, there is a traditionally centralised system where the local authorities have little autonomy and are dependent on the national level. The United Kingdom takes a compromise position with the Regional Development Agencies always including local authorities as main partners and enjoying a large degree of autonomy in policy development and delivery, but with objectives being set and monitored by the national government.

Strategic partnerships at local level are often mentioned in the NAPs, but are rarely described in them in detail, and often any partnerships mentioned are linked with Structural Funds programmes and regional action/employment plans: the TEPs provide key partnership structures in Austria, but other programmes such as EQUAL and Local Social Capital are also important in many Member States. The United Kingdom, however, does discuss its system of Local Strategic Partnerships, which bring together the public and the private sector, develop and implement community strategies alongside the local authorities, develop local neighbourhood renewal strategies, bring together local plans and initiative, and work with local authorities to develop a local public service agreement. Similarly, in Ireland Local Development Measures are designed and implemented by means of local partnerships and community groups.

The NAPs in general do not discuss at length the role of social partners in helping to create employment at local level. In Member States applying decentralised implementation structures for policies they may also be involved in formal partnerships with the regional level (the United Kingdom, Germany and Spain). Yet the involvement of the social partners in local partnerships or strategies is rarely mentioned. Only in the Danish NAP are the social partners stated to participate in local co-ordination committees (now also dealing with the integration of refugees and immigrants), and the Finnish NAP discusses the tripartite principle which applies to committees and working groups at all levels, including the local.

Other actors who may be involved in partnerships at the local level are also discussed in the NAPs, albeit briefly. Non-governmental organisations (NGOs) are mentioned in several NAPs, usually in the context of the social economy, and there is also mention of local actors in the fields of education and training and equal opportunities. Portugal provides a long list of local actors, their role and level of involvement varies between regions and activities.

More data on financing and expenditure of local/regional authorities for active labour market policies are available in the NAPs 2002. It is clear that in many cases municipal authorities have their own budgets and contribute to the financing of active labour market measures, with substantial variations in levels of finance available at local level for active labour market policy interventions across the EU. The Structural Funds play an important role in local financing of active labour market policies in most Member States. For example, in Denmark ESF and ERDF co-finance to the tune of € 189 mio, objective 2 programme comprising 51 municipalities. The budget for the implementation of the NAP in Greece nearly tripled from 2001 to 2002, rising from €736.4mill to €2,285billion for the total budget, and due to the increased number of local employment programs a proportionate rise of financing can be assumed. In Finland, an allocation of € 841.000, was made available for the development of local employment policy in the government's budget of 2002. France increased considerably "l'aide aux personnes" (from 838 million € to 2.520 million €), expecting a remarkable impact on local development and employment. The United Kingdom allocated £1.5bn to RDAs for 2002-2003, some 30% of which was allocated on the basis of disadvantage. In Sweden, a significant part of the Structural Funds was allocated to employment issues in the three objectives to balance regional disparities, with regions with higher unemployment receiving more funding. The Flemish Local Employment Boutiques have a budget of € 13.4 million in 2002, with € 2.475 million allocated in 2002 for proximity services projects. In Belgium, € 4.496 million are indicated for Guideline 11 as ESF contribution to the NAP (3.2% of total ESF contribution).

The Social Economy

In some MS the social economy is used as a tool to address particular problems. In Austria and Ireland the focus is on geographical problem areas, with the Local Agenda 21 in Austria targeting specific rural areas, and the RAPID programme in Ireland targeting disadvantaged areas. However, sectoral problems are an alternative focus for strategy in Finland where health care is the target, and in Germany and the Netherlands where social inclusion is focused on.

Several Member States have initiated a new emphasis on the social economy in the NAPs 2002. In Belgium the "Experimental Fund for Developing Proximity Services" was established during 2001 in order to develop new services in the social economy. The United Kingdom also put in place a new Social Enterprise Unit in Oct 2001 to champion the social economy, disseminate information and best practice, and to spread understanding of the social economy generally. New initiatives to support the growth and development of the social economy are also mentioned in Ireland and Greece. In France, the social economy contributes strongly to employment creation, supported by a new law adopted in July 2001 ("Loi sur la

Société coopérative d'intérêt collectif - SCIC) and through the possibility of actors of the social economy acting in regional chambers.

The Public Employment Service

The NAPs 2002 show that most Member States are capitalising on the role that the Public Employment Service (PES) can play in the Employment Strategy. An ongoing process of improvement for the PES is mentioned in many of the NAPs, and several describe brand new strategies and policies for 2002.

The process of decentralisation - implying increased flexibility at local level - of the PES is on-going in Greece, and in Portugal by means of the "regional employment network. In Germany, the regional dimension of the active labour market policies has been further strengthened through the new law "Job-AQTIV". Austria has adopted a new development tool to improve the management in regional PES by using SWOT-analysis. A joint feature in the current reform of autonomous regional Public Employment Services in Belgium is to strengthen the local dimension via a reshaping of local employment centres. In Finland, a process of reform beginning in 2002 will integrate independent employment offices into regional office networks in the hope of increasing regional co-operation. In the Netherlands covenants were signed by the government and municipalities to integrate ethnic minorities and disabled people into the workforce. France will mobilise the PES for job creation at local level through decentralisation; to this end the PES is developing local action plans.

Overall, the NAPs show that in general district or local branches of the PES have autonomy inasmuch as they can increasingly select measures or instruments, decided at national or regional levels, to match local needs or to provide more individualised services to individual clients. This can be seen in Ireland, where a new PES strategy for 2002-2005 has been introduced to focus on training, upskilling, and preventative strategy, with the strategy being centrally developed and imposed, and with autonomy for the regional branches of PES not even addressed as an issue.

3.5. Tax reforms for employment and training (Guideline 12)

Each Member State will:

- set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, set a target for gradually reducing both the fiscal pressure on labour, and on non-wage labour costs, in particular on relatively unskilled and low-paid labour. Such reforms should be undertaken without jeopardising public finances or the long-term sustainability of social security systems,
- provide incentives and remove tax obstacles to investment in human resources,

- examine the practicability of, and options for, using alternative sources of tax revenue, *inter alia* energy and pollutant emissions, taking into account the experience with environmental tax reforms in several Member States.

Performance on overall and labour tax burden

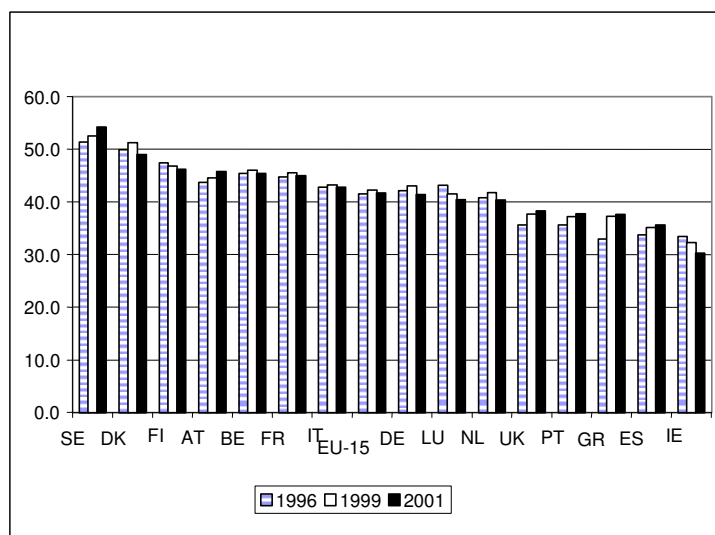
Facts on overall and labour tax reductions

- *The overall tax burden in the EU, measured by the ratio of total tax revenues to GDP, increased from 41.5% in 1996 to 41.9% in 1999 with a tendency to decline in 2001 just below its 1996 level (41.3%).*
- *The implicit tax rate³² on labour which relates to the evolution in the overall tax burden on wages in the EU, after reaching its peak of 37.8% in 1998 was reduced by 1 percentage point to 36.8% in 2001.*
- *The reduction in tax burden on the low-paid labour appears to be more significant. An EU average tax reduction of 3 percentage points over the period 1997-2001, to 37.8% in 2001, being observed for all Member States although to a varying degree.*

The following graphs provide a more detailed picture on measurable performance on labour taxation for the EU as a whole and the individual Member States. The overall tax burden increased over the period 1996-1999. Thereafter the trend was reversed for many Member States. The EU average rate increased from 41.5% in 1996 to 41.9% in 1999 with a tendency to stabilise in 2000 and a decline to 41.3% in 2001. Nevertheless, in some Member States (Sweden, Denmark, Belgium, Finland, France, Austria) this tax rate remains high, exceeding 45%. Given that ongoing reforms will continue for the next years it can be expected that the declining trend in overall tax burden will be continued in the coming years (Graph 4).

Graph 4: Rate of total tax revenue (% of GDP)

³² The adjusted implicit tax rate is defined as the total of direct- and indirect taxes on labour income (personal labour income tax plus payroll taxes) plus employees' and employers' SSC as a percentage of total labour costs, including pay roll taxes. It is a backward looking empirical measure of the actual tax burden on labour income and therefore relies on the observed aggregate data on tax revenues and incomes.



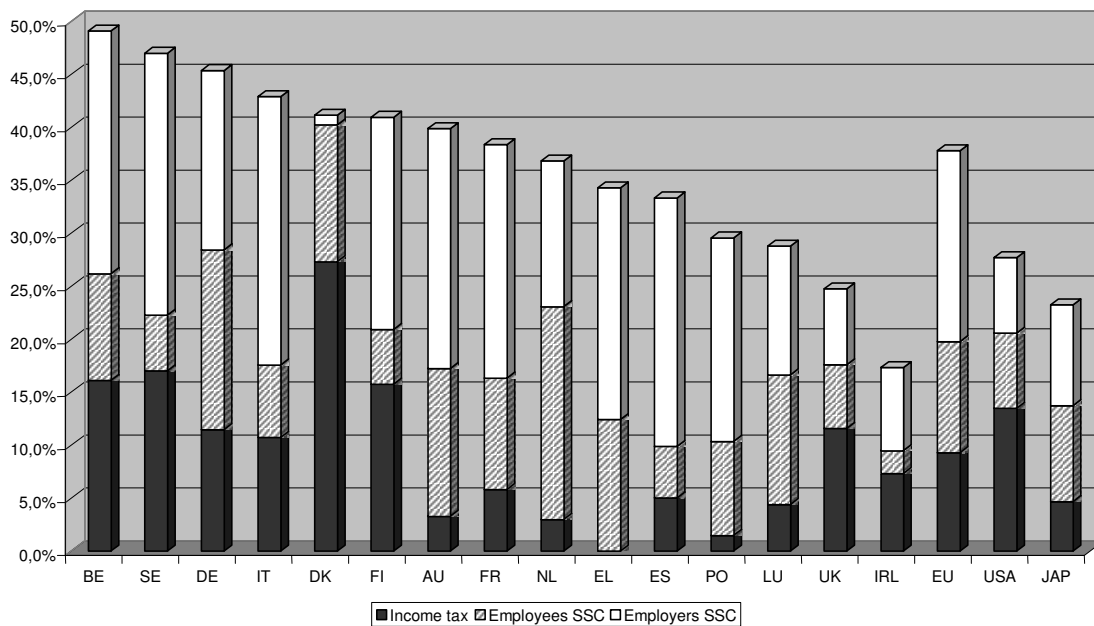
Source: Commission Services, DG TAXUD.

The adjusted implicit tax rate on employed labour increased from about 35% in 1980 to its peak of nearly 38% in 1998. The upward trend in the tax burden on labour in the EU, as measured by the implicit tax rate on labour, has been reversed³³, with a reduction of 1 percentage point over the period 1996-2001, to 36.8% in 2001. Similarly a tax reduction of 2 percentage points over the same period (from 45% in 1996 to 43% in 2001) is observed in the "tax wedge" for the single worker with no children earning the average wage compared to about 30% in the US and 24% in Japan.

The reduction in labour taxes is more visible for the low-paid, as measured by the tax wedge for the single worker earning 67% of the average production worker (APW) wages, which has been reduced over the 1997-2001 period by about 3 percentage points, to 37.8% in 2001 compared to only 28% and 23% in the United States and Japan, respectively. Taxes on labour income remain high in Belgium, Sweden and Germany for the low paid labour exceeding 45% while the best three performers Ireland, the United Kingdom and Luxembourg have the lowest rates (Graph 5).

Graph 5: Tax Wedges on labour income for a single wage earner with 67% APW wage level, 2001

³³ The figures for the implicit tax rate are based on National Accounts and additional estimates provided by the Member States (source: Commission services, DG TAXUD). The "tax wedge" on labour measures the difference between the wage costs incurred by the employer and the net pay received by the employee for a single worker earning 67% of the average production worker's wage (source: OECD in co-operation with Member States). The data is based on tax indices that are constructed for hypothetical households.



Source: Commission services, DG TAXUD - based on OECD database.

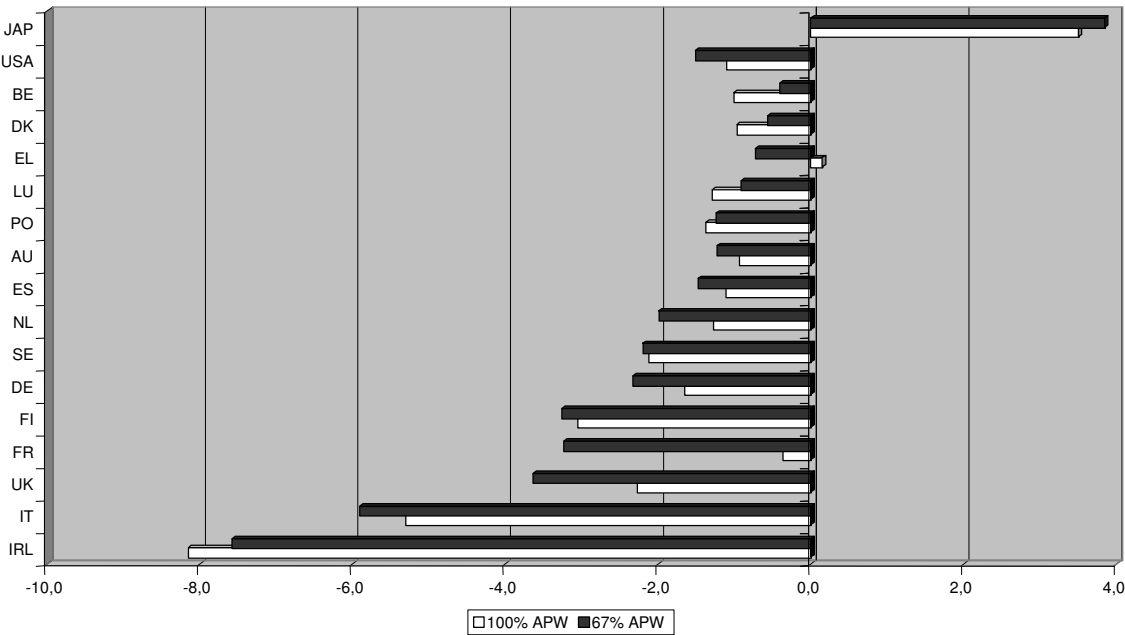
For most Member States, the effective tax wedges largely reflect the role of the wage-based contributions in financing the public transfer system, in particular social security and pension benefits. For the single worker earning 67% of the APW, on average about 70% of the EU tax wedge consists of SSC paid by employers and employees, compared to about 50% in the United States, reflecting the fact that insurance against social risk tends to be provided to a larger extent by public schemes rather than private provision. In Belgium and the Nordic countries personal income taxes form a relatively large part of the effective tax wedge. In Germany and the Netherlands employees' SSC account for the largest part. In Italy, Spain, France, Belgium, Sweden, Greece and Austria the employers' SSC is the main element in the labour tax burden of low paid workers.

The picture by Member State is very uneven with substantial shifts in the tax wedge composition in recent years for the low paid workers. In particular, Ireland and Italy recorded the highest cuts in total tax wedge followed by the United Kingdom, Finland and France. In Germany, Ireland, Finland and the United Kingdom, the reductions appear to reflect both cuts in income tax and SSC and in Greece, Spain and Portugal the reductions largely reflect cuts in personal income tax. In Denmark, Sweden and Luxembourg (January 2002), significant income tax cuts were partly counterbalanced by increases in the SSC. The reduction in the tax

wedge for Netherlands reflects the 1998 reform of the social security system (contributions for disability benefits sifted from employees to employers) and the 2001 tax reform³⁴ with income tax reductions.

Over the period 1997-2001, Member States have reduced the tax wedge on low- and/or average wage earners. The emerging overall picture (Graph 6) is that the tax cuts, although not strictly targeted at low-paid, were greater for low-paid workers in Sweden, Finland, Austria, the Netherlands, Italy, Spain and Germany. France and the United Kingdom stand out for showing the greatest tax reductions for low-paid compared to average-paid workers.

Graph 6: Tax wedge change 1997-2001 - comparison 67% APW wage level with 100% APW wage level



Source: Commission services, DG TAXUD -using OECD database.

Reductions of tax burden on labour

³⁴ In the Netherlands, the total tax wedge increased from 38.8% in 1997 to 40.6% in 2000 and decreased to 36.8% in 2001. The increase largely reflects a reform of the social security system (“PEMBA-operation”) in 1998, and the decrease is related to the personal income tax reform in 2001.

Most Member States report significant reductions in personal income tax and SSC in 2001-2002, as part of their tax reforms to reduce the tax burden on labour (France, the Netherlands, Ireland, Denmark, Finland, Sweden, Germany, the United Kingdom, Luxembourg, Belgium). Fiscal measures are often part of tax reform packages to be implemented over several years and further tax reductions in the coming years are reported by most Member States.

Reductions in personal income tax rates are a key tool for increasing labour supply particularly for low-paid. Some Member States introduced tax cuts applicable to all income brackets (the Netherlands, Finland, Belgium, Austria, Portugal, Greece and Ireland), others only for the lowest and the top income brackets (France, Spain, Luxembourg and Germany). Several Member States have at the same time provided higher basic tax allowances and/or minimum exemption thresholds, thereby removing gradually more at the relatively low-income taxpayers from the personal income tax (Ireland, Spain, Greece, Germany, Luxembourg, Finland and Sweden). For the individual, tax cuts and reductions in progressively of taxes undertaken by several Member States imply greater returns in terms of take-home income to investments in human capital.

Special tax liability credits or tax base deductions on labour were introduced in many Member States (Belgium, France, Finland, Sweden, Ireland, the United Kingdom, the Netherlands³⁵). These instruments operate, in the sense that the tax reductions are normally phased in for low-income workers, and subsequently phased out for those with higher incomes.

Targeted tax reductions on low paid and other specific target groups

Most Member States have introduced targeted reductions in SSC particularly for the low-paid/low-skilled workers, for hiring new staff and for long-term unemployed, for maintaining older workers on the payroll, school leavers (Belgium, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Sweden, Denmark and Portugal). Most of these were targeted primarily at employers' rather than employees' reductions of SSC. The effects of these measures are quite often not reflected in the development of the tax wedge indicators, especially if they benefit only targeted groups of taxpayers.

The full effect of targeted tax reductions cannot be identified in measurable tax indicators. The apparent contradiction may be explained by the fact that some measures addressing primarily the low-income are also affecting higher income earners i.e. reduction in the lowest statutory rate, introduction of tax credit for all workers or increase in the family allowance or minimum tax-free income threshold. Another reason is that measures targeted at specific groups of taxpayers (older workers, lone parents) may not be fully reflected in the tax wedge

³⁵ The Netherlands is the exception to the rule that the tax credit phases out for higher incomes.

indicators or their full impact is expected after 2001. Judging from the information in the NAPs and the available data, however, the personal income tax cuts appear to be targeted at the low to middle-income levels in Denmark, France, Ireland, Finland, Greece, Sweden and the United Kingdom. Most Member States have announced/ planned tax reforms with tax reductions extending to several years (Belgium, Denmark, Spain, Greece, France, Luxembourg, Austria, Germany and Sweden).

Tax incentives in support of investment in human resources

Skill and competence enhancement requires that policy emphasis be shifted towards increasing investment in human capital and raising participation in education and training. In order to keep pace with developments in technology and new business practices particular attention should be paid on reducing skill deficits through workplace training. There is a growing emphasis, in the Member States, on developing skills and better linking education and training to the changing needs of the labour market. However, as the geographical mobility of workers increases and the tendency for them to change employer more often, enterprises are discouraged from undertaking training initiatives.

Tax reforms undertaken by most Member States are intended not only to promote jobs but also to eliminate financial barriers to training for both the enterprise and the individual. An increasing number of Member States report on supporting investment in human capital mainly through tax incentives to enterprises (Spain, Austria, the Netherlands, the United Kingdom). Some Member States place emphasis on non tax-related measures encouraging training for the individual or the enterprise, often undertaken with social partners' involvement, aiming at skills development as part of lifelong learning programmes (Denmark, Sweden, Ireland, Belgium), re-allocation of green tax revenues to individual's skills development or innovative funding mechanisms focused on individuals such as skills bonus linked to skills savings accounts (Sweden) and tax credits (the United Kingdom). Information provided in the NAPs is still inadequate for assessing the intensity of the efforts made and effectiveness of the training measures in upgrading existing skills and developing new ones (see also section on Lifelong Learning in relation to company training). Little policy attention is given to the gender dimension or on providing incentives encouraging better access to enterprise training for the older workers, which is essential to enhance their working capacity and thus raise their potential to stay longer in work.

Shifting taxes from labour income to alternative sources

Several Member States have introduced or raised "green" taxes particularly energy taxes in order to contribute in financing the reductions of labour taxes (Denmark, Germany, the Netherlands, Sweden, and the United Kingdom). Although the share of total taxes on labour

as % of GDP in the EU was reduced from 19.7% in 1997 to 18.9% in 2001, the share of eco-taxes as percentage of GDP in the EU were marginally reduced from 2.8% in 1996-1999 to 2.7% in 2000-2001. These developments provide no clear evidence on shifting of taxation from labour to eco-taxes with the exception of Germany, Denmark, the Netherlands and the United Kingdom. These Member States have taken measures which seems to have contributed to increasing or maintaining the share of eco-taxes to GDP and effectively indicating (partial) counterbalance in labour tax reductions. In Germany, new taxes on energy have been used to avoid further increases in pension contributions. In the Netherlands, a substantial part of the reduction in personal income tax in 2001 was shifted to VAT and energy taxes. In the United Kingdom, a new climate change levy on companies for the use of gas, coal, and electricity came into effect in 2001. Part of the revenues is recycled through a cut in employer's SSC. In Sweden, tax increases on energy in 2001 were matched by an increase in the basic allowance and a small reduction of the employers' social security contribution. Spain reports on a new tax on hydrocarbon retail outlets. Ireland refers to an increase in the VAT rate.

Several Member States continue to implement tax measures contributing to shifting the (indirect) tax burden away from labour intensive services through reduced VAT rates on such services (Belgium, Spain, France, Greece, Italy, Luxembourg, the Netherlands, Portugal, the United Kingdom). This provision initiated in 2000 for a 3-year period is to be extended for one more year, up to 2003, to allow the Commission to evaluate of its effectiveness on the basis of national reports and allow a decision to be made for its extension to other Member States or its abolition.

4. PILLAR 3: ADAPTABILITY³⁶

The 2002 Guidelines 13 and 14 underline that measures to promote the modernisation of work organisation should, inter alia, **contribute to the improvements in quality in work** (see also Section 1.1). The multi-dimensional character of 'quality in work' has been tackled under Guidelines 13 and 14 in a variety of ways. **The main developments are:**

- A number of interesting developments have taken place, not only on flexibilising working time in firms but also with regard to securing a better reconciliation of working time and personal circumstances outside work.
- A more balanced approach between flexibility and security in employment relationships has been sought in a number of Member States again very often combining collectively agreed measures with statutory provisions.
- As in previous years, health and safety matters at work have found a prominent place in legislation and/or collective bargaining.
- Certain actions for older workers in general and some actions for certain sectoral employees, which are inspired by a quest to improve quality of work, are reported.

Guideline 15 stresses the **key role social partners** have in making lifelong learning a reality at the workplace. This can be done either in the context of agreements concluded between Member States and social partners and/or as part of autonomous social partner activity. Although interesting developments have been increasingly reported, they are not always easily comparable in terms of scope and substance. Only occasionally have certain quantitative data been forwarded concerning the setting of conditions enabling the workforce in enterprises to make progress of ICT literacy by the end of 2003. This aspect in particular needs to be strengthened, taking into account that ICT handling is, to a very large extent, covered in the reporting on overall lifelong learning and continuing training, from which it normally forms an integral part. The implementation - at national and lower levels - of the social partners' framework of action with regard to skills and competencies development, submitted to the Barcelona Summit, could usefully form the basis for future policy making and reporting on activities in this field.

³⁶ As there is an intricate interrelationship between statutory and collectively agreed measures Guidelines 13 and 14 will be presented together under this section.

4.1. Modernisation of work organisation (Guideline 13 & 14)

Guideline 13. The social partners are invited:

- to negotiate and implement at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings productive, competitive and adaptable to industrial change, achieving the required balance between flexibility and security, and increasing the quality of jobs. Subjects to be covered may, for example, include the introduction of new technologies, new forms of work and working time issues such as the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, access to career breaks, and associated job security issues, and
- within the context of the Luxembourg process, to report annually on which aspects of the modernisation of the organisation of work have been covered by the negotiations as well as the status of their implementation and impact on employment and labour market functioning.

Guideline 14. Member States will, where appropriate in partnership with the social partners or drawing upon agreements negotiated by the social partners:

- review the existing regulatory framework, and examine proposals for new provisions and incentives to make sure they will contribute to reducing barriers to employment, to facilitate the introduction of modernised work organisation and to help the labour market adapt to structural change in the economy;
- at the same time, taking into account the fact that forms of employment are increasingly diverse, examine the possibility of incorporating in national law more flexible types of contract, and ensure that those working under new flexible contracts enjoy adequate security and higher occupational status, compatible with the needs of business and the aspirations of workers;
- endeavour to ensure a better application at workplace level of existing health and safety legislation by stepping up and strengthening enforcement, by providing guidance to help enterprises, especially SMEs, to comply with existing legislation, by improving training on occupational health and safety, and by promoting measures for the reduction of occupational accidents and diseases in traditional high risk sectors

Main factual developments

- *Weekly working time and persons working overtime*

Eurostat data on the average weekly number of hours usually worked by gender shows that in general and EU-wide over the years 1997- 2001 the overall average number has practically remained stable, slightly less than 40 hours for men and around 32 hours for women. The male EU average is exceeded in Austria, Denmark, Greece, Luxembourg, Portugal and the United Kingdom. Lower levels are especially found in Denmark, Belgium, Finland and the Netherlands. As far as women are concerned long hours above the EU average are notably worked in Greece, Portugal, Austria, Spain, France, Italy and Sweden. Very short weekly working hours for women (around 24 hours) are found in the Netherlands. The biggest absolute difference between average female and male weekly hours is found in the United Kingdom and the Netherlands. **The picture is complemented by data on the share of employees working overtime in the respective reference week.** Since 1998 up to 2001 this

share on average in the EU increased by nearly two percentage points from 3.9% to 5.8%, with a stronger increase for men than for women from an already higher level of the former. Especially in the Netherlands this share fluctuates around 20%. Also in Sweden and to a lesser extent in Austria, Germany, Finland and Denmark overtime was worked by a higher percentage than the EU average. The same patterns, but generally on a lower level are found for men and women.

- *Part-time work*

There is a **moderate but steady increase** in the recourse to part-time work in the period 1997-2001. EU-wide the % of part-time employees as a share of all employees was 17.7% in 1997 and 18.9% in 2001. In Member States with high part-time rates, like Denmark and Sweden, a decrease can be found over time; in the Netherlands the increase was nearly 5% points. Also in Ireland, Belgium and Germany increases of more than 3% points are registered. It should be noted that the part-time rate among men in the Netherlands is now over 20% (by far the highest rate in the EU) and still slightly on the increase. The lowest part-time rates continue to be found in Portugal and Greece, between 4.8% and 3.5% with a decreasing trend in the last three years. Concerning the question of **voluntary versus involuntary part-time** work it is found that **involuntary part-time** work also remains stable EU-wide amounting to **around 20%** of all part-time workers. In some Member States in particular involuntary female part-time work is more than 50% of the total, notably in Belgium, Spain, Finland, Greece, Italy, and Portugal.

- *Fixed-term employment*

With regard to fixed-term contracts the development was similar to that of part-time work, rising from 12.2% in 1997 to 13.2% in 2001. Contrary to the pattern of part-time work, the distribution between men and women is very similar (about 15% compared with 12%). There are **wide variations** between Member States with Spain having a share of over 31%, with a declining trend in recent years. Also in Finland and Portugal overall shares of around 18% respectively 20% are registered. Other countries with rates slightly above the EU-average are the Netherlands, France and Sweden. Low rates are registered in Ireland (strongly declining) and in Luxembourg with a slightly increasing trend. Compared with part-time work the situation in respect of the **voluntary or involuntary character** of working fixed-term contracts is reversed. **EU-wide more than 80% of these contracts are involuntarily entered.** This is similar for both men and women. In Spain, as an extreme case, nearly all fixed-term contracts are on an involuntary basis. This is also very extreme in **Greece** (about 95%) and more and more the case in Portugal, whereas in Denmark, Finland and Sweden about 65% are declared as involuntary.

Working time issues

General working time policies

Again working time issues are dominant. **Across-the-board actions** have been undertaken in France and Belgium which are, however, combined with modulation possibilities to cope with sectoral, regional and enterprise requirements. In the other Member States **flexibilisation measures** to maintain competitiveness of the firms, stabilise employment, to combine working time with training and (to a lesser extent) reconciliation with the interests of workers

have become more and more important, both at the level of legislation and collective bargaining.

In France the law on the 35 hour work week has been fully applied throughout the year by way of collective agreements at different levels. Although at the end of 2001 about 8.8 million employees were covered, the large majority of SMEs (less than 20 employees) are not yet included. It is estimated that, due to this policy, 306,000 jobs have been created or maintained over a period of 5 years. As from 2002 the reduction and reorganisation is also in force in the public administration. In Belgium, in parallel with the inter-professional agreement of December 2000 a general reduction in weekly working time to 38 hours as from 2003 has been enshrined in a law of June 2001. The statutory provisions of the Greek law regarding employment regulations and other provisions generally seek to encourage working time on an annual basis modulated through collective agreements. In Austria new legislation on night work, finally abolishing the ban on women's night work, was adopted in July 2002.

Flexibilisation of working time

Apart from general measures various specific statutory and collectively agreed actions have been undertaken in the field of flexibilisation of working time mainly aiming at changing reference periods for the calculation of working time.

In a number of Member States (Germany, Greece, Austria, Italy, Luxembourg and Belgium) **working time corridors** and extended periods to calculate average working time have been implemented in a large number of collective agreements. Sometimes based on legal adjustments as e.g. in Luxembourg. Legal and collective actions to **reduce overtime** are addressed in Luxembourg, Belgium, Germany, Greece, and Austria. In Finland, Sweden and Germany more opportunities are created to **save up annual holidays and/or hours on working time accounts** for longer sabbaticals and training periods. This approach has also been followed in certain collective agreements in Italy by the creation of 'hours banks' and is discussed in the Economic and Social Council in Luxembourg. In Sweden collective agreements granting global increases in annual wage cost allow, **at the choice of the worker**, for optional flexible reduction in working time, cash payments or a contribution into pension funds. In Finland so-called **switch-leave schemes** are used, by which the employer undertakes to recruit an unemployed person to replace the employee on switch-leave for various purposes and the social partners will launch further action on versatile working time arrangements. In the Netherlands the Working Time Act has been amended to the effect that employees may refuse work on Sundays.

Innovative working time agreement of Volkswagen

On 28 August 2001 the so-called 5000 x 5000 project was agreed upon. The title means that 5000 new jobs are to be created in a new plant while average pay of 5000 DM per person per month will be granted. According to this new agreement, the standard working week is 35 hours long, averaged out over a year. In addition, three hours a week are set aside for training. Of that figure, half is remunerated. Working time can be organised flexibly. The daily shift should last seven hours, but the maximum working time of 42 hours a week can be divided up between each working day. Employees can collect up to 200 hours on a working hours account, at which point these hours must be exchanged for free time. The agreement states that every employee has the right to a human-oriented organisation of work and work should be arranged in teams. Co-determination rights of the employees are secured beyond the new Works Constitution Act.

A **Commission study** on the "Construction of an index on labour market adaptability for EU Member States"³⁷ puts a wide area of data in perspective to measure and compare **labour market adaptability**, especially a **sub-index on working-time flexibility**³⁸ is of importance.

Outcome of the sub-index

Compared with an EU-level of 100, the Netherlands and the United Kingdom have an index of about 140 (in 2000). All other Member States are below the EU average. Spain, Greece, and Luxembourg have the lowest values.

Since 1994 working time flexibility increased considerably in Germany, France, Belgium, Denmark (from low levels) and in the Netherlands. Portugal (from a rather high level) and Greece showed a considerable decline. Spain and Luxembourg had very low levels of working time flexibility over the whole period. The researchers conclude in the study that a reduction in average hours worked is positively correlated with an increase of the number of employed people (apart from Portugal) which tends to show that the potential of redistributing employment opportunities through working time reduction such as part-time employment exists.

Better reconciliation of working hours with personal obligations

In Belgium, included in law, **career break measures** combined with individual forms of part-time work have been extended. In Ireland the **careers leave Act** 2001 allows employees to leave their employment temporarily to up to 15 months, while their employment rights are protected. More flexibility for working parents in the United Kingdom, and due recognition of the responsibilities of workers outside the company in the Netherlands are initiated and/or envisaged. In the latter case the framework **Work and Care Act** has been implemented. The

³⁷ The construction of an index of labour market adaptability for EU Member States, Report of a study funded by the European Commission and directed by Algoé Consultants in conjunction with Alphametrics Limited, Brussels 2002 (http://europa.eu.int/comm/employment_social/empl&esf/adap_report.pdf).

³⁸ This index is calculated on the basis of the dispersion of working time of those working usual hours and the degree of concentration of working time.

Act seeks to reconcile work and family responsibilities, including the right to adjust working time to personal circumstances on request and free days to care for family members. In Sweden and Finland the social partners are active in fostering gender mainstreaming and a better work-life balance, including in Sweden making '**pregnancy benefits**' available to men in collective agreements. In the new Greek national general collective agreement in the private sector the period during which parents may work shorter hours is extended and additional leave for one-parent families with children under age of 12 is granted. An innovative agreement in Austria's saving banks for the first time explicitly stipulates the aim to improve the reconciliation of work and private/family life.

Generally most Member States, to a various degree, have dealt with the promotion of equal opportunities in tripartite and collective agreements, but on **implementation reporting is fragmented**. In Germany the government and the employers' organisations signed an agreement on equal opportunities in the private sector, in which the latter declared their intention to develop and implement their own measures in this area. As yet a binding law has been put on hold. It has been recognised that implementation of this is rather sluggish.

A more balanced approach to reconciling flexibility and security in employment relationships

The relationship between flexibility and security is a very complex and multi-dimensional one. It involves quantitative and qualitative aspects, which need to be taken into account when assessing the degree by which both dimensions are reconciled. Important aspects are notably overcoming dead-end jobs and access to training possibilities and lifelong learning, especially with a view to identifying opportunities for low-skilled persons to make progress in this area. These need stronger attention from the Member States in order to overcome discernible and growing skill divides between persons with already good qualifications and low-skilled persons, between persons with standard work contracts and those in atypical employment relationships, etc.

Atypical employment relationships

Temporary work and fixed-term contracts

While in Austria a nation-wide collective agreement has been concluded on temporary agency workers, in Greece and Portugal legal Acts are strengthening their rights, and in the United Kingdom the legal framework governing agency conduct has been modernised. In Italy the draft law on issues relating to the labour market foresees a better functioning of temporary agency work to rebalance supply and demand on the labour market. Also in Italy by Law 388/00 the conclusion of working contracts of indefinite duration was encouraged by tax

measures, notably in the South of the country. A number of interesting collective agreements (e.g. in the building industry and a social pact in Catania) have been signed, inter alia, aiming at making precarious employment more stable. In Belgium the government is reticent to promote more flexibility in work contracts, since this might negatively affect security. The United Kingdom envisages the prevention of discrimination in pay and pensions for fixed-term employees. In Finland a new Act, implementing the two EU Directives on part-time work and fixed-term contracts, includes amendments to improve job security of all persons in atypical employment, but dissatisfaction on temporary employment continues among employees. In Sweden existing legislation in this respect will be reviewed. Working conditions of fixed-term workers have been underpinned by a law in this matter. In Portugal, the Netherlands and in Spain action has been undertaken to discourage short-term contracts. In the later the level of temporary contracts is extremely high. The comprehensive Flexibility and Security Act in the Netherlands has been evaluated, largely dispersing initial fears of inflexibility and underlining its positive effect (at least in times of economic growth) on helping to transform temporary into permanent work. In Germany the transposition of the EU-Directive on fixed-term relationships tries to encourage employers to take on new workers instead of more overtime and to limit the succession of temporary contracts and in Italy this transposition is used to reduce some former constraints imposed on fixed-term employment.

Transitions between different types of employment contracts

According to ECHP data, on the EU-level 92% of those persons employed in permanent contracts in 1995 were still in this situation in 1998. Only less than 2% went into fixed-term contracts. However of those having a fixed-term contract 35% move into permanent employment whereas about 42% took another fixed-term contract. The highest share of those in permanent employment to change into another permanent employment was found in France and Belgium with about 94%, the lowest in Greece amounting to 88%. Of those in fixed-term contracts only 20% move into permanent employment in France. In a number of countries (Germany, Greece, Denmark, Italy, Portugal) about 40% and in Italy and the United Kingdom even around 55% of such persons made the transition to permanent employment. Only 11% of non-employed persons in 1997 became employed with a fixed-term or part-time contract in 1998.

Part-time work

In Ireland, Germany, Sweden and Denmark (by giving legal status to an agreement between the employers and unions, amended by a law, adopted in June 2002) part-time workers (transposing the EU-Directive) have obtained more rights. Sweden has also, as a part of an objective in the Objective 3-programme, started a project, which involves several agencies, aiming at reducing the involuntary part-time work. While a new Greek law offers, inter alia, financial incentives for part-time work, in Sweden the public authorities financially support activities to reduce part-time employment and to replace it by new work organisations and methods to create more full-time positions. On the basis of the EU-Directive, access to part-time work will be facilitated and extended in Italy. Also in Portugal, the Netherlands and

Spain measures have been taken to make part-time work more attractive and in France involuntary part-time work has been reduced due to the working time reduction. In Luxembourg the negotiations of the social partners on the legislation on part-time work have established a right to part-time work for training purposes.

Dismissal provisions and similar rules

In Austria the provision of severance pay has been improved by tripartite action and in Greece conditions under which collective redundancies can be undertaken in SMEs are reset. The Netherlands is reviewing legislation against dismissal, but the social partners have not yet given their opinions. In Spain it is agreed at the inter-professional level that measures to enhance internal qualitative and quantitative flexibility are preferable compared with those cancelling contracts and laying off workers. The government reform of the labour market in May 2002 includes also some reduction in the cost of dismissal. Also the Italian government intends to render desegregation on the labour market less marked by approximating the statutes of highly protected workers with strongly flexible employment relationships and thus to facilitate transition. Regarding the conflict in Italy between the government and the Unions on Article 18 of the Workers' Statute to replace the reinstatement of worker dismissed without a 'just cause' by financial compensations for certain groups of workers, the government now announces to propose a new Bill in Summer 2002 after negotiations with the social partners. It is also envisaged to resume negotiations on the 'social shock absorbers', schemes which cushion the effects of redundancies and restructuring in certain sectors.

*The already mentioned Commission study on labour market adaptability also designed an **index on employment protection legislation (EPL)**, excluding social benefit systems. According to this index (EU average is 100 in 2000), the index is highest in Portugal and Greece, around 150, followed by Italy at 136 and France. Member States below the EU average are the United Kingdom (20), Ireland (37) and Denmark (around 50). The other Member States are between 80 and 100. Comparing this index with the incidence of temporary work in general terms (with wide variations) the share of employees in temporary jobs increases with a higher EPL-index value. **This conclusion creates a certain tension with the finding that the large majority of workers do not prefer such employment relationships, but that employers apparently consider EPL so strict, that they have more recourse to the less regulated form of temporary employment.***

Improvement of health and safety at work

Recent developments

- *The overall number of accidents at work remained stable over the last years, but developments between Member States were rather divergent. However, when distinguishing between fatal and non-fatal accidents developments are different³⁹.*
- *The **annual index of the incidence rate of non-fatal accidents at work** clearly shows that Community-wide the **rate of incidence has declined** between 1994- 1999, remaining however at the same level in the last three years. In a number of Member States, including Germany, Finland, France, Portugal, the United Kingdom and especially Greece improvements have been substantial. On the other hand there are a number of Member States, notably Sweden, Denmark, Spain and Belgium, where this incidence rate has increased, sometimes quite considerably. This development clearly points to the need for more action to prevent such accidents.*
- *Overall, at Community level, the **annual index of the incidence rate of fatal accidents at work** (only 0.1% of all accidents at work) has shown constant and considerable improvement over the years 1994-1999. Especially in Germany, Spain, Italy and recently Portugal, but even more so in Sweden, Finland and Belgium improvements have been significant. On the other hand, in certain Member States like Ireland and Greece substantial deteriorations are indicated, sometimes distributed over time in a rather erratic way. Clearly action is generally required to bring down the Community average even further and more specifically to improve the situation in Greece and Ireland.*

In all Member States both legal and/or collectively agreed improvements in health and safety matters are reported. The United Kingdom has already set quantitative targets in 2000 for 2010 (halving by 2004) of reductions in days off due to work-related injury and ill health, quantified reduction of fatal and major injuries. A fundamental overhaul of existing legislation is planned in Ireland and Denmark focusing action on the definition of new risks. A new Occupational Health Care Act has entered into force in Finland defining the delivery of certain additional services and a new Occupational Safety Act is being prepared in tripartite concertation. The transposition of various Directives in the field of health and safety in Italy and France, with the active involvement of the social partners, has fostered partnership. The adoption of the law on social modernisation in France extensively renews preventive systems on professional risks and the social partners have been active in setting up regional observatories on health at work. In Luxembourg a new law on the protection of pregnant workers and breast-feeding mothers guarantees stronger health and safety protection for these groups of workers. In Portugal the tripartite agreement on working conditions, occupational health and safety and combat of occupational accidents strives to link modernisation to better occupational safety and health conditions, in Spain the social partners committed themselves

³⁹ The agreed indicator measures the "the evolution of the incidence rate, defined as the number of accidents [fatal and non fatal] at work per 100.000 persons in employment" (source: Eurostat, European Statistics on Accidents at Work, ESAW).

to increasing efforts to prevent risks at work and reduce accidents. An Observatory for research notably in health and safety at work has been announced. In Sweden the government's strategy for health in working life, developed in close co-operation with the social partners, aims notably at fighting long-term sick leave. In the Netherlands industry-level covenants have been concluded and more are envisaged this year to improve prevention to the exposure of major risks. In Germany the role of the works councils has been legally strengthened with regard to health and safety regulations. A pilot programme 'New Quality of Work' aims at developing overarching reform projects to reform work practices and identify best practices in the field of health and safety. In Austria the government has reinvigorated action to improve health and safety on the basis of an agreement reached by the social partners. Concerning the fight against sexual harassment at work Belgium has recently adopted a law in this matter and the Danish government has tabled a new Bill, which will empower the social partners to deal with such cases. In Luxembourg a collective agreement has for the first time been signed aiming at combating moral harassment.

Industry-level covenants of the social partners and the government in the Netherlands in the field of health and safety

The improvement of the working environment is a central issue for Dutch policy. Up to the end of 2001 20 covenants on the prevention of worker exposure to major risks (such as lifting, pressure of work and hazardous substances), the provisions of which concern 1.8 million workers (29% of the total 6.1 million) have been agreed between the labour market organisations and the government. The government has earmarked €30 million, while the social partners have committed €116 million. On this basis, the target specified in NAP 2001 – 20 covenants by the end of 2002 – has been achieved. Small and medium-sized enterprises are as much involved in the covenants as the rest of industry. In addition, their umbrella organisation of SMEs has been awarded a grant to finance five sector-specific risk identification and assessment surveys. The results are due in the second quarter of 2002. Industry will also benefit from the continuance of the policy of improving the use of ICT as a means of providing information for companies and institutions.

Specific issues concerning the modernisation of the work organisation and telework

Work organisation

As in previous years, actions to improve the **organisation of work in a comprehensive and encompassing way** integrating many qualitative aspects going beyond working time issues have been further developed in Finland. These concern especially the National Programme on Ageing Workers, terminated in March 2002, the Finnish National Workplace Development programme and the National Productivity Programme, all of which are enhanced by various stages and link well being with performance. The well-being at Work programme is implementing a research programme on experiences of flexi-time arrangements jointly proposed by the labour market organisations. A '**continuous negotiating procedure**' has been agreed by the social partners to closely follow such questions. It covers issues such as the

development of negotiation and agreement systems, promotion of gender quality and skills development in a comprehensive way and the collective agreement 2001-2002 foresees further co-operation on the development of working life. Also in the United Kingdom supporting action through various funds is helping to improve productivity. The employers' organisation, the CBI, runs work organisation projects showing good practice on how to improve business performance by making improvements in work organisation. In Ireland the establishment of the National Centre for Partnership and Performance in 2001 is a major event to foster partnership with a view to enhancing organisational change and improving the quality at work. In Denmark in the State and county/municipal sector initiatives have been deployed to make the workplace more efficient and flexible as well as adapting working time to the needs ensuring the best possible performance of the work tasks. In Luxembourg the law of 1999, amended in 2002, creating a new framework for social partners' negotiations in the framework of the NAP foresees, inter alia, that enterprises have to draw up a work organisation plan prior to applying for calculating the average duration of working time over an extended period. In Germany the new Works Constitution Act is meant to offer tools to modernise work organisation in joint efforts by the works council and management. A government-supported programme (Insti) is to stimulate innovation including with regard to the organisation of work in-house. In Portugal the government has been promoting the implementation and dissemination of good practices in the area of the modernisation of work organisation but negotiations on a nation-wide collective agreement on work organisation, productivity and wages failed. In Spain similar efforts are undertaken within the Agreement on Collective Bargaining. In Sweden the introduction of new work organisations is financially supported in cases where part-time employment is replaced by full-time positions.

Telework

Facts on ICT expenditure

ICT expenditure (as a % of GDP) remained practically stagnant (7.53% in 2001 to 7.54% in 2000) on average in the Union (European Information Technology Observatory - EITO). Only in Belgium, Austria, France, Greece, the United Kingdom and Italy are small increases identified, but the level of ICT expenditure in these Member States (apart from the United Kingdom) is below the EU average. The overall picture contrasts sharply with the development between 1998, 1999 and 2000, when on average an annual EU-wide increase of about 0.50%points is found. This relative decline is due to the recent slump which has hit the ICT branches.

Whereas in Austria and the United Kingdom teleworking has been addressed by means of an agreement between the social partners respectively in order to draft a code of good practice, in Portugal legislation is currently under way. In Italy a first nation-wide agreement on telework has been signed in July 2001 covering teleworkers' rights and organisational aspects. Sectoral and company agreements continue to fix the details. Social partners have made considerable progress in dealing with E-working in Ireland. As far as the **European Social Dialogue** is

concerned it is of particular importance to highlight the **two agreements on telework** in 2001 in commerce and telecommunications and the interprofessional agreement on telework signed in July 2002. This latter has to be transposed into national agreements within a period of three years.

Overall, the modernisation of work organisation - including in the form of telework arrangements - in the sense of enhancing the quality of work through a better organisation should be more clearly addressed in the reporting process in order to give a clearer image of what is going on 'on the ground', notably in terms of realising a knowledge-based economy within the company sector.

4.2. Lifelong learning at enterprise level (Guideline 15)

The social partners are invited, at all relevant levels, to conclude agreements, where appropriate, on lifelong learning to facilitate adaptability and innovation, particularly in the field of information and communication technologies. In this context, the conditions for giving every worker the opportunity to achieve information society literacy by 2003 should be established.

The facts on continuing vocational training

- *CVTS⁴⁰ data shows that companies are increasingly investing in continuing vocational training (CVT) but levels remain generally low, at an average of 2.3% of the labour costs of all enterprises, ranging from just over 1% in Portugal to 3% in Denmark.*
- *The share of employees participating in CVT provided by enterprises is strongly influenced by the presence of a joint agreement⁴¹ covering CVT. In enterprises without such agreements in 11 Member States 40% or less of employees take part in CVT (only in Sweden, Denmark, the UK and Finland are the rates higher). Whereas in enterprises with agreements the share of employees participating in CVT in 10 Member States is above 50% and, in Sweden, Denmark and Ireland is above 60%. However, this still means that generally between 35% and 50% of employees are not benefiting from any CVT.*
- *The situation as regards male/female participation in CVT is very mixed, in 7 Member States the share of female employees is slightly higher whilst in the other 7⁴² the rate for men is higher. In most cases the differences are within 2-3 points, however, in the Netherlands, Germany, France and Portugal the rates for men are between 5-10 percentage points higher than for women..*
- *The average number of hours spent on CVT courses per year in enterprises without a joint CVT agreement is very low at 16 or less in all Member States, except Denmark with 22 hours. The figures are higher for*

⁴⁰ Source: Continuing Vocational Training Surveys 1 & 2 reference years 1993 and 1999.

⁴¹ N.B Joint agreement covers both any formal/informal agreements with employees as well as formal collective agreements with the social partners.

⁴² N.B No gender breakdown available for Belgium.

enterprises with joint agreements covering CVT, ranging between 19-27 hours for the majority of Member States.

- (Note: Include a point on gender balance in participation and on training in firms having introduced new technologies once the data is available from Eurostat)
- Only a minority of enterprises providing CVT were parties to a joint agreement with employees or their representatives covering CVT. Medium sized enterprises (with between 50-249 employees) had the largest share of joint agreements but, even for this category, in the majority of Member States, the rate did not exceed 25%. The data indicates that the existence of a joint agreement ensures greater intensity of training, especially in small enterprises where employees covered by an agreement generally benefited from at least double and sometimes four or five times the number of hours provided to their counterparts in enterprises not covered by a joint agreement

Nature and extent of agreements

Agreements on vocational training at cross-industry and/or at sectoral level exist in nearly all Member States and in **10** (Austria, Belgium, Denmark, Finland, Italy, Portugal, Sweden, Spain, Luxembourg, Germany) **collective agreements set the framework for continuing training actions.**

Few Member States provide data on the numbers of workers reached by agreements, however, those which do (Belgium, Germany, Ireland, Spain, the United Kingdom) show often substantial coverage rates (for example 93.5% of workers in the private sector in Belgium, 54% of the workforce in Spain, 38% of all employees in Germany).

Some NAPs report an **increase on expenditure by enterprises on continuing vocational training** (for example Ireland, Belgium, the United Kingdom) and this is confirmed as a general trend by European data⁴³ (see box). Some Member States also highlight a **rise in public spending** to promote continuing training of employees for example through subsidising a proportion of enterprise's expenditure (Spain, Germany, Luxembourg) or through the introduction or expansion of programmes for workplace development (Finland, Ireland, the United Kingdom). The United Kingdom also emphasises the volume of **spending by the Trade Unions** on training which is now over £10 million per year with a further 15 million generated and reinvested through the TUC's work with partner providers. Germany reports that an estimated 5 billion Euro is spent annually by individuals on continuing training. Overall, an upward trend is visible in expenditure and with some movement towards greater sharing of the costs between all the actors concerned. However, financing is a sensitive issue and making progress is not without difficulties, as can be seen in the fact that

⁴³ Continuing Vocational Training Survey 2, Eurostat, reference year 1999.

the negotiations with the Social Partners in France on training have been suspended over this question.

In some Member States (Sweden, Italy, Greece, Portugal, Ireland) the **ESF** plays an important role in underpinning continuing training (e.g. 46% of the Swedish ESF budget). However, it is difficult to form an overview of its significance in this area throughout the EU since, generally, insufficient information is given in the NAPs.

In future reporting **more systematic information needs to be provided on the coverage and budget of agreements** in the field of lifelong learning.

Focus of action

In order to promote the **access** of workers to training and ensure funds for skills development Member States have expanded **financial incentives**. In addition to the various training levy, tax, voucher and other financing measures reported on in last year's JER, new initiatives include:

- Fiscal reforms to encourage investment in training (Austria, the Netherlands, Sweden, France).
- The introduction of a new Competence Development Fund of 40 million Danish kroner a year in the State sector in Denmark.
- The establishment of a National Training Fund in Ireland financed through a levy on companies.
- The Netherlands is testing Individual Learning Account schemes.

Few new initiatives **linking working time with training** are reported since the measures described in previous years are still being implemented. In Germany, a collective framework agreement for further training was agreed by the social partners to use long-term **working time accounts** for this purpose. At sectoral level in Austria, the wood and paper industry has introduced 1 week paid **educational leave**. The collective agreement of 2001 for the metalwork industry in Baden-Württemberg established annual talks on the subject of training and skills.

Some initiatives formalising a **minimum entitlement to training** have been introduced. Finland has proposed a framework for 2002-2010 to develop adult education and training policies (still under discussion in Parliament). It calls for the entire working-age population to have the opportunity for thorough retraining every 10 to 15 years, plus a short training period

annually in order to maintain and renew professional skills. In Portugal, the tripartite agreement on Employment, Labour Market, Education and Training signed in February 2001 requires that labour contracts for minors (16 years old or over), will include a provision ensuring, during working hours, a period of time for training, which shall never be shorter than 40% of the overall working hours⁴⁴. The recent German “Works Constitution Act” has created a new co-determination procedure for the works council whereby it has the right to insist on pre-emptive training measures for employees in order to safeguard their jobs if the nature of the work done by employees changes on account of action by the employer.

There are some indications of a movement towards the provision of **more integrated packages of measures promoting lifelong learning**. For example the United Kingdom is launching Employer Training Pilots which will cover free courses for employees training to gain basic skills or level 2 qualifications, paid time off to train, financial help for employers, information and support for individuals, employers and training providers. The “Auto 5000 GmbH” settlement at Volkswagen in Germany, comprises measures on flexible working hours, work organisation, training and remuneration.

Efforts in favour of **vulnerable groups** are continuing in most Member States with particular emphasis on the promotion of **basic skills and literacy** including through initiatives in the workplace and/or by the Trade Unions. Some Member States (notably Finland, Ireland and the Netherlands) also plan to develop **specific action plans/strategies for the low skilled**. Targeted financial incentives are also sometimes linked to particular **target groups**, for example in the Netherlands a new tax incentive has been introduced to train previously unemployed persons, Austria, Sweden, Finland, the Netherlands and Denmark have increased education benefits or grants to encourage older workers to take part in continuing training.

The particular difficulties faced by **SMEs** both in financing training and in making employees available for training are addressed in various ways by Member States. Some, such as Belgium and Italy, provide training vouchers to SME employees. In some Member States broader collaboration is being developed between the social partners and other actors (for example regional and sectoral networks of companies, education and training providers, research organisations, NGOs and local authorities) often involving a shift from firm-specific initiatives to more horizontal approaches to respond to the needs of SMEs. For example the United Kingdom Employer Learning Networks scheme provides funding for new groupings in sectors and areas where there are significant gaps in provision. It is aimed primarily at small businesses, helping them to share resources, expertise and knowledge. Belgium, Ireland,

⁴⁴ This is in addition to the requirement for 10% of the workers of each company to take part in continuing training and the entitlement of all workers to a minimum of 20 hours certified training per year (rising to 35 hours by 2005) reported on in last year's NAP.

Finland and Sweden also have networking measures to promote collaborative activity. In Germany, the government-supported “INSTI Innovation Services” helps companies to tap all relevant sources of information to ensure optimal exploitation of innovations and to develop a corporate culture conducive to innovation.

Efforts to develop **accreditation systems for non-formal learning** are continuing, notably in Belgium, France, Portugal, Denmark and Sweden. In a few Member States there are also some indications of a movement towards both **a more systematic and a more strategic approach to workforce development** as a whole. Entitlement of workers to individual training plans is becoming more common (Belgium, Denmark, the Netherlands, Finland, Sweden, the United Kingdom). Broad-based workplace programmes covering lifelong learning as part of general well-being at work are being extended in Finland. The Learning and Skills Council in the United Kingdom is working with, inter alia, the social partners to prepare a Workforce Development Strategy which will set clear targets and measures to improve workforce skill levels, encourage employers and broaden the range of training offered. In Denmark the State Employers Authority and the Danish Central federation of State Employees are drawing up a guide on competence development and access to the new competence fund will be conditional on the presence of a training plan and approval by co-operation committees and strategic partners.

Some initiatives have also been taken to improve the **quality and relevance** of training. For example Finnish collective agreements include systems for evaluating the demand for work including the necessary development of on-the-job training required. In the United Kingdom the social partners have prepared a report looking at skills in relation to productivity and put forward proposals for action by employers, employees and government. Ireland has established an Expert Group on Future Skills Needs. In Germany, a federal programme *Lernkultur Kompetenzentwicklung* (Enhanced Culture of Learning) has been set up to improve in-company training.

ICT literacy

The NAPs generally continue to give **little attention to the objective of giving every worker the opportunity to achieve information society literacy by 2003**. In many Member States it seems to be subsumed within broader action aimed at promoting ICT literacy for all citizens (Belgium, Finland, Luxembourg, Sweden). However, a few Member States report on some more specific initiatives targeted at workers.

- The planned Strategy for workforce development in the United Kingdom will include measures to promote ICT literacy for all workers by 2003. Already the Trades Union Congress provide extensive IT training for their members. New Technology Institutes will

provide ICT learning programmes through consortia involving education institutions and business partners.

- Portugal has set a target of introducing ICT into 50% of continuing training and of 2 million people achieving a basic skills certificate by 2006.
- In Greece certain continuing training actions, notably in ICT are offered to business executives and the self-employed.
- The expansion of basic IT skills training is part of Ireland's planned lifelong learning strategy. They also intend to set up an Undergraduate Skills programme supporting additional third-level places to meet skills needs, particularly in ICT.

European data⁴⁵ shows that some progress is being made towards the achievement of the target with just over 29% of the workforce having received basic ICT training in 2001 compared to around 23% in 2000. However, this still means that less than a third of the EU workforce has benefited from ICT training and only about a fifth with the support of their employer. Training efforts are focussed on management and white collar workers whilst the vast majority of manual workers remain excluded from upskilling in IT. Workers in small and micro enterprises also have very few opportunities to benefit from training. In view of the fact that an increase of only a little over 6% was achieved between 2000 and 2001 in the share of those having received ICT training, and that around 70% remain untrained, it does not seem possible to achieve the objective of providing opportunities for all workers by the end of 2003. A Commission Staff working paper⁴⁶ looking at exploiting the Information Society's contribution to managing change and enhancing quality in employment concludes that overcoming the serious lack of ICT training remains a priority for managing change and underlines the key role the Social Partners could play in this respect.

⁴⁵ Eurobarometer survey on ICT and Employment.

⁴⁶ Information Society jobs – quality for change SEC (2002) 372 of 3.4.2002.

5. PILLAR 4: EQUAL OPPORTUNITIES

Whilst women's employment rate has continued to rise over the last years, it is still 5.1 points below the long-term target set at the Lisbon European Council (60% female employment rate by 2010). Moreover, important gender gaps remain in terms of employment rate (18 percentage points, 23,3 percentage points in full time equivalent), unemployment rate (2.3 p.p.) and pay gap (16.2%, 23,7% in the private sector).

Further growth in women's employment rate is critical to the achievement of the targets set in Lisbon (70% overall employment rate and 50% employment rate among older persons by 2010) and given the predicted slowdown in employment growth, it is likely that women will face new barriers in accessing employment opportunities. Therefore, if Europe wants to attract more women into the labour market, reforms aimed at improving the quality of employment and at tackling disincentives which are embedded in the employment systems, need to proceed as a matter of urgency, especially in those countries with low female employment rates.

Member States have now presented National Action Plans on five occasions, with gender mainstreaming incorporated four times and responses to recommendations in three plans. This progression has followed a series of trends.

Overall, Member States **responded** to last year's criticism and improved gender equality in the **policy mix**. Gender equality measures are less isolated and more integrated in the national employment policies. Although progress is evident (Germany, Austria, Belgium and France), the implementation of the **gender mainstreaming** approach remains partial and incomplete. The effectiveness of the initiatives reported in the NAPs and the extent to which they are becoming deeply embedded in the policy-making process is difficult to assess in the short-term. **Momentum in this area should continue.**

Reconciliation between work and family life is one area where there has been clear acceleration. However, four areas for improvement can be identified.

Firstly, whilst a growing number of Member States have introduced new measures, quantitative targets and time scale to improve **childcare** facilities, there are still not sufficiently good and affordable services available to meet the demand and to reach the new targets set at the **Barcelona European Council**.

Secondly, the issue of improving **care for other dependants** has hardly been addressed.

Thirdly, many Member States are expanding **leave arrangements**. Whilst this is a positive development, given the gender imbalance in the approach to caring with the persistence of care being the responsibility of women, long periods of leave could have a negative impact on women's participation rate, widen gender pay differentials and increase gender segregation. Only a few countries have introduced initiatives to encourage men to use parental leave schemes (Finland, France, Sweden, Denmark and Luxembourg).

Fourthly, reconciling work and family responsibilities in terms of more flexible **work organisation and protection of the status of part-time workers** seems to be taking a higher profile in some countries (the United Kingdom, Germany, Ireland and Sweden). In other cases **part-time is seen as the main tool for increasing women's employment rates** and reconciliation policies without the need for complementary measures, especially in terms of care facilities (e.g. Italy).

With regard to **gender pay gaps**, there is a growing awareness that they do not decrease as a logical by-product of the growing female participation rate as they are linked to structural gender inequalities in the labour market. Although some initiatives have been introduced to tackle the pay gaps and their underlying factors, they still tend to be inadequate because they are frequently devoted to **research**. No **target-based strategy** has been set by any Member State.

As closing gender pay gaps require a strong commitment and action by the **social partners**, it is especially disappointing that they have not been particularly active in this area. There are in addition other areas where a commitment of the social partners is expected in order to make important progress, such as gender sectoral segregation and advancement of women in **decision-making processes**.

The responses to the policy recommendations on gender equality vary across countries. Ireland, Sweden and the United Kingdom have addressed the issues and introduced some initiatives which could have a positive impact on the existing situation. However, results need to be carefully monitored. Finland, Spain and Belgium have partly responded to the requests. The policy initiatives undertaken by Austria, Germany, Greece, Italy, Luxembourg are not complete enough to properly respond to the requests.

5.1. Gender mainstreaming (Guideline 16)

Member States will adopt a gender-mainstreaming approach in implementing the Guidelines across all four Pillars:

- Developing and reinforcing consultative systems with gender equality bodies;

- Applying procedures for gender impact assessment under each Guideline;
- Developing indicators to measure progress in gender equality in relation to each Guideline.

Consultative systems, training and information

Successful gender mainstreaming of employment policies depends on the implementation of co-ordinated measures covering inter institutional co-operation, including gender equality bodies, gender impact assessment procedures of new proposals⁴⁷, provision of appropriate indicators and statistics, awareness raising in the form of information, training and surveys. An integrated strategy covering these elements is needed in order to effectively tackle structural gender inequalities embedded in the employment systems.

Those Member States that have recently adopted the gender mainstreaming approach (Austria, Belgium, France and Germany) report on **interesting and integrated initiatives**. However, the effectiveness of these initiatives and the extent to which they are becoming deeply embedded in the policy-making process is difficult to assess in the short-term. Germany strengthened the legal basis for gender mainstreaming, set-up co-ordination mechanisms and working groups both at federal and regional levels and organised training activities for those working in the relevant ministries and managing the ESF programmes. Austria reported on the work of the Inter-ministerial Working Group on gender mainstreaming. An evaluation of the gender mainstreaming project, a practical manual on introducing the gender perspective in legal proposals and further training activities for civil servants are under preparation. The Belgian Federal Government has decided to implement a range of concrete measures to promote gender mainstreaming of all policies and actions at the federal level. Subsequently, each Minister has identified a gender mainstreaming objective.

Ireland, Denmark, Sweden, Finland and the United Kingdom have developed their initiatives slightly. Denmark reinforced gender mainstreaming in the Public Employment Services, and at local level. Finland pursued the Mosaiikki-project on equality at the work place implemented by the social partners.

The Netherlands has a strong tradition in gender mainstreaming, but the Dutch NAP has given little attention to developing mainstreaming mechanisms and tools.

Moreover, Italy and to some extent Luxembourg **paid less attention** to developing gender mainstreaming. Italy mainly underlined the important role of the regional and provincial

⁴⁷ When policy proposals are presented, they should include an impact analysis, which brings out the effect on both women and men, and how any relevant unbalances have been addressed.

gender equality advisors. Luxembourg reported on the inter-ministerial committee for equality between men and women and referred to the action plan developed as a follow-up to the UN extraordinary General Assembly in Beijing in 2000. Concrete measures planned are training initiatives addressed to trainers and to trade union representatives at enterprise level and the introduction of a delegate for equality in public services.

Timid but positive signs of development in the commitment to gender equality are evident in the Spanish and Greek NAPs, but most of the initiatives are partial, isolated and still at a very early stage of implementation, especially the Spanish ones. When we consider these two NAPs as a whole, gender issues remain a low priority.

Some Member States have been positively influenced by the importance of mainstreaming gender in the initiatives funded by the **Structural Funds**. Several initiatives are implemented in Austria, Greece, Ireland, Italy, Spain, and the United Kingdom.

This year for the first time Member States had to detail how the NAP has been prepared at national level. The involvement of the national departments responsible for gender equality in the preparation of the NAP is explicitly mentioned in the Danish, German, Greek and Italian NAPs. The gender equality bodies were consulted in the preparation of the Irish and Portuguese NAPs.

Statistics, Indicators, Gender Impact Assessment Procedures

Gender mainstreaming requires **statistics** broken down by sex as input, with gender sensitive indicators and gender impact assessment procedures to monitor and evaluate output. In most Member States there has been significant progress made towards better collection and disaggregation of data and indicators by sex within both the NAPs' monitoring process established at European level and national statistics. Some Member States improved statistics and their visibility and used this to monitor gender equality (e.g. Belgium, Germany, the United Kingdom, and Italy).

This year little progress has been made on developing and using gender impact **assessment procedures**. Luxembourg, the United Kingdom and Spain reported on the intention to develop initiatives to help assess the impact of policies and services on women and men.

Gender mainstreaming in the other Pillars and Horizontal Objectives

There has been progress in recognising gender gaps in the national labour markets and the relevance of promoting gender equality as part of the process to achieve the new strategic goal set by the Lisbon European Council. However, gender equality policies are perceived as necessary especially in order to encourage women to enter or re-enter the labour market.

When the NAPs move towards considering the key problems and measures envisaged to promote quality in work, they generally fail to introduce a gender perspective.

Gender mainstreaming within the first three Pillars shows a strong variation between countries. Although signs of positive developments are evident, mainstreaming of key policy areas are still weak (especially active ageing, combating bottlenecks, development of e-learning and lifelong learning).

There is evidence of gender mainstreaming in the **Employability Pillar**. Although it is difficult to assess the impact of the initiatives described in the NAPs as their presentation is often gender blind, there are examples of gender mainstreaming in the policies on prevention and activation, review of tax and benefit systems and reform of the Public Employment Services.

Sweden has implemented a "maximum fee" for income-based childcare charges, and allows those who have taken early retirement to return to the workplace without losing their right to an early retirement pension. These initiatives are expected to increase the female labour supply. The Netherlands, Germany and the United Kingdom have introduced tax rebates linked to childcare costs. In Germany the tax and pension reforms would have a positive impact on low earners and contribute to reducing disincentives for women to come back to work after a leave for family reasons. Austria has fully implemented the reform on child care benefits, providing an allowance (with an income ceiling) for all parents. Although the new system has broadened the eligibility for child care benefits, it might limit women from taken up full time jobs and discourage sharing of care between parents since the income ceiling only implies to one parent.

The reduction of social security contributions in Belgium for low paid workers should benefit women, who tend to be low earners. Ireland is continuing the reform of the income tax system, moving towards greater individualisation, which should reduce the disincentive to spouses from re-entering the workforce. Austria has prepared some measures concerning equal opportunities for older women to be included in the senior citizens plan. Luxembourg has set up a working group with a mandate to study the issue of the individualisation of pension rights. Austria, Denmark, Germany, Italy took steps to introduce gender mainstreaming in the Public Employment Services.

Ireland, Spain, Finland, Germany, Belgium, Luxembourg, Sweden and Greece mention specific measures to encourage women to set up and run their own business under the **entrepreneurship Pillar** (see section 3.2).

The gender dimension in the **Adaptability Pillar** (see also section 4.1) shows signs of positive evolution, yet there is still room for improvement. In Ireland and Sweden recent initiatives improving the employment status of those in part-time work or fixed contracts would have important implications for women. The Netherlands will launch in 2002 a campaign to improve the image of part-time work in order to make it an option both for men and women and practicable in senior posts. There are a growing number of initiatives aimed at reforming working time arrangements in line with the objectives of better reconciliation between work and family life (Germany, Ireland, Denmark and the Netherlands).

Austria and Belgium mention measures to increase women's involvement in **new technologies** (see also section 1.2).

Some Member States have started or reinforced gender mainstreaming in **new or partly explored areas** such as transport, public procurement and branding of products and services (Sweden), budget (Belgium, Sweden, France and the United Kingdom), research and science (Austria and France), and the reversal of stereotyped attitudes through the revision of school books (Greece).

5.2. Tackling gender gaps (Guideline 17)

Member States will, where appropriate with the social partners:

- Strengthen their efforts to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women, and consider setting national targets in accordance with the objectives set out in the conclusions of the Lisbon European Council,
- take action to bring about a balanced representation of women and men in all sectors and occupations and at all levels,
- initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men: actions to address gender pay gaps are necessary in the public and private sector, and the impact of the policies on gender pay gaps should be identified and addressed,
- consider an increased use of measures for the advancement of women in order to reduce gender gaps.

Employment and unemployment gender gaps: the facts

Gender employment gap is decreasing but is still 18 percentage points and 25.3 p.p. in full-time equivalent.

Employment rates for women have increased in all Member States (except Belgium and Greece). However, the employment rate for women in the EU (54.9%) is still 18 percentage points below the male rate (73%) and it is 2.1 percentage points below the intermediate target set at the Stockholm Summit and 5.1 points below the long-

term target set at the Lisbon European Council. Moreover, women continue to be over-represented in part-time work. For the EU as a whole, the full time equivalent gender gap in employment is 25.3 percentage points (in the Netherlands, Spain, Greece, Ireland, Luxembourg and Italy it is around or above 20 p.p.).

Low employment rates for women aged 55 to 64.

The percentage of women aged 55 to 64 in employment is especially low (28.6%). The lowest employment rates for women in this age group are in Luxembourg, Italy, Belgium and Austria (under 20%).

Gender unemployment gap is 2.3 percentage points.

In most Member States the unemployment rate remains higher for women than for men. On average, the unemployment rate for women is currently 2.4 percentage points above men; but in some countries the gap is much wider, as is the case of Spain (8%), Greece (8.6%) and Italy (5.6%).

Education and Unemployment

For the EU, the higher the educational attainment level, the lower the unemployment gender gap: 3.8 p.p. for low level, 1.9 p.p. for medium level, 1.7 p.p. for high level.

Long-term unemployment

Long-term unemployment rates for women have decreased in all Member States (except Austria where the rate is stable). However, in most Member States the long-term unemployment rate for women is higher than for men, and with an average of 3.9% is still 1.1 percentage points above the male rate (2.8%). In some countries the gap is much wider, as is the case of Greece (5.5), Spain (5.0) and Italy (3.5).

Performance

The narrowest gender gaps in employment rates: Sweden, Finland and Denmark.

The largest gender gaps in employment rates: Greece, Spain, Italy, Luxembourg and Ireland, where they are above 20 percentage points.

The narrowest gender gaps in unemployment rates: Germany, Luxembourg, Denmark, Finland and the Netherlands (in the United Kingdom, Sweden and Ireland there are negative gender gaps, i.e. more unemployed men than women).

The largest gender gaps in unemployment rates: Greece, Spain and Italy.

Some of the Member States (Austria, Denmark, the Netherlands, Finland, Portugal, Sweden and the United Kingdom) already exceed the female employment rate objective of over 60% set at the Lisbon Summit. Five countries **set national targets** for increasing women's share in employment (Belgium, Finland, France, Italy and the Netherlands). The Netherlands assessed positively the trend towards achieving the targets set last year and confirmed them. For the first time Belgium (Wallonia), Italy and Finland set (relative) employment targets (see Section

1.1.2, table 2). The United Kingdom set a target for increasing the employment rate of lone parents (of which 95% are women) and Portugal will aim at keeping the employment rate reached in 2001 for 2002. It is disappointing that more countries have not set specific targets, especially those countries that have a women's employment rate lower than the Lisbon target (especially Italy, Spain and Greece).

Many NAPs see the reduction of female unemployment and especially the growth in women's employment rates as critical and strategic to the achievement of a positive increase in the average employment rate and the key to future growth (the Netherlands, Ireland, Italy, Greece, Sweden and Luxembourg). Key elements of the strategy to achieve these objectives are increased investment in training especially for those wishing to return to work (Ireland, Austria, the Netherlands and Luxembourg), policies aimed at active ageing (Sweden), review of tax, benefit and pension systems (Belgium, Ireland, Sweden and the Netherlands), policies aimed at encouraging the take-up of entrepreneurial activities (Greece, Sweden and Luxembourg), increased flexibility (Italy), better care services for children and other dependants (Ireland, Greece, Italy, Sweden, Portugal, Luxembourg and the United Kingdom). The description and the assessment of the effectiveness and extent of these measures are dealt with under other Guidelines. However, there are also examples of specific measures. The Spanish NAP reports on the positive results of the reduction in employers' contributions on the social security system for hiring women in permanent jobs and on the new initiatives in favour of women victims of domestic violence. Greece refers to new initiatives for women who are facing multiple social exclusion. The United Kingdom confirms the New Deal for lone parents as the main instrument for increasing the female employment rate. The Federation of Austrian Industry has launched a campaign to increase women's employment rate. France and Luxembourg focused on improved gender equality at enterprise level. Moreover, according to a new law, equal opportunities for women and men will be a major issue for collective bargaining.

Table 8: Gender gaps in employment and unemployment 2001

	EMPLOYMENT GENDER GAP	UNEMPLOYMENT GENDER GAP
EU-15	18.0	2.3
Greece	29.8	8.6
Spain	28.9	8.0.
Italy	27.5	5.6
Luxembourg	23.9	0.7
Ireland	21.4	-0.2
Belgium	18.7	1.4
Netherlands	17.5	1.1
Austria	16.5	1.3
Portugal	15.8	1.9

France	14.1	3.4
Germany	13.7	0.4
United Kingdom	13.3	-1.1
Denmark	8.3	1.1
Finland	5.5	1.1
Sweden	2.9	-0.3

Action to bring about a balanced representation of women and men in all sectors and occupations.

Gender Segregation: the facts

Gender segregation in sectors and occupations remains stable since last year (17.7% in sectors and 25.1% in occupations)⁴⁸.

Performance

By sectors, Finland, Portugal, Sweden, Portugal, Ireland and Austria have the highest segregation of the labour market, with a segregation index above 20%. By occupation, Finland, Sweden, Austria, Denmark and Germany have the highest segregation index which ranges from 27% to 30%.

Countries who have a highly segregated labour market are continuing to implement, and even reinforce (Denmark and Sweden) integrated measures aimed at reducing gender segregation. Finland's strategy aims at both influencing the educational and training choices of men and women, work place culture and practice within the Public Employment Services. In Denmark the results of last year's report on actions to be put in place to tackle gender segregation show that the gender equality projects which have been initiated in the Employment Public Services can significantly contribute to dismantling gender segregation and prevent bottlenecks on the labour market. In Sweden, the National Labour Market Board has increased funds for a so-called "Break through project" aimed at breaking down the gender segregation. Sweden recognises this as an important means to counteract gender segregation, also making the wage differentials visible. The Equal Opportunities Act has therefore been strengthened and requirements on mapping wage differences have been introduced. Finland, Denmark and Sweden report on the contribution of the EQUAL Community initiative. Portugal, France and the United Kingdom focused on initiatives influencing training and educational choice for young people. Ireland launched a new initiative called "Equality for Women Measure" with a budget of 29 million over 6 years funding projects addressing gender occupational

⁴⁸ Gender segregation in sectors and occupations is measured as follows: the average national share of employment for women and men is applied to each sector/occupation. The differences are added up to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment.

segregation. Austria, Belgium, Germany and the United Kingdom implemented measures aiming at attracting women in new technology jobs.

Increased use of measures for the advancement of women in order to reduce gender gaps

The British, German, Dutch, French, Italian, Danish and Swedish NAPs report on initiatives to promote **women in decision making**. In the United Kingdom priority is given to Science, Engineering and Technology (SET) policy making. A target of 40% involvement of women on SET related advisory bodies by 2005 has been set. The 2001 Sex Discrimination (Election candidates) enables political parties, to adopt positive measures to reduce inequality in the numbers of men and women elected as representatives of their party. Germany intends to increase the presence of women professors in universities from the current 10.5% to 20% by 2005. Since 2001, women and men must be represented in the company works council in proportion to their share of workforce. The Netherlands launched new initiatives aimed at increasing the number of women in positions of responsibility both in the public and private sectors within the Community Initiative Equal (€5 million). France appointed a person responsible in each Ministry and put in place an action plan to ensure equal access for women and men to positions of responsibility. The Italian NAP announces the intention to amend the Constitution to introduce the possibility of positive actions. Denmark will launch a report on obstacles impeding the advancement of women at top management positions. On the basis of that report, the social partners will be asked to open a dialogue on how the percentage of women in high level positions can be increased.

In brief, amongst countries who have a highly segregated labour market, Finland, Sweden and the United Kingdom have addressed the problem. Whilst Portugal has introduced some actions, initiatives should be more focused and comprehensive.

Steps to promote equal pay for equal work of equal value and diminish the income differential between women and men.

Gender pay differentials: the facts

According to the results of the European Community Household Panel for 1998, women's average gross hourly earnings (employees at work for 15 hours or more) were around 83.8% of men's, i.e. a pay gap of 16.2%⁴⁹. The gender pay gap is higher in the private sector (23.7 percentage points) than in the public sector (10.7 percentage points)⁵⁰.

⁴⁹ No data available for Finland, Luxembourg and Sweden. Data for public sector in Portugal is unreliable.

⁵⁰ Last year the indicator on gender pay gaps utilised data on net earnings. As comparison of net pay across countries is made difficult by the variation of tax systems between countries, this year the indicator on gender pay differentials is based on **gross** earnings data. Therefore no comparison between this year and the previous year is possible.

Performance

- *The lowest pay gaps in 1998 were in Portugal, Italy and Belgium (less than 10 percentage points).*
- *The highest pay gaps were in the United Kingdom, Austria, the Netherlands, Germany and Ireland (more than the EU average).*
- *The highest pay gaps in the private sector were in the United Kingdom, Austria, Germany, Ireland and the Netherlands (more than 23 percentage points). The highest pay gaps in the public sector were in the Netherlands and the United Kingdom (more than 20 percentage points).*

In EU women's (gross hourly) earnings are, on average, 16.2% below those of men. Important gender pay differentials exist between age groups and by levels of education. Gender pay gaps are wider for older workers (30.6%) and highly educated women and men (20.8%).

In the 2002 NAPs there is a growing awareness that gender pay gaps do not decrease as a logical by-product of the growing female participation rate as they are linked to structural gender inequalities in the labour market. Although more attention has been devoted to initiatives related to reducing gender pay differentials and their underlying factors, initiatives still tend to be inadequate because they are often **just research-oriented**. In some countries there are no initiatives (Italy). No target-based strategy has been set by any Member State. In addition, with a few exceptions, promoting equal pay for equal work or work of equal value is not on the policy agenda of most social partners.

The United Kingdom, Denmark and Sweden have further amended their legislation or fully implemented new **legal provisions** in order to enhance transparency. However, it is disappointing that Denmark does not report on the implementation of last year's new provision on enterprise-based wage statistics. Finland intends to amend the Equality Act by the end of 2002. The amendments will focus on the burden of proof in case of pay discrimination. Denmark and Finland intend to study and monitor wage developments regularly.

Many countries reported on analysis (Luxembourg, Ireland, the Netherlands, Austria and Finland), and **tool oriented projects** (Denmark, Luxembourg, the Netherlands and the United Kingdom). In the Netherlands a quick scan method of pay structures to be used by companies is being developed. In the United Kingdom an equal pay review model is being developed and piloted to be workable for business. **Awareness raising and information campaigns** are also popular methods for addressing pay differentials as well (Denmark, the Netherlands and the United Kingdom).

Several countries started **transnational co-operation projects** on approaches to tackle gender pay differentials funded by the Community Action Programme on gender equality (Denmark, Germany, Luxembourg, Ireland, Sweden, and the United Kingdom). A working group on gender pay differentials has been set up by the Nordic countries in order to explore the possibilities of carrying out a Nordic project on common statistics broken down by sex.

In some countries the **social partners** have started taking a more active role: the Danish NAP reports on a project carried out by the social partners in the public sector and there is an invitation to strengthen their activities in the area of equal pay. Following recent research on wage differentials in Ireland, a consultative group on the gender pay gap has been set up under the Programme for Prosperity and Fairness negotiated and monitored by the social partners. In the United Kingdom 500 union equal pay representatives will be trained in pay negotiations. In Spain the social partners committed themselves to carrying out a study of the causes of gender inequalities in employment, to set up an equal opportunities certificate for companies and the development of a programme for the diagnosis of wage discrimination. However, the involvement of the social partners is still generally weak despite the very high pay gap in private enterprises (23.7%).

Thus, in the countries which have high gender pay gaps there is limited focus on specific policies to address pay differentials in the Luxembourg, German and Finnish NAPs, while there is an interesting level of activities in Ireland and the United Kingdom. Austria intends to reduce the gender pay gap especially by tackling gender segregation in the labour market.

5.3. Reconciliation of work and family life (Guideline 18)

Member States and the social partners will:

- design, implement and promote family-friendly policies, including affordable, accessible and high-quality care services for children and other dependants, as well as parental and other leave schemes,
- consider setting a national target, in accordance with their national situation, for increasing the availability of care services for children and other dependants,
- give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles to such return.

Employment impact of parenthood⁵¹: the facts

⁵¹ The impact of parenthood on employment is monitored by two indicators. The first one gives a comparison between the employment status of women and men with and without children respectively and related to each other (age group 20-50, children aged 0-6 years). It is measured as follows: $(Mc/Mnc)/(Wc/Wnc)$, where Mc = men with children, Wc = women with children, Mnc = men with no children, Wnc = women with no children. **The closer the value is to 1, the more similar the impact of**

The presence of children influences differently the participation of women and men in the labour market. The data⁵² for 2001 show that the presence of children has a larger impact on women than on men's employment status (EU average is 1.4). The employment rate of women aged 20-50 without children (68%) is 12.4 percentage points higher than that of women with children under 6 years old (56%). In contrast the employment rate of men tend to increase with the presence of children (the employment rate of men with children (82%) is 9.5 points higher than that of men without children under six years old (91.5%).

Performance

The impact of parenthood on employment for the 11 Member States for which data is available, is particularly strong in Germany, the United Kingdom and Spain (above 1.4).

Promote family friendly policies. Parental leave and other leave schemes

Reconciling work and family responsibilities in terms of more flexible work organisation does seem to be taking a higher profile in some countries. In Germany an agreement between the Government and the employers includes measures designed to help employees to reconcile work and family life in the private sector. The works councils are now responsible for promoting the reconciliation. Belgium presents the new general reduction in weekly working time to 38 hours as a means to better reconcile working and family life. France has launched an action plan to promote family friendly policies at enterprise level. Awareness raising is used as common method to increase employers' involvement or to get men to take greater responsibility for their family (Belgium, Luxembourg, Germany, the United Kingdom, Spain, Portugal and Austria). There are examples of considering part-time work as a straightforward solution for reconciliation of work and family life and increasing women employment rate (Italy). To some extent there has also been progress in recognising that part-time work needs to be combined with a strong form of security (Luxembourg, Sweden and Ireland). Nevertheless there is still ambiguity in the approach to part-time.

The 2002 NAPs report a relatively high level of activity in the development of parental leave and other leave schemes. Denmark has extended the maternity leave scheme and its flexibility. France has introduced paid paternity leave. In Finland the Government has proposed that fathers' entitlement to paternity leave should be extended by two weeks and it should be possible to take part-time leave in cases where both the father and mother work part-time. Spain has extended maternity/paternity leave for the birth of premature children. Sweden has increased parental leave and its flexibility and financial remuneration. The United Kingdom has already extended rights to parental leave and in 2003 both the length and the

parenthood is on women and men. Values over 1 indicate that the impact of parenthood on women is larger than on men.

The second indicator measures the difference in employment rates without the presence of any children and with the presence of a child aged 0-6, by sex (age group 20-50).

⁵²

No data available for Denmark, Finland, Ireland and Sweden.

remuneration of maternity and paternity leaves will be further increased. Ireland, Austria and the Netherlands have introduced further rights to time off employment to care for persons in need of full-time care, close relatives who are dying or for a seriously ill child. However, the choice of a longer period of leave, as for example in Austria, as opposed to other measures of reconciliation (sufficient supply of quality childcare, care for elderly etc.) could have a negative impact on women's participation rate and could widen gender pay differentials and increase gender segregation. The Danish NAP recognises that the new leave arrangements will reduce the supply of labour in a longer perspective.

With regard to the gender imbalance in the use of leave schemes, there are examples of initiatives to encourage men to use parental leave schemes (Finland, Denmark, Sweden and Luxembourg). In Finland social partners have started a campaign. In Sweden 60 days of the extended parental leave are reserved for the mother and 60 days for the father.

Care for children and other dependants

Many countries report on the expansion of childcare provision (the United Kingdom, Ireland, the Netherlands, Greece, Belgium, France, Sweden, Portugal and Spain) and a growing number of Member States announce new initiatives aiming at increasing the availability and/or affordability and quality of services and/or of the status of care workers (France and Sweden) and set quantitative targets. For the first time Luxembourg and Spain set targets and the United Kingdom set a number of new specific targets (for a complete overview see table 9). In some Member States special attention is given to lone parents, low-income household or person living in disadvantaged areas (Germany, France, Spain, Belgium, Luxembourg, the Netherlands and the United Kingdom). France improved care services at enterprise level. Some Member States, such as Denmark, the United Kingdom, the Netherlands and Germany have introduced monetary benefits or favourable tax rebates. While some improvements have been made the absence of comprehensive and affordable childcare is a major barrier to further increasing women's employment rate and still a critical area to be further addressed.

Little attention is given to care for other dependants (except France, Germany, Greece, Belgium and Ireland).

In the area of care services, it is difficult to assess the extent of the initiatives because of lack of appropriate data. This year for the first time Member States were asked to provide indicators on childcare and elderly care coverage. Eleven countries provided information on childcare, of which nine countries provided an indicator on childcare coverage, although the information is in most cases not in full compliance with the indicator agreed at European level. Only five countries provided some information on elderly care coverage, of which three countries responded (partly) to the indicator requested (for a complete overview see table 9).

In brief, amongst countries who especially need to improve reconciliation between work and family life and care provision (Austria, Germany, Greece, Italy, Ireland, Portugal, Spain, and the United Kingdom), Austria, Germany, Italy, and Portugal have introduced limited initiatives. More effort is needed. It is especially disappointing that Italy has not set quantitative targets as requested by the recommendation. Greece, Ireland, Spain and the United Kingdom have introduced new initiatives, but care services are still not sufficient to deal with the scale of demand.

Table 9: Childcare⁵³ and elderly care⁵⁴ - coverage and targets set in 2002 NAPs

MEMBER STATES	CHILDCARE INDICATOR PROVIDED	ELDERLY INDICATOR PROVIDED	TARGETS SET IN NAP 2002
Austria	Yes	No	-
Belgium	Yes Partly	Yes Partly	2001 regional targets are confirmed: Flanders +2,500 places per year 2001-2004, Brussels double places by 2001, German community double childcare places by 2004.
Denmark	Yes	No	-
Finland	Yes	No	-
France	No		+32.000 places by 2004; +10.000 places outside school hours for children 3-16 years old.
Germany	Yes	No	No target set ⁵⁵
Greece	Yes Partly	No ⁵⁶	Detailed targets for children and elderly.
Italy	Yes	Yes Partly	-
Ireland	No	No	2001 target confirmed: Increasing childcare places 30% by 2003.
Luxembourg	No ⁵⁷	No	17% proportion of children 0-3 years old + 3000 places in school by 2004.
Netherlands	Yes Partly	No	+ 33.000 childcare places by end 2002.
Portugal	No	No	2001 data are confirmed: Pre-school education for all children under 5 years by 2006. 75% coverage for 3-4 years old (including 1,800 new

⁵³ Indicator EOC9 : "Children cared for (other than by the family) as a proportion of all children of the same age group. Breakdown by: before entry into the non-compulsory pre-school system (during the day); in the non-compulsory or equivalent pre-school system (outside pre-school hours); and in compulsory primary education (outside school hours)."

⁵⁴ Indicator EO c10: "Dependant elderly men and women (unable to look after themselves on a daily basis) over 75 as a proportion of men and women over 75. Breakdown by: living in specialised institutions; who have help (other than the family) at home; and looked after by the family."

⁵⁵ However, on 17 april 2002, the German government approved a national sustainability strategy ("Perspectives for Germany. Our Strategy for Sustainable Development"), in which a target is set of 30% for all-day childcare facilities in the Western Länder by 2010. Moreover, the Government has announced to spend 4 billion EURO for all-day schools in the next years.

⁵⁶ Information on the number of elderly care establishments are included.

⁵⁷ Information on the number of childcare places is given.

			classrooms). 100,000 children up to 3 years will be received in day nurseries.
Spain	Yes Partly	Yes Partly	-15% coverage for 0-2 years old and 94% for 3 years old.
Sweden	Yes	Yes	-
United-Kingdom	No	No	- 2001 target is confirmed: + 1.6 million children cared by 2004 = + 900 neighbourhood nurseries for disadvantaged areas by 2004. New targets: - a childcare places for every lone parent entering employment and up to 100 Early Excellence Centres by 2004. - + 100.000 new full-time places for 3 and 4 years old in schools.

Facilitating re-integration into the labour market

More attention has been devoted to policies aimed at encouraging women to return to employment after an absence (Austria, Belgium, France, the Netherlands, Ireland and Luxembourg). Returners are considered as an important pool of latent labour supply. The Netherlands will put in place an action plan for returners with quantitative targets and a timescale (70.000 women returners by 2005). Austria has extended a specific coaching programme targeted on male and female returners which also covers a part of childcare costs. Luxembourg organised a Forum giving to women who wish to return on the labour market the opportunity to meet companies' representatives, state agencies and women associations. Moreover, women in the public sector who resigned before 1984 for family reasons, have now the opportunity to re-enter their position. Ireland counts on the tax individualisation reform to facilitate women to return to work. The opinions of the social partners and the NGOs attached to the Irish NAP ask for more specific policies.

The Budget allocated to equal opportunities

While the information on budget allocated to equal opportunities has not been provided in all cases (Luxembourg and Finland), and where the information is available it is heterogeneous and not comparable; this year's NAPs provide more budgetary data than last year. In many cases the information is detailed but confined to the ESF (Austria, France, Greece, Spain, Italy and Germany). Other NAPs focus on the Community Initiatives EQUAL (Denmark) or provide information on specific projects (the United Kingdom) or present the information in a way that makes it difficult to assess how much is spent on equal opportunities (Sweden).

ANNEX 1: INDICATORS FOR GUIDELINE 1

Table A: Common agreed indicators on prevention. Young unemployed people

	2000									2001								
	Effort (C/A)			Non-compliance (D/B)			Output (B/A)			Effort (C/A)			Non-compliance (D/B)			Output (B/A)		
	Total	H	F	Total	H	F	Tot	H	F	Total	H	F	Total	H	F	Tot	H	F
BE	53.3	53.2	53.2	21.7	19.7	23.6	44.9	42.9	46.9	57.9	59.3	56.3	29.0	27.8	30.3	36.2	35.5	36.9
DK	1.0	1.0	1.0	81.0	83.0	80.0	6.0	6.0	7.0	1.0	1.0	1.0	83.0	84.0	82.0	6.0	6.0	6.0
DE	65.6	66.5	64.2	18.5	18.1	19.1	16.6	16.0	17.5	76.3	76.1	76.6	17.7	15.0	22.9	16.2	15.8	16.7
EL											10.6	10.1					39.5	44.7
ES	39.0	42.0	30.0	37.0	36.0	38.0	8.0	7.0	9.0	32.0	33.0	31.0	46.0	47.0	45.0	10.0	8.0	13.0
FR	5.9	5.2	6.7	59.9	59.4	60.3	14.8	12.8	16.8	6.4 (a)	5.6 (a)	7.2 (a)	53.8 (a)	54.5 (a)	53.3 (a)	14.1	13.0	15.2
										55.9 (b)	54.0 (b)	57.9 (b)	79.0 (b)	80.0 (b)	78.1 (b)			
IE	4.3			60.9			8.1			3.8			59.0			7.2		

IT																		
LUX	40.7			11.8			21.8			43.5			8.2			26.8		
NL	100			0			10.0			100			0			10.0		
AU	58.4	56.2	61.3	15.2	18.5	12.8	2.8	2.2	3.6	60.7	58.5	63.6	13.9	15.8	12.3	2.5	2.0	3.2
PT	36.1	34	37.3	6.8	7.5	6.4	12.1	9.5	13.8	34.9	33.5	35.7	23.9	26.3	22.7	17.4	15.0	18.8
FIN	99.0	98.8	99.2	10.9	11.0	10.7	9.1	10.8	7.8	99.5	99.4	99.5	8.7	10.1	7.5	8.6	10.0	7.4
SW	98.7	98.4	98.9	9.6	10.3	8.5	1.3	1.6	1.1	97.9	97.5	98.3	1.1	1.2	0.9	2.1	2.5	1.7
UK	100	100	100	0	0	0	16	16	15	100	100	100	0	0	0	16	16	15

Table B: Common agreed indicators on prevention. Adult unemployed people

	2000									2001								
	Effort (C/A)			Non-compliance (D/B)			Output (B/A)			Effort (C/A)			Non-compliance (D/B)			Output (B/A)		
	Tot	H	F	Tot	H	F	Tot	H	F	Tot	H	F	Tot	H	F	Tot	H	F
BE	47.8	49.6	46.3	38.0	36.0	39.6	35.0	33.5	36.3									
DK	1.0	1.0	1.0	66.0	75.0	58.0	3.0	3.0	3.0	1.0	1.0	1.0	60.0	68.0	53.0	3.0	3.0	3.0
DE	67.2	68.2	65.8	23.6	21.0	26.3	17.3	15.0	20.4	74.3	69.7	70.9	22.4	22.0	22.9	20.7	19.2	23.8
EL																		
ES	30.0	29.0	30.0	62.0	66.0	59.0	8.0	7.0	9.0	23.0	21.0	25.0	62.0	66.0	58.0	9.0	8.0	11.0
FR	6.6	5.3	7.9	50.6	55	45.9	13.3	12.1	14.6	7.6 (a)	5.9 (a)	9.4 (a)	39.1 (a)	49.7 (a)	29.0 (a)	12.3	11.6	13.0
										53.4 (b)	52.6 (b)	54.1 (b)	75.3 (b)	75.9 (b)	74.9 (b)			
IRL										7.7			48.5			12.7		
IT																		
LUX	27.3			38.2			14.6			32.1			21.9			15.3		

NL	12.0			66.0			21.0			15.0			66.0			23.0		
AU	54.6	49.5	67.0	16.9	18.7	15.3	0.9	0.6	1.7	56.3	50.9	70.0	14.8	15.8	13.7	0.6	0.5	0.9
PT	35.8	37.2	35.1	11.6	11.4	11.8	14.4	16.7	13.2	34.1	35.3	33.6	21.7	22.7	21.0	17.6	20.1	16.3
FIN	98.6	98.0	98.9	14.1	14.6	13.6	10.2	14.1	7.9	99.4	99.1	99.6	9.7	13.9	7.4	9.5	13.6	7.3
SW	93.3	92.2	94.4	0.8	0.7	0.8	6.7	7.8	5.6	95.6	94.8	96.4	0.1	0.1	0.1	4.4	5.2	3.6
UK	100	100	100	0	0	0	10	11	7	100	100	100	0	0	0	9	10	7

Notes to annex:

Input indicators consist of the effort indicator and the non-compliance indicator.

Effort indicator (C/A): share of young/adult unemployed becoming unemployed in month X and having started an individual action plan before reaching 6/12 month unemployment (by gender) (C = number of young/adult persons who became unemployed in month X and started a concrete individual action plan before month X+6/12. A = number of young/adult persons who become unemployed in month X).

Non-compliance indicator (D/B): share of young /adult unemployed becoming unemployed in month X, still unemployed in month X+6/12 and having not started an individual action plan (by gender) (D = number of young/adult persons who became unemployed in month X, are still unemployed at the end of X+6/12 months and have not started an individual action plan before month X+6/12. B = number of young/adult persons who are still unemployed at the end of month X+6/12 without any break).

The output indicator (B/A) or rate of inflow into long-term unemployment: share of young (adults) persons who are still unemployed at the end of month X+6/12 without any break (by gender).

BE: 2000 figures cover the period 07/99-06/00 for young and 01/00 – 12/00 for adults. 2001 figures cover the period 07/00 – 06/2001 for young persons. 2001 figures for adults are not available.

DK: Insured unemployed only. 2000 figures cover the period 2nd half of 1999 – 2nd half of 2000 and 2001 figures cover the period 2nd half of 2000 – 2nd half of 2001 for young persons.

DE: Adult data include all unemployed.

EL: Indicators are not available.

ES: 2001 figures cover the period 01/04/2001 – 31/03/2002.

FR: Due to methodological and implementation changes put in place by the new PAP/ND ("Personalised Action Programme for a new Start"), as of July 2001, the input indicators are separated into two periods: (a) 1st semester of 2001 and (b) 2nd semester of 2001.

NL: Prevention indicators are based on newly unemployed only. Data for young unemployed is based on situation 12 months after registration.

PT: In 2001 the data cover for the first time the whole territory.

For further considerations on the methodology and comparability across Member States, see the background document on prevention and activation of the impact evaluation of the European Employment Strategy (http://europa.eu.int/comm/employment_social/empl&esf/ees).

PART II
THE MEMBER STATES

BELGIUM

1. Economic and employment situation

After 4 years of strong growth, the Belgian economy experienced a sharp slowdown in 2001: real GDP grew by only 1%. The positive evolution on the labour market over the previous years gradually came to a halt in 2001. The indicators give an ambiguous image: employment growth still reached 1.2%, with almost 45.000 more jobs in 2001, but the employment rate decreased to 59,9%, which is partly due to a change in registration of career breaks. As this concerns mainly women, the decrease was slightly more pronounced for them and the large gender gap in employment widened. The low employment rate for the young has increased (32,7% in 2001), but the employment rate for older workers receded to 24,1%, the lowest in the EU and more than 14 percentage points down on the EU-average. The employment rate for older women is less than half that of older men.

The unemployment rate further decreased slightly from 6.9% to 6.6%, which is almost 1 percentage point below the EU average. The fall in the unemployment rate for women outmatched a small increase in the unemployment rate for men. Long-term unemployment continued to fall in 2001 and is now slightly below the EU average. The share of long-term unemployment in total unemployment (45%) has decreased, but is still one of the highest of the EU.

Longstanding significant regional and sub-regional disparities in labour-market performance persist: unemployment is still at a high level in Wallonia and Brussels, while it is well below the EU average in Flanders. The employment rate in Flanders is also about 8 percentage points higher than in Wallonia and Brussels.

Since 1997, Belgium had managed to reduce the gap between the EU and the Belgian employment rates but this positive trend was interrupted in 2001 and the rates are now further behind the EU average than they were in 1997. The total unemployment rate dropped by 2.6 percentage points from 1997 to 2001, which is mainly due to a significant improvement in female unemployment (-4.5 percentage points from 1997 to 2001).

2. Progress towards the Horizontal Objectives

The Belgian NAP does not set national employment rate targets, but the Belgian regions have identified regional objectives. Flanders has adopted the EU targets for both the overall and female employment rates. Wallonia has expressed the ambition to reach the EU average overall employment rate by 2010, and the rise in the employment rate for women should be

30% higher than the rise in the employment rate overall by 2004. These can be regarded as ambitious but realistic targets.

The NAP emphasises the need to raise the effective retirement age, but does not set quantified objectives for the employment rate for older workers. Initiatives have been taken to increase their participation but it remains to be seen whether they will suffice.

Since the beginning of the European Employment Strategy, Belgian policy has been subject to structural changes and new initiatives have been taken for each of the 4 Pillars. The impact evaluation of the EES showed that the most significant changes have been introduced under the Pillars on employability and entrepreneurship: the shift from curative to preventive measures and the gradual reduction of taxes and social charges. The adaptability policy continues to focus on working time reduction schemes and the developments under equal opportunities are mainly improving co-ordination, mainstreaming and monitoring.

The NAP for 2002 is a continuation of the previous NAP. The cornerstone of the Belgian employment strategy remains the reduction of labour costs through wage moderation and the reduction of taxes and social security contributions in order to promote employment growth. At the same time the Belgian 'active welfare state' policy continues to emphasise active labour market policies, in particular targeted towards young people, long-term unemployed and low skilled workers. Specific measures have been taken to tackle the unemployment traps, to raise the employment rate of older workers, to integrate socially excluded into the labour market and develop employment at local level. A link of the Employment NAP with the one for inclusion has not been established.

Quality in work is a prime concern and the NAP addresses it in all its dimensions. A reform of the programme for individual reduction of working time together with the extension of the 38 hours week to all sectors and incentives to encourage other forms of redistribution of labour should facilitate integration on the labour market and the reconciliation of professional and private life. Certain atypical working arrangements are less common in Belgium than on average in the EU and the government is reluctant to promote such flexibility because it could affect security and quality in work. The harmonisation of various unemployment absorption schemes will improve the quality of jobs subsidised thereunder. The Belgian government has prepared a bill to combat discrimination, including discrimination in the labour market, and taken other initiatives to facilitate the integration of groups at risk of exclusion. In addition a bill has been prepared against sexual harassment, mobbing and violence on the work floor.

The strengthening of social inspectorates shall help to fight illegal work and special measures are taken against "bogus independency" and irregular working situations in road transport. Action against undeclared work is concentrated on the building sector.

The Regions and Communities have developed action plans and set quantified targets for participation in Lifelong learning, but further steps are necessary to turn these plans into coherent and comprehensive Lifelong learning strategies per Region/Community.

Social partners have been actively involved in the preparation of the NAP at both regional and national level. Belgium has a longstanding tradition on co-operation with the social partners, which play a key role in the development and implementation of the national employment policy. An indication of the positive social climate is the low number of working days lost due to strikes.

The NAP provides an extensive set of indicators, including with regard to quality in work. Where appropriate, these indicators are broken down by sex and per region, which is of utmost importance in view of the persistent wide divergences in economic and labour market performance between the regions and of their autonomy in a number of relevant policy areas. However, information on the impact of important policy measures and an assessment of their efficiency is not always present.

3. Progress under the four Pillars

Employability: The NAP 2002 continues to strengthen previous employability policies, in particular those targeted towards young people, long-term unemployed and low-skilled workers. Preventive measures include two powerful instruments for young people (integration pathways and starter jobs) but are still much less developed for adults. Although the unemployment rate for young people remained almost unchanged, the inflow into long-term unemployment for young people has dropped significantly, though it remains at a high level for both young people (36.2%) and for adults (35.0%). No measures are reported to strengthen the monitoring of the effective availability of unemployed for the labour market.

A harmonisation of federal activation measures is ongoing and should improve the coherence and transparency of these instruments, but the integration of federal and regional policy measures could be further improved.

Active ageing is a key priority for Belgium, where the employment rate for older workers is one of the lowest in the EU. The capacity of older workers to remain at work should be enhanced through training, reduction of working time, targeted reductions of social security contributions and the obligation for the employer to provide outplacement measures for older workers that are dismissed. Financial incentives for employers (reduction of social security contributions and the activation of unemployment benefits) and the unemployed (measures to tackle the unemployment traps) should stimulate the reintegration of older unemployed people. Unemployed persons older than 50 years will again be registered for employment but

the existing stock of older unemployed will not be involved. No drastic reforms in early retirement schemes are foreseen. Measures are needed to tackle the improper use of the unemployment insurance by employers offering additional allowances as an incentive for the early withdrawal of older workers who are not eligible for early retirement schemes.

Initiatives have been taken for the modernisation of the regional public employment services, but structural reforms are not yet complete. The use of ICT has been widely implemented for information and mediation services. Effective monitoring of hard-to-fill vacancies is not assured in all regions.

With respect to the knowledge-based society, the certification of ICT skills through the ECDL will be made accessible to all.

Persistent regional and sub-regional differences in labour market performance reflect inadequate labour mobility. Co-operation agreements between the regional PES remain of limited scope. Further co-operation, better co-ordination and exchange of information among these regional services should promote labour mobility.

Measures to promote social inclusion through integration into the labour market reflect a balanced approach between activation and anti-discrimination.

Entrepreneurship: The federal and federated authorities continue to implement measures to reduce the administrative burdens of businesses by 25%. The different existing schemes for reducing social security contributions will be transformed into one transparent and simple system, which should reduce the administrative burden and promote job creation. The reform of the local employment agencies and the creation of a new instrument for personal services should reinforce local employment creation and social economy initiatives.

Adaptability: The modernisation of work organisation is covered through measures for collective and individual reductions of working time. Apart from the introduction of interim work in the building sector, the NAP does not mention initiatives to promote possible new forms of work organisation. The interprofessional and sectoral agreements concluded, together with other instruments such as 'training vouchers', should promote lifelong learning in general, but no specific provisions are mentioned for giving every worker the opportunity to achieve ICT literacy by 2003.

Equal opportunities: The Inter-ministerial Conference for Equal opportunities and the strategic plan for equal opportunities should assure gender mainstreaming. The creation of an 'Institute for equal opportunities between men and women' is foreseen, which should perform studies, issue recommendations, disseminate information and take legal action in case of infringements against equal opportunities. Initiatives to improve childcare facilities should

facilitate the reconciliation of work and family life. Measures to tackle unemployment traps for lone parents should mainly facilitate the integration of women in the labour market. Initiatives are being taken to promote the elaboration and implementation of gender neutral function classification and to examine the impact in sectors where these are implemented. Specific actions on "women and new technologies" have been taken to increase the participation of women in the knowledge-based economy.

4. Budgetary impact of the NAP

The NAP provides extensive information on the cost of the different measures per Pillar, but the method of budget evaluation is difficult to compare with last years' budgetary annex. Moreover the Regions do not apply uniform definitions for the calculation of their budgets for NAP related measures. The total budgets per Pillar are therefore incomplete. The contribution of the five ESF programmes to the implementation of the NAP is well documented and amounts to approximately 3%. All Pillars are covered by ESF supported actions, but the main part of the ESF envelope is allocated to preventive (Guideline 1: new start) and curative (Guideline 7: integration into the labour market of disadvantaged groups) actions under the Employability Pillar with marked regional differences. Especially in the field of equal opportunities more innovative measures are co-financed by the ESF.

5. Response to recommendations

The 2001 Council Recommendations on the implementation of Belgium's employment policies:

- 1. reduce inflows into long-term unemployment by taking decisive steps to implement an appropriate early intervention system for unemployed adults; examine the impact of the new personalised approach towards all unemployed young people;*
- 2. take stronger action with a view to increasing the overall employment rate, notably for women and older workers. Belgium should, in particular, examine the impact of recent measures and consider further measures aimed at preventing the early withdrawal of workers from work, as well as incentives enhancing the capacity of older workers to remain at work;*
- 3. pursue further measures to reduce the tax burden on labour so as to encourage employees to take up work and employers to create new jobs, and closely monitor the impact of measures already taken, including those related to the reduction of social security contributions;*
- 4. reinforce, in co-operation with all actors concerned, the development and implementation of a comprehensive lifelong learning strategy to prevent skills shortages, to raise the attractiveness of technical and vocational education and to build a more solid foundation for the knowledge-based economy and society;*

5. continue, together with the social partners, efforts to better combine security with greater labour market flexibility, and take concerted action to increase labour mobility between regions through the provision of labour market information and further improvements to the co-ordination of labour market policies.

The preventive approach for adults relies on personalised integration actions that are presented to unemployed adults in function of their risk of long-term unemployment. This approach is strengthened and refined but a comprehensive early intervention system is still not provided to all unemployed adults before they reach 12 months of unemployment. The impact of the preventive approach towards unemployed young people is increasing: more people are reached. However, the non-compliance rates for offering a new start before reaching 6 (young people) or 12 (adults) months of unemployment remain high: 29% for young people and 38% for adults.

Since 1997, the employment rate for women has increased by 1 percentage point per year on average, and female unemployment fell significantly. Regional disparities are substantial. Apart from measures in the field of care facilities, reconciliation of professional and family life and measures tackling certain forms of unemployment traps, no other specific measures are provided to increase the participation of women in the labour market. An extensive set of measures is being taken to improve the employment rate of older workers. All these measures are recent and their impact cannot yet be assessed. The activity rate for the 55-64 age group has increased since 1997, but the pace of this increase is by far insufficient to reach the EU employment rate target for 2010, especially in view of the current economic slowdown that could trigger a recourse to the use of early retirement schemes, the attractiveness of which is left essentially untouched.

A comprehensive tax reform was decided in spring 2001 by the Government and will be progressively implemented from 2002 until 2005, in order to observe budgetary restrictions. This reform includes a tax credit for low-income families and, in general, a lower tax bill for all. Employers' social security contributions have been reduced, especially for low wages and certain target groups and sectors. The NAP does not provide an impact assessment of the measures already taken, but a study by the Belgian Plan Bureau shows that they should be efficient in terms of job creation, economic growth and profitability of enterprises, as long as they are not compensated by higher wages. However, in 2001 the real unit labour costs increased strongly.

Lifelong learning is mainly under the responsibility of the Communities and Regions, and of the social partners. In the latest interprofessional agreement, the social partners expressed their commitment to increase the budget for training in the private sector, and agreements have now been concluded for most of the sectors. The NAP 2002 shows considerable progress in developing a common view among all authorities involved. The regional governments have developed action plans and a series of initiatives are being taken to

improve basic education, to supply adequate information and to assure access to lifelong learning. Efforts have been stepped up to renovate and upgrade technical and vocational education. Specific measures concern ICT and language training. The implementation of all these initiatives and the necessary reforms will take time and needs a long-term strategy, planning and follow-up at all levels. Specific efforts are needed to promote the participation of disadvantaged groups and to develop effective monitoring systems.

The number of part-time workers and of people on a career break has increased significantly. However, the limited number of people working under a temporary contract or atypical forms of labour points to less flexibility in comparison to other EU countries. Regional differences in labour market performance remain important, and the NAP responds to this only by measures of limited scope providing language courses or tackling transport problems. The modernisation of the regional PES does not include improvements to the co-ordination and co-operation among them.

6. New Policy Initiatives and developments

In August 2002, the federal government has reached an agreement with the social partners on a radical simplification of the high number of existing job creation plans, which would be reduced to two remaining plans and would include the different target groups such as young people, longterm unemployed and older people. On the basis of this agreement, the necessary legislation should be presented to the Parliament before the end of 2002, in order to come into force in 2004.

The Flemish Parliament has adopted a bill which introduces the principle that participation in the labour market should be in proportion to the composition of the working population, especially for underprivileged groups, and that any forms of direct or indirect discrimination or intimidation in the labour market are prohibited. It applies to the Flemish public services, to intermediary organisations occupied with career counselling and guidance, vocational training and employment support, and to all other employers as far as vocational training and the employment of disabled persons is concerned. Furthermore, it opens the possibility to support enterprises or sectors in developing a company policy of proportional participation and equal treatment.

Belgium
Performance Indicators⁵⁸

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate ⁵⁹	59.9	60.5	59.3	57.5	56.9	63.9	60.5
<i>Males</i>	69.1	69.5	68.1	67.1	67.1	73.0	70.3
<i>Females</i>	50.5	51.5	50.4	47.6	46.5	54.9	50.6
15-24	32.7	29.1	28.2	26.8	26.4	40.7	36.9
25-54	75.9	77.4	76.2	74.3	74.1	77.1	73.8
55-64	24.1	26.3	24.6	22.9	22.1	38.5	36.3
Full-time eq. Employment rate ⁶⁰	55.7	57.4	55.7	53.9	53.8	58.5	55.5
<i>Males</i>	68.6	70.7	68.6	66.9	67.1	71.3	68.7
<i>Females</i>	43.0	44.2	42.9	40.9	40.5	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	6.6	6.9	8.6	9.3	9.2	7.4	10.1
<i>Males</i>	6.0	5.6	7.3	7.7	7.3	6.4	8.9
<i>Females</i>	7.4	8.5	10.3	11.6	11.9	8.7	11.7
Youth Unemployment Ratio	6.1	6.1	7.7	7.3	7.2	7.1	9.2
<i>Males</i>	6.3	5.7	8.1	7.3	6.5	7.2	9.2
<i>Females</i>	5.9	6.5	7.3	7.4	7.9	7.0	9.2
Long-Term Unemployment Rate	3.0	3.8	4.9	5.6	5.5	3.3	5.1
<i>Males</i>	2.8	3.1	4.0	4.5	4.3	2.8	4.4
<i>Females</i>	3.4	4.7	6.0	7.2	7.2	3.9	6.1
Economic Indicators							
Total Employment Growth	1.2	1.6	1.4	1.2	0.7	1.2	1.0
Real GDP Growth	1.0	4.0	3.0	2.2	3.6	1.6	2.5
Labour Productivity Growth (capita)	-0.2	2.4	1.6	1.0	2.8	0.4	1.5
Labour Productivity Growth (hourly)	-0.2	2.4	1.6	0.7	2.0	0.3	1.6
Real Unit Labour Costs	1.3	-0.6	0.4	-0.8	-1.2	0.6	-0.9
Other Indicators							
Participation in education and training	7.3	6.8	6.9	4.4	3.0	8.4	5.8
<i>Males</i>	7.7	7.6	7.8	5.0	3.4	7.8	5.9
<i>Females</i>	6.9	6.0	6.1	3.8	2.6	8.9	5.6
Investment expenditure on education			5.5	5.2	4.9		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	51					54	
<i>Internet training</i>	34					36	

⁵⁸ For further explanation of the indicators see annex 1 at the end of Part 2.

⁵⁹ Estimate based on first 3 quarters of 2001. The decrease of the employment rate in Belgium is explained by the stricter interpretation of persons on a career break. Since 2001, these persons are only included in employment if the break is shorter than 3 months.

⁶⁰ Data for 1999 and 2000 are estimations.

Rate of early school leaving ⁶¹	13.6	12.5	15.2	14.5	12.7	19.4	20.7
<i>Males</i>	15.0	14.8	17.7	16.7	14.2	21.9	23.0
<i>Females</i>	12.3	10.2	12.7	12.3	11.2	16.8	18.5
Internet Coverage in Schools	91					89	
<i>Primary</i>	90					84	
<i>Secondary</i>	96					96	
<i>Tertiary</i>	94					97	
Rate of self-employed	13.2	14.0	14.8	15.4	14.9	14.0	14.9
<i>Males</i>	16.3	17.2	17.8	18.5	18.2	17.8	18.8
<i>Females</i>	9.1	9.6	10.7	10.9	10.1	9	9.5
Employment Rate in Services		45.2	44.1	42.5	41.9	44.4	40.8
<i>Males</i>		44.6	43.5	42.9	42.9	43.0	40.3
<i>Females</i>		45.5	44.5	41.7	40.5	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	44.0	43.7	43.8	44.6	44.3	36.4	38.0
Tax Rate on low wage earners	49.1	49.9	51	51.1	49.5	37.8	4.08
Accidents at work			4924	5112	4933		4106
Non-standard Employment	13.0	12.4	12.8	9.2	8.3	13.4	18.8
<i>Part-time</i>	20.2	20.7	19.8	17.8	16.8	18.9	17.7
<i>Fixed-term</i>	8.8	9.0	10.3	7.8	6.3	13.2	12.2
Gender Segregation							
<i>Occupations</i>	26.1	26.7	26.0	25.8	26.5	25.2	24.9
<i>Sectors</i>	18.1	17.8	17.9	18.2	18.0	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.15	1.14	1.09	1.09	1.06	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-9.7	-10.0	-12.3	-10.2	-10.4	-9.5	-9.9
<i>Females</i>	1.7	1.1	-3.9	-2.2	-4.2	12.2	12.8
Gender Pay Gap				7.3			

⁶¹ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

DENMARK

1. National Employment Policy in context

There has been very little movement in any of the indicators in Denmark since last year, perhaps reflecting a GDP growth reduction from 3% in 2000 to just 1% in 2001. Employment growth, at 0.2%, continued to slow down, and the overall employment rate remained much the same. Though the employment rate of the under-25s went down from 66% to 62.3%, it is still over 20 percentage points higher than the EU average, and the employment rate of 55-64 year olds has gone up by 2.3%. Unemployment was marginally down to 4.3% (men 3.8%, women 4.9%, young people 5.9%), and long-term unemployment was also marginally reduced to 0.9%.

Denmark remains well above the EU targets with a total employment rate of 76.2%, a female employment rate of 72% and 58% of those aged 55-64 still at work. Since 1997, total employment has risen by 1.3 percentage points and unemployment has decreased by just under 1 point, but the employment rate for those over 55 has risen by 6.3 points in the same period.

2. Progress towards the Horizontal Objectives

A new government was elected in November 2001 and while the main thrust of labour market policies has remained the increase of the work force, new policies have been brought in. The government has created an interdepartmental working group to draw up a document to be called "More people in employment", which is expected to outline policies which will contribute to an expansion of the work force between now and 2010; the objective is 67 000 persons. The reforms of early pension schemes are expected to continue to bear fruit, and the NAP includes detailed discussion of what numbers are forecast to result. It also concludes that this will not be sufficient. Further increase in the labour force is expected to come from a continuation of the inclusive labour market actions and new policies of:

- improved integration of immigrants; in March 2002 the government presented a plan for reform entitled "Towards a new policy of integration". Integration policy plays a rather large role in the 2002 NAP, since integration on the labour market is considered as the main road to integration in society in general. Agreements have been concluded with the social partners by which integration will mainly take place at the workplace. This will include a faster recognition of immigrants' existing qualifications, and teaching of the Danish language at work rather than in the schoolroom. This reform will depend on full cooperation between social partners and the social services to achieve the desired results. As an economic incentive, the government has introduced a new "starting allowance" – 30-

50% lower than the full amount of social assistance – for those who have not been in the country for 7 out of the preceding 8 years. It is too early to see what effect this reduced allowance will have on numbers at work.

- a quicker passage of young people through education. No details are given of how this is to be achieved and it may, indeed, lead to lower participation rates of this cohort in the short run, as many of them now work part time during their studies.

Although there is no specific fiche on policy-mix, the NAP states that, together with the actions described above, the government also intends to continue reducing the public debt, has instituted a tax freeze, hopes to reduce taxes on earned income in 2004, and is planning to further outsource and streamline the public sector, including using private firms for some tasks of the Public Employment Service. In January 2002 it presented a "competitiveness package" as the first element of a growth strategy to improve conditions for business in Denmark. This employment NAP makes no reference to the Social Inclusion NAP.

Denmark received Recommendations on two subjects in 2002: an increase in participation rates and reduction of the tax burden. To increase participation rates the Government has launched an action plan "More people in Employment" which comprises a variety of labour market reforms. Not surprisingly, the new policies described in the NAP do not yet show quantified results, but as the work on the action plan "More people in Employment" continues, such calculations are planned. Two major planks in the national employment policy, are the tax freeze and the reduction of public debt, which prepares for the ageing of the population. Moreover, the ambition is to reduce taxes on earned income if the necessary financing can be found. Increased participation rates are considered crucial in order to support these economic policy goals.

The Danish government looks at ensuring quality in work from the need to motivate more people to join or stay in the workforce, and feels that opportunities for life-long learning, better combination of working and private life, equality, and working environment are all relevant. It works closely with the social partners to draw up agreements on this and actions occur under all pillars. The contribution from the Central Federation of State Employees gives details of the State Centre for Development of Competence and Quality (SCKK), reported in last year's NAP, which works to improve quality in state sector employment.

Danish social partners continue to work with the government on labour market matters, at national and regional level. Policies to combat bottlenecks are also undertaken at regional level, and the integration of refugees and immigrants in Denmark lies under the authority of the local authorities. The social partners have agreed that the work of the local social co-ordination committees should be expanded to cover this area.

As the Continued Education System for Adults described in NAP 2001 was only brought in at the beginning of that year, the work on putting into effect the Danish lifelong learning strategy continues under that heading. The objective is to ensure that both formal and non-formal competencies should be recognised. Initiatives are being prepared in order that competencies acquired outside educational institutions can be recognised.

The Danish NAP made no reference to the fiche on indicators, nor did it provide all the indicators on the minimum required list. The prevention and activation indicators again referred only to the insured unemployed, and not the uninsured. Although there was statistical information on immigrants, information on other disadvantaged groups was absent and is in any case difficult to provide as data on disabled persons is not collected in Denmark. Childcare coverage is given, but no data on care for the elderly.

3. Progress under the four Pillars

Under the **Employment pillar**, no progress has been made on complying with the objective that all unemployed persons should have an action plan before reaching 6 or 12 months unemployment. Although the numbers of insured people reaching this point are low, it appears from the text that only after 6/12 months jobsearch does the right and duty to activation come into effect. It is intended to extend the scheme for young insured unemployed to cover those aged between 25 and 29. More information has been given this year about the uninsured unemployed, but this reveals a discrepancy of treatment. The uninsured aged under 30 years have a right and duty to activation after only 3 months unemployment. The rate of *activation*, at 32%, is higher than the EU target. Statistics still only cover the insured unemployed, despite previous years' requests that figures for the uninsured should also be included in the NAP. Initiatives in the plan "More people in employment constitute the first step towards combining and co-ordinating the systems for those unemployed who are insured against unemployment and those who are not insured, including statistics in this field.

On active ageing, in addition to the pension reforms referred to earlier, further initiatives have been taken with the social partners on other aspects of a senior policy. Three municipalities have implemented a pilot project "senior policy in practice", which aims to encourage older workers to remain in their jobs, for instance, ensuring that the change to part time working does not affect pension levels. Developments in education and training centre on the interaction between learning in institutions and learning at the workplace, mostly in the context of lifelong learning. One large municipality is combining work on the 'senior policy' with prevention of school drop-outs. The public labour market is facing a fundamental shortage of skilled labour within the fields of education and health in particular. To deal with these problems several municipalities are taking preventive action, such as establishing teacher training programmes, helping school dropouts to obtain basic education to be able to

take nursing training, and so on. The education reform started in 2001 continues, though no quantified results are given. Reference is made to a plan for "Better Education", which will be presented in 2002. Actions for E-learning are described. Almost 100% of educational establishments are connected, and teachers are increasingly using the internet as a pedagogical tool. ICT tools are also being used to increase the efficiency of the PES.

Much of Fiche 7 on discrimination and integration refers to the integration of immigrants. There are about 265,000 immigrants and their descendants in Denmark in the age group 16-66, about 46% of whom are under 25. Their unemployment rate is about three times higher than the rest of the population, those affected being mostly from underdeveloped third countries. Actions to deal with the new initiatives for immigrants and the continuing action to help the physically and mentally disabled to obtain jobs are mostly carried out at regional and local level.

On **Entrepreneurship**, initiatives have been taken to simplify administrative burdens, schemes such as the Business Angels Network have expanded, and it is hoped that the new competitiveness package will also improve the business environment. An interesting innovation is the introduction of various "test-panels" for new legislation, where the consequences for firms of new legislation are assessed. A think-tank is to promote an entrepreneurship culture. Much of the work on new types of employment is taking place at local and regional level – which is where bottlenecks continue to be tackled, as does social inclusion, strengthening further the local development aspect of employment policies.

Work continues between the government and the social partners on **Adaptability**, changes in work organisation (the latest agreements concern health care) and so on. Some business taxes proposed by the previous government have been dropped. It is proposed to abolish the working environment tax and the fees for special inspection visits to verify the working environment. Danish social partners have played a prominent part in European work on lifelong learning in 2001.

As concerns **Equal Opportunities**, the PES project on countering gender segregation in placement activities has proved successful, and will be extended to other regions. Under this system placement officers have made sure that they do not pre-select job possibilities according to gender. The development of special measuring tools has made success possible. Mainstreaming work in public service has now become integrated into the core activities of the ministries. Studies and campaigns on equal pay continue, but the coming into force of the Act proposed last year, which would have led to publication of enterprise-based wage statistics, has been postponed. Interesting work has been done on the real availability of flex-time arrangements between men and women. There is a clear trend in the direction of women working more hours and men working fewer hours. Although the number of women in

managerial and executive posts is still low when their high employment rate is taken into account, nearly 20% of all managers are now women, compared to 7% in 1993. The child care leave scheme has been abolished and the maternity leave period has been extended from 32 to 52 weeks. Within this, fathers have a right to 2 weeks parental leave, and 32 of the weeks can be taken by either of the parents with full benefits. It is recognised that the extended possibilities of leave may however have a negative impact on labour supply.

4. Budgetary impact of the NAP

The costs of some policies are mentioned under some of the Guidelines, but the information is patchy. For instance, costs of ALMP are given, but not the cost of the reform of early retirement, even though this reform is of major importance for government policy. There is a detailed table on state contribution to adult education (stable since 1995 at about 1.2% of GDP), but no information on the costs of introducing e-learning. There is no consolidated table on budgetary matters, and no way of getting an overall view of the budgetary impact of the NAP.

The national ESF unit of the National Labour authority contributed to the NAP, and reference is made in the NAP to ESF (and a glancing reference to ERDF). The Development of Competencies in Enterprises priority comprises about one third of both the Objective 3 and Objective 2 programmes, and was built to a large extent on a dialogue with the social partners. Use has been made of the EQUAL programme to pursue initiatives in the equal opportunities area.

5. Response to Recommendations

The 2002 Council recommendations on the implementation of Denmark's employment policies:

1. pursue and closely monitor implementation of on-going reforms to reduce the overall fiscal pressure on labour, in particular through lowering the high marginal effective tax rates on low and medium earners;

2. pursue incentives to encourage yet more people to take up employment, particularly through further development of the inclusive labour market and further efforts towards the integration of migrant workers.

The final elements of the 1999 tax reform take place in 2002 and imply, inter alia, a broadening of the tax base and lower marginal taxes. The income threshold for payment of second bracket tax has been increased by DKK 8000 in 2002, and first bracket tax has been lowered from 6.5% to 5.5%. The tax freeze instituted by the new government should mean that this reduction will not, as in earlier years, be offset by increased local taxes. Furthermore, in comparison with a situation of fiscal neutrality (i.e. indexation of excise duties) the tax freeze has resulted in a tax relief, which by the end of 2003 will add up to a cumulative 5

billion kroner. There is little analysis in the NAP of the development of the taxation of labour, nor of the interplay between benefits and taxes. However, apart from reductions for specific groups as described in section 2 above, there is apparently no intention to reduce the generous welfare benefits, as these are seen as providing the security which sets off the considerable flexibility of the Danish labour market.

As the second Recommendation coincides with the overall objective of raising participation rates, details of new policies undertaken are given under section 2 above. Although it is expected that the increased parental leave will reduce the labour force by 2000 persons up to 2010, it is forecast that the various reforms of early retirement, pension and anticipatory pension, will contribute 80,000 persons to the labour market between 2000 and 2010. Nevertheless, a further 53,000 will be needed.

There is certainly potential for a large part of this increase to come from better integration of immigrants. The gap in participation and employment rates between the total population and immigrant males is around 20 percentage points, and for females it is 26 points. Although their descendants fare better (around 13 and 8 percentage points, males and females respectively), there is still room for improvement, and since they were born in Denmark, presumably their problems are not due to poor Danish. The NAP says that increased participation of immigrants would contribute significantly to the numbers required, but also says that only a modest increase is expected from this source.

As regards the potential success of actions aimed at increasing the active labour force through reducing the inactive adult population, it is worth noting a tendency⁶² to substitution between different forms of transfer income. Thus, although the share of working age population on transfer income has reduced by 3 percentage points since 1995, at 23.9% in 2001, it is still considerably higher than 40 years ago. It will be interesting to see if the latest policy initiatives contribute to reducing this tendency.

6. New Policy Initiatives and Developments

In November the Government will announce an action plan to promote entrepreneurship. The action plan will focus on better framework conditions for development and growth for start-ups.

In Denmark measures in relation to the unemployed are organised in two systems, viz. the system for persons insured against unemployment and the system for non-insured persons (persons on social assistance). During the autumn of 2002 the Government will implement a

⁶² OECD (2002): Economic Surveys: Denmark, *Paris*.

reform "More people in Employment" which will co-ordinate these two systems to a much higher degree. An approximation of measures will take place in terms of options, rights and duties. The line of the new employment policy will be to increase focus on the direct way into ordinary employment, i.e. increased focus on placement activities, guidance, interactive solution seeking and job search.

Denmark

Performance Indicators⁶³

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	76.2	76.3	76.0	75.1	74.9	63.9	60.5
<i>Males</i>	80.2	80.8	80.8	79.9	80.5	73.0	70.3
<i>Females</i>	72.0	71.6	71.1	70.2	69.1	54.9	50.6
15-24	62.3	66.0	65.5	65.4	66.6	40.7	36.9
25-54	84.4	84.2	83.9	83.1	82.4	77.1	73.8
55-64	58.0	55.7	54.5	52.0	51.7	38.5	36.3
Full-time eq. Employment rate	69.8	69.3	69.7	67.8	68.1	58.5	55.5
<i>Males</i>	76.9	76.9	77.6	76.2	76.9	71.3	68.7
<i>Females</i>	63.0	62.2	62.1	59.8	59.7	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	4.3	4.4	4.8	4.9	5.2	7.4	10.1
<i>Males</i>	3.8	4.1	4.4	3.9	4.4	6.4	8.9
<i>Females</i>	4.9	4.8	5.4	6.0	6.2	8.7	11.7
Youth Unemployment Ratio	5.9	5.0	6.3	5.2	5.6	7.1	9.2
<i>Males</i>	5.5	4.9	6.5	4.9	5.0	7.2	9.2
<i>Females</i>	6.3	5.0	6.2	5.4	6.3	7.0	9.2
Long-Term Unemployment Rate	0.9	1.0	1.2	1.5	1.7	3.3	5.1
<i>Males</i>	0.8	0.9	1.0	1.0	1.3	2.8	4.4
<i>Females</i>	1.0	1.2	1.4	2.1	2.3	3.9	6.1
Economic Indicators							
Total Employment Growth	0.2	0.8	1.5	1.7	1.2	1.2	1.0
Real GDP Growth	1.0	3.0	2.3	2.5	3.0	1.6	2.5
Labour Productivity Growth (capita)	0.8	2.2	0.8	0.8	1.8	0.4	1.5
Labour Productivity Growth (hourly)	1.0	2.2	-0.9	1.2	1.0	0.3	1.6
Real Unit Labour Costs	0.9	-2.0	-0.6	2.0	-0.3	0.6	-0.9
Other Indicators							
Participation in education and training	17.8	20.8	19.8	19.8	18.9	8.4	5.8
<i>Males</i>	16.4	17.9	16.7	17.9	16.4	7.8	5.9
<i>Females</i>	19.1	23.8	23.0	21.9	21.4	8.9	5.6
Investment expenditure on education			8	8.2	7.9		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	68					54	
<i>Internet training</i>	59					36	
Rate of early school leaving ⁶⁴	16.8	11.6	11.5	9.8	10.7	19.4	20.7
<i>Males</i>	16.9	13.4	14.2	9.5	11.0	21.9	23.0
<i>Females</i>	16.7	9.9	9.1	10.0	10.3	16.8	18.5

⁶³ For further explanation of the indicators see annex 1 at the end of Part 2.

⁶⁴ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

Internet Coverage in Schools	98					89	
<i>Primary</i>	98					84	
<i>Secondary</i>	99					96	
<i>Tertiary</i>	100					97	
Rate of self-employed	8.0	8.2	8.3	8.4	8.3	14.0	14.9
<i>Males</i>	12.2	11.9	11.9	12.3	12.1	17.8	18.8
<i>Females</i>	3.2	3.9	4.1	3.9	3.8	9	9.5
Employment Rate in Services	56.4	56.1	55.8	54.6	54.2	44.4	40.8
<i>Males</i>	50.5	50.4	50.2	49.2	49.2	43.0	40.3
<i>Females</i>	62.3	61.6	61.1	60.0	59.0	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	41.5	42.5	42.8	41.9	43.0	36.4	38.0
Tax Rate on low wage earners	41.1	41.2	41.3	40.4	41.7	37.8	4.08
Accidents at work			4908	4958	5021		4106
Non-standard Employment	18.1	17.8	18.7	19.4	20.2	13.4	18.8
<i>Part-time</i>	20.8	22.4	21.7	23.4	23.6	18.9	17.7
<i>Fixed-term</i>	9.4	10.2	10.2	10.1	11.1	13.2	12.2
Gender Segregation							
<i>Occupations</i>	28.1	27.9	29.2	28.9	27.9	25.2	24.9
<i>Sectors</i>	19.0	19.8	19.4	19.8	19.3	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)						1.36	1.41
Employment Impact of parenthood							
<i>Males</i>						-9.5	-9.9
<i>Females</i>						12.2	12.8
Gender Pay Gap				10.4			

GERMANY

1. National Employment Policy in context

In 2001, real GDP grew by 0.6%, the lowest growth rate since 1993. It is expected to increase to about 0.8% in 2002. Employment growth was a very modest 0.2%. In 2002, employment is expected to decline by about 0.3%. While in 2001 slight employment gains were realised in the Western Länder, the number of people in employment decreased in the Eastern Länder, where GDP stagnated. These divergent trends are not expected to change significantly in 2002. In 2001, the overall employment rate rose slightly to 65.8%. The employment rate of women rose between 1997 and 2001 by 3.5 percentage points to 58.8%. The latter is already higher than the interim European level target of 57% for 2005. However, the FTE employment rate increased only by 1.3 percentage points. The employment rate of older workers remains at 37.7%. With an increase by only 0.2 percentage points over 2000 and still below the level of 1997 (38.1%), the employment rate of older workers has not moved towards the European targets. More desegregated figures show persistent problems for workers between 60 and 64 and for women in general.

Compared to the year 2000, the overall unemployment rate remained unchanged at 7.9%, but is expected to increase to 8.3% in 2002 before subsiding to 7.9% in 2003. In 2001, unemployment was more than twice as high in the East than in the West. Overall long-term unemployment declined slightly, but continued to be on the increase in the Eastern Länder. The youth unemployment ratio (4.8%) is among the lowest in the EU.

2. Progress towards the Horizontal Objectives

Employment policy challenges continue to be addressed by a panoply of measures in the framework of an overall stability and growth-oriented macroeconomic policy, wage moderation and longer-term sustainability of public finances. Improving employability remains a priority for labour market policy. The NAP does not set explicit targets for national employment rates. The federal government regards investing in job quality as an integral part of its strategy to implement an employment policy to improve the quality of life of employees, and to increase industrial competitiveness. Ensuring equal access also means providing vocational training opportunities to all people, who want to train. The reform of the Work Constitution Act is considered an important step in placing co-decision on a solid basis for the future, inter alia in questions regarding training and employee skills.

In 2001, at the federal and the regional levels, a series of action programmes were launched concerning the transition to a 'learning society'. However, the progress achieved during the reporting period by the 'Alliance for Work, Training and Competitiveness ('Job Alliance')

concentrated mainly on moving towards increasing employment of older workers and support for the PES reform. Given the division of responsibilities in the promotion of lifelong learning, fostering the co-operation between all parties concerned – Bund, Länder, social partners, NGOs etc. will be crucial. The regional dimension assumes particular importance because of Germany's federal nature. Considerable efforts have been made to highlight the importance of the role of the Länder in Active Labour Market Policy and the regional partnership arrangements. The NAP contains also an outline of the activities of institutions comparable to the Job Alliance at the Länder level. In 2001, the Länder devoted €1.84 billion to programmes in the field of ALMP with emphasis on providing skills and reducing skill gaps. In 2002, 45% of the overall funds on ALMP will be dedicated to the Eastern Länder.

3. Progress under the four Pillars

Employability: ALMPs focus on refining policy instruments by promoting a more comprehensive preventive approach with the new Job-AQTIV Act, which come into force on 1 January 2002. It intends to ensure the complete implementation of Guideline 1 through continuing profiling and inclusion agreements, including early review. However, recent data concerning its implementation seems to indicate that more staff for placing the unemployed is needed and that the acceptance of at least some of the new measures is rather limited. The 'Immediate Action Programme to Reduce Youth Unemployment' (the 'JUMP' programme) contributed to fighting youth unemployment (although according to LFS data, the youth unemployment rate increased slightly to 4.8% in 2001). The number of training contracts in IT and media professions increased to approximately 70.000 (end 2001). The input and output indicators for Guideline 1 are virtually unchanged compared with 2001. The Bund and the Länder spent nearly €24 billion on ALMP in 2001, enabling on average 2 million people to take part in these measures. This corresponds to an activation rate of 34.2%. Tax and benefit reforms continue to put emphasis on tax reductions with limited improvement in the interaction between tax and benefits with a view to improve incentives to make work pay. Contributions to the statutory pension system were reduced by 1.5 percentage points in 2002. The debate on the revision of the benefit system for unemployed persons concentrates on merging the unemployment assistance with the social assistance. The core elements of the reform of the PES (Bundesanstalt für Arbeit) are still under discussion. The share of older workers in ALMP continues to rise. By July 2002, more than 145,000 cases of part-time work facilitating gradual transition to retirement had been approved since its introduction in 1996 and around 60.000 older workers were benefiting from this measure, which is subsidised by the public employment service.

The contribution of the Länder to employment-relevant education policy measures is presented in detail in an annex to the NAP. Currently, business invests roughly €18 billion a year in continuing vocational training. The Federal Labour Office provides a further €6.5

billion and an estimated €5 billion are individually financed. In 2001, around 450,000 people started a subsidised vocational training scheme. Roughly 20% of these measures were retraining for a new profession.

The measures under the action programmes 'IT in education', 'New media in Education' and 'New media in university teaching' continue to represent priorities of the Federal Government. All schools had access to the Internet by October 2001. But it would be interesting to assess the use of the Internet in schools. Internet participation of women has increased from roughly 30% in 1998 to 43%. The promotion of additional professional qualifications for the unemployed has an important role to play in preventing the emerging labour market bottlenecks. In 2001, around 52,000 people participated in ICT training promoted by the PES. The 2003 target of the IT industry to increase the number of training places in ICT to 60,000 had been reached by the beginning of the 2001/2002 training year.

As regards combating discrimination and promoting social inclusion by access to employment, the number of unemployed persons with severe disabilities was reduced by over 34,000. The unemployment rate of immigrants continues to be almost 70% above the average. Figures about the participation of immigrants in ALMP measures are not provided, nor are quantitative targets set for the implementation of measures to foster their integration into the labour market. More information should be provided on the links between the NAPempl and the NAPincl exercises and the participation of disadvantaged groups. In particular, nothing is said about the progress concerning the commitment in the 2001 NAP on Social Inclusion to improve the participation of immigrants – and especially of young immigrants – in training courses and in vocational integration measures. The 2001 NAP on social inclusion contained a target to make the rate of participation of immigrants proportional to their presence in the unemployed population as a whole. For the sustainable integration of immigrants into the world of work, the promotion of tailor-made training opportunities needs to be underpinned by more comprehensive action and the setting of quantified targets.

Entrepreneurship: A pilot project was launched on a single code number that is valid for all administrative requirements nation-wide. In 2001, €30 million was directed at the federal level to provide for training and consultation for SME start-ups. The Länder continue to promote a wide range of measures designed to support start-ups. Nearly 100,000 unemployed people were helped by the bridging allowance to enter self-employment. The authorities responsible for undeclared work continued to fight illegal employment. However, no results are reported on efforts encouraging the transformation of undeclared work into regular employment. The programme 'Learning Regions – Promoting Networks' promotes networking from the grassroots level upwards with a view to developing, testing and ultimately implementing innovative measures in lifelong learning. The federal government

continues to implement a phased reduction of taxation and non-wage charges on labour and plans further reductions of social security contributions.

Adaptability: The 'Act on Part-Time Working and Fixed-Term Employment' intends to promote part-time work by giving the employees of companies with more than 15 employees a right to request part-time work, whereas the employer has also the right to refuse on operational grounds. The reform of the Work Constitution Act has brought the principle of co-determination into line with modern corporate structures. Care needs to be taken that the reform of work councils does not reduce labour market flexibility. The aim of the initiative 'A New Quality of Work' is to have the Social Partners, the Länder, insurers and social security services join forces in the field of health and safety. No information from the Social Partners is reported in the NAP as regards the conditions for giving every worker the opportunity to achieve information society literacy by 2003.

Equal Opportunities: Promotion of equal opportunities for women and men has been established as a guiding principle for all areas of the PES. However, in 2001, women's average participation in measures such as vocational training for disadvantaged youth continued to be below their share of unemployment. In the Western Länder, the provision of childcare facilities, in particular crèches, all-day schools and afternoon care, still fails to meet requirements. The '*Nachhaltigkeitsstrategie für Deutschland*' (Sustainability Strategy for Germany) sets a 30% target for all-day childcare facilities in the Western Länder by 2010. Moreover, the government has announced to spend €4 billion for all-day schools in the next years.

4. Budgetary impact of the NAP

The budgetary impact is mainly visible through ALMP actions at the Federal and Länder levels. In 2001, the ESF supported the implementation of the NAP, in particular in combating youth unemployment, avoiding long-term unemployment, and by means of pilot projects on skills development for the new labour market in the context of lifelong learning. Priority was also given to promoting the employability of disabled and disadvantaged persons.

In 2001, ESF commitments amounted to €1.541 billion. The ESF accounts for around 5% of total funds available for active measures. However, the ESF is an essential financial instrument at the Länder level. In 2000, around 320,000 people participated in ESF co-financed measures focusing on prevention and combating youth unemployment and on active and preventive measures to avoid long-term unemployment.

5. Response to Recommendation

<i>The 2001 Council recommendations on the implementation of Germany's employment policies:</i>

- 1. in order to substantially reduce long-term unemployment, devote additional effort to the prevention of inflows into long-term unemployment, particularly in the eastern part of the country and in respect of ethnic minorities and migrant workers, and increase the effectiveness of active labour market policies;*
- 2. continue to remove obstacles and disincentives liable to discourage labour market participation amongst older workers and other groups at risk; examine and report on the effectiveness of initiated and agreed actions and adopt further measures to improve the employability of workers above 55 years of age;*
- 3. take measures, where appropriate in the framework of the 'Alliance for Jobs', to make work contracts and work organisation more flexible; tackle skill gaps in the labour market through the implementation of agreed improvements for initial and continuing training, and through further developing a comprehensive strategy for lifelong learning supported by qualitative and quantitative targets. The social partners and the Government, each in its field of competence, are invited to strengthen their efforts to raise the quality of continuing training and to set up systems for the accreditation and recognition of formal and non-formal learning;*
- 4. pursue efforts to reduce taxes and social security contributions at the lowest end of the wage scale to make work pay and to enhance viable and acceptable employment prospects; examine and report on the impact of measures undertaken;*
- 5. strengthen action to reduce the gender pay gap and address the impact of the tax and benefit system on women's employment; promote the availability of childcare facilities and improve their correspondence with working hours and school schedules. The implementation of these policies, involving the respective actors at all levels, should be monitored with appropriate verifiable indicators and targets.*

To prevent the inflow into LTU, under the Job-AQTIV Act, the PES are required to draw up a comprehensive applicant profile, indicating both the employment potential and the identification of the danger of a person of sliding into LTU. But it remains to be seen, whether the current PES reform will provide for appropriate staffing for the implementation of the new approach. The full range of ALMP measures may now be used immediately. However, nothing is said about how to increase the effectiveness of ALMP in respect of persons threatened by exclusion from the labour market, older workers and immigrants, and how the deteriorating situation of the long-term unemployed in the Eastern Länder will be addressed. In order to improve the efficiency of the interventions in the Eastern Länder, a better targeting to the regional labour markets' needs, should be achieved through further co-ordination and steering between the different authorities Bund, Land and EES/Structural Funds.

In 2001, the employment rate of older workers barely increased. To remove obstacles and disincentives liable to discourage LM participation among older workers, the age threshold of eligibility for retirement for women and for certain groups has been, or will be, raised to the standard statutory age of 65 years. Recourse to early retirement will lead to a reduction in benefits of up to 18%. Employers can now offer fixed-term contracts to workers aged 58 and over. Campaigns to encourage employers to take on older workers were continued.

Monitoring and evaluation of the effectiveness of all measures should be continued. More needs to be done to address the problems of the low qualified in general.

The federal administration has continued, together with the Länder and the Social Partners, the modernisation of vocational training. Moreover, the Länder and the Federal Employment Office offered an increasing number of vocational training preparatory schemes or continuing education to young people. However, the problem of the weak continuous training and lifelong learning participation of low qualified people and SME workers has not yet been tackled. Skill gaps in ICT are tackled by an increase of training opportunities. The federal government is looking at ways of certifying and recognising informal learning. However, a strategy is missing for an overarching system of recognition and accreditation, and common quality standards for training providers. More needs to be done to support SMEs in developing comprehensive concepts on continuing training.

Concerning tax reform, the reduction of the basic rate and the increase in the basic personal allowance are expected to help make work pay at the lowest end of the wage scale. The 'Mainz model' that aims at improving employment opportunities in the lower income area has been extended to the whole of Germany. But, given the magnitude of the underlying problems, the extension of the 'Mainz model' might have only a rather limited impact.

As regards the reduction of the gender pay gap, a number of studies, including the recently published governmental report on wage equality and the economic situation of women, have been launched. The development of gender segregation on the labour market, in particular in precarious and/or minor jobs, should be closely monitored. However, it remains to be seen how the conclusions of these reports will be translated into policy. Concerning the availability of (child)care facilities and the correspondence with working hours and school schedules, verifiable indicators and targets continue to be essential for comprehensive monitoring and evaluation of the efforts undertaken.

Germany

Performance Indicators⁶⁵

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	65.8	65.4	64.8	63.9	63.7	63.9	60.5
<i>Males</i>	72.6	72.7	72.4	71.9	71.9	73.0	70.3
<i>Females</i>	58.8	57.9	57.1	55.8	55.3	54.9	50.6
15-24	46.5	46.2	46.1	45.3	44.6	40.7	36.9
25-54	79.3	79.3	78.4	77.2	76.6	77.1	73.8
55-64	37.7	37.5	37.7	37.7	38.1	38.5	36.3
Full-time eq. Employment rate	58.6	58.6	58.3	57.7	57.9	58.5	55.5
<i>Males</i>	70.9	71.1	70.8	70.3	70.6	71.3	68.7
<i>Females</i>	46.5	46.1	45.8	45.0	45.2	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	7.9	7.9	8.6	9.3	9.9	7.4	10.1
<i>Males</i>	7.7	7.6	8.2	8.8	9.2	6.4	8.9
<i>Females</i>	8.1	8.3	9.1	10.0	10.7	8.7	11.7
Youth Unemployment Ratio	4.8	4.6	4.7	5.0	5.4	7.1	9.2
<i>Males</i>	5.6	5.3	5.3	5.7	6.3	7.2	9.2
<i>Females</i>	4.0	3.9	4.0	4.3	4.6	7.0	9.2
Long-Term Unemployment Rate	3.9	4.0	4.4	4.9	4.9	3.3	5.1
<i>Males</i>	3.7	3.8	4.1	4.5	4.3	2.8	4.4
<i>Females</i>	4.1	4.3	4.8	5.5	5.6	3.9	6.1
Economic Indicators							
Total Employment Growth	0.2	1.6	1.2	1.1	-0.2	1.2	1.0
Real GDP Growth	0.6	3.0	1.8	2.0	1.4	1.6	2.5
Labour Productivity Growth (capita)	0.4	1.3	0.6	0.9	1.6	0.4	1.5
Labour Productivity Growth (hourly)	0.4	2.9	1.1	0.6	1.8	0.3	1.6
Real Unit Labour Costs	-0.1	0.2	0.2	-0.9	-1.4	0.6	-0.9
Other Indicators							
Participation in education and training	5.2	5.2	5.5	5.3	5.4	8.4	5.8
<i>Males</i>	5.7	5.6	6.0	6.0	6.0	7.8	5.9
<i>Females</i>	4.8	4.8	5.0	4.6	4.8	8.9	5.6
Investment expenditure on education			4.7	4.7	4.7		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	35					54	

⁶⁵

For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	22					36	
Rate of early school leaving ⁶⁶	12.5	14.9	14.9		12.9	19.4	20.7
<i>Males</i>	12.2	14.6	14.2		12.3	21.9	23.0
<i>Females</i>	12.8	15.2	15.6		13.5	16.8	18.5
Internet Coverage in Schools	94					89	
<i>Primary</i>	90					84	
<i>Secondary</i>	98					96	
<i>Tertiary</i>	97					97	
Rate of self-employed	9.9	10.1	10.0	10.0	9.9	14.0	14.9
<i>Males</i>	12.8	12.9	12.8	12.7	12.6	17.8	18.8
<i>Females</i>	6.4	6.4	6.3	6.3	6.4	9	9.5
Employment Rate in Services		44.7	43.9	42.7	42.1	44.4	40.8
<i>Males</i>		41.2	40.5	39.6	39.1	43.0	40.3
<i>Females</i>		47.8	46.9	45.5	44.9	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	38.8	40.4	40.2	40.5	40.5	36.4	38.0
Tax Rate on low wage earners	45.4	46.5	47	47.5	47.7	37.8	4.08
Accidents at work			3031	3203	3217		4106
Non-standard Employment	7.7	18.7	18.3	17.5	16.7	13.4	18.8
<i>Part-time</i>	20.8	19.9	19.4	18.5	17.6	18.9	17.7
<i>Fixed-term</i>	12.4	12.7	13.1	12.3	11.7	13.2	12.2
Gender Segregation							
<i>Occupations</i>	27.0	26.9	26.9	26.9	27.0	25.2	24.9
<i>Sectors</i>	18.2	18.3	18.1	17.9	17.8	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.53	1.53	1.56	1.62	1.64	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-7.6	-6.9	-7.5	-6.7	-7.4	-9.5	-9.9
<i>Females</i>	21.9	22.2	22.8	24.4	24.5	12.2	12.8
Gender Pay Gap				19.4			

⁶⁶ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

GREECE

1. National Employment Policy in context

Despite the recent global slowdown of economic growth in the latter half of 2001, real GDP growth accelerated to 4.1%, outstripping the EU average for a sixth consecutive year. The high growth rate reflects progress made in the macroeconomic environment. Labour productivity continued to grow faster than the EU average (4.2% versus 0.3%) and real unit labour cost continued to decline, albeit at a lower pace than in 2000 (-1.2% versus -2.0%). In spite of rapid growth, total employment fell slightly in 2001, by -0.3% to 55.4%. Greece, has been experiencing negative employment growth rates, for three consecutive years (1999-2001) and is significantly below the EU average of total employment rate of 63.9% in 2001. However, the relative gap in overall employment rates becomes less, once comparisons are made on the basis of FTE rates, due to the low incidence of part-time employment in Greece. The low overall employment rate is attributable to the exceptionally low rates for women (40.9%) and its small reduction in 2001. This is due primarily, to the decline of the number of farmers and of people employed in the primary sector (by almost 7%) reflecting the ageing process, and to a longer stay in education of young people. Furthermore, labour market statistics do not capture the high labour participation of migrants mainly in the agricultural sector.

Unemployment has fallen for a third consecutive year from 11.9% in 1999 to 10.5% in 2001, but is still over the EU average of 7.4%. Women exhibit unemployment rates more than double the rates for men. The youth unemployment rate is estimated to be close to the national average (10.2%). Finally, long-term unemployment although clearly declining, continues to be above the EU average (5.4% versus 3.3%). The participation of foreigners (over 500.000 persons registered according to a 2001 national survey) in the Greek labour market is high. This is based on the great demand for low-skilled jobs, necessary for the construction of large infra-structures, financed by the 2nd and 3rd CSF and the Olympic Games budget.

2. Progress towards the Horizontal Objectives

The main objectives of the Greek government consist of raising employment levels, improving the quality of work and combating unemployment. The growth of the Greek economy is creating favourable conditions for the promotion of quality of work. A reform of the labour market is underway to promote economic competitiveness and to fight institutional rigidities. The government has recently introduced legislation in order to stimulate labour supply and to give greater incentives to work in the formal economy. There has been some reviewing of the framework regulating dismissal procedures, so as to rationalise it and

overcome the double standards according to size. Although greater incentives are being offered to part-time employment, part-time workers are insufficiently covered by the national social security and pension scheme. Measures have also been taken to improve health and safety conditions at work, as well as to facilitate temporary employment. Due to demographic ageing, pressures for spending on pensions is high, and expected to become considerably higher in the future. Following social dialogue procedures, the Greek government introduced new legislation with a view to rationalise provisions and to secure the economic viability of the pension system. Although, the new law constitutes a step in the right direction, further reform actions are needed. Finally, equal opportunity policies are being actively pursued, and the restructuring of the PES is underway.

These measures constitute steps in the right direction, but given that Greece falls considerably short of the quantitative targets set at Lisbon and Stockholm, more effort is needed to further improve the employment rates. At present, Greece is facing a structural change, as illustrated by declining agricultural employment. A large number of those leaving the primary sector tend to go into retirement, particularly into early retirement schemes, rather than remaining in the labour market. Job creation in services is modest and not able to offset the continuing heavy job losses in agriculture. Unemployment remains a pressing problem, while the participation rates of women and young in the labour force have recently shown signs of declining. Therefore, efforts to further reform the labour market should continue and be expanded. A national strategy towards the development of life-long learning has begun to take shape, encouraged by an additional investment, and aiming at increasing initial, secondary, tertiary education, and vocational training. Today, efforts focus on establishing synergies between vocational education at secondary level and training (both initial and continuous). These efforts need to be pursued and to be accompanied by adequate labour market monitoring mechanisms if people are to be equipped with necessary skills and qualifications. Adult education (formal and informal) also deserves special attention. In order to address the specific problems of the agriculture sector, a strategy to enhance the capacity and empowerment of young farmers needs to be developed, with a view to upgrade and diversify their skills. In the context of the lifelong learning strategy, it is essential to set up targeted quality controls and monitor progress of actions undertaken.

ESF resources are the main contributors to the implementation of ALMPs in Greece. The NAP Employment 2002, takes into account the NAP Inclusion 2001 and synergies between the two plans are evident.

The NAP process has created new opportunities for co-operation with the social partners. They are represented in the administration of the agencies, which formulate and execute labour market policies. They are increasingly involved in the design and delivery of training measures. Also they are set to participate in the National Employment Forum, a new

committee set up to monitor the implementation of the NAP and to propose new policies for the promotion of employment. Greater involvement of the Social Partners in educational planning and reform, as well as in modernising work organisation should help adapt the educational system to the needs of the labour market and enhance competitiveness.

Progress has been made in developing a more balanced policy mix. Greek policy making has been modernised and reformed to a considerable extent, in recent years. This is especially apparent from the recent introduction of a series of legislative measures aimed at modernising labour market institutions in the spirit of the Employment Guidelines. However, there is still a need to ensure that these measures are implemented effectively; a positive impact can also be traced to the establishment of a variety of supportive structures and mechanisms for controlling the quality of interventions, and the number of unemployed persons benefiting from active measures. As a result, Greece is now in a better position to design and deliver policies according to real needs and to provide a more adequate response to labour market requirements. But even after the launch of the EES, Greece has exhibited an increase in unemployment together with a stagnation of employment which urgently need to be tackled. The latter implies an introduction of additional measures to improve labour market performance, as well as, new policy initiatives.

Clearly more work is needed to develop the common set of indicators. The NAP 2002 presents some progress in the field of equal opportunities indicators, but other important indicators are missing, such as those relating to quality of work, or disadvantaged groups and more importantly, to prevention and activation. Greece must make an effort to improve its data collection methods and systems and to incorporate the use of indicators in the planning and evaluation of interventions.

3. Policy progress under the four Pillars

Employability: The 2002 NAP reflects the continuation of efforts to reform the PES and establish the preventive and individualised approach to unemployment. Under PES reform, 60 Employment Promotion Centres are now in place (compared with 50 in 2001 and only 29 in 1999) and another 10 are expected soon. Some progress is noticeable regarding the introduction of individualised assistance, although the implementation has shown that only a limited number of unemployed has benefited, so far. The statistical data provided on activation constitute a mixture of inflow and stock figures, thus making the evaluation of effort difficult. Other developments include, the formation of a National Council for linking Vocational Education and Training with Employment (ΕΣΕΕΚΑ, to be established by the end of 2002), measures to improve the quality of continuous training and a plan to monitor trends in the labour market. Measures to combat digital illiteracy in schools, as well as integrated programmes combining training with job placements and aimed at promoting active ageing

figure prominently in the 2002 NAP. The already initiated programme of teaching the Greek language to immigrants, repatriated Greeks and refugees should be encouraged.

Entrepreneurship: Increased emphasis is placed on employment potential in the policy mix, which comprises measures to reduce administrative burdens for business, to facilitate start-ups and to enhance competitiveness. Attention is also paid to promoting entrepreneurship particularly for women and training of new entrepreneurs (notably women and young persons), the technological modernisation of existing firms and providing support services to enterprises employing 3-150 persons. Most of the activities focus on SMEs and are drawn from the “Competitiveness” Structural Fund Operational Programme. The forthcoming tax reform and planned improvements in legislation, concerning development incentives, should stimulate demand and boost employment opportunities. A progress also can be realised in a more decentralised implementation of employment policies and local development. Further administrative steps, however, are needed to strengthen the capability at the regional and local levels to design and execute active labour market measures.

Adaptability: The government has introduced a new regulatory framework (Law 2874/2000, in full effect since 1 April 2001), aiming at stimulating labour supply and increasing incentives to work in the formal economy (including financial incentives for part-time work and the reduction of employers' social security contributions for low-wage workers). It is too early to judge the impact of these measures. Information campaigns and consultation with the social partners with the view to raise the take-up rate of the new arrangements and to combat inertia toward new ways of working together should be undertaken. No further measures are mentioned in the NAP to reduce undeclared work.

Equal opportunities: Although Greek authorities continue to devote attention to gender mainstreaming, a complete and systematic approach is still lacking. An observatory on gender issues has been set-up, most of the initiatives announced in the previous NAP are continued (the production of new gender sensitive educational material, quotas for the participation of women in employment subsidisation schemes, new all-day schools and the establishment of a number of new care units for children and the elderly). However, given that Greece exhibits high gender gaps, in terms of employment rate, unemployment rate and pay, efforts to tackle long-term weaknesses, should be strengthened.

4. Budgetary impact of the NAP

According to provisional estimates, the NAP 2001 has benefited 598.089 persons (77,6% of the originally planned total number of beneficiaries), at a total cost of € 736,4 million. ESF's share is estimated at approximately 42%, while the corresponding percentage for *ERDF* is 0.9%. ESF resources are allocated mainly in the Employability Pillar and secondly to

Entrepreneurship Pillar (73% and 14%, respectively), compared to year 2000 where the Adaptability Pillar was second in the row. In relation to ERDF, resources are solely directed to Employability and Equal opportunities for men and women. As concerns the type of supported activity, the largest share of ESF resources in 2001, goes to employment promotion actions (60%) and training actions (27%). Support and advisory structures are financed by the ERDF resources. Finally, it should be mentioned that a respectable share of ESF resources in the CSF 2000-2006, continues to be devoted to positive action in favour of women.

5. Response to Recommendations

The 2001 Council recommendations on the implementation of Greece's employment policies:

- 1. Improve the strategic framework, in particular by developing a set of well co-ordinated and balanced policies for the implementation of the employment Guidelines across the four Pillars with a view to increasing the employment rate, in particular for women and young people;*
- 2. Speed up the restructuring of the Public Employment Services and take decisive and coherent action to prevent young and adult unemployed people from drifting into long-term unemployment through inter alia swift implementation of the personalised approach; further upgrade the statistical system so that indicators on prevention and activation are available in good time and progress can be effectively monitored;*
- 3. Examine and eliminate distortions arising from labour taxes and pension entitlements, thus improving incentives to work;*
- 4. Further develop and implement a comprehensive strategy on lifelong learning, including the setting of targets; increase investment in and further improve education and vocational training systems, including apprenticeship, in order to enhance the skills of the labour force and meet the needs of the labour market;*
- 5. Ensure the full implementation of the recent labour market reform package, in close co-operation with the social partners; in this context, the social partners should make further commitments on the modernisation of work organisation, while seeking an appropriate balance between flexibility and security;*
- 6. Take effective and comprehensive action to reduce the employment and unemployment gender gaps. To this end, care facilities for children and other dependants should be extended.*

The 2002 NAP is more analytical than descriptive, emphasising policies instead of measures. Still, efforts to develop a balanced set of policies across all Pillars need to be continued. Despite broadly favourable economic circumstances, important problems remain to be tackled, mainly with regard to low employment rates by women and high unemployment rates by new labour market entrants. In order to both benefit from the favourable macroeconomic environment, and to raise employment levels, it is vital to take concrete steps to increase the employability of young persons and women, thus, addressing the root causes of the unemployment problem. Increasing the efficiency of active measures should become a policy priority and a closely monitored target. In this respect, the traditional wage subsidy

programmes must be evaluated, and new training and education initiatives emphasising quality and addressing specific skill gaps and shortages must come to the forefront.

Legislative measures to promote the reorganisation of OAED have been taken and new Employment Promotion Centres established. The preventive and individualised approach has been introduced, albeit so far on a limited scale. Moreover, statistical information on prevention indicators is inadequate, thus precluding a more precise assessment of progress achieved so far. The modernisation of the PES through the establishment of an adequate network of employment promotion centres and through the application of a unified procedure for individualised assistance, presents a major opportunity for Greece to fight unemployment. This drive for modernisation will need to be pursued with great vigour in order to curb obstacles of all sorts (technical, administrative, and legislative).

Greece is currently undertaking a social dialogue concerning tax, social security and pensions system reforms. Tax reductions, particularly social security contribution, are targeted to low paid labour and for hiring new staff. However social security contributions are among the highest in the EU, indicating that a further reduction could stimulate employment.

Greece has taken measures to improve the relevance and the quality of vocational training and is currently planning measures to co-ordinate education, training and employment systems. Increased emphasis must be given to create a comprehensive and coherent system, including quantitative targets covering the whole education-training nexus, as well as to promoting further adult education.

The Greek government has actively pursued a close collaboration with the social partners and is currently in the process of establishing a National Forum on Employment. Under this forum, social partners will be involved in the examination of existing legislation, local employment pacts, in framing employment policies and monitoring the implementation of the NAP Employment. Finally, they will contribute, to the modernisation of work organisation and to the reduction of structural labour market imbalances. This is to be welcomed and further actions in this direction should be encouraged.

The gender dimension is evident in a number of institutions, structures and decision making centres, even though slow progress has been made to lower the so-called "equality deficit". Greece has taken measures to improve the social infrastructure, which is expected to have a positive impact on tapping the employment potential of women. Greece has also earmarked a substantial portion of available ESF funds (11,8%), for actions in favour of women, something that should help in raising female employment levels. Setting targets will give an additional impetus to this priority.

6. New Policy Initiatives and Developments

The restructuring of the OAED

In view of potential difficulties that might result from the operation of the company "Human Resources Services S.A", OAED has decided to establish a new special service. This service, within OAED, will integrate the operation and the responsibilities of the employment promotion centres (KPAs) as a whole, providing for the necessary flexibility. This service, will report directly to the OAED governor and a director will be appointed who could possibly be selected from the public or the private sector. It will operate without delays in order to effectively implement the agreed policies.

Life Long Learning

Greece is implementing co-ordinated measures to link the initial with the continuous vocational training according to the needs of the labour market. To this end, a draft law has been processed by the ministries of education and labour for adoption, in agreement with the social partners.

Young farmers

Young farmers are provided with incentives. These relate to actions with regard to agrotourism, financial aid for the settlement of young farmers as well as the reorganisation of structures relating to the diversification of crops. Opportunities are also provided for young farmers through the integrated programmes for rural development (i.e. community initiative LEADER plus), or through the 13 regional programmes under the Greek CSF.

Employment effects of tax changes in Greece

The government has taken several tax measures expected to affect both the supply of and the demand for labour. Some of them are included in the tax reform that has been announced by the government and are valid from 1-1-2003 onwards.

Labour supply is likely to be affected:

- by raising tax allowances of the personal income tax system and lowering the top marginal tax rate, from 42.5% down to 40%,
- by increasing tax allowances given to companies in order to adopt collective insurance policies for their employees,

- by raising the tax allowance provided for redundancy payments, and
- by reducing income tax rates for those employed on Greek merchant ships

Demand for labour is likely to be affected:

- by a tax rate cut in corporate income taxation (up to 2.5 percentage point) provided for those companies which will increase their employment,
- by the abolition of the stamp duty levied on wages and salaries, and
- by the likely expansion of companies as a result of reducing company income taxation by increasing tax allowances and cutting down the tax rate by 2.5 percentage units (to 35%). This rate cut applies to SA companies which are not registered with the Athens stock of Exchange

Greece

Performance and Key Indicators⁶⁷

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	55.4	55.7	55.3	55.5	55.1	63.9	60.5
<i>Males</i>	70.8	71.1	70.9	71.6	72.1	73.0	70.3
<i>Females</i>	40.9	41.2	40.6	40.2	39.3	54.9	50.6
15-24	26.0	27.1	26.8	28.0	25.3	40.7	36.9
25-54	70.1	70.0	69.6	69.7	69.7	77.1	73.8
55-64	38.0	38.6	39.1	39.0	40.9	38.5	36.3
Full-time eq. Employment rate	55.1	55.3	54.5	55.0	54.4	58.5	55.5
<i>Males</i>	71.2	71.5	71.0	72.1	72.3	71.3	68.7
<i>Females</i>	40.0	40.0	38.9	38.6	37.8	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	10.5	11.1	11.9	10.9	9.8	7.4	10.1
<i>Males</i>	7.0	7.3	7.9	7.1	6.4	6.4	8.9
<i>Females</i>	15.6	16.8	18.0	16.7	15.2	8.7	11.7
Youth Unemployment Ratio	10.2	11.4	12.6	12.0	11.2	7.1	9.2
<i>Males</i>	8.4	9.0	9.7	9.4	8.8	7.2	9.2
<i>Females</i>	11.9	13.7	15.4	14.4	13.4	7.0	9.2
Long-Term Unemployment Rate	5.4	6.1	6.5	5.9	5.3	3.3	5.1
<i>Males</i>	3.2	3.5	3.7	3.2	2.8	2.8	4.4
<i>Females</i>	8.7	9.9	10.6	10.1	9.2	3.9	6.1
Economic Indicators							
Total Employment Growth	-0.1	-0.3	-0.8	4.1	-0.6	1.2	1.0
Real GDP Growth	4.1	4.1	3.6	3.4	3.6	1.6	2.5
Labour Productivity Growth	4.2	4.4	4.4	-0.7	4.2	0.4	1.5
Real Unit Labour Costs	-1.2	-2.0	-1.9	0.8	2.2	0.6	-0.9
Key Indicators⁶⁸							
Participation in education and training	1.4	1.1	1.2	1.0	0.9	8.4	5.8
<i>Males</i>	1.5	1.1	1.2	1.0	1.1	7.7	3.4
<i>Females</i>	1.2	1.1	1.2	1.0	0.8	9.0	5.6
Investment expenditure on education	3.5	3.5	3.7	3.5	3.4		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	40					54	
<i>Internet training</i>	24					36	
Rate of early school leaving ⁶⁹	16.5	17.1	17.8	19.8	19.9	19.3	20.7

⁶⁷ For further explanation of the indicators see annex 1 at the end of Part 2.

⁶⁸ See EMCO/42/180702/EN_REV (Indicators for monitoring the Employment Guidelines 2002). Data for Employment rate in services, marginal effective tax rate, Average effective tax rate and Adjusted implicit tax rate on employed labour will be available in September 2002. The key indicators concerning New enterprise births and Survival rates newly born enterprises are not in the list as data will only be available in December 2002.

<i>Males</i>	20.4	21.8	21.2	24.6	23.7	21.9	23.0
<i>Females</i>	13.0	12.9	14.8	15.5	16.7	16.7	18.5
Internet Coverage in Schools	45					89	
<i>Primary</i>	22					84	
<i>Secondary</i>	58					96	
<i>Tertiary</i>	85					97	
Rate of self-employed	31.6	32.4	32.0	32.5	33.3	14.0	14.9
<i>Males</i>	37.9	38.9	38.8	39.7	41.7	17.8	18.8
<i>Females</i>	21.3	21.7	20.7	20.1	18.8	9	9.5
Employment Rate in Services							
<i>Males</i>							
<i>Females</i>							
Marginal effective Tax Rate							
Average effective Tax Rate							
Adjusted implicit Tax Rate on employed Labour							
Tax Rate on low wage earners	34.3	34.3	34.3	35.1	35	37.8	4.08
Accidents at work							
<i>Serious</i>			74	79	89		90
<i>Fatal</i>			147	86	65		87
Non-standard Employment							
<i>Part-time</i>	3.5	3.9	5.0	4.5	3.4	18.9	17.7
<i>Fixed-term</i>	12.9	13.1	12.9	13.0	10.9	13.2	12.2
Gender Segregation							
<i>Occupations</i>	21.7	21.3	20.9	21.3	21.0	25.2	24.9
<i>Sectors</i>	15.5	15.1	14.7	15.8	14.9	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.29	1.25	1.26	1.26	1.24	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-15.2	-14.4	-13.8	-13.7	-13.9	-9.5	-9.9
<i>Females</i>	4.2	3.2	3.7	3.6	2.8	12.2	12.8
Gender Pay Gap				13.2		16.2	

⁶⁹ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

SPAIN

1. National Employment Policy in context

Since mid-2001, the Spanish economy has been hit by the global economic slowdown, though less than other EU countries. Growth has fallen from 4.1% in 2000 to 2.8% in 2001. In parallel labour productivity growth decreased from 1% to 0.3% in 2001. Employment growth has decreased to 2.5% in 2001 from 3.1% in 2000, still double the EU average of 1.2%. Employment growth was higher for women than men and was particularly high among people aged over 55. As a consequence, in 2001, the overall employment rate reached 56.3%. Important gender differences remain with employment rates of 41.9% for females and 70.9% for males. Other features of the Spanish labour market remain almost unchanged: 31.7% of salaried workers have fixed-term contracts (33.5% in 1997). Part-time employment, which stands at 8.9% (8.6% in 1997), is still much less widespread than in other Member States. Finally, employment creation in the different Autonomous Communities has not succeeded in closing the large existing gaps among regions as regards unemployment rates. The unemployment rate has also decreased in 2001, though at a diminishing pace, to 10.6%. This reduction was larger for women, although the female unemployment rate is still more than double that of men (15.5% vs. 7.5%). The unemployment rate among young persons dropped slightly by 0.2 points. Especially noteworthy is that long-term unemployment (LTU) fell to 5.1%.

Since the beginning of the EES in 1997, the total employment rate has increased by 8.1 percentage points (from 48.2 to 56.3%), while the unemployment rate has decreased by 6.4 percentage points (from 17.0 to 10.6%). The reduction in the long-term unemployment rate, has been significant (10.8% to 5.1%), especially female LTU.

2. Progress towards the Horizontal Objectives

The 2002 NAP represents an ongoing process focussing on the improvement of the employability of the working population (Pillar I) and the promotion of entrepreneurship (Pillar II). Efforts towards the modernisation of work organisation, in partnership with social partners, have resulted in a multi-industry Agreement for Collective Bargaining in 2002. A stronger accent is being put on Pillar IV, as well as on Social Inclusion issues.

The Government has adopted the objective of moving towards full employment, although the NAP does not set any intermediate target in order to contribute to the overall European objective. No analysis of the implications of the assumption of European targets has been put forward. The NAP describes the measures that have been taken in order to increase participation of women and older workers: referring to reductions in social security

contributions for employers, who hire women or older workers as well as to training measures. Early retirement rules have been modified in order to increase the number of years in employment.

The issue of maintaining and improving quality at work has been addressed mainly through four instruments: training, job stability, health and safety at work, and the access of women to the labour market. In the field of training, the new Law for Vocational Training, announced in last year's NAP has been recently adopted. It integrates the three subsystems of regular, occupational and continuous training and recognises work experience and non-formal learning, presenting a comprehensive approach to lifelong learning. As for job stability, measures implemented in previous years have led to only a slight reduction in the rate of temporary workers. The recently signed Agreement on Collective Bargaining for 2002 aims, among other things, at increasing employment, while promoting job stability. Concerning equal opportunities, actions have been reinforced in the 2002 NAP. The issue of health and safety at work has not been fully developed in the 2002 NAP.

Policy mix since 1997: the Spanish employment strategy has been centred on Pillars II, and I thus promoting employability of the working population and stable hiring and facilitating enterprise creation. Encouraging adaptability of businesses and their employees has been addressed by fostering Social Dialogue with Social Partners, which has resulted in several agreements concerning vocational training and collective bargaining. A growing concern under Pillar IV has been clearly conveyed by the government and the social partners, and measures favouring female hiring adopted. The NAP establishes a group of measures that are complementary to those developed in the Social Inclusion NAP 2001. Socially excluded, as well as those at risk of social exclusion are specifically addressed in the NAP, through measures improving their employability and favouring their hiring.

Large regional disparities in the labour market are being addressed by the Structural Funds and the distribution of funds financing active employment policies. However, since the beginning of the EES, disparities with regard to the unemployment rate remain very high. The NAP should clarify the distribution of funds, per unemployed, among the regions, taking also into account the financial contributions of the Autonomous Communities. Very little has been said about regional mobility in the NAP, although new measures are now being discussed.

3. Progress under the four Pillars

Employability: Concerning active employment actions, almost all commitments contained in the 2001 NAP have been accomplished (97.7% of the objectives in terms of number of actions). A balanced approach between preventive measures and measures for longer-term unemployed has been achieved, since 74.1% of measures have benefited short-term

unemployed. An increase of 7% in the number of actions is planned in 2002 compared with 2001. The indicator of effort, share of short-term unemployed that have started an individual action plan before reaching 6/12 month unemployment, is 32% (39% in 2000) for young unemployed and 23% (30% in 2000) for adult unemployed. The non-compliance rate, i.e. the share of long-term unemployed that have not benefited from employability measures, has increased from 37% in 2000 to 46% in 2001 in the case of young unemployed, whereas this ratio has remained constant in the case of adults (at a high level of 62%). In 2001, 1.06million unemployed took part in 1.48million active employment measures, (increases of 14% and 4% respectively compared to 2000), This implies that, on average, every participant took part in 1.4 actions during 2001.

The modernisation of PES should be accelerated and the full establishment of SISPE (Public Employment Service Information Service) should be realised before the end of 2002.

Some measures aimed at activating the unemployed have been announced, but are still under discussion in Parliament. The most important change concerning training policy is the new Law on Vocational training adopted in June 2002. The aim of paying attention to foreign language education has only been mentioned, though other changes have been advanced in order to improve the availability of training possibilities in skills related to the demands of the labour market. In particular, the draft law on Quality of Training intends to improve the quality of regular training and training at work. Programmes to prevent early school leaving have been intensified. However, the social representatives participating in the State School Council (Consejo Escolar del Estado) consider them still insufficient. The objectives set in 2001 of spreading ICT literacy among unemployed have been satisfactorily accomplished, as have some of the objectives concerning access to public administration through the Internet.

Promotion of geographical mobility has been addressed in the NAP through a very limited proposal of promoting mobility among agricultural workers in 2002. The modernisation of the PES, and the access of regions managing active employment policies to information centres, should help co-ordinate job vacancies. Moreover, the RDL of 24 May includes important measures to promote geographical mobility.

Entrepreneurship: this Pillar shows continuity with respect to earlier NAPs, focusing on reduction of wage costs and on facilitating enterprise creation. Some measures announced last year, but not yet implemented have been announced again this year. This includes some of the measures in the "New Company project". The implementation of the "single business window" is slower than foreseen last year. The development and implementation of important measures included in the Plan INFO XXI have not been mentioned in the NAP. The objective that Autonomous Communities and local authorities establish local employment strategies has been put forward within the framework of Operational Programmes co-financed by the

Structural Funds. However, concrete measures have not been presented. The tax burden on labour is being reduced through incentives in social security contributions by employers and modifications in income tax. Moreover, Law 24/2001 introduced a tax on hydrocarbons aimed at financing health and environmental actions.

Adaptability: within the framework of modernising work organisation, at the end of 2001, the Social Partners signed the "Interconfederal" Agreement on Collective Bargaining, which includes Guidelines to be used in Collective Bargaining in 2002. This agreement aims at promoting internal flexibility (functional mobility, vocational training for employed, working time, working conditions), with the final objective of maintaining existing employment and promoting stable employment. The design of an "Observatory" for research in the fields of health and safety at work, employment and labour organisation, has been announced, but other measures in the area of health and safety at work seem rather limited.

Equal opportunities: actions are under way to improve the employability of women, reflecting their share in total unemployment (58%). A clearer formulation of the principle of equal remuneration in the Law of Workers' Statute has been introduced. The adoption of the Integral Family Support Plan is to be welcomed. So is the inclusion in the NAP of a clear budgetary allocation and a quantitative target for the share of children under 3 years old, who should have access to childcare facilities. However, the percentage of 15% for children aged 0-2 seems rather low.

4. Budgetary Impact of the NAP

The presentation of results shows an improvement in transparency and clarity in the allocation of resources to the different Guidelines compared with previous years. The analysis of the budget implementation has also improved compared with the 2001 NAP. However, the budgetary resources of Autonomous Communities should be more detailed. The budget announced in the 2002 NAP includes a modest increase of 2.9% with respect to the previous year's NAP. In 2001 the Structural Funds provided financial support for the NAP in an amount of €1,624.3 million. About 70% of that amount was spent on actions related to Pillar I and 29.4% on actions included in Pillar 2. For 2002 the forecasted support amounts to €1,656.6 million.

The ESF represents about 22% of the amount allocated to Active Labour Market Policies in Spain.

5. Response to Recommendations

- 1. To complete the modernisation of the public employment services so as to improve its efficiency, and step up implementation of the preventive approach, particularly with regard to the adult unemployed, so as to cover all potential beneficiaries. These efforts should include the completion of the statistical monitoring system;*
- 2. To take effective and comprehensive action to increase the overall employment rate and to close gender gaps in employment and unemployment. As part of a gender mainstreaming approach, targets for the provision of care facilities for children and other dependants should be adopted and implemented;*
- 3. To vigorously complete reforms on vocational training to encompass a comprehensive and coherent strategy on lifelong learning, including the setting of verifiable targets, with a view to increasing the levels of educational attainment and the participation of adults in education and training, addressing the low level of skills and developing non-formal learning;*
- 4. To further modernise the labour market and work organisation with the active involvement of the social partners with a view to reducing the high share of fixed-term contracts, and increasing the use of part-time contracts;*
- 5. To improve the conditions conducive to employment creation in regions lagging behind and eliminate obstacles to labour mobility, with a view to reducing regional disparities in employment and unemployment.*

As for the completion of the modernisation of PES, the creation, with the joint effort of the central and regional governments, of the information system "SISPE" has been announced for three years but has yet to be achieved. Sets of actions aiming at modernising the PES, are proposed for adoption in 2002, although their expected impact has not been made explicit. The objective of covering all potential beneficiaries is intended to be achieved by legislative changes that have not been explained. In this respect no financial endowment has been mentioned either. The answer to this recommendation is incomplete because the announced implementation of the system "SISPE", although necessary, does not guarantee by itself the improvement of the PES and nothing is said about the measures forecasted to increase the capacity of the PES to mediate in the labour market.

No explicit answer to the adoption of measures aiming at increasing employment rates has been provided, but the whole NAP is supposed to contribute to this end. Nor have quantified intermediate targets been put forward, although the goal of full employment has been set but without mentioning any deadline. Overall employment growth remains strong and female employment is growing much more quickly than male employment. Measures for reducing the gender gap in this respect (higher reductions in social security contributions for female stable hiring) are thoroughly detailed in the NAP, as well as in the Integrated Family Support Plan 2001-2004 (no financial endowment is indicated in the 2002 NAP). The NAP mentions the efforts made by Collective Bargaining in introducing clauses avoiding gender discrimination, but such clauses should be reinforced. Finally, the NAP includes an important change in the Law of the Workers' Statute that establishes, in an unambiguous formulation, the principle of equal pay. The impact of this Law should be monitored. Quantitative targets

in the coverage of occupational and vocational training are to be welcomed. It is important to highlight that the Law on Vocational Training, announced in last year's NAP, integrates the three subsystems in the field of training and has already been adopted in June 2002. This Law represents a substantial development towards an integral model of lifelong learning and it is desirable to be implemented with a view to enhance coherence with educational policy and non formal learning at all levels. However the reference to non-formal education is vague in the 2002 NAP. Overall this recommendation has nonetheless received an adequate reply.

The measures adopted in previous years in order to promote stable employment have yielded positive results: thus stable employment has grown faster than fixed-term employment. However, the rate of fixed-term employment remains stubbornly high at about 31% and part-time employment has not experienced a significant increase. Further efforts should therefore be made in this direction particularly for groups of women and young people under 25. The "Interconfederal" Agreement for Collective Bargaining reached by the Social Partners includes the criteria and Guidelines, which should be used for collective bargaining in 2002. The main objectives are the promotion of job stability, health and safety at work and provisions aimed at guaranteeing the balance between flexibility and security, protecting employment and preventing sudden changes. The NAP does not develop the measures forecasted, such as the role of the Labour and Social Security Inspectorate in preventing possible fraud in the use of the fixed term contracts.

The response to the recommendation on reducing regional disparities in employment and unemployment, consists of a description of the already existing mechanisms, such as the support to regions lagging behind provided by the Structural Funds, as well as the criteria for distributing among the regions the resources assigned to the NAP. However, no new measures have been adopted in order to improve the efficiency of the systems. Given the importance of regional disparities, a supplementary effort should be made. The only new measure is the implementation of a mobility plan for agricultural workers, but this plan is very limited in scope. The answer to this recommendation is insufficient.

6. New Policy Initiatives and Developments

On May 2002 the Government adopted significant changes in job protection and unemployment protection. Although they were declared urgent and immediately applied through a Royal Decree Law, they are subsequently been discussed in Parliament, and could be changed. The main lines are

- The unemployed persons have to commit themselves in writing to search for, an accept, adequate jobs and to participate in employability measures; the document, called

Compromiso de Actividad, has to be signed to draw benefits. The definition of what is considered an adequate job in this context has been tightened.

- A new unemployment benefit scheme for temporary agricultural workers has been established, covering all regions. The previous scheme, that only covers two regions and has a much higher relationship between benefits and contributions, will be maintained, but without new entrants.
- In some cases unemployment benefits will be used to finance access to a new job, such as costs derived from a geographical move, social contributions when becoming self employed, or substituting part of the salary for workers older than 52 years.
- In case of dismissals that are finally deemed unfair but not null, the employer no longer has to pay salaries covering the time it took for the courts to decide (salarios de tramitación). The Employment Service has been given a new role against the improper use of temporary contracts in relation with the unemployment benefits drawn at their term. The holidays to which the worker is entitled have to be finished before unemployment benefits start; and, if the record of past contracts between a worker and an employer suggest that the true relationship is not temporary, the Service can ask the courts to look into it. However, the Labour and Social Security Inspectorate (Inspección de Trabajo y Seguridad Social) is in charge of control over current fixed term contracts, and will continue in 2002 the program that led it to inspect the hiring practices in 5.500 firms the previous year. The draft of a new Employment Law has been approved by the Government and it is in the mandatory consultation process before being sent to Parliament. The preventive approach for unemployed and the organisation of Public Employment Services are among the issues covered in the draft.

Spain

Performance Indicators⁷⁰

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	56.3	54.8	52.5	49.9	48.2	63.9	60.5
<i>Males</i>	70.9	69.7	67.9	65.3	63.0	73.0	70.3
<i>Females</i>	41.9	40.3	37.6	35.0	33.6	54.9	50.6
15-24	33.1	32.0	29.8	26.8	25.2	40.7	36.9
25-54	68.8	67.8	65.6	63.1	61.6	77.1	73.8
55-64	38.9	36.8	34.9	34.8	33.5	38.5	36.3
Full-time eq. Employment rate ⁷¹	53.8	52.5	50.2	47.6	46.0	58.5	55.5
<i>Males</i>	70.3	69.0	67.2	64.3	62.0	71.3	68.7
<i>Females</i>	37.8	36.6	33.8	31.5	30.3	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	10.6	11.3	12.8	15.2	17.0	7.4	10.1
<i>Males</i>	7.5	7.9	9.0	11.2	13.1	6.4	8.9
<i>Females</i>	15.5	16.7	18.7	21.8	23.4	8.7	11.7
Youth Unemployment Ratio	9.1	9.3	10.2	12.1	13.2	7.1	9.2
<i>Males</i>	7.8	7.9	8.8	10.8	12.1	7.2	9.2
<i>Females</i>	10.3	10.7	11.7	13.4	14.3	7.0	9.2
Long-Term Unemployment Rate	5.1	5.9	7.3	9.4	10.8	3.3	5.1
<i>Males</i>	3.1	3.5	4.5	6.0	7.5	2.8	4.4
<i>Females</i>	8.1	9.5	11.5	14.5	16.1	3.9	6.1
Economic Indicators							
Total Employment Growth	2.5	3.1	3.5	3.6	2.9	1.2	1.0
Real GDP Growth	2.8	4.1	4.1	4.3	4.0	1.6	2.5
Labour Productivity Growth (capita)	0.3	1.0	0.5	0.5	0.9	0.4	1.5
Labour Productivity Growth (hourly)	0.3	1.2	1.6	-0.4	0.9	0.3	1.6
Real Unit Labour Costs	0.0	-1.0	-0.6	-0.2	-0.9	0.6	-0.9
Other Indicators							
Participation in education and training	4.7	4.9	4.9	4.1	4.2	8.4	5.8
<i>Males</i>	4.1	4.4	4.4	3.6	3.8	7.8	5.9
<i>Females</i>	5.2	5.4	5.3	4.5	4.7	8.9	5.6
Investment expenditure on education	4.4	4.5	4.5	4.5	4.5		5.1
Share of teachers with IS literacy							

⁷⁰ For further explanation of the indicators see annex 1 at the end of Part 2.

⁷¹ Labour Force Survey data are provisional.

<i>Computer training</i>	63					54	
<i>Internet training</i>	47					36	
Rate of early school leaving ⁷²	28.3	28.1	28.9	29.2	29.8	19.4	20.7
<i>Males</i>	34.7	33.7	34.7	34.8	35.0	21.9	23.0
<i>Females</i>	21.8	22.4	23.0	23.7	24.5	16.8	18.5
Internet Coverage in Schools	94					89	
<i>Primary</i>	91					84	
<i>Secondary</i>	95					96	
<i>Tertiary</i>	98					97	
Rate of self-employed	18.4	18.3	19.3	20.2	20.9	14.0	14.9
<i>Males</i>	21.3	21.2	22.3	22.9	23.6	17.8	18.8
<i>Females</i>	13.6	13.3	14.0	15.2	15.8	9	9.5
Employment Rate in Services	35.9	34.9	33.4	31.8	30.7	44.4	40.8
<i>Males</i>	37.3	36.9	35.9	34.7	33.9	43.0	40.3
<i>Females</i>	34.3	32.9	30.9	28.7	27.4	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	31.5	31.2	30.8	31.6	32.1	36.4	38.0
Tax Rate on low wage earners	33.3	32.8	32.6	35.1	34.8	37.8	4.08
Accidents at work			7027	6546	6225		4106
Non-standard Employment	24.6	24.9	26.2	29.8	30.5	13.4	18.8
<i>Part-time</i>	8.4	8.3	8.6	8.1	8.1	18.9	17.7
<i>Fixed-term</i>	31.5	32.1	32.7	32.9	33.6	13.2	12.2
Gender Segregation							
<i>Occupations</i>	25.0	24.8	24.6	24.3	24.0	25.2	24.9
<i>Sectors</i>	19.5	19.1	19.3	19.3	19.1	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.40	1.36	1.36	1.37	1.36	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-14.1	-14.6	-15.1	-15.0	-15.0	-9.5	-9.9
<i>Females</i>	8.2	6.5	5.8	5.2	4.7	12.2	12.8
Gender Pay Gap				14.3			

⁷²

The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

FRANCE

1. La politique nationale de l'emploi dans son contexte

Le ralentissement général a affecté l'économie française dès le printemps 2001, en s'aggravant en fin d'année. La croissance du PIB n'a été que de 1,8%, ce qui a eu encore peu d'effets sur le taux de croissance de l'emploi (1,9%), mais a provoqué une remontée du chômage.

Depuis le lancement du processus de Luxembourg, le taux d'emploi s'est accru, passant de 59,5% en 1997 à 63,1% en 2001. En dépit de la création de près de deux millions d'emplois, le taux reste sous la moyenne communautaire (63,9%). Particularité française: le volume global de la population active a lui-même progressé de 2,2% (550.000 unités). Le taux d'emploi des femmes a suivi la tendance générale passant de 52,4% en 1997 à 56,1% en 2001 soit 1,2 points au dessus de la moyenne UE (54,9%). Le taux d'emploi des jeunes s'inscrit dans cette évolution et son bas niveau (29,5%) est d'abord le reflet des efforts en matière d'éducation et de formation. En revanche, celui des personnes plus âgées a progressé peu, de 29,1% en 1997 à 31,0% en 2001, et reste donc loin de la moyenne UE (38,5%). Le marché de l'emploi repose ainsi en France, pour l'essentiel, sur une seule génération: celle des 25-55 ans.

Le taux de chômage a décliné en France plus que dans l'ensemble de l'Union, passant de 11,8% en 1997 à 8,6% en 2001 (soit 900.000 personnes en moins), mais reste 1,2 point au dessus de la moyenne communautaire (7,4%). Cette baisse du chômage a concerné toutes les catégories, les femmes (de 13,7% à 10,5%), les jeunes (de 9,4% à 7,1%) et les chômeurs de longue durée (5,0% à 2,9%). Le taux annuel moyen de 8,6% reflète mal la dégradation observée la seconde moitié de l'année, avec une remontée plus nette du chômage en fin 2001 (9,2% en avril 2002).

Enfin, la croissance de la productivité du travail est devenue négative en 2001 (-0,4%) et l'augmentation du coût unitaire du travail (1,3%) est le double de la moyenne UE (0,6%).

2. Progrès en rapport avec les objectifs horizontaux

L'introduction du processus de Luxembourg a stimulé une élaboration mieux structurée de la politique de l'emploi et de lutte contre le chômage. Ceci s'est traduit par un renforcement des préoccupations de moyen terme et de transversalité dans les politiques nationales, par l'accentuation des mesures préventives dans la lutte contre le chômage et par l'introduction progressive d'objectifs quantifiés. Les politiques de l'emploi menées depuis, ont donc été profondément inspirées par la Stratégie Européenne pour l'Emploi, qui devient ainsi le cadre de référence de la politique nationale, qui conserve néanmoins certaines spécificités.

La stratégie développée au travers les PNAE successifs supposait une croissance économique forte et s'articulait autour de trois axes politiques forts : une croissance riche en emplois, une amélioration de la qualité du travail et une réduction du temps de travail, une croissance de l'emploi pour tous, en particulier en faveur des jeunes et des personnes peu qualifiées.

Les objectifs fixés à Lisbonne et Stockholm trouvent leur déclinaison dans le complément au PNAE. Les nouvelles autorités se fixent une augmentation du taux d'emploi des femmes de trois points en cinq ans, par rapport à 2001 ceci permettrait d'atteindre 59% en 2007. Pour l'emploi global, le but fixé est de deux points de plus et donc, par rapport à 2001, serait d'arriver à 65% en 2007. Enfin, l'objectif présenté pour les travailleurs âgés est de gagner quatre points, ce qui porterait le taux à 35% d'ici 2007. Il resterait ainsi parmi les plus éloignés de l'objectif commun fixé à 50% en 2010.

Un souci d'équilibre se reflète dans la mise en œuvre de toutes les lignes directrices. Toutefois, la politique menée a privilégié les piliers 1 (approche préventive, mesures actives favorisant une (re)-mise au travail) et 3 (réduction du temps de travail). Le soutien aux créateurs d'entreprises et l'égalité des chances selon le genre occupent une place appropriée. Le PNAE 2002 s'ouvre un peu plus sur le pilier 2 (création d'emplois) en voulant notamment favoriser la création d'emplois et l'insertion des jeunes dans les entreprises. Le dosage des politiques d'emploi et de lutte contre le chômage et l'exclusion se concrétise par une multitude de dispositifs, le plus souvent ciblés, et dont l'efficacité générale reste à vérifier.

Sur le plan de la qualité de l'emploi, la France s'est montrée active au travers de la réduction légale du temps de travail et de la loi de modernisation sociale qui vise notamment la prévention et l'amélioration des conditions de licenciements économiques, la lutte contre les précarités de l'emploi, l'amélioration des conditions de travail ou encore l'élargissement du congé parental. Des indicateurs de qualité figurent en annexe du PNAE.

La politique de baisse des charges sur les bas salaires a favorisé le maintien d'un volume important d'emplois peu qualifiés, et généralement aussi avec des salaires modestes.. Des liens sont d'ailleurs établis avec le plan d'inclusion sociale (PNAI) par exemple au travers un relèvement des SMIG au-delà du strict maintien du pouvoir d'achat et la prime pour l'emploi instaurée en 2001 (PPE), de la lutte contre l'illettrisme, des PLIE (plan local pour l'insertion et l'emploi), des PDI., etc.

La persistance d'écart de chômage entre régions est un autre fait, allant de 5% en Alsace à 14% en Languedoc-Roussillon ou au Nord-Pas-de-Calais, et jusque 33% à La Réunion. En plus, de nombreuses poches de chômage parsèment le territoire national. Ces dix dernières années, le nombre de chômeurs a augmenté dans les zones urbaines sensibles (ZUS), malgré une baisse de la population qui y réside; les jeunes en sont les plus affectés. Un renforcement

de la mise en place de stratégies territoriales de développement de l'emploi et de lutte contre l'exclusion, davantage portées par des acteurs locaux, se dessine peu à peu, au travers des contrats de plan "État-Région" et de la mise en œuvre des Fonds structurels européens.

Les politiques menées sont désormais soucieuses de prévention et de traitement précoce du chômage. L'élaboration et la mise en œuvre implique davantage de concertation entre les ministères et de partenariat (régional, local, social). Les partenaires sociaux ne sont toutefois pas réellement impliqués dans l'écriture du PNAE, faute, peut être, d'un lieu de concertation tripartite au niveau approprié. La question de la formation tout au long de la vie devra aussi être reprise par les partenaires sociaux. L'amélioration de la cohérence de la politique d'éducation et de formation devrait devenir un thème de réflexion politique et syndicale au regard de la stratégie européenne et d'une économie moderne reposant davantage sur une société de la connaissance.

3. Progrès réalisés selon les quatre piliers

Capacité d'insertion professionnelle. L'année 2001 est une année charnière entre l'ancien service personnalisé pour un nouveau départ (SPNDE) et le nouveau dispositif PAP-ND. Aussi, les taux de succès (visant l'insertion de la personne) n'ont pas pu être calculés et ne figurent donc pas dans le PNAE. En dépit de l'amplitude du dispositif mis en place en amont de la chaîne de prévention et de lutte contre le chômage, les taux de non respect (part de chômeurs dépassant les 6/12 mois sans une offre d'insertion) sont, au premier semestre de 2001, respectivement de 53,8% pour les jeunes et de 39,1% pour les adultes. Ils se sont réduits depuis 1998, en particulier pour les adultes. Le taux de passage au chômage de longue durée est, en 2001, historiquement bas (respectivement de 14,1% et de 12,3%).

En vue de systématiser un suivi personnalisé et d'amorcer la prévention, un dispositif ambitieux : le "Projet d'Action Personnalisé pour un Nouveau Départ - PAP-ND", a démarré le 1er juillet 2001. Il s'adresse à tous les chômeurs. Cela impose une modernisation et un renforcement du Service Public de l'Emploi (hausse de 50% des crédits alloués à l'ANPE, en articulation avec les services d'appui de l'AFPA) et suscite des partenariats renforcés (ex: UNEDIC). La montée en puissance du PAP-ND va se poursuivre en 2002 et sera accompagné de manière à ce que le taux de non respect diminue encore. Le programme TRACE en faveur des jeunes en difficulté, préexistant au PAP-ND, a touché 144.000 jeunes en trois ans, l'entrée de 98.000 jeunes est prévue en 2002.

Les mesures d'activation progressent (taux de 37,6% en 2000 contre 31,4% en 1997) et les efforts de formation des demandeurs d'emploi se sont poursuivis. L'incitation à la reprise d'un emploi se fait plus présente et la combinaison de divers moyens (crédit d'impôts-PPE, allègement de charges, aides dégressives à l'embauche, à la mobilité ou à la formation,

revalorisation des apprentis, allocation de fin de formation, bourses d'accès à l'emploi, salaires minima élevés) tend à réduire les trappes financières à l'inactivité.

La dynamique des formations en alternance se renforce (610.000 jeunes dont 370.000 en apprentissage). En outre, le développement (jusqu'en 2004 selon le PNAE) d'une offre d'éducation prioritaire et de nouveaux dispositifs (programme "Nouvelles Chances", classes relais, "école de la seconde chance) tente de rencontrer les besoins des jeunes en difficultés scolaires ou en danger de quitter le système éducatif. Ceci a déjà permis de prendre en charge 1.700.000 élèves (soit un sur cinq). Pour les adultes, les efforts nouveaux ont porté sur l'extension du réseau des ateliers de pédagogie personnalisés (APP), la certification et la valorisation des acquis et expériences (VAE). La loi de janvier 2002 impulse la VAE et ouvre ainsi, pour chaque personne engagée dans la vie active, un droit d'acquérir un titre ou certificat validant son expérience professionnelle. La diffusion des nouvelles technologies de l'information (NTIC) progresse, mais nécessite encore bien des efforts en connexions, équipements et formations.

Développement de l'esprit d'entreprise et création d'emplois. Le processus de simplification des formalités devra être prolongé; par exemple, la formule du "guichet unique" (centre de formalités des entreprises) ou celle du "e-formulaire" méritent d'être systématisées. Les divers dispositifs de soutien aux créateurs d'entreprise sont maintenus (avances remboursables, accompagnement, capital risque, fonds d'amorçage, crédit d'impôt recherche et autres mesures ciblées menées parfois avec le concours des Fonds structurels). Le crédit d'impôt pour les dépenses de formation est reconduit pour trois ans. Une réduction des charges sociales et une protection contre le chômage, en cas d'échec, ont été aménagées pour les créateurs d'entreprises (35000 créateurs en 2001). La réforme de 1999 de la taxe professionnelle, retirant sur cinq ans la part salariale de l'assiette, contribue également à réduire la charge pesant sur l'emploi.

Les allègements de charges sur les bas salaires jusqu'à 1,8 SMIC (réduction de 18,2 points sur un salaire brut égal au SMIC ce qui concerne 13,9% des salariés) favorise l'embauche des peu qualifiés (460.000 postes en quatre ans dont la moitié occupés par des non qualifiés, selon INSEE). Cette politique est appelée à devenir une des clefs de voûte de la stratégie de création d'emplois. Son champs d'intervention sera élargi vers les jeunes peu qualifiés de 16-22 ans, par un contrat à charges réduites pour leur embauche dans les entreprises (objectif : 205.000 jeunes insérés en 2004). Le nombre de jeunes engagés dans le cadre des diverses mesures d'activation est de 429.000 (chiffre cumulé fin 2001) dont 299.000 "Nouveaux Services Emploi Jeunes" dans le secteur public et associatif (+/- 120.000 associations). Les prochains efforts seront axés sur la professionnalisation de ces emplois et surtout sur l'entrée des jeunes en entreprises. La contribution de l'économie sociale et des aides à domicile est présente. L'objectif inscrit porte sur la création de 40.000 emplois dans ce dernier secteur en trois ans.

Enfin, en matière de lutte contre le travail "au noir", sont mises en œuvre des mesures d'inspection et de communication, une simplification des procédures de déclaration de nouveaux emplois et de l'emploi saisonnier, des accords de branche et une coopération plus régulière entre organismes. La baisse à 5,5% du taux de TVA sur les travaux d'entretien ou de réparation de logement est acquise depuis fin 1999 (effet estimé à 30.000 emplois), une demande de réduction de la TVA sur la restauration en salle a été notifié à la Commission.

Adaptabilité des entreprises et de leurs salariés. Fin 2001, la réduction du temps de travail à 35 heures concerne 8,8 millions de salariés (60% du total) œuvrant dans 128.200 entreprises (sur 207.000 ayant 10 salariés et plus, sans compter 1,2 million d'entreprises de moins de 10 salariés). Selon la Dares, les accords de réduction du temps de travail (dispositifs "de Robien" et "Aubry") auraient généré une progression des effectifs salariés de 306.000 de juin 1996 à fin 2001. La mise en œuvre des dispositifs Aubry dans les entreprises a nécessité des pourparlers qui ont stimulé un dialogue social interne. Les négociations entre partenaires ne se sont pas limitées à cette question et ont débouché sur 933 accords de branches: conventions collectives, nouvelles formes d'organisation du travail et annualisation du temps presté, égalité professionnelle, articulation entre vie professionnelle et vie familiale, formation, le niveau des rémunérations à nouveau présent dans les discussions. Dans le cadre de ce pilier, citons encore la loi de modernisation sociale (janvier 2002) sur la question des licenciements économiques et celui du travail précaire, et aussi, la négociation interprofessionnelle ouverte sur le système de formation tout au long de la vie. Enfin, la densité syndicale reste en France la plus basse de l'Union (9,1%), ainsi des négociateurs salariés manquent dans beaucoup d'entreprises, seuls 20% des établissements sont dotés d'une délégation syndicale.

Égalité de chances entre les hommes et les femmes. Le principe d'égalité est intégré dans chacun des piliers (ex. Les femmes représentent 58% du public concerné par le "nouveau départ"). L'objectif de participation des femmes a été fixé à 59% en 2007. Des écarts entre les femmes et les hommes persistent tant au niveau de l'emploi (14,2 points), du chômage (3,4 points), des salaires (10,8%) ou des conditions de travail. Les efforts ont porté sur le congé parental pour les pères, la mobilisation du Service Public de l'Emploi visant l'égalité professionnelle, la nomination de chargés de mission aux droits des femmes dans les administrations, la mise en œuvre dans les entreprises des dispositions sur l'égalité professionnelle (loi du 9 mai 2001), et les outils de suivi et d'évaluation. Un accent plus particulier a été mis sur la reprise d'activité des femmes après une absence prolongée du marché et sur l'amélioration des capacités de garde d'enfants (+225.000 d'ici 2004). Enfin, la réduction du temps de travail facilite la conciliation entre les contraintes professionnelles et familiales, lorsqu'elle peut se combiner avec une organisation moderne du travail dans l'entreprise, une maîtrise du temps ainsi libéré et un niveau suffisant des revenus de la famille.

4. Impact budgétaire du PNAE

L'ensemble des dépenses publiques pour l'emploi est de 4,25 % du PIB (65 milliards € dont 21 consacrés à l'indemnisation du chômage). A cela s'ajoute les 22 milliards € provenant des divers Fonds mutualisés en vue de financer la formation continue des salariés des entreprises, ou encore le coût des aides liées aux 35 heures estimé à 0,5% du PIB. Quoique modeste au regard du montant national, la contribution du FSE s'élève à un milliard € par an (soit 3 à 4% des budgets consacrés aux mesures actives). Les interventions FSE se focalisent sur le premier pilier, dont un fort appui à la politique préventive de "Nouveau Départ", en faveur des jeunes à travers le développement d'une offre d'éducation prioritaire et de nouvelles chances, ou encore en faveur du développement local par un soutien de 100 M€/an aux 180 PLIE, à des équipes "emploi-insertion" dans les quartiers en crise. En outre, la mise en œuvre territorialisée de beaucoup d'interventions du FSE peut faciliter l'émergence de réponses mieux adaptées aux situations diverses rencontrées sur le terrain et représente, au niveau régional ou local, un apport financier additionnel significatif.

La part des dépenses actives (au sens de l'OCDE) est estimée à 43,8% des dépenses de l'État pour l'emploi. Cependant, si on adopte une vision élargie de la "dépense" en tenant compte des 12 milliards € de non-recette au titre des divers dispositifs d'allègements de charges sociales sur les bas salaires, emploi-jeunes, la part ainsi estimée dépasse les 50%.

5. Réponses aux recommandations du Conseil

Dans le cadre des recommandations 2001 du Conseil concernant l'application des politiques de l'emploi, la France est invitée à:

- 1. intensifier les efforts visant à limiter le retrait précoce des travailleurs âgés de la vie en élaborant une approche plus globale en faveur du vieillissement actif, en y associant les partenaires sociaux;*
- 2. à la suite des récentes réformes des systèmes et d'indemnisation, continuer à mettre en œuvre et contrôler l'impact des mesures destinées à encourager les travailleurs à chercher et conserver un emploi, notamment celles ayant des répercussions sur les travailleurs peu qualifiés et peu rémunérés;*
- 3. poursuivre la mise en œuvre de programmes d'intervention individualisée et précoce en faveur des chômeurs ; examiner l'efficacité des plans d'action personnalisés dans le cadre de l'initiative "nouveau départ" et faire rapport sur la mise en œuvre; évaluer les effets à moyen terme des efforts permanents en vue de créer de nouvelles possibilités d'emploi pour les jeunes;*
- 4. intensifier les efforts pour moderniser l'organisation du travail de manière à mieux combiner sécurité et adaptabilité accrue pour faciliter l'accès à l'emploi ; suivre attentivement le résultat net, surtout sur les petites entreprises, de la mise en œuvre de la législation sur la semaine de 35 heures;*
- 5. poursuivre les efforts, dans le cadre du dialogue social, en vue d'améliorer l'efficacité du système de formation continue et de promouvoir une stratégie globale d'éducation et de formation tout au long de la vie.*

En dépit des mesures prises, le taux d'activité des plus âgés reste de 31%, niveau éloigné des objectifs communautaires. L'âge moyen du départ à la retraite des salariés est de 58 ans. Les efforts visant à réduire les départs précoces de la vie active ont été rares et ont été conduits en l'absence d'une approche cohérente en faveur d'un vieillissement actif.

Les allègements de charges sur les bas salaires, combinés à la prime pour l'emploi, ont permis une réduction du coût salarial et des "trappes à l'inactivité". Ces réductions de charges ont conduit à la création importante d'emplois, notamment, non qualifiés. Le bilan plaide en faveur de cette démarche et son renforcement est prévu, en particulier, vers les jeunes.

En réponse à la stratégie européenne de prévention, la France avait développé un dispositif de Nouveau Départ. Avec le démarrage en juillet du PAP-ND, l'intensification de la prévention et de l'intervention individualisée en faveur de tous les chômeurs (jeunes ou adultes) restera parmi les grandes réalisations de 2001. Sa montée en puissance va se poursuivre. Il sera accompagné par des actions d'insertions et ainsi, le taux de non respect devrait encore baisser.

La réduction légale du temps de travail à 35 heures concerne plus de 60% des salariés du secteur privé et fait partie désormais du paysage social. L'introduction de ce dispositif dans les petites entreprises demande un recourt plus souple aux heures supplémentaires afin de pallier aux difficultés actuelles de recrutement et d'organisation, et aussi à la baisse sensible de revenu pour certains salariés. Elle commande donc un accompagnement approprié conduisant à une modernisation suffisante pour compenser les effets sur les coûts, tout en optimisant les effets sur l'emploi et la qualité du travail. Par ailleurs, la loi de modernisation sociale de janvier 2002 traite de la question des licenciements économiques et de la précarité du travail.

La formation continue, instaurée par la loi de 1971, implique trois grands acteurs: l'État, les Conseils régionaux et les partenaires sociaux. Ainsi, bien des salariés suivent une formation financée par leur employeur. Le taux d'accès a été de 37,4% en 1999, succès à nuancer vu la brièveté de certaines formations et une pratique limitant l'accès des travailleurs peu formés, des âgés, ou provenant des PME. Aussi, en dépit des efforts engagés et des avancées récentes comme les comités de coordination régional ou la VAE, une réflexion d'ensemble sur une stratégie cohérente pour une formation tout au long de la vie reste utile et mérite d'être reprise.

Le dialogue social a été actif autour de dossiers précis (programme PARE, mise en œuvre des 35h., nouvelles conventions collectives). Son efficacité reste entravée par un recours usuel, de la part des autorités, à un processus de décision "par la loi" et par une faible densité syndicale. Aussi, bien des progrès restent à accomplir en vue d'améliorer le dialogue social, et avec lui, le système de formation continue et l'organisation du temps de travail.

6. Nouvelles initiatives et nouveaux développements

En cours de processus, le PNAE a été enrichi par une note complémentaire exposant davantage les grandes orientations de la politique de l'emploi du nouveau gouvernement dans les prochains mois.

Dans un souci d'assurer une croissance économique, même affaiblie, la plus riche possible en emplois, la politique **d'allégement des charges patronales** pesant sur le travail sera la clef de voûte de l'intervention publique visant la mise au travail et le maintien en activité des **personnes moins qualifiées**. Les autres dispositifs existants d'aides et de primes seront probablement appelés à être reprofilés pour devenir des soutiens ciblés et complémentaires au dispositif général d'allégement des charges sociales. En parallèle, un processus de baisse des taux d'impôts directs sur les revenus a été lancé (moins 5 points en 2002, moins 7 en 2003) et dont il est espéré une relance de l'activité économique par la consommation et l'investissement des particuliers. Seront également maintenus les mécanismes **d'incitation à la reprise d'un emploi** et/ou de réduction des trappes financières à l'inactivité. Par ailleurs, des dispositifs nouveaux ou renforcés viendront soutenir la **création d'entreprises**. L'objectif est d'atteindre 200.000 créations d'entreprises ou d'emplois d'indépendants par an.

La **mise à l'emploi des jeunes** reste un objectif politique majeur. Dans l'immédiat, trois pistes seront privilégiées : la principale visant l'embauche des jeunes peu formés dans les entreprises (PME) à travers un contrat d'emploi "sans charges" suite à un remboursement les deux premières années de 2.700 €/an/emploi plein temps à 35h. et de 1.350 € la troisième; la poursuite d'une politique préventive du chômage au travers du nouveau départ nouvelle formule (PAP-ND) et du programme TRACE renforcé et qui sera prolongé par un nouveau dispositif (CIVIS) favorisant l'engagement de jeunes en difficultés par le secteur associatif.

Vis à vis des **travailleurs âgés**, l'ambition affichée est de relever de 4 points le taux d'activité les 5 prochaines années. Une des premières initiatives envisagées sera d'offrir aux salariés la liberté de poursuivre une activité après 60 ans.

En vue d'assurer la généralisation de la réduction du temps de travail à 35 h. aux moindres inconvénients, quatre voies sont proposées : un contingent d'heures supplémentaires passant de 130 à 180 h./an, une diminution du surcoût des heures supplémentaires (de 10 à 50% au lieu de 25 à 50% actuellement), une plus grande latitude donnée aux partenaires sociaux pour déterminer les modalités de mises en œuvre les mieux adaptées aux réalités concrètes, et enfin, un retour à un SMIC mensuel unique par un alignement, en trois fois sur le niveau le plus favorable, des cinq SMIC les plus bas.

A l'automne, un ambitieux mouvement de décentralisation sera engagé et s'accompagnera d'une plus grande **territorialisation** des politiques publiques, notamment en matière de lutte

contre d'exclusion, de formation professionnelle et de l'emploi. Le partenariat local s'en trouvera redynamisé.

Enfin, en dépit des difficultés et des questions que cela pose dans un contexte de faible syndicalisation des travailleurs, le gouvernement veut rendre la parole aux partenaires sociaux et les responsabiliser, en premier ressort, notamment en matière de création et de maintien d'emplois, de formation et de validation des acquis, d'organisation et de la qualité du travail.

France

Performance Indicators⁷³

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	63.1	62.0	60.8	60.0	59.5	63.9	60.5
<i>Males</i>	70.3	69.1	67.9	67.2	66.9	73.0	70.3
<i>Females</i>	56.1	55.1	53.9	53.0	52.4	54.9	50.6
15-24	29.5	29.0	27.7	26.1	25.0	40.7	36.9
25-54	79.9	78.8	77.7	77.1	76.7	77.1	73.8
55-64	31.0	30.3	29.4	28.9	29.1	38.5	36.3
Full-time eq. Employment rate	59.9	58.7	57.2	56.9	56.4	58.5	55.5
<i>Males</i>	70.3	69.2	67.8	67.7	67.2	71.3	68.7
<i>Females</i>	50.0	48.7	47.1	46.6	46.1	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	8.6	9.3	10.7	11.4	11.8	7.4	10.1
<i>Males</i>	7.1	7.6	9.1	9.7	10.2	6.4	8.9
<i>Females</i>	10.5	11.2	12.6	13.4	13.7	8.7	11.7
Youth Unemployment Ratio	7.1	6.9	8.0	8.5	9.4	7.1	9.2
<i>Males</i>	7.0	6.7	8.0	8.3	9.0	7.2	9.2
<i>Females</i>	7.1	7.1	8.0	8.8	9.8	7.0	9.2
Long-Term Unemployment Rate	2.9	3.7	4.4	4.9	5.0	3.3	5.1
<i>Males</i>	2.4	3.0	3.7	4.2	4.2	2.8	4.4
<i>Females</i>	3.5	4.6	5.3	5.8	5.9	3.9	6.1
Economic Indicators							
Total Employment Growth	1.9	2.3	1.8	1.3	0.5	1.2	1.0
Real GDP Growth	1.8	3.8	3.2	3.4	1.9	1.6	2.5
Labour Productivity Growth (capita)	-0.4	1.5	1.6	2.4	1.6	0.4	1.5
Labour Productivity Growth (hourly)	0.1	1.3	1.5	2.2	1.6	0.3	1.6
Real Unit Labour Costs	1.3	-0.1	0.4	-1.0	-0.7	0.6	-0.9
Other Indicators							
Participation in education and training	2.7	2.8	2.6	2.7	2.9	8.4	5.8
<i>Males</i>	2.5	2.6	2.4	2.6	2.8	7.8	5.9
<i>Females</i>	3.0	3.1	2.7	2.8	3.0	8.9	5.6
Investment expenditure on education	5.7	5.8	5.9	5.9	6		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	44					54	
<i>Internet training</i>	29					36	
Rate of early school leaving ⁷⁴	13.5	13.3	14.7	14.9	14.2	19.4	20.7

⁷³

For further explanation of the indicators see annex 1 at the end of Part 2.

⁷⁴

The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

<i>Males</i>	15.0	14.8	16.0	16.2	15.4	21.9	23.0
<i>Females</i>	12.0	11.8	13.5	13.7	13.0	16.8	18.5
Internet Coverage in Schools	84					89	
<i>Primary</i>	63					84	
<i>Secondary</i>	97					96	
<i>Tertiary</i>	98					97	
Rate of self-employed	9.8	10.1	10.6	10.9	11.2	14.0	14.9
<i>Males</i>	13.0	13.5	14.3	14.6	14.9	17.8	18.8
<i>Females</i>	5.9	5.9	6.1	6.3	6.5	9	9.5
Employment Rate in Services		45.2	44.1	43.2	42.5	44.4	40.8
<i>Males</i>		43.2	42.3	41.5	40.9	43.0	40.3
<i>Females</i>		46.9	45.6	44.7	43.9	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	37.9	38.4	38.5	38.0	39.6	36.4	38.0
Tax Rate on low wage earners	38.4	39.6	40.3	42.5	41.6	37.8	4.08
Accidents at work			4991	4920	4992		4106
Non-standard Employment	14.9	15.5	16.6	16.7	17.6	13.4	18.8
<i>Part-time</i>	17.1	17.7	18.1	18.1	17.6	18.9	17.7
<i>Fixed-term</i>	14.9	15.5	14.0	13.9	13.1	13.2	12.2
Gender Segregation							
<i>Occupations</i>	26.6	27.0	27.0	27.3	27.4	25.2	24.9
<i>Sectors</i>	17.4	17.3	17.1	17.1	17.3	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.34	1.35	1.37	1.39	1.37	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-9.3	-10.3	-10.4	-11.2	-9.9	-9.5	-9.9
<i>Females</i>	11.9	11.5	11.8	12.1	11.9	12.2	12.8
Gender Pay Gap				10.8			

IRELAND

1. National Employment Policy in context

Ireland again recorded the highest real GDP growth (6.8%) amongst all Members States in 2001. However, this growth took place within the first six months of 2001 and there was a significant slowdown in the latter half of the year. Employment grew by 2.9% (49,000), which is well above the EU average of 1.2%, mainly due to the persistence of the strong performance from the previous year. The increase was more in favour of women (55.0% employment rate) and older workers (46.8% employment rate) than men (73% employment rate) and represents a more moderate employment increase than previous years. Ireland still remains slightly below (0.5%) the EU average employment rate in the 25-54 age group but is substantially ahead in the other age groups. The economic slowdown can be seen in the welcome decrease in employment in the 15-24 age group (49.6%), indicating that employment may no longer be as strong an attraction to those in full-time education. Labour productivity growth was the second highest amongst Member States at 3.7% and well above the EU average. However, real unit labour costs increased slightly by 0.3%, the first increase since 1997. Unemployment continued to fall resulting in an unemployment rate of just 3.8% and a further reduction in long-term unemployment to 1.3%. Both youth unemployment and long-term unemployment are higher for males than females. Although unemployment continued to fall in the first half of 2001, the impact of foot and mouth disease and the global economic downturn had an impact on employment in the latter half of 2001, resulting in a modest increase in unemployment. This increase is expected to continue in 2002, although the rate is likely to remain below 5%. It is likely that the Border, Midlands and Western region may experience the greatest impact, thereby contributing to greater regional imbalance.

Between 1997 and 2001, Ireland has succeeded in increasing the total employment rate from 57.5% to 65.7% while, during the same period, reducing the total unemployment rate from 9.9% to 3.8% and the long-term unemployment rate from 6.1% to 1.3%. This is a singular achievement.

2. Progress towards the Horizontal Objectives

Ireland is making steady progress towards achieving the Stockholm and Lisbon employment targets. In the light of the slowdown in economic growth, Ireland has continued to concentrate on both labour market and training initiatives. Employment policy has shifted to ensure an early and pro-active preventative approach and the importance of life-long learning has been emphasised. The main policy change is that Ireland has, for the first time, set explicit targets for unemployment. These are to eliminate long-term unemployment as soon as circumstances permit but in any event not later than 2007 and to reduce the level of unemployment

experienced by vulnerable groups towards the national average by 2007. Ireland recorded a further increase in the number of work permits and visas issued to citizens outside the European Economic Area (EEA) to deal with increasing labour and skill shortages. Legislation in this area is at an advanced stage of preparation.

There are important quality in work elements in the NAP such as a new National Centre for Partnership and Performance and the development of a new framework for family-friendly policies and equal opportunities. Ireland places greatest emphasis on pay and time spent working to report on quality of work. Using this measure, it is noted that average weekly earnings of industrial workers in all industries increased by 9.6% while average weekly hours worked decreased by 2.7% between September 2000 and September 2001. Overall, the issue of quality of work is not covered in a comprehensive way and it is difficult to discern an overarching strategy.

The development of a strategic approach to lifelong learning, announced in last year's NAP, has still not been finalised. This is a critical issue in view of the NAP's emphasis on the development of a knowledge-based society and the significant literacy and numeracy problems in Ireland. Despite the lack of a strategic plan, the NAP reports on a significant number of new initiatives, structures and large increases in funding. These developments have resulted in a major increase in literacy programme participation rate, from 5000 in 1997, to more than 22,000 in 2001. However, within the broader approach in this area, there appear to be no initiatives targeted at older workers or older inactive or unemployed people, nor are issues in relation to access addressed. Furthermore, although the Government has recently set a new target to reduce literacy, there are no other measurable targets in the broad area of lifelong learning. There is ongoing interaction between Government and the social partners, including the community and voluntary sector, in relation to the formulation and monitoring of the NAP. The NAP is, fundamentally, based on a set of policy objectives agreed by the social partners as part of the national partnership agreements. The social partners are also actively involved in the monitoring of the Community Support Framework/National Development Plan 2000-2006(CSF/NDP), thereby allowing for good linkages to be made across and between programmes. However, while social partners are involved in national policy formulation, there is less evidence of their involvement in regional or local implementation. Similarly, while the regional dimension is reported in significant areas of employment, and Regional Authorities and County/City Development Boards have become more involved in local strategic planning, their involvement in the national policy process is less obvious . It is also the case that local strategies developed to date may need to be amended when the National Spatial Strategy is finalised.

Ireland's experience over the lifetime of the Employment Strategy has been very successful. The rapid growth in the Irish economy has provided the opportunity for those who are most

disadvantaged to enter the labour force and this is reflected particularly in the reductions in the long-term unemployment rate. Tax reforms in both the corporate and individual sectors continued as part of an overall strategy aimed at encouraging female participation, increasing the incentive to work and encouraging entrepreneurship. The linkages drawn between employment policy and social policy have been one of the notable successes of the policy mix, with national employment targets being viewed as the major solution to social exclusion. The link with the NAP Social Inclusion is clearly outlined. Recent developments in national partnership and new legislative initiatives are designed to improve the work life balance and assist in improving gender balance in the workplace. The NAP provides a comprehensive picture of the remarkably positive developments in Ireland over the lifetime of the European Employment Strategy.

3. Progress under the four Pillars

Employability: The preventative approach for all groups continues to be one of the core labour market interventions achieving sustained success. Although the data provided on inflows into long term-unemployment of both youth (7.2% unemployed for 7 months or more) and adults (12.7% unemployed for 10 months or more) is not directly comparable with EU data, it is still considerably better than EU averages. These results are supported by retrospective analysis of the preventive strategy carried out by FÁS, the National Training and Employment Agency. This analysis indicates that 63% of those referred to the Agency ceased to claim unemployment benefits within three months and 93% within twelve months, with little differentiation between age and gender. Overall, 84% of those interviewed, and 87% of those who did not attend for interview, did not re-apply for unemployment benefits within the twelve month period after referral. However, those most likely to leave unemployment were short-term, younger, and well-educated suggesting that the referral process was less effective in meeting the needs of those suffering greatest disadvantage. The Equality Authority has established an Equal Studies Unit to devise and implement a data strategy for organisations concerned with specific labour market measures for people with disabilities, travellers, refugees and older people. There was a further reduction (2,700) in the number of people on Community Employment schemes due to decreasing numbers of long-term unemployed. There is also increasing recognition that reliance on direct employment schemes has weak linkages to the labour market and is less effective in improving employment prospects than other programmes such as provision of skills training. Certain community employment places, such as caretakers in the education sector, have now been mainstreamed into normal employment and it is proposed to continue with this strategy. In this context, it is important to ensure that any proposed changes take into account the possible effects on the respective situation of men and women, in particular the continued participation of women in accessible training. **Entrepreneurship:** The policy of the Government is to support and foster an economic and business climate conducive to the start-up, development and location of

business in Ireland and to create more knowledge-based globally competitive companies with higher skilled employment. One of the major ways in which the Government has achieved success in this area is through encouraging foreign direct investment and combining this with strong local linkages. It has reduced corporate taxation further in 2001 and allocated €95 million to fund a new Seed and Venture Capital Fund Scheme. The National Foundation for Excellence in Scientific Research was established in 2001 to manage the Technology Fund of €635 million for investment in strategic research in areas such as biotechnology and communications technology. Other Government initiatives involve the active support of research collaboration between the business and education sectors. An ambitious new strategy, with targets, has been developed for the high-tech services sector, emphasising the importance of work quality. The targets encompassing informatics, digital media, e-business and health sciences are to be achieved by 2007.

Adaptability: In the World Competitiveness Report, Ireland ranks first in the EU and fifth overall under the Flexibility and Adaptability heading. An important contributor to flexibility is the enhanced system of social partnership, which underpins many of the initiatives undertaken in the employment area. A new national partnership agreement, the sixth successive, is due to be negotiated at the end of 2002 with employment and work related issues being some of the major issues considered. Initiatives have been undertaken to encourage an 'e-work friendly' environment. The recently published Continuing Vocational Training Survey shows that business expenditure on in-company training increased from 1.5% of payroll in 1993 to 2.4% in 1999 and the average time spent on training increased from 1.7 days per employee to 2.4 days. While these are positive trends, progress in implementing an overall strategy in this area has been very slow and should be prioritised.

In response to a high level of redundancy notifications, FÁS has begun to implement a more proactive approach, engaging with people and companies, at an earlier stage, even before they become unemployed. This policy has been deemed to be very effective in recent large scale redundancies.

Equal opportunities: Good progress has been achieved in the equality agenda. New legislation introduced such as the Part-Time Workers Act 2001, the Carer's Leave Act 2001, and an extension in maternity leave should have positive effects on facilitating women to remain/return to the labour force and assist in addressing quality of work. The Carer's Leave Act enables an employee to take up to 15 months unpaid employment leave to care for a person in need of full time care and attention. It is combined with an income support payment and the retention of employment and social security rights., In the important area of childcare services, earlier start-up difficulties have been resolved and concrete results are evident in the increasing number of childcare places. However, the absence of data in this area makes it difficult to assess the impact that the increased number of places will have in meeting

demand. The Gender Equality Unit of the Department of Justice, Equality and Law Reform is actively involved in supporting and advising in the areas of gender impact assessment. It also provides training sessions for policy makers involved in managing and delivering the NDP, recording 90% satisfaction levels from participants.

4. Budgetary Impact of the NAP

The NAP provides comprehensive information on the budgetary impact with better statistical data provided than in previous years across a range of employment related sectors, such as developments in taxation and social policy. The Structural Funds account for just 6% of the €52 billion investment in the NDP, making it difficult to separate out the input and impact of this expenditure. However, the Government decided that programming, monitoring and evaluation of all NDP expenditure will be carried out according to EU requirements, thereby promoting consistent and effective management across all programmes of expenditure. The NAP reports mainly on the impact of ESF but also refers to the importance of other structural funds, in particular, ERDF funding for infrastructural development, EQUAL and the Local Development Measure in the Regional Operational Programmes. ESF commitments amount to just over €1 billion, with 85% of funding concentrated on employment and human resource development measures. However, there is no detailed information provided on number of beneficiaries or individual measures.

5. Response to Recommendations

The 2001 Council recommendations on the implementation of Ireland's employment policies:

- 1. pursue further its comprehensive strategy to increase labour supply and employment rates. Particular efforts should be undertaken to mobilise and integrate further into the labour market economically inactive people, in particular women, by removing tax barriers, increasing the number of affordable childcare places and taking action with the aim of reducing the gender pay gap;*
- 2. pursue efforts to sustain productivity growth and upgrade skills and qualifications in the workforce, through increased emphasis on in-company training and the further development of lifelong learning, including the setting of overall targets, and in this respect promote active involvement of the social partners in implementing the programme for prosperity and fairness;*
- 3. in the context of the spatial strategy programme, address imbalances in employment, unemployment, job creation and human capital endowment between various areas in Ireland.*

The success achieved in dealing with unemployment, in particular long-term unemployment, means that those who remain unemployed are those who experience the greatest difficulties in rejoining the labour force and, as a result, suffer the greatest social exclusion. People with disabilities experience unemployment rates of approximately 70%. Ireland is implementing a

more concentrated and targeted approach towards this cohort, by developing a 'High Supports' process and the mainstreaming of training and other supports for people with disabilities. This new focus was developed as part of the strategic review of FÁS, which was completed in 2001. Despite the success in reducing unemployment, expenditure on active labour market programmes is actually higher than in 1997. In view of the low numbers remaining unemployed, particularly long-term unemployed, it is questionable if all areas of activity are demand driven and not supply oriented. An overall review of active labour market programmes is currently at an advanced stage as part of the national partnership agreement.

The female participation rate now exceeds the EU average. Although participation rates have increased, the most up to date evidence available suggests that the gender pay gap and occupational segregation have shown little improvement and it appears that there have been very few actions taken to improve this situation. In fact, evidence suggests that the increased female participation has actually contributed to the lack of improvement in the gender pay gap as many of the women entering the labour force are older workers with lower educational attainment thereby influencing the type of occupation and pay rate. Research is at an advanced stage in relation to the gender pay gap but the lack of national statistics in this area makes it difficult to assess the current situation. A survey on the national minimum wage in 2001 found that substantially more women are paid the minimum wage, 7.3% compared with only 2.7% of men. This situation has not been addressed and is reflected in the lack of emphasis on developing quality in work strategies. While it is expected that this will improve over time due to advances in educational attainment, a more direct and immediate policy response may be warranted. Continued tax reforms favouring individualisation, and an increase in the national minimum wage rate, offer improved incentives for married women to return to the labour force. However, up to recently, progress in childcare provision has been slow and the problem of childcare affordability continues to be a major barrier, as indicated by the fact that the activity rates of women with young children remain very low compared with the EU average. Childcare is one of the major issues highlighted by all social partners in their submissions on the NAP.

The establishment of the National Centre for Partnership and Performance in 2001 is an important development. The purpose of this new organisation is to support and facilitate organisational change and improve quality of working life in both the private and public sectors. It also represents a further milestone in the development of social partnership. Ireland recognises that access to "more and *better* jobs" is a fundamental requirement of an inclusive society and that the development of a strategic framework for education and lifelong learning is critical in the move to a knowledge-based society. Trends indicate that significant changes are occurring in the occupational pattern of employment, such that those in possession of degree level or diploma-type third level qualifications will in future form a much greater proportion of those in employment. The demand for higher level educational qualifications is

likely, therefore, to increase in response to these changes. It is disappointing that progress in relation to in-company training has lagged behind and is failing to meet the identified needs, in particular in relation to older workers. However, the extension of the successful Training Networks Programme is a positive development, in particular the specific focus on lower-skilled workers. There are also significant problems with literacy and numeracy, (affecting 1 in 4 of the population) highlighted in the 1997 International Adult Literacy Survey. While a variety of positive initiatives have been developed, there is little information on evaluation or impacts achieved to date. The stated intention to establish an assessment framework and monitoring of literacy practice across the education system is essential. A variety of administrative structures have been established such as the National Training Fund, National Training Advisory Committee, National Adult Learning Council, National Qualifications Authority of Ireland and two awarding Councils. While it is too early to assess the impact of these new arrangements, it is essential that the imminent report of the Taskforce on Lifelong Learning establish a coherent framework and strategic focus, including measurable targets, which have been lacking to date.

It is regrettable that the National Spatial Strategy has not been produced to date, and therefore, the current recommendation remains unaddressed in its entirety. The NDP provides for substantial investment in both regions and emphasises the need to address the inequalities between them. A number of important regional policy initiatives have been undertaken by the enterprise development agencies and it is recognised that these are having a positive impact. While the employment performance in the Border, Midlands and Western Region (the most deprived region) has been better than the other region over the period 1997 to 2001, it is disappointing to note that this was the only region to record an increase in unemployment rates in 2001.

6. New Policy Initiatives and Developments

A number of important initiatives are proposed in the recent strategy of the Gender Equality Unit in the Department of Education and Science. The commitment to conduct research and to monitor project outcomes will provide valuable information for the future.

The Task Force on Lifelong Learning has concluded its work and it is expected that the Report will be published before the end of 2002, following Governmental approval.

The national minimum wage, which came into effect in April 2000, is to rise to €6.35 an hour from October 1 2002. This will have a greater impact on women, as substantially more of them are paid at this rate

Ireland

Performance Indicators⁷⁵

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	65.7	65.2	63.3	60.6	57.5	63.9	60.5
<i>Males</i>	76.4	76.2	74.5	72.0	69.0	73.0	70.3
<i>Females</i>	55.0	54.1	52.0	49.0	45.9	54.9	50.6
15-24	49.6	50.8	49.1	45.6	41.3	40.7	36.9
25-54	76.4	75.4	73.4	70.9	68.1	77.1	73.8
55-64	46.8	45.3	43.7	41.7	40.3	38.5	36.3
Full-time eq. Employment rate	60.7	60.6	58.6	55.5	53.2	58.5	55.5
<i>Males</i>	75.6	75.9	73.6	70.0	67.0	71.3	68.7
<i>Females</i>	45.7	45.2	43.6	41.0	39.3	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	3.8	4.2	5.6	7.5	9.9	7.4	10.1
<i>Males</i>	3.9	4.2	5.7	7.7	9.9	6.4	8.9
<i>Females</i>	3.7	4.2	5.5	7.3	9.9	8.7	11.7
Youth Unemployment Ratio	3.3	3.3	4.2	5.5	7.1	7.1	9.2
<i>Males</i>	3.8	3.4	4.5	6.1	7.9	7.2	9.2
<i>Females</i>	2.8	3.2	4.0	4.9	6.2	7.0	9.2
Long-Term Unemployment Rate	1.3	1.6	2.6	3.9	6.1	3.3	5.1
<i>Males</i>	1.6	2.1	3.1	4.6	6.6	2.8	4.4
<i>Females</i>	0.8	1.0	1.9	2.8	5.3	3.9	6.1
Economic Indicators							
Total Employment Growth	2.9	4.7	6.0	8.6	5.6	1.2	1.0
Real GDP Growth	6.8	11.5	10.8	8.6	10.8	1.6	2.5
Labour Productivity Growth (capita)	3.7	6.5	4.6	0.0	5.0	0.4	1.5
Labour Productivity Growth (hourly)	3.7	6.3	5.5	5.9	7.2	0.3	1.6
Real Unit Labour Costs	0.3	-2.0	-3.3	-1.3	-4.8	0.6	-0.9
Other Indicators							
Participation in education and training					5.2	8.4	5.8
<i>Males</i>	5.2	5.2	5.2		5.2	7.8	5.9
<i>Females</i>	5.3	5.3	5.3		5.3	8.9	5.6
Investment expenditure on education		4.5	4.6	4.9	5.2		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	74					54	

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For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	49					36	
Rate of early school leaving ⁷⁶					18.9	19.4	20.7
<i>Males</i>					22.6	21.9	23.0
<i>Females</i>					15.1	16.8	18.5
Internet Coverage in Schools	98					89	
<i>Primary</i>	96					84	
<i>Secondary</i>	99					96	
<i>Tertiary</i>	100					97	
Rate of self-employed	17.0	17.6	17.8	18.8	19.5	14.0	14.9
<i>Males</i>	24.3	24.8	25.0	26.3	27.0	17.8	18.8
<i>Females</i>	6.5	7.1	7.3	7.5	7.7	9	9.5
Employment Rate in Services	42.1	41.4	39.9	37.8	35.6	44.4	40.8
<i>Males</i>	38.5	38.5	37.4	36.0	34.5	43.0	40.3
<i>Females</i>	45.8	44.5	42.7	39.9	36.8	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	27.4	28.8	28.6	29.2	29.8	36.4	38.0
Tax Rate on low wage earners	17.3	18.1	21.5	23.4	24.9	37.8	4.08
Accidents at work			1291	1433	1654		4106
Non-standard Employment	15.6	16.0	10.9	17.5	11.0	13.4	18.8
<i>Part-time</i>	17.7	17.8	17.9	17.8	13.7	18.9	17.7
<i>Fixed-term</i>	3.7	4.7		7.7	9.4	13.2	12.2
Gender Segregation							
<i>Occupations</i>	26.8	26.9	26.6	0.0	24.9	25.2	24.9
<i>Sectors</i>	20.7	20.4	20.5	19.7	19.9	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)					1.46	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>					-6.9	-9.5	-9.9
<i>Females</i>					15.4	12.2	12.8
Gender Pay Gap				19.8			

⁷⁶ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

ITALY

1. National Employment policy in context

In 2001 real GDP growth was 1.8%, less than in 2000 but in line with the slowdown experienced in the EU. Contrary to previous years, total employment growth (1.6%) was higher than the EU average, mainly due to the increase in permanent jobs, which were stimulated by a tax credit for new hiring under a permanent contract. Despite this, total employment rate is still equal to 54.8% and it decreases to 41.1% for women and to 28% for older people, the two groups, together with the South, identified as the main potential sources for additional employment. Continuing last year's trend, female employment rose more than males (1.5% against 0.6%), despite the absence of targeted actions. On the other hand, the employment rate for older people increased only by 0.3%.

The employment performance lowered the total unemployment rate to 9.5%, which is however still above the EU average by almost two percentage points. The labour market continues to experience high rates of unemployment for women (12.9%), a very high level of youth unemployment ratio (10.3%), and, despite an improvement, the highest long term unemployment (5.9%) in the EU. A most severe problem remains geographical segmentation: the unemployment rate in the South is more than 19%, against the ca 5% of the Centre-North.

Despite an improvement by 3.6% in the total employment rate since 1997, the wide gap with the EU partners remained substantially unchanged, while the total unemployment rate decreased by 2.1%, slightly less than the EU average, the difference being due to a slower decrease for the male and the long term components.

2. Progress towards the Horizontal Objectives

The NAP proposes a set of reforms which should deeply modify labour market regulation in the next few years. For the first time the Regions contributed to it. As a major part of the document is concerned with broad proposals structured but not detailed yet, an adequate evaluation will be possible only after their translation into concrete actions. The global policy agenda is well described while less emphasis and details are provided on the NAP monitoring report, and therefore on ongoing actions, some of which are not even mentioned. This is also evident in the response to some of the recommendations, where the NAP focus more on the future strategy and less on implemented actions. The country's main challenges are identified in labour market imbalances, and in increased segmentation due to geographical, gender, age and educational differences. The global strategy presented is based on: i) special legislation against undeclared work, which is however not fully described; ii) educational and training system reform for a faster transition from school to work; iii) labour market reform to relax

the guarantees for single jobs and shift to an "insurance on the market" through increased employability throughout working life. The NAP makes a reference to the NAP inclusion and emphasises the contribution of EQUAL, and the role of the Regions even through the ESF, but does not report on the implementation of the Law 68/99 for disabled. Therefore, the policy mix is centred on measures belonging mainly to the employability and Adaptability Pillars, with expected effects also on the two other Pillars. The mix hence appears rather unbalanced and the actions proposed do not seem sufficient to address the problems detected for the South in the analytical part, though the agreement called "Patto per l'Italia, drawn up after the NAP, partly fills this gap especially in the chapter on the investment for the South.

The Government's aim is to increase the employment rate towards the Lisbon targets. The NAP 2002 maintains the objectives for total employment rates for 2005 and 2010 fixed in 2001, and further quantifies the targets for women (46%) and for older people (40%) for 2005. The latter is, to say the least, ambitious: a 12% increase in three years. The complete implementation of the 1995 pension reform and a new "legge delega" on pensions are considered sufficient to achieve this target, even if the timing of the latter is not certain.

The NAP adopts a quality concept based on a mainstreaming approach and on the country's particular situation, and enumerates three directions for actions: i) a policy to deal with underground labour; ii) a reduction of the disparity between highly protected and highly flexible working positions; iii) actions to promote health and safety at work, which are however not specified at all. In this description it is not completely clear how the benefit system reform will be financed without hindering the EU target of a balanced budget by 2004, and how to deal with the share of non-voluntary atypical workers which represents more than 50% for males aged 25-54, and in the South (without taking into account those under "training and work" schemes who are all considered as "volunteers").

Even though the NAP recognises that a thorough strategy for lifelong learning does not yet exist, it devotes an increased attention to lifelong learning policies, also at regional level. A reform of the education and training system, aiming at a more flexible and more open learning system, has been started: extension of compulsory education, increased flexibility, emphasis on IT and languages, increase and facilitate apprenticeships, better guidance and counselling, quality assessment of training providers, promotion of adult education, University reform in line with the Bologna process. However, most of these measures are still at the planning phase and their implementation appears rather uncertain. The number of Territorial Centres for education increased.

The NAP presents a new framework for the relationship with the Social Partners, which should move from traditional long term tripartite agreements on income policy to specific agreements. The most controversial point remains the proposals on the revision of Art 18 of

the Workers' Statutes, which aims at relaxing, for a trial period, rules on individual dismissal without a "right cause". This ended with a tripartite agreement on labour policies with most of the Trade Unions, but not all. The NAP does not report on actions proposed by Social Partners in the sense indicated by Horizontal Objective D: they seem to contribute more to labour market policy making than to the NAP formulation, implementation and monitoring.

Despite some improvements in the monitoring of labour market policies which, according to the EES Evaluation Report, was mainly due to the Luxembourg process, Italy is still unable to provide input and output indicators on prevention, and several of the quality indicators. Some of those provided are derived from 5-year surveys, and data on activation come from LFS. Information on the impact and assessment of policy measures is not always present.

3. Policy progress under the four Pillars

Employability. Employment Centres were set up in almost all the territory, but the South will probably not comply with the 2002 targets. The Regions have complained about the lack of administrative simplification and of financial resources for restructuring and difficulties in the implementation of the Law 68/99 for the disabled. A new Law on the job placement system aims at implementing a new Register of workers and at removing from it those who do not accept a reasonable job/training offer. The reform of employment services contained in the "Legge delega" is based on competition between public and private operators, and on the revision of the legislation on Temporary Work Agencies. It is however unclear what role will be reserved to the PES, and the consequences for the actions already developed at regional level are not analysed. The implementation of preventive actions was further delayed, due to difficulties in the development of the information system, also acknowledged by the Regions while active actions account for 27.8% of the policies addressed to unemployed.

The country traditionally relies on automatic and general fiscal incentives to hiring, a choice reckoned in the EES Evaluation Report as more effective than active and preventive measures through the PES. The government proposed a twofold improvement of this approach: i) rationalisation of hiring incentives; ii) benefit system reform to guarantee a broader coverage and to eliminate the differences in treatment between categories. The importance of linking these actions to active measures and to the PES is recognised, but not analysed in detail. According to coverage rates, this typology of incentives does not seem to favour unemployed in the South, raising questions about the effectiveness of these instruments, when not accompanied by measures targeted at the most disadvantaged groups. The government presented a "Legge delega" for the pension reform based on: i) retirement age liberalisation and increased possibility to cumulate income from pensions and residual work; ii) special fiscal and contribution regime for older people remaining in employment; iii) incentives to

new hiring, through contribution abatements; iv) development of complementary pensions schemes. The NAP is not informative on the provision of training for older people.

Particular emphasis is placed on the development of higher technical training, on the qualitative description of the education system reforms, and on the role of Regions for compulsory education, in the channelling of resources to prevent school and training drop-out, and in the organisation of training courses. The positive employment record of those who attended IFTS - higher technical education and training - is documented and data on the courses financed in 2000/01 are provided. The importance of the "accreditamento" (accrediting system), the certification of acquired skills and the reorganisation of training structures is stressed. As for the former, the heterogeneous systems developed by Regions and Autonomous Provinces should become operative by June 2003. Data are provided on investments for computers in schools for 2001 and 2002, on the students/computer ratio (18), on the internet access for schools (80%), and on the efforts to continue projects for e-learning for teachers.

Bottlenecks are acknowledged only for the North, although other sources suggest that some exist also in the South. On this issue the NAP identifies three lines of actions: i) improvement of the demand-supply matching mechanism; ii) active involvement of local institutions and social partners to identify professional and educational needs; iii) geographical mobility, mainly interpreted in terms of interregional projects, while a true mobility is hindered by the characteristics of the labour and housing market. The reform of the educational system and the possible role of immigration to fill vacancies for low profile jobs are not mentioned.

Entrepreneurship. The Financial Act 2002 confirmed and furthered the applicability of tax rebates for investments in depressed areas, and provided 515M€ to extend the "honour grant" for the development of new business. This tool, increasingly used to favour women employment, would also be useful as an attempt to reveal undeclared labour. As for the regional dimension, the DPEF 2002-6 reserved 45% of expenditures for the South, but details on the follow-up are not given. The Regions are using structural funds to stimulate local development, as in the case of the "integrated territorial projects" and the "small grants", innovative instruments which are however at the initial stage of approval in several Regions. The NAP reports on the importance of the Territorial Pacts and presents the Milan Pact for employment as an example of best practice of local plans by municipalities. Contrary to the 2001 NAP, the experience of the one stop shop is presented in a rather negative way. The government has presented a proposal to simplify administrative rules and to create rules of conduct by sectors. It is not clear what role the one stop shop will play in the future.

Adaptability. Atypical jobs represent 13.4% of employed (22% for women), with special concentration in the age bracket 15-24. One of the main lines of action consists in the increase

of labour market entry and exit flexibility through: i) a wider use of part time jobs; ii) the adoption of interim contracts in relation with the temporary job; iii) new typologies of contracts like the “lavoro intermittente” and the “lavoro a progetto”; iv) the modifications to Art 18. Despite the emphasis placed on interim jobs and on the role that the Temporary Work Agency should play, no quantitative data are provided. The data concerning the dual wage bargaining system cover mainly big enterprises in some sectors and according to them, this system does not seem to favour adaptability, especially as far as training opportunities are concerned.

Equal opportunity. The NAP acknowledges that, despite some progress, there still exists a wide gender gap, especially in the South, but suggests that this situation could improve with the use of flexible working contracts, especially part-time. The risks linked to their use are enumerated, but proposed policies are confined to the need of monitoring. The government presented the Law proposal “National Plan for Kindergartens” to provide also single parent families with child care facilities, for children aged from 3 months to 3 years, and the 2002 Finance Act financed a Fund for Kindergartens to be assigned to the Regions for childcare facilities. Although very important, these measures are likely to have a limited impact and the NAP does not present them in a structured and quantified way. Incentives to enterprises to use flexible time were financed (21M€) and, in 2001, the Regions received 21M€ for the “Consigliere di Parità”. The Regions are implementing the mainstreaming principle in all the ESF projects, by assigning preferential scores in the selection procedures and by creating a specific position in the administration, called "animatrice di pari opportunità". A proposed revision of the Art. 51 of the Constitution (indeed of a quite symbolic flavour) introduces the concept of positive actions. The NAP does not provide information on the gender pay gap.

4. Budgetary impact of the NAP

The NAP presents a global budget for the main labour market policies divided by Guidelines, as well as a specific budget for the ESF. The budgetary information at national level refers to the Ministry for Labour's policies, while expenditures made by other Ministries are mainstreamed through the Guidelines, which does not help provide a general overview, especially for policies related to education and training ("obbligo formativo", "apprendistato" etc.). Information on the ESF value added is mainstreamed throughout the Guidelines; it is recognised that it is high for PES, preventive and curative actions against long term unemployment, and education and training system and that it represents for the Regions the main financial instruments for training, education and active labour market policies.

5. Response to Recommendations

<i>The 2001 Council recommendations on the implementation of Italy's employment policies:</i>

1. pursue policy reforms to sustain growth in employment rates, in particular for women and older workers. Such reforms should address regional imbalances by further strengthening employability policies, and by promoting job creation and the reduction of undeclared work, in partnership with the social partners;

2. continue to increase labour market flexibility with a view to better combining security with greater adaptability to facilitate access to employment; pursue the implementation of the reform of the pensions system through the review planned for 2001, and undertake the planned review of other benefit systems in order to reduce the outflow from the labour market; pursue efforts to reduce the tax burden on labour, especially on low-paid and low-skilled workers;

3. in the context of employability policies, take further action to prevent the inflow of young and adult unemployed people into long-term unemployment. Such action should include: the full implementation of the reform of the public employment services across the country, the speedy introduction of an employment information system, and strengthened efforts to upgrade the statistical monitoring system;

4. improve the effectiveness of active labour market policies and implement specific measures to reduce the wide gender gaps in employment and unemployment within an overall gender mainstreaming approach, and in particular by setting targets for the provision of care services for children and other dependants;

5. strengthen efforts towards the adoption and implementation of a coherent strategy on lifelong learning, including the setting of national targets; social partners should step up their efforts to provide more training opportunities for the work force.

The NAP presents broad proposals for financial and fiscal incentives, and structural reforms for the labour market, which should increase the employment rates for women, older people, and in the South. These measures may not suffice to improve outcomes, especially in the Mezzogiorno, without a complementary action on the demand side, although this was set out in the "Patto per l'Italia" (see chapter 6). In line with the Lisbon and Stockholm strategies, the government presented the employment targets for women and older people, though it will be very difficult for the country to reach the latter. Provisions are made to combat the underground economy, though, in the light of the preliminary data on the effects of the "100 days Law", the likely contribution of these measures is controversial and lead to new negotiations between the government and the social partners. The strategy centres on the increase of labour market flexibility, through the introduction of new forms of contracts, the use of flexible contracts, especially interim and part-time work, as well as the relaxation, under particular conditions, of some rules on individual dismissal without a "right cause". Despite some statements on the need to balance flexibility and security, the issue is not addressed. The government proposed a benefit system reform as well as a pension reform (see above). In the "Patto per l'Italia" the government also committed itself to finance an extension in time and quantity of the unemployment benefits. In the same Pact there is also a commitment to reduce taxation for low incomes in 2003.

Despite some improvement in the creation of employment centres, the reform is still not complete: the targets for 2002 will be probably reached in the Centre-North, but probably not in the South, despite the affirmation to the contrary in the NAP. The reform of PES should be furthered by the “legge delega”, but it is not clear what role they should play *vis-à-vis* the Temporary Work Agencies. An employment information system, which can only work if based on an inter-connection of the information on jobs and training opportunities at the regional level, is still missing, and administrative data on employment continues to be unavailable. The NAP does not present new targeted policies for unemployment implicitly relying on the effect of the planned reforms. However, it is not analysed and not clear how these could affect the South, with its high and persistent levels of youth and long-term unemployment, and associated risks of marginalisation.

Part time work is considered the major instrument to reduce the gender gap, and proposals were made to facilitate its use. Financial provisions for child care facilities for single parent families were made, and a National Plan for Kindergartens was presented to Parliament. Funds for work and family conciliation and for the "Consigliere di parità" have been made available. The impact of these measures might however be low and the targets were not quantified.

The NAP admits weaknesses in the education and training system but does not quantify any target. However, it does show some steps towards a comprehensive strategy for learning. A set of reforms of the education and training systems, has been either announced or is being implemented also with support from the ESF. Several questions however remain open. First of all, several of the announced measures will be fully implemented only by end 2003, and therefore their possible impact is difficult to measure. The interactions between the previous and the new reform are not analysed, and the ones between regional and central activities are not clear. The implementation of the existing legislation on training and training leave should be favoured by fiscal incentives to training already made available by the "Tremonti bis" Law and by a new National Inter-professional Fund for Continuous Training introduced by the Financial Act 2002. However, the latter, together with the inter-professional funds for continuous training are still not operative. Regions should play a fundamental co-ordination role in this field, but substantial differences exist across the country, though the NAP does not report on that. All in all, the supply of training opportunities by the social partners did not improve much.

6. New Policy Initiatives and developments

In July 2002, the Italian government signed with the majority of trade unions and the employers an agreement called "Patto per l'Italia", which presents a set of proposals on labour market, income policy, and on the "Mezzogiorno" in general. In order to be implemented, the

policies agreed upon in this Pact must be financed in the new Financial Act for 2003, which is due in the Autumn. An important factor here will be the budgetary restrictions currently faced by the country.

Among the most important proposals, there is the commitment to reserve 700M€ for the unemployment benefits system in the new Financial Act, for their extension in time (one year) and quantity (60% of the salary during the first 6 months and 40-30% in the remaining months). This would represent an important step for the Italian system which is quite fragmented at the moment. Atypical workers are still excluded from the reform. The Pact also reconfirms some of the proposals for the PES already presented in the Legge delega, as well as the overall need to reorganise the various incentives to favour taking on women, long term unemployed, and to encourage labour mobility. It also makes some changes to the government proposals to review art. 18.

As for income policy, the government committed itself to make tax cuts of 5,500M€ for low incomes (under 25,000€) in the next Financial Act for 2003.

The Pact also presented a set of proposals for the Mezzogiorno, aimed at maintaining in the next Financial Act a flow of investment to the South at least equal to the previous years. Moreover, it was agreed to ensure to those areas an average of 45% of the total national expenditures during the period 2002-2008. These investments should be concentrated on industrial research, technological and scientific structures, high profile education, cultural heritage. The agreement foresees a monitoring activity for these activities, to which the social partners will contribute

Italy

Performance Indicators⁷⁷

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	54.8	53.7	52.6	51.9	51.2	63.9	60.5
<i>Males</i>	68.5	67.9	67.1	66.6	66.2	73.0	70.3
<i>Females</i>	41.1	39.6	38.3	37.3	36.4	54.9	50.6
15-24	26.3	26.4	25.6	25.6	25.1	40.7	36.9
25-54	69.2	67.9	67.0	66.2	65.7	77.1	73.8
55-64	28.0	27.7	27.6	27.7	27.9	38.5	36.3
Full-time eq. Employment rate	52.7	51.7	51.0	50.5	49.3	58.5	55.5
<i>Males</i>	67.6	67.0	66.7	66.3	64.7	71.3	68.7
<i>Females</i>	38.1	36.7	35.7	35.0	34.3	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	9.4	10.4	11.3	11.7	11.6	7.4	10.1
<i>Males</i>	7.3	8.0	8.6	9.0	8.9	6.4	8.9
<i>Females</i>	12.9	14.3	15.5	16.1	16.1	8.7	11.7
Youth Unemployment Ratio	10.2	11.7	12.2	12.8	12.6	7.1	9.2
<i>Males</i>	10.1	11.4	12.0	12.6	12.3	7.2	9.2
<i>Females</i>	10.4	11.9	12.4	13.0	13.0	7.0	9.2
Long-Term Unemployment Rate	5.9	6.4	6.9	7.0	7.5	3.3	5.1
<i>Males</i>	4.5	4.9	5.3	5.4	5.7	2.8	4.4
<i>Females</i>	8.0	8.9	9.5	9.7	10.5	3.9	6.1
Economic Indicators							
Total Employment Growth	1.6	1.9	1.1	1.0	0.4	1.2	1.0
Real GDP Growth	1.8	2.9	1.6	1.8	2.0	1.6	2.5
Labour Productivity Growth (capita)	0.2	1.1	0.8	0.8	1.6	0.4	1.5
Labour Productivity Growth (hourly)	0.2	1.1	0.7	1.0	1.5	0.3	1.6
Real Unit Labour Costs	-0.1	-0.2	-0.1	-4.9	0.0	0.6	-0.9
Other Indicators							
Participation in education and training	5.1	5.5	5.5	4.8	4.9	8.4	5.8
<i>Males</i>	4.9	5.5	5.9	5.0	4.8	7.8	5.9
<i>Females</i>	5.2	5.4	5.2	4.6	4.9	8.9	5.6
Investment expenditure on education	4.5	4.6	4.5	4.6	4.6		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	58					54	

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For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	33					36	
Rate of early school leaving ⁷⁸	26.4	25.3	27.2	28.4	29.9	19.4	20.7
<i>Males</i>	30.2	28.8	30.3	32.3	33.7	21.9	23.0
<i>Females</i>	22.6	21.9	24.2	24.5	26.2	16.8	18.5
Internet Coverage in Schools	89					89	
<i>Primary</i>	87					84	
<i>Secondary</i>	98					96	
<i>Tertiary</i>	97					97	
Rate of self-employed	23.7	24.2	24.4	24.4	24.5	14.0	14.9
<i>Males</i>	28.6	29.0	28.8	29.0	28.9	17.8	18.8
<i>Females</i>	15.4	16.1	16.7	16.2	16.7	9	9.5
Employment Rate in Services	36.0	35.2	34.2	33.3	32.8	44.4	40.8
<i>Males</i>	40.2	40.0	39.1	38.7	38.4	43.0	40.3
<i>Females</i>	31.8	30.4	29.2	28.0	27.2	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	41.3	41.0	41.7	42.3	44.7	36.4	38.0
Tax Rate on low wage earners	42.9	43.3	44.1	44.4	48.8	37.8	4.08
Accidents at work			4067	4105	4089		4106
Non-standard Employment	9.3	8.7	8.1	7.5	7.8	13.4	18.8
<i>Part-time</i>	9.6	9.2	8.2	7.6	7.0	18.9	17.7
<i>Fixed-term</i>	9.5	10.1	9.8	8.5	8.2	13.2	12.2
Gender Segregation							
<i>Occupations</i>	21.9	21.6	21.5	20.9	20.8	25.2	24.9
<i>Sectors</i>	15.2	15.2	15.1	14.8	15.0	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.30	1.32	1.27	1.29	1.33	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-13.9	-15.1	-14.2	-14.7	-15.8	-9.5	-9.9
<i>Females</i>	4.9	4.7	3.4	3.6	4.0	12.2	12.8
Gender Pay Gap				8.6			

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The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

LUXEMBOURG

1 La politique de l'emploi nationale dans son contexte

Le Luxembourg a connu en 2001 une croissance du PIB inférieure aux années précédentes (3,5% contre 7,5% en 2000), mais largement supérieure à ce qu'a connu l'UE dans le même temps. La croissance de l'emploi total *intérieur* reste constante à 5,6% et reflète une demande de travail accumulée d'une économie moderne en progrès. Le taux de croissance de la productivité du travail est passé de 1,8% à -2,0%. Le coût du travail (coût salarial unitaire réel) a quant à lui connu une augmentation de près de 7,1%.

Le taux d'emploi *national* n'a que très légèrement progressé (0,2%), les travailleurs frontaliers ayant occupé une large part des emplois créés (65%). Le développement du taux d'emploi sur toute la période 1997-2001 a suivi la tendance européenne et continue à se situer sous le taux de l'Union dans son ensemble (62,9% contre 63,9%). Le taux d'emploi féminin a encore progressé de près d'un point en 2001 (de 50,1% à 50,9%), assurant la progression du taux d'emploi national, il est supérieur de plus de 5 points à ce qu'il était en 1997 (de 45,3% à 50,9%). Dans le même temps, le taux d'emploi des travailleurs âgés a connu, pour la première fois depuis 1997, une baisse importante de surcroît (24,4% contre 26,7% en 2000).

Le taux de chômage (2,0%) continue d'être le plus faible de l'UE, malgré une tendance à la hausse qui s'est dessinée vers la fin de l'année. Le taux de chômage de longue durée est resté stable et celui des femmes montre un léger recul. Celui des jeunes remonte (2,7%).

2 Progrès en ce qui concerne les objectifs horizontaux

L'introduction du processus de Luxembourg a favorisé l'émergence d'une véritable politique de l'emploi dans un pays qui en éprouvait peu le besoin, insouciance due à un chômage bas et à une économie prospère créatrice d'emplois et pouvant puiser dans la Grande région les ressources humaines qui lui manquaient localement. Les plus grands succès de cette politique rénovée portent sur l'augmentation de l'emploi des femmes, la prévention efficace dans la lutte contre le chômage, l'instauration d'un réel système de formation professionnelle pour les adultes. Le PNAE 2002 prolonge les précédents et les complète sans en modifier la substance et sans se fixer d'objectifs nationaux à moyen terme.

Relèvement des taux d'emploi. Le *taux d'emploi général* en progrès de 3 points depuis 1997 reste relativement éloigné des objectifs communs fixés à Lisbonne, en dépit d'une création nette d'emplois très favorable mais qui doit être mise en rapport avec la présence importante de travailleurs frontaliers et dans le contexte plus global du bassin d'emploi qui déborde des limites administratives du pays. Le *taux d'emploi féminin* reste également en retrait des

objectifs de Lisbonne mais il progresse chaque année de 1,4 point. Les diverses mesures prises pour favoriser l'accès des femmes au marché du travail au Luxembourg soutiennent la tendance. Le *taux d'emploi des travailleurs âgés*, déjà très inférieur au taux UE et aux objectifs communs, est en baisse en 2001 (2,3 points par rapport à 2000).

Qualité de l'emploi. Les autorités luxembourgeoises ont confié à l'Observatoire des relations professionnelles et de l'emploi le soin de définir des indicateurs sur base des spécifications fixées au niveau communautaire. On relève cependant par ailleurs diverses contributions et initiatives prises par les partenaires sociaux dans les domaines des accidents de travail, du harcèlement sexuel et des systèmes de formation professionnelle. On prendra aussi en compte l'impact des politiques gouvernementales menées dans la sphère de l'éducation ou de l'organisation du travail (gardes d'enfants, nouvelles formes d'organisation du travail, congé parental).

Éducation et formation tout au long de la vie. Une stratégie globale est définie autour d'une série de thèmes, déclinés en fonction des publics : population scolaire ou population adulte. *Pour les adultes*, les efforts portent sur une amélioration de la qualité des formations, la validation des acquis, l'amélioration des filières de formation continue et la facilitation de leur organisation (quant aux procédures d'agrément et de cofinancement), l'accès aux NTIC, la lutte contre les pénuries en personnel qualifié, des mesures d'intégration ou de réinsertion (pour les femmes, les non locuteurs luxembourgeois, les anciens détenus, les demandeurs d'asile). *Pour la population scolaire*, l'attention se focalise sur une amélioration des compétences de base (dont les langues et les NTIC), la prévention de l'échec scolaire, la prise en charge des jeunes en difficulté, une scolarisation de transition pour des enfants étrangers.

Partenaires sociaux. Après les problèmes qu'a connu le dialogue social en 2000, la bonne tradition luxembourgeoise d'une forte implication des partenaires sociaux dans la politique de l'emploi a pu être rétablie et une large panoplie d'actions programmées ont été menées dans le cadre de la concertation tripartite, dont la préparation et l'adoption du PNAE sont également le fruit. En dehors de l'adoption de conventions collectives sur des thèmes devant être négociés (flexibilité du travail, formation, égalité de traitement), les partenaires sociaux sont aussi intervenus sur des projets ponctuels (dans le domaine de la formation, de l'égalité hommes-femmes ou de la coopération transfrontalière) ou via des négociations bilatérales.

Policy mix. Un souci d'équilibre entre les lignes directrices se dégage du PNAE. La thématique de la formation, de l'éducation et de l'accompagnement se présente comme un point central dans la politique gouvernementale menée: elle doit contribuer en effet au relèvement à terme des taux d'emploi et aussi à la lutte contre l'exclusion. Complètent le dispositif, des mesures incitatives de type qualitatif ou financier (structures d'accueil pour

enfants, formules de travail mixte activité-retraite, congé parental, renchérissement des pensions en cas d'allongement de la vie active).

Indicateurs. Les indicateurs relatifs à l'emploi, au chômage, aux mesures d'insertion ainsi que les indicateurs économiques sont globalement fournis avec les détails requis, alors que manquent de nombreuses autres données parmi lesquelles les indicateurs de qualité ou les indicateurs financiers. L'Observatoire des relations professionnelles et de l'emploi a été chargé d'améliorer la situation. Il faut par ailleurs regretter l'impossibilité de mesurer, en l'absence de données statistiques, les effets précis de mesures importantes, programmées ou effectives, comme les modifications apportées à la législation sur les pensions ou sur l'incapacité de travail ou les progrès, en termes de fréquentations, dans l'application de la loi-cadre sur la formation continue.

3 Progrès réalisés selon les quatre piliers

Améliorer la capacité d'insertion. Le Luxembourg continue à investir fortement dans une politique préventive d'insertion ("Nouveau départ" offert aux jeunes chômeurs et chômeurs de longue durée dans des délais deux fois plus précoces que ne demandent les lignes directrices). Malgré ces efforts accrus depuis 1998, le taux d'entrée dans le chômage de longue durée reste relativement élevé, tant pour les jeunes (26,8%) que pour les adultes (15,3%), et, en particulier pour les jeunes, il a augmenté par rapport aux années précédentes (mais l'augmentation du nombre de personnes en formation, maintenues dans les listes des chômeurs inscrits, semble en être une des causes). Parmi les actions pour améliorer la capacité d'insertion, on relèvera la création d'un bilan d'insertion professionnelle (BIP), la création d'un "contrat appui-emploi" pour les jeunes dans le secteur public, et l'organisation d'ateliers à l'attention des demandeuses d'emploi. Dans le même temps, la réduction de la pression fiscale sur les bas revenus vient encourager l'offre de travail (salariés ou indépendants) et atténue désormais le piège financier à l'emploi pour les bas salaires. En outre, un projet de loi (voté entretemps) a relevé, avec effet au 1^{er} mars 2002, la partie des revenus du travail non prise en compte pour la détermination de l'allocation complémentaire à verser au titre du dispositif RMG de 20% à 30% du RMG dû.

Le relatif succès des mesures favorisant l'accès du marché du travail aux femmes ne doit pas faire oublier l'échec partiel des mesures prises pour relever le taux d'activité des travailleurs âgés. Les résultats insuffisants de la politique menée jusqu'à présent ont donné lieu au lancement de deux études d'évaluation dont les conclusions seront discutées en concertation tripartite afin d'adapter la législation sociale en conséquence. Par ailleurs, déjà annoncés dans le PNAE 2001, deux projets de lois ont été adoptés par le Gouvernement (et votés par le Parlement en 2002) visant à favoriser la prolongation de la vie professionnelle, l'un adaptant les régimes de pension (avec acquisition de droits supplémentaires à la pension en cas de

maintien en activité au-delà de 55 ans), l'autre sur l'incapacité de travail et la réinsertion professionnelle qui vise à encourager le reclassement plutôt que la sortie de la vie active vers le régime de l'incapacité de travail. Une estimation chiffrée de l'impact de ces législations n'a pas été communiquée. On notera aussi par ailleurs, qu'en vertu du projet de réforme du statut général des fonctionnaires de l'Etat, les agents ayant atteint l'âge de la retraite pourront continuer à assurer leurs anciennes fonctions pendant une durée déterminée.

Le système global d'apprentissage et de formation tout au long de la vie a été redéfini autour d'une stratégie en cinq piliers allant de la mise en place d'un diagnostic à celle d'un système de validation des acquis. La formation professionnelle pour adultes a enregistré des progrès dans ses modalités d'organisation, dans le taux des personnes inscrites, dans la coopération avec le secteur local et associatif, dans l'information au public (projet de création d'un site web sur les offres de formation), dans l'intégration des TIC (effort en équipement, matériel didactique, soutien à des formations d'initiation au niveau communal, centres de certification pour le PCIE et accès de toutes les écoles secondaires à l'internet), dans le statut et la formation des formateurs, dans la qualité des formations et de la certification. D'autre part, les efforts sont entrepris pour relever la qualité de l'enseignement préscolaire et secondaire et pour lutter contre les abandons précoces de scolarité, en particulier pour les enfants issus de l'immigration ou de milieux "à risque": demandeurs d'asile, réfugiés, enfants du juge.

Enfin, citons encore le projet de loi déposé à la Chambre pour favoriser l'entrée ou le retour des personnes handicapées sur le marché de l'emploi dans le cadre d'ateliers protégés.

Esprit d'entreprise et création d'emplois. L'actualisation du Plan d'action en faveur des PME adopté en 2001 par le Gouvernement prévoit un renforcement de la politique de simplification administrative engagée par le plan précédent: ainsi, un Groupement d'Intérêt Économique, chargé de la gestion future du registre de commerce, a été mis en place; d'autre part, dans le cadre de la procédure législative et réglementaire, le principe a été établi de dresser systématiquement une fiche d'impact sur les PME; enfin, les efforts en vue de créer un environnement fiscal incitant à l'investissement des entreprises et stimulant l'esprit d'entreprise ont été maintenus. La politique fiscale est un des instruments essentiels de la consolidation de l'entrepreneuriat dans ce pays. De plus, les réductions en 2001 et 2002 de la charge fiscale des entreprises en font un des régimes de taxation parmi les plus favorables de l'Union.

Adaptabilité des entreprises et de leurs salariés. En matière d'organisation du travail, des discussions ont été menées et se poursuivent entre partenaires sociaux, notamment, sur l'accès individuel à la formation, le travail à temps partiel et le télétravail. La loi du 8 mars 2002 organise la mise sur pied de mécanismes de temps de travail flexible. Des nouveaux projets de loi sur le congé parental et le congé pour raisons familiales ont aussi été déposés. Le

Luxembourg n'a pas institué de réduction légale du temps de travail mais la loi rend possible des réductions conventionnelles volontaires librement décidées entre partenaires sociaux au niveau des entreprises et un accompagnement financier public est possible si cette réduction engendre l'embauche de demandeurs d'emploi. On notera aussi que la convention collective sur la durée du temps de travail des ouvriers dans l'HORECA a fait l'objet d'une reconnaissance légale. Enfin, l'investissement des entreprises dans la formation professionnelle continue de leurs salariés est soutenu dans le contexte de la loi-cadre sur la formation professionnelle continue.

Égalité des chances. Pour mieux concilier la vie professionnelle et la vie familiale, la mise en place de structures d'accueil prévue dans les PNAE précédents a été amplifiée: le Gouvernement s'est donné comme objectif d'atteindre, en concertation avec les communes, un taux de couverture pour les enfants âgés de moins de 3 ans de 17% d'ici 2004 (13% en 2000) et d'envisager pour 2004 une offre supplémentaire de 3.000 places pour les enfants scolarisés. A noter aussi: le renforcement des actions en faveur de la prise du congé parental par des hommes; le renforcement des formations pour gardiennes de jour; l'appui gouvernemental à la mise en place de structures de garde d'enfants dans les entreprises; les mesures facilitant la réintégration des fonctionnaires féminines ayant démissionné pour se consacrer à l'éducation de leurs enfants; et enfin l'assimilation des congés sans traitement à des périodes d'activité de service intégrale en faveur des fonctionnaires qui s'occupent de l'éducation des enfants âgés de moins de 15 ans. En dehors de la poursuite des actions commencées, ce sont essentiellement des enquêtes, séminaires ou campagnes qui ont été menés dans le cadre de ce pilier : enquête sur la situation des femmes dans la prise de décisions économiques, séminaire à l'intention de formatrices et de formateurs œuvrant dans le cadre de formations spécifiques sur la communication entre femmes et hommes, conférence internationale sur l'égalité de salaires le 2 mai 2002 avec présentation d'un plan d'action proposé par les partenaires sociaux.

4 Impact budgétaire

Les mesures nouvelles prises dans le cadre des PAN ont nécessité une hausse des dépenses de la politique de l'emploi. Le budget 2002 prolonge cette tendance. Globalement les budgets prévus pour les mesures du PNAE voisinent les 89 M€ selon le Ministère du Travail, les budgets inscrits en 2002 en faveur des politiques de l'emploi étant de l'ordre de 150 M€ (hors réforme fiscale en faveur des personnes, et notamment celles avec les bas revenus, soit 186 M€). Le Luxembourg consacre ainsi plus de la moitié de ses dépenses publiques à des mesures actives. Le FSE intervient pour environ 6 M€ par an au titre de l'objectif 3 et de l'initiative EQUAL.

5 Réponses aux recommandations

Le Luxembourg a été invité à:

1. renforcer encore les mesures destinées à augmenter sensiblement les taux de participation au marché de l'emploi des travailleurs âgés de plus de 55 ans en revoyant les régimes de préretraite et de pension d'invalidité;
2. intensifier les efforts visant à augmenter les taux de participation des femmes au marché du travail, en améliorant les services leur permettant de concilier plus facilement vie familiale et vie professionnelle, en encourageant leur retour au travail après de longues périodes d'inactivité professionnelle et en adoptant des mesures destinées à promouvoir l'égalité entre les hommes et les femmes, notamment sur le plan des rémunérations;
3. garantir une application efficace de la loi-cadre sur la formation continue, les partenaires sociaux jouant un rôle important à cet égard, lutter contre les abandons de la scolarité et entreprendre une révision du système d'apprentissage global en vue d'aboutir à une meilleure cohérence entre les différents secteurs de l'éducation et de la formation.

Taux d'emploi "travailleurs âgés". Malgré les mesures annoncées dans le PNAE 2001, le Grand-Duché n'a pas atteint de résultats satisfaisants sur ce point, ce taux est en baisse en 2001 pour la première fois depuis 1997. Des actions d'évaluation approfondies sont programmées, en préalable à l'adoption de mesures qui ne seront, le cas échéant, déterminées que fin 2002 ou 2003. Deux projets de loi annoncés dans le PNAE 2001 qui entendent favoriser le prolongement de la vie active des plus âgés, ont été adoptés en juin 2002. Le présent PNAE ne fournit aucune information sur l'impact probable ou attendu de ces nouvelles législations.

Taux d'emploi féminin. Enregistrant une hausse continue de 1,4 point par an depuis l'enclenchement du processus en 1997, le Luxembourg est en bonne voie pour atteindre les objectifs de 55% en 2005 fixés à Lisbonne. Les actions antérieures ont donc été confirmées et porteuses de résultats. Mais un effort supplémentaire sera sans doute requis pour atteindre l'objectif de 2010 (60%). Concernant les rémunérations, l'écart persiste.

Éducation et formation. Le Luxembourg a fait des efforts manifestes pour faire progresser la thématique éducation/formation autour des trois axes précisés dans les recommandations 2002: application efficace de la loi-cadre sur la formation professionnelle continue (augmentation de 50% en 2001 des demandes d'agrément et du cofinancement étatique; mais l'absence d'indicateurs ne permet cependant pas de disposer d'une mesure des progrès opérés en matière de fréquentation des travailleurs); lutte contre les abandons de scolarité par différentes mesures déjà détaillées ci-dessus; révision du système d'apprentissage et de formation, essentiellement par la définition globale d'un système de formation au long de la vie, par la validation et la certification des acquis, par l'extension des formations professionnelles de base, ...

6. Nouvelles initiatives et nouveaux développements

- La Chambre des Députés a récemment voté deux lois en matière de maintien à l'emploi susceptibles d'avoir un effet direct sur le taux d'emploi des travailleurs âgés: il s'agit de la loi du 28 juin 2002 adaptant le régime général et les régimes spéciaux de pension (...) et de la loi du 25 juillet 2002 relative à l'incapacité de travail et la réinsertion professionnelle.
- Dans le cadre de l'évaluation à mi-parcours de la stratégie européenne pour l'emploi, le Gouvernement et les partenaires sociaux sont en train d'analyser l'effet sur l'emploi de certaines dispositions légales de la loi du 12 février 1999 concernant la mise en œuvre du PAN 1998 (notamment celles relatives à l'organisation du travail et au contenu obligatoire des conventions collectives de travail.)
- Le Comité permanent de l'emploi est en train de discuter un document de travail en vue de l'élaboration d'un projet de loi portant réglementation de la lutte contre le chômage social au Luxembourg.
- Une étude mesurant l'impact du congé parental, introduit en 1999, sur l'emploi, l'égalité des chances entre hommes et femmes et la vie familiale sera finalisée d'ici la fin de l'année 2002.
- Dans le contexte d'une meilleure intégration de la main-d'œuvre étrangère, le Gouvernement et les organisations et chambres professionnelles patronales élaboreront un concept global favorisant l'apprentissage de la langue luxembourgeoise.

Luxembourg

Performance Indicators⁷⁹

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	62.9	62.7	61.7	60.5	59.9	63.9	60.5
<i>Males</i>	74.8	75.0	74.5	74.5	74.3	73.0	70.3
<i>Females</i>	50.9	50.1	48.6	46.2	45.3	54.9	50.6
15-24	32.4	31.9	31.8	32.9	34.5	40.7	36.9
25-54	78.7	78.2	76.9	75.1	74.4	77.1	73.8
55-64	24.4	26.7	26.4	25.1	23.9	38.5	36.3
Full-time eq. Employment rate	60.0	60.4	59.1	58.0	58.3	58.5	55.5
<i>Males</i>	74.9	75.9	74.7	74.9	75.0	71.3	68.7
<i>Females</i>	45.1	44.6	43.5	41.2	41.3	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	2.0	2.3	2.4	2.7	2.7	7.4	10.1
<i>Males</i>	1.7	1.8	1.8	1.9	2.0	6.4	8.9
<i>Females</i>	2.4	3.1	3.3	4.0	3.9	8.7	11.7
Youth Unemployment Ratio	2.7	2.5	2.3	2.5	2.9	7.1	9.2
<i>Males</i>	3.2	2.4	2.0	2.5	2.5	7.2	9.2
<i>Females</i>	2.1	2.5	2.5	2.5	3.4	7.0	9.2
Long-Term Unemployment Rate	0.5	0.5	0.7	0.8	0.9	3.3	5.1
<i>Males</i>	0.5	0.5	0.6	0.7	0.6	2.8	4.4
<i>Females</i>	0.5	0.6	0.9	1.1	1.3	3.9	6.1
Economic Indicators							
Total Employment Growth	5.6	5.6	5.0	4.5	3.1	1.2	1.0
Real GDP Growth	3.5	7.5	6.0	5.8	9.0	1.6	2.5
Labour Productivity Growth (capita)	-2.0	1.8	0.9	1.3	5.8	0.4	1.5
Labour Productivity Growth (hourly)	-2.1	4.4	3.7	4.1	8.1	0.3	1.6
Real Unit Labour Costs	7.1	-0.7	-0.6	-1.6	-5.2	0.6	-0.9
Other Indicators							
Participation in education and training	5.3	4.8	5.3	5.1	2.8	8.4	5.8
<i>Males</i>	5.9	5.7	6.2	5.4	3.6	7.8	5.9
<i>Females</i>	4.7	3.9	4.4	4.8	2.1	8.9	5.6
Investment expenditure on education					4.1		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	41					54	
<i>Internet training</i>	21					36	
Rate of early school leaving ⁸⁰	18.1	16.8	19.1		30.7	19.4	20.7
<i>Males</i>	19.0	15.9	18.9		30.9	21.9	23.0
<i>Females</i>	17.2	17.6	19.4		30.5	16.8	18.5

⁷⁹ For further explanation of the indicators see annex 1 at the end of Part 2.

⁸⁰ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

Internet Coverage in Schools	92					89	
<i>Primary</i>	86					84	
<i>Secondary</i>	100					96	
<i>Tertiary</i>	100					97	
Rate of self-employed	6.7	8.9	8.4	8.8	8.5	14.0	14.9
<i>Males</i>	8.0	10.7	9.3	10.8	9.7	17.8	18.8
<i>Females</i>	4.7	6.1	7.0	5.6	6.6	9	9.5
Employment Rate in Services		47.2	46.0	44.0	43.3	44.4	40.8
<i>Males</i>		48.7	47.7	46.6	45.5	43.0	40.3
<i>Females</i>		46.3	44.6	41.6	41.3	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	29.8	30.7	29.7	29.0	30.2	36.4	38.0
Tax Rate on low wage earners	28.8	30.4	29.5	28.9	29.7	37.8	4.08
Accidents at work			4973	4719	4627		4106
Non-standard Employment	7.7	8.5	7.1	7.1	6.2	13.4	18.8
<i>Part-time</i>	11.5	11.8	10.8	9.7	8.5	18.9	17.7
<i>Fixed-term</i>	4.4	3.4	3.4	2.9	2.1	13.2	12.2
Gender Segregation							
<i>Occupations</i>	26.8	25.7	25.3	25.9	25.2	25.2	24.9
<i>Sectors</i>	19.6	17.8	18.5	18.5	19.1	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.26	1.32	1.47	1.41	1.46	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-7.2	-8.6	-8.6	-10.3	-9.8	-9.5	-9.9
<i>Females</i>	9.2	11.1	16.7	12.6	14.9	12.2	12.8
Gender Pay Gap							

THE NETHERLANDS

1. National Employment policy in context

The impact of the 2001 global economic slowdown is mostly visible in slow economic growth (1.1%). Employment growth slowed down to 2.1% and is expected to further decelerate over the next few years because of a slowdown in the working age population and participation rates. Labour productivity growth turned negative (-0,9%). The Dutch authorities expect that annual productivity growth will more than double, from less than 1% in 1995-2002 to at least 2.5% after 2003. Initially this sudden rise may be due to the upcoming economic recovery, but, considering past performance, it is unclear to what extent this higher productivity growth can prevail.

Since 1997, mainly due to higher participation of young and prime age women and older persons, the overall employment rate increased spectacularly: from 68% to 74.1% in 2001 (men 82.8%, women 65.2%) and measured in full time equivalents from 54.1% in 1997 to 58.1% in 2001 (EU average 58.5%). At 42.2%, part time work, in the majority of cases chosen voluntarily, continues to be strongly represented. In 2001 unemployment reached its lowest levels in decades: 2.4% (1.9% for men and 3% for women), against 4.9% in 1997. Youth employment, 5.8% in 1997, was stable at 4.1% in 2001. Long term unemployment is very low at 0.8% in 2001 (EU average 3.3%). During the first quarter of 2002 unemployment increased by 12.000⁸¹. A climbing inactivity rate is forecasted, from 65.2% in 2001, to 66% in 2002 and to 67.2% in 2003. The untapped reserve of labour is 600.000 to 700.000 persons.

2. Progress towards the Horizontal Objectives

With 74.1% overall and 65.2% for women, the employment rate scores well above the Lisbon targets. Since 1997, the employment rate for the age group 55-64 also improved considerably: from 31.8% in 1997, far below the EU average, to 39.6% in 2001, slightly above it. However, also in view of the Stockholm target, it could be questioned whether ageing policies are activating enough. Due to the tight labour market and considerable policy efforts, the unemployment rate for ethnic minorities decreased substantially. However, it remains three times higher than for the native Dutch.

Since the start of the European Employment Strategy, the Dutch priorities, tackling long term unemployment, increasing the labour market participation of women and older workers and reducing the number of disabled, have not undergone major changes. The main stress in the

⁸¹ CBS The Netherlands, May 2002.

Dutch policy mix lies on employability. Entrepreneurship has always been the weakest Pillar, with action in this field insufficient over the past years. Concrete examples of the value added by the European Employment Strategy include the setting of a national employment target for women and increased attention for statistical monitoring.

Dutch Employment and social inclusion policies coherently fit together although the tackling of the poverty gap remains a point of attention. Increasing awareness in the 1990s that combating poverty and social exclusion require an integrated approach on several fronts, triggered the development of a comprehensive strategy with "social policy as a productive factor" as its leading principle, combined with continued attention to the purchasing power of those on minimum incomes. In 2002 the new work and income implementation structure ("SUWI") came into force which "puts work before income". Social security fraud and lack of motivation to find a job are firmly approached.

A further increase of labour participation and employment is necessary in view of the ageing of the population, and the substantial unexploited supply of labour (people in benefit schemes, low-skilled, older workers and ethnic minorities) is an obvious source. However, as approximately only a quarter of the latter have a realistic chance of short term reintegration on the labour market, more and better targeted human resources investments are necessary. National targets for raising the employment rates are: 1) being in the leading EU group for labour market participation; 2) increasing labour market participation of older workers by 0,75% a year (not completely achieved in 2001); 3) increasing the participation rate of women to 65% by 2010⁸²; 4) striving to meet the total demand for childcare; 5) halving the difference in unemployment between native Dutch and ethnic minorities by 2002 (already achieved in 2000); 6) realising the 'comprehensive approach' also for those at a distance to the labour market; 7) increasing participation in adult education measures in order to match performance close to that of the best two Member States; 8) ensuring that under no circumstances income declines when taking up a job.

Quality policies, addressed in close consultation with the social partners, are generally well developed. Emphasis is on balancing legislation, self-regulation by the social partners, tax concessions and other incentives. There are many arrangements aiming at better combining work and care, and life cycle approaches are currently being drawn up. The *Flexibility and Security Act* (1999), in which the social partners had a decisive role, will have to prove its true effectiveness during an economically less prosperous period.

In view of the persistent mismatches on the Dutch labour market, the link between Life Long Learning policies to labour market supply on the one hand and demand on the other could be

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According to national statistics which take into account only jobs of 12 hours and more a week. 2001 score = 53%.

strengthened and vulnerable groups (older workers, minorities, disabled, early school leavers) require more specific attention. A deterioration in government and social partners co-operation, illustrated by the cancellation of the 2002 Spring talks, seems to have hindered the implementation of life long learning actions such as the personal learning account experiments.

The NAP provides most of the relevant indicators, including national context quality indicators. However, some important issues are not covered, such as transitions between employment, unemployment and inactivity as well as participation of the disabled. Information on the net effectiveness of policies remains rather weak⁸³. In addition, no information is given in the NAP on the ambitious goal to reveal the effects of all national policies as part of the government project 'From policy budgeting to policy accountability'.

3. Progress under the four Pillars

Employability Whereas the comprehensive approach is fully applied to young people, performance regarding adults is weak. The non-compliance indicator remained 66% in 2001 and the entry rate into LTU is 23%. Monitoring problems are persistent. Within the framework of the *Agenda for the future*, central government signed result oriented agreements with municipalities on the implementation of the comprehensive approach to the current stock, including extra attention for ethnic minorities. Several fiscal incentives were introduced, aimed at increasing the labour market participation of disabled and older workers. A new agreement between government and social partners, municipalities etc. should lead to the creation of 70.000 jobs for *women* returnees between 2002-2005. For households in which both partners work, the individual income limit for the appliance of tax credited childcare has been reduced. A tax incentive to encourage employers to train previously unemployed workers to basic qualification level, should result in the training of an extra 15.000 people in 2002 to 30.000 yearly as from 2005 onwards. In order to adequately complement the various fiscal measures for older workers, the draft Pensions Bill includes a provision to protect their pension rights if they switch to less demanding jobs. However, The Netherlands seems to mainly focus on restrictive policies discouraging people from leaving. The impact of the proposal to oblige employers to contribute to the unemployment costs of older workers that lose their job is questionable as it only applies to unemployment benefit claims and could also make employers reluctant to hire older workers. Extra budget was found (growing from €976 million for 2001 to €1817 million for 2004) to improve job attractiveness –in terms of workplace quality and salary payments in the public sector. Bottlenecks at the top end of the labour market shall be tackled by increasing labour market mobility within the EU.

⁸³ See also Dutch Evaluation European Employment Strategy.

Procedures for inward migration of non-EU citizens will be speeded up for specific high skilled workers only, first preference being given to citizens from Candidate Countries. The Lisbon target to halve the number of early school leavers by 2010 is unlikely to be achieved and the NAP 2002 does not report on (new) measures or implementation progress. In view of the continuing mismatches on the labour market, action in this field should be a key priority. The successful SME ethnic minority covenant, through which 40.000 job seekers from ethnic minorities found a job, is to be continued after 2002. Similar covenants have started with 110 larger companies. By June 2002, all schools will be connected to the Internet, 90% of teachers have received computer skills training.

Entrepreneurship and the creation of new jobs: The statutory tax rate (above the EU average) was reduced from 35% to 34.5%⁸⁴. The long-term target for 1994-2002 to reduce the administrative burden by 25% was not reached (only 6.9% reduction). To avoid dead-weight costs, a report on labour-cost subsidies to employers suggests to switch to supply-side measures, such as tax credits, in the case of low-paid workers and to follow a more individual approach for the long-term unemployed. So far, measures to prevent undeclared work by reducing the VAT rate for labour intensive services do not appear to have any impact on employment.

Adaptability: In 2002 an extra € 136 million was made available to stimulate continued education (from pre-vocational secondary education onwards). As from 2002, € 45.4 million per year will be available for fiscal incentives to employers who train unemployed workers to basic qualification level. An extra 15.000 person in 2002 and, as from 2005, 30.000 persons per year shall be reached. Experiments are being carried out with personal training accounts. An exploratory study on life cycle approaches proposes to facilitate labour market participation (especially women returnees) through more flexible care services, improved lunch time supervision at schools and various schemes for funding care leave. Another proposal entitles workers to care leave (to take care of both children and other relatives in need) of at least six times their weekly working hours at 70% of the minimum wage. According to the NAP the target set to create 72.000 extra childcare places by the end of 2002 will be more than met⁸⁵. Childcare waiting lists are expected to come down after the introduction, in 2004, of the Childcare Act, which introduces a free market for childcare. The target listed in the NAP 2001 to conclude, before the end of 2002, 20 covenants with social partners on prevention of worker exposure to major risks was reached. These covenants cover 1.8 million workers.

⁸⁴ However, this is not a good indicator of the effective corporate tax burden, because it excludes effects of tax deductions and other fiscal facilities. Measuring the effective average tax rate on the basis of the Devereux-Griffith methodology results in a 7th place for the Netherlands.

⁸⁵ Figures given in the NAP seem to lack transparency though.

Equal opportunities: With 21% overall (25% for the public sector and 23.5% for the private sector), the gender pay gap is among the largest in the EU. The NAP merely contains procedural information on the state of play of the equal pay action plan. Furthermore the NAP lacks information on gender mainstreaming tools and mechanisms. Two task forces have been established; one will give advice on how to eliminate differentiation between (traditionally) "male" and "female" jobs and one on the promotion of part time work in senior posts. Other gender relevant measures are dealt with under the employability and the Adaptability Pillar.

4. Budgetary impact of the NAPs

No comprehensive information is given on the budgetary impact of all the measures included. Annual expenditure on active labour market policies is about €5800 million. To this the ESF adds €250 million, around 4.3%. The Netherlands also spends more than €11 billion on general education (private expenditure on education excluded). The Minister of Social Affairs and Employment co-ordinates the NAP and acts as ESF managing authority. The main ESF financial beneficiaries, municipalities and the social partners, have been consulted on the NAP. The regions ("provinces") complain that they have been left out, as the ESF does not intervene in Objective 2 programmes. The Objective 3 SPD stipulates that at least 20% of the Objective 3 envelope will have to trickle down to Objective 2 areas, which cover 15% of the Dutch population. The ESF is used for mainstream projects that help to comply with the first Guideline of the EES in particular. For experiments, national money is used. The total EQUAL budget for the programming period 2000-2006 amounts to €208.4 million (employability €67 million; entrepreneurship €32 million; adaptability €44 million; equal opportunities €43 million; asylum Seekers €12 million; technical Assistance €11 million). The Development Partnerships funded under EQUAL have not yet started implementing their projects.

5. Response to Recommendations

The 2001 Council recommendations on the implementation of Dutch employment policies:

- 1. In addition to measures to decrease the inflow into disability benefits, develop effective policies to reintegrate people currently drawing on such benefits into jobs that take account of their remaining capacity to work;*
- 2. In order to tap all possibilities of potential labour supply and reduce inactivity, address the cumulation of benefits, including local cost of living subsidies for low-income recipients.*

Following the recommendations made by the Donner Commission (2001) and the agreement reached in the Social Economic Council (2002), in April last the outgoing government agreed on reforming the **disability scheme** which should lead to a 40% inflow decrease within three years. The key element is that only new permanent and long-term disabled people are eligible

for a disability benefit. Workers that are 35-80% disabled receive a supplement to their salary corresponding to the present level of disability benefits for the partly disabled. Partly disabled people who are involuntarily unemployed can no longer apply for the disability scheme. Furthermore the obligation of employers to continue salary payments in case of sickness is extended to two years (currently 1 year) and during the second year payments are limited to 70% of the last salary. The reform of the disability scheme thus still merely addresses the inflow, and the outflow related problems remain underexamined. Negative side effects of the agreed approach, such as increased inflow into other schemes, are not unlikely. Furthermore, the in- **and outflow** to and from the scheme depend to a large extent on the implementation of reintegration policies (including action taken immediately after the first sickness call) and on the medical examination criteria and their practical implementation (time consuming procedures, heavy workload of medical examiners). In view of the size of the stock (almost 1 million persons or 11% of the labour force) and the CBS figures on the number of persons still able to work, figures on the participation of disability benefit recipients in reintegration programmes leave serious doubts on their sufficiency and efficiency. Between mid 1999 and end 2000, only 40.000 reintegration trajectories were drawn up of which 32% led to (sustainable) reintegration on the labour market. Information is lacking in the NAP on why benefit recipients are in the scheme and on their chances of labour market reintegration. Also the over representation in the scheme of women, young people and ethnic minorities requires more specific attention. All this leads to the conclusion that the current reform proposals do not sufficiently respond to the Council recommendation, and that **outflow** should be further promoted.

Although the Netherlands has made considerable efforts to tackle the **poverty trap**, it is acknowledged in the NAP 2002 that current measures cannot completely eliminate its effects. The key policy objective is to ensure that in no circumstance net income will decline when accepting a job. Policy efforts are thus focused on maintaining disposable income, by supplying workers with extra (tax) credits. The likely impact differs considerably according to household category. For couples with children, work only starts to pay if they can earn 138% of the statutory minimum wage. Lack of transparency and (possible) disincentives, deriving from the cumulation of general income support established at the central level and additional income support established at the local level (i.e. special social assistance), still stand in the way of making work really pay. The use of fiscal deductions, instead of subsidies, could contribute to greater transparency as could a further reduction of the marginal rate caused by income related measures. The current response to the Council recommendation provides a good start but, in view of the remaining poverty trap effects, critical monitoring of current and new measures remains necessary.

6. New Policy Initiatives and developments

The Dutch coalition agreement calls for a (further) **modernisation of reintegration policies** by stimulating labour supply rather than supporting "artificial jobs", tax measures designed for the latter being gradually abolished or reduced⁸⁶. Reintegration policies will also be further decentralised. Municipalities will be delegated with more priority setting and financial responsibilities. Following the advice of the Council for Work and Income, unemployed people aged 57.5+ with recent work experience will be obliged to accept paid work. It endorses the agreement on the **reform of the disability scheme**. In order to avoid that the unemployment scheme provides "an alternative" for the disability scheme, employers have to pay also if a former employee claims unemployment benefits. If the reform leads to 40% inflow decrease, consideration will be given to **1**) increasing the level of disability benefits (from the current 70% of last earnings to 75%); and **2**) discontinuation of the bonus malus differentiation scheme for employers (Pemba Act)⁸⁷. If not, eligibility for the disability scheme might be linked to a minimum work history requirement. **Life cycle approaches** include the introduction as from 2003 of individual "life cycle insurances" for the financing of unpaid leave. To tackle the **poverty trap**, general income policy shall become again the sole responsibility of the national government, and specific allowances granted at the local level shall be limited. The number of different subsidies and allowances shall be limited to increase transparency and the Rent subsidies scheme will be reformed. Labour tax credits will be enforced. For this purpose € 1 billion has been allocated.. With a view to **decrease the administrative burden** on employers, an independent advisory body will draw up proposals.

⁸⁶

The coalition agreement establishes a decrease of subsidised jobs from the present 65.000 to approximately 45.000.

⁸⁷

As from 2003, the Pemba Act will not any more apply to small companies (less than 25 employees).

The Netherlands

Performance Indicators⁸⁸

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	74.1	72.9	71.1	69.8	68.0	63.9	60.5
<i>Males</i>	82.8	82.1	80.5	79.8	78.3	73.0	70.3
<i>Females</i>	65.2	63.5	61.5	59.5	57.4	54.9	50.6
15-24	70.4	68.7	63.6	60.9	57.8	40.7	36.9
25-54	82.8	81.7	80.6	79.6	78.2	77.1	73.8
55-64	39.6	38.2	35.7	33.6	31.8	38.5	36.3
Full-time eq. Employment rate	58.1	57.5	56.8	55.6	54.1	58.5	55.5
<i>Males</i>	75.0	74.7	73.8	73.1	71.7	71.3	68.7
<i>Females</i>	41.6	40.5	40.0	38.3	36.6	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	2.4	2.8	3.2	3.8	4.9	7.4	10.1
<i>Males</i>	1.9	2.1	2.3	3.0	3.7	6.4	8.9
<i>Females</i>	3.0	3.6	4.3	5.0	6.6	8.7	11.7
Youth Unemployment Ratio	4.1	4.1	4.6	5.0	5.8	7.1	9.2
<i>Males</i>	3.5	3.4	3.5	4.9	5.0	7.2	9.2
<i>Females</i>	4.6	4.9	5.8	5.1	6.5	7.0	9.2
Long-Term Unemployment Rate	0.8	1.1	1.3	1.7	2.3	3.3	5.1
<i>Males</i>	0.7	1.0	1.1	1.4	1.8	2.8	4.4
<i>Females</i>	1.0	1.3	1.6	2.2	3.0	3.9	6.1
Economic Indicators							
Total Employment Growth	2.1	2.4	2.5	2.6	3.2	1.2	1.0
Real GDP Growth	1.1	3.5	3.7	4.3	3.8	1.6	2.5
Labour Productivity Growth (capita)	-0.9	1.1	1.2	1.4	0.7	0.4	1.5
Labour Productivity Growth (hourly)	-0.9	1.1	1.1	2.8	0.7	0.3	1.6
Real Unit Labour Costs	1.0	-0.3	0.4	0.3	-0.6	0.6	-0.9
Other Indicators							
Participation in education and training	16.3	15.6	13.6	12.9	12.6	8.4	5.8
<i>Males</i>	17.0	16.4	14.5	13.9	13.8	7.8	5.9
<i>Females</i>	15.5	14.7	12.7	11.8	11.5	8.9	5.6
Investment expenditure on education	4.9	4.9	4.8	4.9	4.8		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	62					54	

⁸⁸

For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	35					36	
Rate of early school leaving ⁸⁹	15.3	15.5	16.2	15.5	16.0	19.4	20.7
<i>Males</i>	16.5	16.2	17.5	17.0	16.8	21.9	23.0
<i>Females</i>	14.1	14.8	14.9	14.0	15.2	16.8	18.5
Internet Coverage in Schools	93					89	
<i>Primary</i>	91					84	
<i>Secondary</i>	100					96	
<i>Tertiary</i>	100					97	
Rate of self-employed	10.8	10.4	10.7	10.8	11.3	14.0	14.9
<i>Males</i>	12.7	12.3	12.6	12.9	13.4	17.8	18.8
<i>Females</i>	8.4	7.8	8.1	7.8	8.3	9	9.5
Employment Rate in Services	56.9	55.7	54.1	52.9	51.1	44.4	40.8
<i>Males</i>	55.6	55.0	53.7	53.1	51.3	43.0	40.3
<i>Females</i>	58.2	56.4	54.6	52.7	51.0	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	31.6	34.9	34.6	33.8	33.4	36.4	38.0
Tax Rate on low wage earners	36.8	40.6	40.2	39.2	38.8	37.8	4.08
Accidents at work			4223	3909	4168		4106
Non-standard Employment	33.4	34.5	37.0	36.7	36.1	13.4	18.8
<i>Part-time</i>	43.1	42.0	40.0	39.2	38.4	18.9	17.7
<i>Fixed-term</i>	14.3	14.0	12.0	12.7	11.4	13.2	12.2
Gender Segregation							
<i>Occupations</i>	25.0	24.8	24.3	24.5	25.2	25.2	24.9
<i>Sectors</i>	18.1	18.1	18.2	18.1	18.7	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.23	1.26	1.33	1.33	1.41	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-4.3	-3.7	-6.1	-6.4	-6.7	-9.5	-9.9
<i>Females</i>	12.0	13.2	14.8	14.3	16.9	12.2	12.8
Gender Pay Gap				21.1			

⁸⁹ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

AUSTRIA

1. National Employment Policy in context

The slowdown in economic growth (from 3% in 2000 to 1% in 2001) has not so far led to higher unemployment. The small employment growth of 0.2% in 2001 was mainly accounted for by women. The overall employment rate remained at the same level as in 2000 (68.4%, close to the EU target set for 2010). The female employment at 60.1% in 2001 exceeds the EU target set for 2010. This represents a slight increase compared with 1997. However, this masks a decrease for men and an increase for women. As in previous years, the employment rate for older workers remains broadly unchanged at 28.6%, one of the lowest in the EU, which is characterised by a high gender employment gap.

The unemployment rate continued to decline to 3.6% in 2001, a decrease by 0.8 percentage points since 1997. Female unemployment remained at 4.3%, but has declined faster than male unemployment since 1997. The numbers of long-term unemployed continued to decline in 2001 for both men and women. The youth unemployment ratio increased in 2001, for both men and women, but remains lower than in 1997. Since mid-2001 the unemployment rate has started to rise, reaching 4% in March 2002. Regional and seasonal variations remain important.

2. Progress towards the Horizontal Objectives

While the overall and female employment rates are already close to the Lisbon targets, Austria could be more ambitious, taking into account demographic developments and skill gaps. Although the gap in full time equivalent employment rates between men and women has been decreasing, the gap remains significant and further action could be taken to reduce this gap. The employment rate for older workers is of even more concern: Despite a number of measures taken over the last years, there is no improvement in terms of employment. Quantitative targets should be set to better monitor progress in future. Quality in work has been addressed in the form of continuing training to raise the skill level of the workforce. This area is mainly seen as a policy field for the Social Partners. A reform process has started to improve health and safety regulations. The conclusion of a nation-wide collective agreement on temporary agency workers makes their position more secure. As yet, progress in respect of quality in work has not been sufficiently underpinned by indicators and does not yet cover all dimensions as agreed by the Council.

Although developing a comprehensive and coherent strategy for lifelong learning is one of the policy priorities of the Government, a coherent and meaningful implementation is still lacking. An important step to develop the strategy seems to be a 'Council for Lifelong

Learning' involving all relevant partners. Overall resources devoted to education have increased. Actions taken thus far are, however, too limited. There is a need to design a more ambitious strategy in terms of qualitative and quantitative targets, as requested by the Council.

The promotion of a comprehensive partnership with the Social Partners is one of the traditional assets of the Austrian political culture. In the past, partners have been involved in all major debates on economic, incomes and social policy, including active labour market policies, equal opportunities and lifelong learning. However, the invitation to develop their own process of implementing Guidelines, over which they have key responsibility, has not been realised. Regular reporting on this exercise within the NAP is still missing. The climate between the Social Partners and the Government has changed and led to various controversies which may obstruct future co-operation, which is key to implementing the Lisbon strategy.

Concerning the policy mix, emphasis is put on combining employment and structural policies. The upgrading of infrastructure and the reform of network industries, as well as support for research activities are being discussed. The new Government Programme on Economic Stimulation and Improvement of Austria as an investment location strengthens the entrepreneurship Pillar. Continued budgetary consolidation will limit financial resources available for policies under the various Pillars. In addition, a tax reform aiming at reducing the tax burden is currently under discussion. While active labour market policy measures were somewhat enhanced, the further regionalisation of labour market policies, with their focus on the Territorial Employment Pacts, has strengthened the regional dimension. In the development and use of common indicators, the Austrian authorities underline the necessity of EU-wide comparability. While welcoming recent progress towards key and context indicators, special priority should be given to combining and consolidating the various exercises. A large number of evaluations are being undertaken to assess the efficiency and impact of active labour market policies.

3. Progress under the four Pillars

Employability: The rate of inflow of young persons into long-term unemployment fell to 2.5%, compared with 2.8% in 2000. The indicator of placement effort improved, but the indicator showing effective placement into a job decreased to 57.5% from 60.0% in 2000. The non-compliance rate decreased to 13.9%.

The 2001 target to reduce inflows for adults into long-term unemployment (0.6%) was reached a year early (although inflows for women are higher than for men). The indicator of effort increased slightly to 56.3%. The non-compliance rate decreased to 14.8%. The PES have been further improved using ICT tools. The reform of the PES will be extended to

facilitating the work of private employment agencies and of agencies hiring out temporary workers. The participation rate in active measures increased slightly to 20.2% (17.2% for males, 23.8% for females) in 2001, but the training rate was only 12.1% (10.6% for males, 13.9% for females).

Raising the statutory early retirement age, under the 2000 pension reform, was meant to maintain older workers longer in the labour force. To smooth the transition between the old and the new regimes, the maximum period for claiming unemployment benefits has been extended. Access to part-time retirement of older workers has been made easier by dropping the obligation to recruit substitute workers. It is more a scheme to facilitate early retirement than an active labour market policy measure, and as a result, the employment impact has been limited. Training benefits have been raised, to promote training for older workers, whose enrolment increased in 2001.

A number of varied projects attempt to improve the quality of education and training systems. Progress has been made in the development of ICT skills for initial and adult education. From 2002 the training allowance has been increased from 9% to 20% of costs incurred for the training of employees at training institutions. In order to tackle bottlenecks in the labour market, the PES have enhanced tailor-made actions, the efficiency of which is not always evident. An Act on employment of non-EU nationals introduces a catalogue of criteria for access to the labour market within the framework of an immigration quota for essential workers. Immigration policy is based on the principle that integration takes precedence over new immigration. This Integration Package intends to guarantee unrestricted access to employment for all foreigners with a fixed term right of residence. In addition certain measures for ethnic minorities were targeted at bilingual teaching and networking activities for Roma. A campaign to integrate the disabled into the labour market has been launched.

Entrepreneurship: In the past four years the venture capital market has seen a dramatic increase. The recent Economic Stimulation Programme should provide a further impetus. Other important measures are the reform of the trade regulation, the registration for trades, the Business Start-Up Promotion Act, exempting newly formed enterprises from official fiscal duties, and more intensive control of undeclared work by legislation entering into force in July 2002. New fields of jobs were unlocked in ICT. The Territorial Employment Pacts play a special important role in promoting regional development. In view of the high and increasing overall tax burden (45.8% in 2001 against 43.9% in 2000), a reform of the entire Austrian system of taxation will be prepared before end-2002.

Adaptability: A larger number of flexible working arrangements including teleworking has been agreed through collective bargaining in different sectors and trades. Part-time work for older workers has been increased through a number of collective agreements, but usually in

the form of block reductions of working time, which results in early retirement. A nation-wide collective agreement on temporary agency workers was reached after long negotiations. It makes the status of temporary agency workers more similar to that of "standard" employees. A new legislation on severance pay should facilitate job mobility. The improvement of the health and safety regulations, decided by the Government on the basis of an agreement between the Social Partners, is aimed at further reducing the number of work accidents and professional illnesses. The introduction of annual working time models, mainly in the construction industry and in tourism, are inter alia contributing to combating seasonal unemployment. But more needs to be done in this area.

Equal Opportunities: In addition to a number of encouraging actions to promote gender mainstreaming and equal opportunities, notably in the field of integrating more women in new technology professions, the major innovation in 2002 is the fully implemented reform concerning childcare benefits. This childcare allowance is granted to all parents, independently of whether or not they have worked prior to the birth of their child. Up to €14.600 can be earned annually without losing the benefit. The government believes this scheme will reduce the withdrawal of women from the labour market, foster part-time employment and promote re-entry of female job seekers. Others are more critical, pointing out certain inconsistencies between labour law regarding the periods for parental leave and the length of the benefit period. The budget reserved for the child benefit amounts to 0.3% of GDP. This could mean that infrastructure improvements in childcare facilities, prima facie a better instrument to promote higher employment rates for women, might suffer from a lack of financing. Initial results from an impact evaluation of the new child benefit system on female labour market participation will be available only in 2003.

4. Budgetary Impact of the NAP

In 2001, around €640 million were spent on ALMP's (an increase of 6% compared with 2000). However, funding devoted to the young unemployed was reduced, despite an increase in youth unemployment. ESF finances 18% of ALMP's spending. Taking into account passive benefits (such as unemployment funds for labour foundations and re-employment benefits), this more comprehensive notion of ALMP amounted to €910 million in 2001, an increase of nearly 19% over 2000. The ESF (including Equal) contribution to implementing the various Guidelines was concentrated on tackling unemployment (Guidelines 1-3). Substantial amounts were also used to promote equal opportunities (Guidelines 16-17) and training of workers (Guideline 15). Smaller amounts were used for the Territorial Employment Pacts. In 2002, when Equal becomes fully operational, large amounts will be committed for measures against discrimination on the labour market and for the integration of disabled persons. Funds for training workers will also be considerably increased. Overall efforts have been taken to improve budgetary data.

5. Response to Recommendations

The 2001 Council recommendations on the implementation of Austrian employment policies:

1. Austria should develop policies to ensure an adequate labour supply in the future. Austria should pursue and extend the reform of tax and benefit systems to increase the participation of older and low skilled and low paid workers, and improve equal opportunities for ethnic minorities and migrant workers on the labour market;

2. Austria should develop a target-based strategy for narrowing the gender pay gap, in agreement with the social partners, promote at all levels action to reduce the gender gap in employment, by extending childcare facilities and promoting policies to facilitate the reconciliation of work and family life;

3. Austria should adopt and implement a comprehensive and coherent strategy on lifelong learning in agreement with all actors involved, which includes indicators, and quantitative targets on financial resources and participation, in accordance with the national legal framework: this strategy should strengthen links between compulsory and higher education, initial and continuing training, and adult education.

While recent policies in pursuance of the first recommendation go in the right direction, their range and scope do not fully meet the requirements. The increase in the statutory age for early retirement has again been highlighted. ALMP for older workers have somewhat increased. In addition to the childcare allowance certain other measures (like the "women in technology programme" or a training fund) should help increase female participation in new technologies and in training. Employment initiatives concerning disabled people are particularly innovative. Policy in favour of migrant workers focuses on the principle of "integration takes precedence over immigration." In the context of the integration package, seasonal employment for foreigners has been made more flexible, notably to respond to skill gaps. This should be regarded with some concern, because seasonal unemployment is already very high. A list for key skill gaps to be filled is being prepared. The reduction of non-wage labour costs is a matter of concern and being discussed. The tax burden on low paid labour has not been reduced. All these initiatives have yet to produce results but do not sufficiently address the employment issue of low skilled workers.

An assessment of the Austrian policy response to reducing gender gaps can only be made in the medium term. So far the disparity between male and female earnings has increased. The Social Partners contribution to reducing the gender pay gap is missing. The policy response concentrates on providing more equal opportunities offices, the childcare allowance, and childcare support from the PES for persons on low wages. While the number of childcare facilities for small children and children of school age has increased, the number of kindergardens has slightly decreased. Concerning the childcare system, a change in policy seems to have taken place. While in the two initial years of the NAP, there were targets for the increase in child care facilities (financed by the so-called Kindergartenmilliarde), the new policy is more oriented toward financial benefits than benefits in kind. There is no target or

indicator on how the Government will increase the number of childcare facilities. The potential of further labour market participation of women could be explored by policies to increase high quality skills amongst women, notably in view of the targets set by the Barcelona Summit for childcare facilities.

Initial efforts to implement a comprehensive and coherent strategy on lifelong learning include the recently installed 'Council for lifelong learning' which is charged with developing such a strategy. Some concrete measures have been initiated, such as an increase in funding from the budget, better statistics on educational activities, quality improvements and the definition of priorities in the educational and training systems. However, these actions can only be considered as the beginning of the policies recommended by the Council.

6. New Policy Initiatives and Developments

On 20 September 2002 Parliament adopted - on the basis of a government proposal agreed with the Social Partners- a package of employment and training measures, especially for young persons and actions to stimulate business activity.

The main points are:

- The whole programme has a financial volume of 600 million € plus 100 million € for research and development activities.
- A special programme will be launched for unemployed youth in the age of 19-24 years. This group should receive training of an average duration of 18 months, which should be equivalent to what is offered in the normal apprenticeship system.
- This programme also covers the prolongation by two years of the current law to ensure youth training increasing the number of apprenticeship places from 2000 to 3000 for the group between 15 to 18 years of age. Additional measures are foreseen for early school leavers.
- To stimulate apprenticeship training enterprises can receive a training grant of 1000 € per person per year. Non-wage labour costs for apprentices are to be reduced by subsidising contributions for accident, unemployment and sickness insurance.
- In the area of care professions new jobs should be created.
- The training allowance of 20% for continuing training will be extended to all in-house actions (so far only training measures in institutions) and to other eligible groups.

- The Social Partners are stimulated to increase employment opportunities for older workers.
- In addition the government adopted a package to stimulate overall economic activity by, inter alia, offering a temporary investment grant of 10% on especially mobile investment goods, increasing depreciation allowances for the construction industry and facilitating framework conditions for business and craft regulations.

Austria

Performance Indicators⁹⁰

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	68.4	68.4	68.5	67.9	67.8	63.9	60.5
<i>Males</i>	76.7	77.3	77.5	77.0	77.1	73.0	70.3
<i>Females</i>	60.1	59.6	59.6	58.8	58.6	54.9	50.6
15-24	51.2	52.3	53.4	53.5	54.2	40.7	36.9
25-54	82.7	82.6	82.0	81.1	80.9	77.1	73.8
55-64	28.6	28.8	30.1	29.0	28.5	38.5	36.3
Full-time eq. Employment rate	63.4	63.5	63.9	63.8	63.5	58.5	55.5
<i>Males</i>	76.0	76.2	76.9	76.4	75.9	71.3	68.7
<i>Females</i>	50.9	51.0	51.0	51.3	51.3	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	3.6	3.7	3.9	4.5	4.4	7.4	10.1
<i>Males</i>	3.0	3.1	3.4	3.8	3.7	6.4	8.9
<i>Females</i>	4.3	4.3	4.7	5.4	5.4	8.7	11.7
Youth Unemployment Ratio	3.2	2.9	3.1	3.7	3.9	7.1	9.2
<i>Males</i>	3.0	2.8	2.6	3.0	3.4	7.2	9.2
<i>Females</i>	3.4	3.1	3.5	4.4	4.4	7.0	9.2
Long-Term Unemployment Rate	0.9	1.0	1.1	1.3	1.2	3.3	5.1
<i>Males</i>	0.9	0.9	1.0	1.1	1.1	2.8	4.4
<i>Females</i>	1.0	1.0	1.3	1.5	1.4	3.9	6.1
Economic Indicators							
Total Employment Growth	0.2	0.5	1.2	0.7	0.5	1.2	1.0
Real GDP Growth	1.0	3.0	2.8	3.5	1.6	1.6	2.5
Labour Productivity Growth (capita)	0.8	1.6	1.8	2.7	1.1	0.4	1.5
Labour Productivity Growth (hourly)	0.8	2.5	0.9	9.1	-1.9	0.3	1.6
Real Unit Labour Costs	0.1	-0.7	-0.2	-0.4	-0.5	0.6	-0.9
Other Indicators							
Participation in education and training	7.8	7.8	7.8		7.8	8.4	5.8
<i>Males</i>	9.0	9.0	9.0		9.0	7.8	5.9
<i>Females</i>	6.7	6.7	6.7		6.7	8.9	5.6
Investment expenditure on education			6.3	6.3	6.3		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	64					54	

⁹⁰

For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	43					36	
Rate of early school leaving ⁹¹	10.2	10.2	10.7		10.8	19.4	20.7
<i>Males</i>	9.7	9.6	9.6		9.0	21.9	23.0
<i>Females</i>	10.7	10.7	11.9		12.5	16.8	18.5
Internet Coverage in Schools	72					89	
<i>Primary</i>	53					84	
<i>Secondary</i>	95					96	
<i>Tertiary</i>	96					97	
Rate of self-employed	10.8	10.8	10.9	11.0	10.8	14.0	14.9
<i>Males</i>	12.8	12.7	12.5	12.8	12.6	17.8	18.8
<i>Females</i>	8.4	8.4	8.8	8.7	8.4	9	9.5
Employment Rate in Services	42.4	42.2	41.6	40.7	40.1	44.4	40.8
<i>Males</i>	39.6	39.3	39.0	38.5	38.0	43.0	40.3
<i>Females</i>	45.0	44.7	43.8	42.6	42.0	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	41.7	40.2	40.6	40.5	40.6	36.4	38.0
Tax Rate on low wage earners	39.9	40.1	41.6	41.5	41.1	37.8	4.08
Accidents at work			3301	3321	3501		4106
Non-standard Employment	6.5	6.4	5.9	6.4	4.9	13.4	18.8
<i>Part-time</i>	17.3	16.9	16.6	15.6	14.8	18.9	17.7
<i>Fixed-term</i>	8.1	7.9	7.5	7.8	7.8	13.2	12.2
Gender Segregation							
<i>Occupations</i>	27.2	27.3	27.6	27.5	27.7	25.2	24.9
<i>Sectors</i>	20.3	20.1	20.1	19.9	19.9	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.18	1.20	1.20	1.19	1.22	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-6.3	-7.4	-7.4	-6.4	-6.9	-9.5	-9.9
<i>Females</i>	6.8	7.1	7.2	7.4	8.3	12.2	12.8
Gender Pay Gap				21.1			

⁹¹ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

PORTUGAL

1. National Employment policy in context

The Portuguese GDP growth decelerated to 1.7% in 2001. This reflects a significant slowdown of the economy by 1.8 percentage points since 2000. However, the growth rate is still higher than the EU average in 2001 (1.6%). Labour productivity growth, stagnated in 2001 and was lower than the EU average (0.3%). The productivity level continues to be the lowest in the EU, and the gap with the EU average has further increased in 2001.

Although the general economic indicators have deteriorated in 2001, the employment rate increased to 68.9% in 2001 from 68.3% in 2000 and 64.0% in 1997. This increase has been shared by both genders, but was particularly significant for women (61.1% in 2001 from 56.1% in 1997). All genders and age groups have increased their employment rates since 1997. However, the employment rate of the 55-64 age group decreased marginally to 50.3% in 2001 (far higher than the EU average of 38.5%), after having grown from 47.3% in 1997.

The total unemployment rate continued to be one of the lowest in the EU, but the positive trend since 1997 has been interrupted. In 2001 it remained at 4.1% (the same level as 2000) having been 6.8% in 1997. This stabilisation is related to the general slowdown of the economy and affects mainly the youth unemployment ratio that increased for both genders in contrast with the evolution registered since 1997. A continued positive indicator is the decrease of the long-term unemployment rate (LTU) for both genders, which has been reduced from 3.2% in 1997 to 1.5% in 2001. However, for the 55-64 age group, the proportion of LTU in total unemployed, has increased between 1997 and 2001, and is now more than 63%.

2. Progress towards the Horizontal Objectives

Progress towards achieving the targets established in both the Lisbon and Stockholm Summits has been very positive. Only the total employment target of 70% for 2010 has not yet been accomplished (still 68.9% in 2001, but already above the 67% target for 2005). The increase in productivity levels will require major restructuring of the economy as well as public administration. Reconciling this need in a period of economic slowdown, with the Portuguese government's objective to maintain good performance in employment and unemployment rates, will be an extremely difficult challenge. Although the Lisbon and Stockholm targets have been referenced, no further national quantified targets have been set.

The Government aims to increase the quality of jobs by encouraging the negotiation between the Social Partners. Three medium-term agreements were reached in 2001: (i) Employment

policy, Labour Market, Education and Training, (ii) Working Conditions, Occupational Health and Safety and Combat of Occupational Accidents, and (iii) Modernisation of social protection. However, these have not yet been fully translated into concrete operational measures by the signatories. The fourth agreement which covers the crucial issues of work organisation, productivity and wages, has not yet been signed. The Government also continues to promote the quality of jobs through a strategy aimed at reducing occupational accidents, improving qualified employment, in particular in the services sector, and fighting various forms of illegal work, namely undeclared work, child labour and false self-employment.

The knowledge-based society is being pursued mainly through the improvement of the population's education and skills. A strategy on lifelong learning was presented together with the NAP 2001. It encompasses an integrated approach to the main weaknesses of the education and training policies. The strategy focuses on four areas; (i) To improve the quality of basic education and to fight early school dropout, (ii) To expand the youth initial training by diversifying the pathways to qualifications inside and outside the formal education system, (iii) To improve the qualification and to ensure the employability of adults, employed or not employed, through education and training actions, and (iv) To develop a national process of training and certification of competencies in information and communication technologies (ICT). Some measures of this strategy will only see concrete results in the long term (e.g. measures focused on pre-school and basic education), while others identify short term targets, such as: (i) the continuous training initiatives involving at least 10% of the workers of each enterprise, as from 2002 onwards, (ii) the development of permanent and sustained training systems that assure every worker has a minimum of 20 hours of certified training each year, by 2003, and 35 hours by 2006. Although specific targets and measures have been identified, close monitoring and evaluation of the implementation of this strategy is required, if its ambitious objectives are to be fulfilled.

Since 1998, the Social Partners have been involved in all phases of drawing up, monitoring, evaluating and annually reviewing the NAP. For this purpose, and within the scope of the Standing Committee for Social Dialogue, a technical group was created to monitor the NAP. This group includes participants from the national co-ordinating structure and representatives of employers and workers, and discusses national policy options as well as the results of its implementation. At bilateral level, and within the scope of the Guidelines 13 and 15, the Social Partners have introduced improvements in the collective bargaining process, but they recognise that these are still insufficient in terms of the substance of the issues agreed and that these do not cover all relevant sectors. During 2001 three tripartite agreements were signed between the Government and the Social Partners. However, the on-going talks to sign an agreement in the areas of wage policy and productivity, as well as the reform of labour legislation should be steadily pursued. These are strategic areas that would contribute to

ensure better employment quality, higher competitiveness and productivity, more employment security and better adaptability of the enterprises.

Although there has been an effort to adopt a policy mix that covers all four Pillars, the emphasis has clearly been on employability policies with particular focus on the INSERJOVEM and REAGE methodologies.

The NAP's diagnosis has identified a set of structural weaknesses of the Portuguese employment system. To cover these weaknesses, policies have focused on three strategic priorities; (i) the sustainability of the employability levels through the National Lifelong Learning Strategy, (ii) the integration into the labour market of socially excluded people or those at risk of being excluded, through the National Action Plan for Inclusion, (iii) the employment quality issues namely through the improvement of the education and professional qualifications levels and of working conditions and labour relations. Other policies that complete this mix include the development of entrepreneurial activity in sectors considered of strategic interest, the reduction of the regional asymmetries of the employment markets, the improvement of conditions that support reconciling work and family life, and a transversal approach to the issue of equal opportunities. There is a focus on the reduction of disparity between the national and regional rates of employment. Regional strategies for employment are promoted under the regional Action Plans that exist in several regions at differing stages of design and implementation. Although most problems have been clearly identified and corresponding policies have been defined, there have been limited results in the effort to overcome the structural problems of the Portuguese employment system, namely the vulnerability of the production system, the low levels of education and qualifications, the levels of early school drop-outs and low labour productivity. In spite of a favourable evolution of the employment and unemployment indicators since the inception of the EES, these structural problems are a serious bottleneck for the economic development, the innovation and competitiveness of a sustainable labour market, and ultimately for the convergence process with the EU. Fiscal policies that promote the investment in research, education and training should be pursued.

An Inter-ministerial Working Group was created to prepare and regularly examine the various performance, policy and structural indicators related to the EES, and follow-up of the NAP. These indicators are essential to assure a transparent implementation of the Employment strategy. With the objective of evaluating the impact of tax policy in job creation, another inter-ministerial group (Ministry of Finance and Ministry of Social Security and Labour) has been created. Furthermore, financial and physical outcomes and impact indicators as well as the procedures for collecting information have been established. However, the details of the implementation of these mechanisms are still being discussed. It is not clear whether a set of indicators is already being used as a tool for evaluating and correcting policies, namely in the

areas of quality of work, vocational training and employment quality. The NAP does not report on some of the indicators agreed with the EMCO members, neither does it provide methodological information on those indicators.

3. Progress under the four Pillars

Employability continues to be one of the fundamental priorities of the employment policy in Portugal. To fulfil the goals of offering a new start to every unemployed person before reaching 6 (youths) or 12 (adults) months of unemployment, individual methodologies were created. These allow the Public Employment Service to individually assist the young (INSERJOVEM) or adult (REAGE) unemployed and build a specific "insertion profile", enabling a response appropriate to the individual needs and facilitating their insertion in the labour market. These methodologies currently cover the entire mainland. Since 2000, they have been progressively extended to include the long-term unemployed enrolled in job centres, and are expected to cover the entire territory by the end of 2002. The concept of employability is extended to the entire active population and also to inactive groups wishing to enter the labour market. The European Social Fund supports most of the measures under this Pillar, namely in areas of employment, education, vocational training, social development and inclusion. In 2001, the activation rate was above the EES minimum target of 20% (29.1%). However, the effort indicator, the non-compliance rate, as well as the rate of inflow into LTU have increased in 2001. The number of young people that do not turn up for an interview to start their individual action plan was almost 50% in 2001. Despite the positive evolution of the employment and unemployment indicators since the start of the EES, certain groups continue to show particular difficulties in accessing the labour market, namely the long-term unemployed of the 55-64 age group.

On **Entrepreneurship**, Portugal's structural indicators reveal that productivity and competitiveness are the areas where the country's structural backwardness is more evident. Several points of qualitative vulnerability, long-term sustainability and regional asymmetries still persist in the Portuguese productive system. This Pillar includes the major actions to be developed within the scope of the innovation policy, at the level of entrepreneurial initiative and innovation. However, promoting innovation involves the combination of a set of public policies that complement those specifically intended for companies, which must involve Science and Technology, the Information Society, Training, Finances and the Public Administrative Reform. Although this Pillar is recognised as being of extreme importance in the national employment strategy, operational measures should be improved to substantiate its political priority and better contribute to the objectives of the national innovation programme PROINOV. Improved co-ordination with the Operational programmes financed by ESF and ERDF is required, namely the POE, POCTI, and POSI.

As for **Adaptability**, in 2001, following negotiations initiated in the previous year, two agreements were signed by the Government and the Social Partners: one on Employment Policy, Labour Market and Education and Training, the other on Working Conditions, Occupational Health and Safety and Combat of Occupational Accidents. In the first agreement, the priorities address those problems related to the country's competitiveness, employment sustainability, the improvement of school and occupational qualifications, and the promotion of the quality of employment. It also covers the response to unemployment through integrated employment, vocational training and labour policies. A target was established consisting of the development of a continuing vocational training system in a permanent and sustained way to ensure that every worker has a minimum of 20 (in 2003) and 35 (in 2006) hours of certified training per year. Considering the limited attention given by many entrepreneurs and workers to promote the level of qualifications, this agreement will demand a considerable effort to assure its successful implementation. In the second agreement, a set of measures have been included under Guideline 14. These aim to reconcile the modernisation of the industrial fabric with the adoption of measures intended to improve occupational safety and health conditions.

With regard to **Equal Opportunities**, the strategy has aimed at reducing the disadvantages of women in access and participation in the labour market, as well as removing the obstacles for men to fully participate in family life. The reinforcement of the rights of working men as fathers has been addressed through legislation. Measures to support the reconciliation of family and working life, include the improvement of the network of facilities for early childhood care and a progressive universal access to pre-school education for all 3-5 years old children. Although the network of child-care and elderly or other dependants' care services has improved, the current levels are still insufficient. As to sectoral segregation, the problem is perceived to have a cultural basis. Therefore the national strategy has focused on interventions at the level of "attitudes", particularly through training actions addressed to strategic groups and the inclusion of modules on equal opportunities in all vocational training provided by public bodies, as well as public information campaigns on this subject. Although women are the major beneficiaries of active employment measures, the gender gap on unemployment increased marginally between 1997 and 2001 to 1.9%. The global gender pay gap in Portugal is among the lowest in the EU (5.9% in 1998). However, according to the NAP 2002, women's gross average earnings in the private sector in 1998 was only 72.4% of men's.

4. Budgetary impact of the NAPs

The major financial support (around 66%) to the 2002 NAP, will be provided by ESF and ERDF in the context of the 2000-2006 CSF. Total public financial resources allocated to the NAP in 2002 are estimated to exceed 1 495 million Euros. A precise distribution of funding

by Pillar is not possible, because most measures intervene in areas that are spread over various Pillars. However, a rough estimate of the investment allocated to each Guideline, is as follows: 853 million Euros for Employability, 391 million Euros for Entrepreneurship, 232 million Euros for Adaptability and 19 million Euros for Equal Opportunities. In addition, the loss in public revenue resulting from measures within the scope of Fiscal and Social Security policies in 2001 is estimated at 0.35 million Euros. There are very few explanations on how the costs of each Guideline have been quantified and what categories of expenses they cover.

5. Response to Recommendations

The 2002 Council recommendations on the implementation of Portugal's employment policies:

- 1. better articulate the lifelong learning strategy, by improving education and training systems in order to avoid skill shortages, increase the supply of skilled labour and thus promote the creation of medium and highly skilled jobs and raise labour productivity;*
- 2. pursue efforts to implement an approach based on partnership and support the concrete commitments of social partners, in particular in the areas of modernisation of work organisation and adaptation of employment relations, including labour regulations, carefully monitoring the implementation of the agreements already signed by the Government and the social partners;*
- 3. pursue efforts to reconcile family and working life, in particular by extending childcare facilities, and examine new ways to promote a better gender balance at sectoral level.*

A comprehensive Lifelong Learning strategy was prepared in 2001 together with the revision of the NAP. This strategy defines clear goals and includes a wide range of measures under the responsibility of different actors. In each area a set of instruments have been created that are supported by the ESF through different programmes under the CSF III. The plan describes the positive evolution of the formal educational system, which has improved the educational levels of the Portuguese population. In just ten years the population with secondary and higher education almost doubled. However, the situation in Portugal is still not favourable when compared with other Member States, in particular the youth drop-out ratio is still extremely high and has risen in 2001, and the adult population continues to show serious qualification and certification weaknesses. The process of training and certification of competencies in ICT, needs to be closely followed to recover from implementation delays.

To implement an approach based on partnership and support for the commitments of the social partners, three tripartite agreements were signed in 2001. These agreements are expected to have a decisive role in the effort to overcome the Portuguese structural weaknesses. To implement, follow up, and identify further necessary actions, a Tripartite Group was created for each Agreement. The social partners have progressively integrated

some of the issues of the EES in collective bargaining, namely: the maternity protection, the promotion of vocational training, the definition of functions and careers, the reduction of working hours and the improvement of occupational health and safety. In spite of significant progress in the involvement of social partners in the employment process, there is still great dependency on the central role played by the government.

To pursue efforts to reconcile family and working life, the Government has given priority to improve the supply of family support services and childcare facilities. This includes the expansion of the network of facilities for early childhood care (0-3 year olds), and a progressive universal access to pre-school education for all 3-5 year old children. The NAP does not provide sufficient information on the implementation of these measures. Legislation is also being prepared to regulate the "Centres for Leisure Activities" aimed at providing extra-school activities for children between 6 and 12 years of age. To reduce the gender gap at sectoral level the government has focused on training actions intended to change traditional attitudes in society. However, these actions aimed at changing cultural perceptions are likely to produce results in the very long-term. Additional measures with impact in the shorter term are necessary to successfully address the problem of sectoral gender segregation in Portugal, which continues to be higher than the European average.

6. New Policy Initiatives and Developments

Resulting from the recent national elections in March 2002, the new Portuguese government has initiated policies that will have a direct impact in the employment and economic spheres.

The Programme for Productivity and Economic Growth has been launched during July 2002, with the purpose of further improving the changes to the productive structure and moving it towards sectors of greater technological content, while developing related services to these sectors. This programme which also encompasses the implementation of PROINOV, provides a general framework for the development of micro-economic policies, structural reforms and financial policies. The implementation of these measures (some before the end of 2002), will be a joint effort at an intra and inter-ministerial level, and aim to assure a concerted intervention in various areas, in addition to the financial instruments available to companies. This programme will include measures directed at the legislative and regulatory systems, as well as the administrative, judicial and fiscal systems.

In the scope of the Life Long Learning strategy, various initiatives have been developed. Among these, the reinforced co-ordination between the Ministry of Social Security and Labour and the Ministry of Education. This joint effort should allow the definition and implementation of the vocational training policy, integration of the initial qualification of youth with their school certification, and the development of the recognition, validation and

certification of school and professional competencies of the adult population with lower levels of formal school education.

The recently published law that re-organises the Ministry of Education, foresees among other measures, the establishment of a new General Directorate for Vocational Training with the purpose of assuring the progressive integration and co-ordination of education with initial and life long vocational training.

Regarding labour law, a public discussion has been initiated on a proposal for a "Code on Labour law". This document will synthesise and simplify in a single document all the labour rules and norms governing individual and collective relations, which are currently spread out in more than 60 different texts.

Portugal

Performance Indicators⁹²

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	68.9	68.3	67.4	66.6	64.0	63.9	60.5
<i>Males</i>	76.9	76.5	75.8	75.6	72.5	73.0	70.3
<i>Females</i>	61.1	60.3	59.4	58.0	56.1	54.9	50.6
15-24	43.8	43.1	43.5	43.1	38.4	40.7	36.9
25-54	82.4	81.9	80.8	80.2	78.6	77.1	73.8
55-64	50.3	51.0	50.8	50.0	47.3	38.5	36.3
Full-time eq. Employment rate	67.4	66.6	65.7	64.8	62.5	58.5	55.5
<i>Males</i>	77.5	76.6	75.8	75.8	72.8	71.3	68.7
<i>Females</i>	57.7	57.1	56.1	54.5	53.1	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	4.1	4.1	4.5	5.1	6.8	7.4	10.1
<i>Males</i>	3.2	3.3	3.9	4.1	6.1	6.4	8.9
<i>Females</i>	5.1	5.0	5.2	6.4	7.6	8.7	11.7
Youth Unemployment Ratio	4.5	4.1	4.2	5.0	6.4	7.1	9.2
<i>Males</i>	3.9	3.4	3.7	4.2	5.8	7.2	9.2
<i>Females</i>	5.1	4.8	4.8	5.8	7.0	7.0	9.2
Long-Term Unemployment Rate	1.5	1.6	1.7	2.1	3.2	3.3	5.1
<i>Males</i>	1.2	1.3	1.4	1.6	2.7	2.8	4.4
<i>Females</i>	1.9	2.0	2.0	2.7	3.7	3.9	6.1
Economic Indicators							
Total Employment Growth	1.6	1.7	1.8	2.7	1.7	1.2	1.0
Real GDP Growth	1.7	3.5	3.5	4.5	3.9	1.6	2.5
Labour Productivity Growth (capita)	0.0	1.8	1.6	1.8	2.2	0.4	1.5
Labour Productivity Growth (hourly)	0.0	1.8	0.6	3.0	4.6	0.3	1.6
Real Unit Labour Costs	0.8	1.3	-0.6	-1.4	-0.5	0.6	-0.9
Other Indicators							
Participation in education and training	3.3	3.3	3.2	3.0	3.5	8.4	5.8
<i>Males</i>	3.0	3.2	3.1	3.0	3.7	7.8	5.9
<i>Females</i>	3.7	3.4	3.4	3.1	3.4	8.9	5.6
Investment expenditure on education			5.7	5.6	5.6		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	37					54	

⁹²

For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	21					36	
Rate of early school leaving ⁹³	45.2	43.1	45.5	46.8	40.6	19.4	20.7
<i>Males</i>	52.3	50.6	51.3	51.7	46.8	21.9	23.0
<i>Females</i>	38.0	35.6	39.6	42.0	34.4	16.8	18.5
Internet Coverage in Schools	62					89	
<i>Primary</i>	56					84	
<i>Secondary</i>	91					96	
<i>Tertiary</i>	100					97	
Rate of self-employed	25.0	23.7	24.9	25.9	26.9	14.0	14.9
<i>Males</i>	27.4	25.7	26.4	27.6	28.3	17.8	18.8
<i>Females</i>	22.1	21.1	23.1	23.7	25.2	9	9.5
Employment Rate in Services	40.3	39.6	38.9	37.2	35.8	44.4	40.8
<i>Males</i>	38.7	37.9	37.8	36.5	35.1	43.0	40.3
<i>Females</i>	41.6	40.9	39.8	37.8	36.4	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	33.9	34.1	33.6	33.4	32.5	36.4	38.0
Tax Rate on low wage earners	29.6	30.4	30.2	30.7	30.8	37.8	4.08
Accidents at work			5048	5505	5523		4106
Non-standard Employment	14.7	18.3	17.3	15.9	12.5	13.4	18.8
<i>Part-time</i>	4.8	5.3	5.4	5.5	5.3	18.9	17.7
<i>Fixed-term</i>	20.3	20.4	18.6	17.4	12.2	13.2	12.2
Gender Segregation							
<i>Occupations</i>	26.5	26.5	26.4	25.4	24.8	25.2	24.9
<i>Sectors</i>	21.5	21.7	21.6	20.9	20.2	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.08	1.09	1.10	1.10	1.12	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-9.6	-10.6	-9.2	-9.9	-11.1	-9.5	-9.9
<i>Females</i>	-2.0	-2.5	-0.5	-1.2	-0.9	12.2	12.8
Gender Pay Gap				5.9			

⁹³

The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

FINLAND

1. National Employment policy in context

The Finnish economy experienced a rapid GDP growth and steady employment growth for 1995-2000 after the deep recession at the beginning of the 1990s. A thriving telecommunications equipment industry was an important factor behind a strong performance of the economy. The global economic slowdown in 2001 had a sharp impact on the Finnish economy. The GDP growth dropped to 0.7 % after 5.6% the year before and 6.3% in 1997. However, domestic demand sustained employment, and companies geared up for future labour demand by avoiding extensive terminations and layoffs. Employment continued to increase, and the employment rate amounted to 68.1% (70.9% for men and 65.4% for women) in 2001, whereas it had been 63.3% (66.3% for men and 60.3% for women) in 1997. The employment for those aged 55-64 continued to grow at a stronger rate and accounted for 45.7% in 2001, after being 35.7% in 1997 - thanks to the National Programme on Ageing Workers (1997-2002) and other related measures, notably raising the age limit (from 55 to 57) for the prolonged unemployment benefit.

Accordingly, unemployment continued to decrease and reached a level of 9.1% (8.6% for men and 9.7% for women) in 2001, compared to 12.7% in 1997, but still remained above the EU average. The long-term unemployment rate diminished to 2.5%, nearly half of what it was in 1997. Youth unemployment (10.3%) has gone down compared to the ratio of 11.6% in 1997, but remained above the EU average. The basic problems in the Finnish labour market remained the same as in previous years: high structural unemployment together with recruiting problems and large regional variations.

2. Progress towards the Horizontal Objectives

The Finnish NAPs have moved in a more strategic and integrated direction and towards long-term planning since 1998. NAP 2002 is a direct continuation of the previous NAPs without explicit mention of the eight strategic areas of the previous NAPs. It is aimed at improving employment growth, the functioning of the labour market and ensuring the availability of labour as part of the Government's economic policy. Finland aims to raise the overall employment rate to 70%, the female employment rate to 68% and the employment rate for those aged 55-64 to 55% by 2010. These targets, however, require that economic growth exceeds 3%. Because of a less favourable economic situation, Finland has realistically given up its previous, even more ambitious target to raise employment to 70% by 2005. The interim overall employment target and the Lisbon target for women have already been exceeded.

As before, all Pillars are well presented in the NAP, but emphasis is put on the first Pillar. The equal opportunity Pillar has received a more equitable status over the years, whereas gender mainstreaming has remained weaker. Finland is one of the member states most exposed to the effects of an ageing population. Thus, ensuring the availability of labour in the short and long term is further emphasised throughout the Pillars as a prerequisite for achieving the Lisbon targets and overall economic performance. Promoting inclusion of vulnerable groups in the labour market is part of this approach and is coherent with the NAP inclusion. As a response to large regional differences, the Government has enhanced its regional policy by introducing a proposal for regional legislation and launching new regional policy measures, such as the programme for regional centres, whose impact needs to be monitored. The aim is to increase co-operation within the regions in order to improve the effectiveness of the measures based on the regions' respective strengths.

Connections between the quality of work and raising the employment rate are clearly presented, and the quality of work is being promoted in co-operation with the social partners mainly in terms of working life development programmes and labour legislation reforms, combining flexibility and security aspects. Developing the quality of work is closely linked to the life-long learning strategy. According to the working life barometer (2001), the quality of the Finnish labour market is rather good, despite increasing work pressure and a relatively high degree of temporary contracts, especially among women and in the public sector. Those on temporary contracts tend to feel themselves more discriminated against in terms of training and salary, according to the barometer. The Employment Contract Act (2001) harmonised atypical jobs with permanent employment, but the problem might call for other action. The public sector appears to have started to turn temporary contracts into permanent ones.

The NAP continued to include a comprehensive life-long learning approach mainstreamed in all Pillars, but national targets for human resource investments have not been set this year either. Improving competitiveness in Finland is firmly linked to skills and know-how, the ability to use the skills and create innovations. A parliamentary adult education and training committee has drafted proposals for policies, measures and resources for 2002-2010 based on the principle of life-long learning, and, according to the proposals, the entire working-age population must in future have the opportunity for thorough retraining every 10 to 15 years, plus a short training period annually. It is welcome that the Committee also proposes a separate action programme for those who have received only minimal basic education in order to prevent the exclusion of the low-skilled adult population.

There has been a trend towards higher participation of relevant actors in the NAP process at all levels. The NAP is being prepared and implemented jointly by the government, social partners and regional and local bodies. Tripartite co-operation has a long tradition in Finland, and comprehensive incomes agreements have been agreed by the social partners to support

continuing positive developments in the economy and employment. These also involve contributions to workplace development and life-long learning. Regional action plans, like those prepared last year, will no longer be drafted. These as well as the NAP 2002 will be implemented as part of the annual, administrative management-by-results planning system, where social partners are involved. The regional and local dimension of the NAP process still needs to be strengthened. A new financial appropriation included in the Finnish budget 2002 for the development of local employment policies could help in that.

Most of the common indicators and some quality indicators are presented, and nearly all of them are broken down by sex. Reporting is based on relevant statistical data, and Finland intends to further develop the monitoring and evaluation of the impact of the measures. The implementation of the projects of the previous NAPs – however - could have been reported more result-oriented.

3. Policy progress under the four Pillars

Employability. Finland launched the labour market policy reform in 1998 with the aim of moving from passive measures to more active and preventive ones. The rights and duties of the jobseekers were clarified and procedures in the public employment services (PES) were systematised. In order to further improve the effectiveness of the measures, the second wave of the reform was prepared in 2000-2001. It is based on more targeted, individually tailored measures in a closer co-operation with employers. The results cannot be seen yet. In 2001, a new start was offered to 99% of unemployed before exceeding a 6/12 months unemployment period. The stock of and inflow into long-term unemployment reduced. Long-term unemployment has declined at an even faster pace than total unemployment since 1997. 8.6/9.5% of unemployed exceeded a 6/12 months unemployment period in 2001. Equally, 8.7/9.7% of long-term unemployed reached 6/12 months unemployment without any individual action plan. The active labour market measures covered about 20% (see also section 5).

Nearly two thirds of all unemployed persons were estimated to have difficulties in finding employment in the labour market, and the rate of return into unemployment after measures remained high. Finland's strategy during the current slowdown is to promote the competence of unemployed people and their attachment to the labour market. Action is strongly focused on ensuring that adequate labour will be available as soon as the recession ends. Raising skills and expertise and activating jobseekers and labour reserves, launching incentives and disincentives for preventing early retirement of baby boom generations, promoting occupational and geographical mobility as well as gearing up for the use of a foreign labour force are all appropriate ways in which attempts are being made to ensure the supply of labour. Combating long-term and youth unemployment and preventing exclusion are linked to

efforts to improve the labour supply in the long run, while the population is ageing. In this context, immigrants and disabled people, who have relatively less benefited from the growth years, have also got more attention in NAP 2002, but no targets have been set.

Entrepreneurship. Promoting entrepreneurship has been given a sharper focus in the NAPs over the years. The Government has launched a comprehensive, regionalized entrepreneurship project for 2000-2003 together with social partners and business organisations. Consultation and training services have been developed, administrative procedures simplified, funding systems improved and the tax and social security burdens on labour reduced. Communication between authorities and entrepreneurs has been improved through the Internet. The legislative environment has changed more in favour of entrepreneurship. Public services and public purchasing operations are being opened to private competition. Measures for promoting female, ethnic and social entrepreneurship have been undertaken as well. Since 1997, the number of entrepreneurs has definitely increased. However, the proportion of entrepreneurs within the total employment figures has decreased to 12.4% in 2001 compared to 14% in 1997. The threshold to business start-ups still seems to be rather high in Finland. Cultural attitudes appear to be one of the reasons which hinder the emergence of a more entrepreneurial economy.

The regional dimension has been emphasised and local co-operation in the field of labour market policy progressed over the years. The national employment rate targets are being regionalized. Employment offices have been involved in local partnership projects, although integration to PES mainstreaming needs improvement. The NAPs are seen as a useful tool to increase regional co-operation in employment questions also (see also section 2).

Adaptability. Mr. Lipponen's Governments (1995-) have devoted particular attention to improving the organisation of work and the quality of working practices. Progress is being made in co-operation with social partners. All central labour laws have been reformed, and several multiannual working life development programmes are being implemented. The programmes will be assessed in 2002, and the programme-based development, targeted at improving innovation systems and human resources, is intended to be enforced. A report to Parliament will also be prepared on the need to develop labour legislation as a response to the changes in working life and in companies' operating models and their environments. According to the collective agreement for 2001-2002, the social partners continued to co-operate on the development of working life. The labour market organisations will draw up a model for systematic development of working communities and support the implementation of that model through a campaign to be launched in the autumn of 2002. They will also launch a campaign on flexible working hours arrangements in workplaces. According to the NAP evaluation, Finland is quite advanced in the field of the Adaptability Pillar and has succeeded in increasing both flexibility and security.

Equal opportunities. According to the NAP evaluation, the EES has had its greatest single impact in Finland on Pillar IV in that equality policy has become more transparent and the different sectors of the government and labour market parties have started to take gender equality systematically and consistently into consideration. NAPs have provided valuable tools for gender impact assessment. However, the NAP process has not yet had any direct impact on the reduction of gender gaps. An increase in atypical contracts during recent years has rather enforced the gender-based segregation, and, in particular, young, highly educated women have had difficulties in finding a permanent full-time job. Promoting equal opportunities will be continued mainly in terms of multiannual projects, and the NAP includes a few new initiatives (see section 5).

4. Budgetary impact of the NAP

The Finnish NAP is being implemented within the limits of the Finnish State budget. The NAP includes figures of expenditure on active and passive labour market policy as well as some specific programmes. As regards Structural Funds, only ESF activities have been reported, and the managing authority for ESF has participated in drafting the NAPs. The ESF programmes in Finland have been designed as product development instruments for all Pillars, and there are references to ESF measures throughout the Pillars in the NAP. However reporting does not seem very systematic.

5. Response to the recommendations

The 2002 Council recommendations on the implementation of Finland's employment policies:

1. continue to review tax and benefit schemes with a view to encouraging participation in the labour market and ensuring the availability of labour; in particular, strengthen efforts to reduce high marginal effective tax rates especially on low wage earners and to improve incentives in benefit schemes, especially pensions, for people to take up work and to stay in the labour force;

2. take appropriate action, in the context of a gender mainstreaming approach, to close the gender pay gap and continue taking action to improve the balance in representation between men and women across both occupations and sectors;

3. ensure the effectiveness of active labour market programmes with a view to combating unemployment and reducing regional disparities and labour market bottlenecks, focusing on the needs of the long-term and young unemployed.

The NAP presents the measures taken in order to reduce taxes. The aim of the Government is to decrease the tax burden on labour by €1.680–1.849 billion during the 1999-2003 electoral period. This aim has already been exceeded in 2002. The tax cuts amount to 1.75% of the predicted GDP for 2002. The tax rate for earned income is thought to be percentage points

lower in 2002 than 1999 on a low and medium annual income level. At the same time, the percentage of labour costs made up by income tax and employer/employee social security contributions will drop by 4.5 percentage points, to about 46%. However, the tax burden on labour remains high, and the problems for low-paid labour call for further targeting of measures. Finland will study the need to make further changes in income and property taxation, taking into account international tax competition. The report could be useful in drawing up tax policy Guidelines for the next Government (2003). As a new experiment, the social security contributions of private employers will be lifted for a period in 2003-2005 in 14 municipalities in Lapland and six municipalities in the Finnish archipelago.

As regards benefit schemes, the reform of the Finnish pension system was agreed in tripartite co-operation in 2001. Its aim is to increase flexibility regarding the retirement age and increase incentives to remain longer in the labour force. It makes it possible to retire between the age of 62 and 68. Employees could choose between continuing to work and accruing more pension or retiring on the pension accrued so far. These measures are to become effective as of the beginning of 2005. The later phasing-out (2007-2014) of the existing unemployment pension scheme, however, may risk delaying the achievement of a higher effective retirement age. According to the evaluation, the National Programme on Ageing Workers (1997-2002) has succeeded in promoting a more favourable attitude climate towards the ageing population, and it has contributed to raising the effective retirement rate and employment.

There is no identifiable trend towards less segregation. The pay gap is also still 18%, half of which cannot be explained other than as discrimination. The pay gap is particularly big among educated women in the private sector. There are no major changes in the policy, but several actions in co-operation with the ministries and social partners are under way in order to assess and alleviate the segregation and pay gaps. The results could be seen in the longer term. For instance, awareness of the gender issue in the PES has been enforced by preparing a guide for the use of PES officials on segregation and by staff training. Efforts to encourage fathers to take paternal and parental leaves is being continued; for instance the social partners have launched a campaign for this purpose. Pay systems are being developed on the basis of job evaluation. The burden of pay discrimination will be clarified by reviewing the Act on Equality between Men and Women. A more strategic approach is needed in order to reduce gender pay gaps.

The effectiveness of the active labour market measures continues to be developed on the basis of several evaluation results and statistical surveys. The results of the NAP evaluation show that measures targeting certain selected groups are effective, and the effectiveness of measures is linked with demand for low-productivity labour. Tailor-made measures planned and implemented in closer co-operation with companies also seem to produce better results. It is good to see that the NAP 2002 introduces a number of different experiments and measures

that aim at finding more effective means for Finnish employment policy. National and regional targets are also set annually for the maximum number of people left unemployed after the labour market measures. In addition, for the preparation of the Government's programme, the scope of reducing structural unemployment through broad actions focusing on employment policy, social security, taxation and income transfer will be investigated.

Finland

Performance Indicators⁹⁴

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	68.1	67.3	66.4	64.6	63.3	63.9	60.5
<i>Males</i>	70.9	70.2	69.2	67.9	66.3	73.0	70.3
<i>Females</i>	65.4	64.3	63.4	61.2	60.3	54.9	50.6
15-24	41.7	41.1	40.0	36.2	34.4	40.7	36.9
25-54	81.6	80.9	80.4	79.1	77.7	77.1	73.8
55-64	45.7	42.0	39.0	36.2	35.7	38.5	36.3
Full-time eq. Employment rate	65.7	64.9	64.2	60.6	59.5	58.5	55.5
<i>Males</i>	69.8	69.3	68.4	64.8	63.5	71.3	68.7
<i>Females</i>	61.8	60.5	60.2	56.4	55.5	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	9.1	9.8	10.2	11.4	12.7	7.4	10.1
<i>Males</i>	8.6	9.0	9.7	10.9	12.3	6.4	8.9
<i>Females</i>	9.7	10.6	10.7	12.0	13.0	8.7	11.7
Youth Unemployment Ratio	10.3	11.1	10.9	11.1	11.6	7.1	9.2
<i>Males</i>	10.3	11.3	11.0	11.3	12.3	7.2	9.2
<i>Females</i>	10.2	11.0	10.8	11.0	10.9	7.0	9.2
Long-Term Unemployment Rate	2.5	2.8	3.0	4.0	4.7	3.3	5.1
<i>Males</i>	2.7	2.9	3.2	4.3	4.8	2.8	4.4
<i>Females</i>	2.3	2.8	2.8	3.8	4.5	3.9	6.1
Economic Indicators							
Total Employment Growth	1.2	1.9	2.7	2.1	3.3	1.2	1.0
Real GDP Growth	0.7	5.6	4.1	5.3	6.3	1.6	2.5
Labour Productivity Growth (capita)	-0.5	3.6	1.3	3.2	2.9	0.4	1.5
Labour Productivity Growth (hourly)	-0.5	6.3	1.0	4.3	3.5	0.3	1.6
Real Unit Labour Costs	2.8	-2.8	0.9	-2.0	-3.1	0.6	-0.9
Other Indicators							
Participation in education and training	19.3	19.6	17.6	16.1	15.8	8.4	5.8
<i>Males</i>	17.1	17.7	16.2	15.3	14.3	7.8	5.9
<i>Females</i>	21.4	21.6	19.1	17.0	17.4	8.9	5.6
Investment expenditure on education		6	6.2	6.2	6.5		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	76					54	

⁹⁴

For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	56					36	
Rate of early school leaving ⁹⁵	10.3	8.9	9.9	7.9	8.1	19.4	20.7
<i>Males</i>	13.0	11.3	12.0	8.6	9.1	21.9	23.0
<i>Females</i>	7.7	6.5	7.9	7.2	7.0	16.8	18.5
Internet Coverage in Schools	99					89	
<i>Primary</i>	99					84	
<i>Secondary</i>	99					96	
<i>Tertiary</i>	97					97	
Rate of self-employed	12.3	12.9	13.0	14.0	14.5	14.0	14.9
<i>Males</i>	16.0	17.0	16.7	19.1	19.6	17.8	18.8
<i>Females</i>	8.3	8.3	8.8	8.4	8.7	9	9.5
Employment Rate in Services	45.3	44.2	43.5	42.3	41.4	44.4	40.8
<i>Males</i>	37.1	36.1	35.6	35.0	33.9	43.0	40.3
<i>Females</i>	53.6	52.6	51.6	49.7	49.0	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	45.3	47.3	46.4	46.9	46.4	36.4	38.0
Tax Rate on low wage earners	40.9	42.4	42.6	44.0	44.2	37.8	4.08
Accidents at work			3137	3435	3374		4106
Non-standard Employment	20.8	19.8	20.4	19.3	18.8	13.4	18.8
<i>Part-time</i>	11.8	11.9	11.9	11.4	10.9	18.9	17.7
<i>Fixed-term</i>	17.9	17.7	18.2	17.7	17.1	13.2	12.2
Gender Segregation							
<i>Occupations</i>	29.6	30.0	28.9	30.9	29.6	25.2	24.9
<i>Sectors</i>	21.9	22.5	21.4	22.5	21.9	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)						1.36	1.41
Employment Impact of parenthood							
<i>Males</i>						-9.5	-9.9
<i>Females</i>						12.2	12.8
Gender Pay Gap							

⁹⁵

The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

SWEDEN

1. National Employment policy in context

The Swedish economy experienced a sharp slowdown in 2001 and real GDP growth decelerated to 1.2% from 3.6% in 2000, heavily influenced by the global economic slowdown and in particular the slump in the ICT sector. Overall, real GDP is expected to grow by around 1.7% in 2002 and by some 2.8% in 2003. Employment growth has been robust in recent years and was still 1.9% in 2001. The employment rate for men last year was 73.0% and 70.4% for women. The employment rate among older workers was 66.5% in 2001. This means that Sweden has already reached all the agreed EU-targets.

The rise in employment has led to a decline in unemployment to 5.1% last year. The unemployment rate for women, 4.9%, is still lower than for men, 5.2%. The unemployment ratio for young people has declined somewhat and was 5.2% last year. However, the slowdown in the economy will mean that the unemployment rate will increase to some extent this year. The unemployment rate is expected to fall again next year when the economy gains momentum.

Both the employment and unemployment situation has improved between 1997 and 2001. The employment rate has increased by 3.6 percentage points, which is close to the EU average, while the unemployment rate has declined by 4.8 percentage points, which is significantly higher than for the EU as a whole.

2. Progress towards the Horizontal Objectives

The employment target put up by the Swedish government, that the employment rate should increase to 80% for people aged between 20 and 64 years by 2004, has not yet been met. According to the figures in the Swedish NAP the Swedish government's own calculations show that the employment rate will be 78.0% by year 2004. No specific targets have been set for women and older workers because it is said that the 80% target covers everyone in the labour force. Sweden has already met the targets set in Lisbon and Stockholm. Given the demographic development, there is a need to increase the labour force participation. The dependency ratio has been estimated to increase from 53% in 2010 to 57% in 2030. The Swedish government aims to combat this problem by stimulating young people, older workers, women and immigrants to increase their labour force participation. Measures to stimulate increased labour force participation among immigrants are warranted.

To reach quality in working life and lifelong learning for a long-term sustainable working life, Sweden emphasises the working life policy, the labour law and competence development. The

working life policy is to contribute to growth, employment, productivity and a competitive business sector. This should be done by creating good working conditions for the working environment, and flexible work organisation. The labour law must create a good balance between security and flexibility for both employers and employees. Competence development is important in order to strengthen the individual's position on the labour market, to improve the possibilities for employment and to improve the efficiency between supply and demand for labour. The social partners also play an important role when it comes to creating more and better jobs. The social partners on the Swedish labour market handle a lot of these questions by collective agreements, while in other countries this might be done by legislation.

The objective for Swedish education policy is to be a leading knowledge based country imbued by high quality and lifelong learning for growth and social justice. Sweden emphasises lifelong learning for all from pre-school activities to university and adult education. These should be powerful tools for reaching equal opportunities, personal development, democracy and an efficiently functioning labour market. It is important that the government, the social partners and the individual take common responsibility for the achievement of lifelong learning.

To achieve more and better jobs the Swedish government emphasises the importance of having a good policy mix and letting several policy areas interact. Policy areas which are important for reaching this are to have an active labour market policy, to set national targets for the employment rate, to improve incentives to take up a job, to bring in reforms aiming at making it possible for older workers to stay longer in working life as well as to take initiatives for improved quality in work, encouraging a good business and entrepreneurship climate and equal opportunities and lifelong learning. Even though measures for disabled people and immigrants can be found there is no reference in the NAP to the social inclusion NAP. The impact evaluation of the EES for Sweden shows that Pillar I is more emphasised than others and that the Equal Opportunities Pillar is weaker, which implies an uneven distribution of the four Pillars. It seems as though this is the case in this year's NAP as well, at least as regards the emphasis on the Employability Pillar.

Compared to the situation in 1997 when the active labour market policy mainly aimed at enrolling a large number of participants in various training programmes, the policy has changed its focus towards filling vacancies and concentrating on those unemployed most prone to become long-term unemployed. The lowering of taxes on labour is more emphasised today than it was in 1997 as a result of a more favourable economy. Important measures, to reduce the taxes on labour are the income tax reform and the green tax swap. Nevertheless the taxes are still high when seen in an EU perspective. A conclusion from the impact evaluation of the European Employment Strategy is that the Employment Strategy is not very well known in Sweden, except for those who work actively with the strategy.

The social partners have taken an active role in developing this year's NAP and their contribution is very clear in the NAP. However, the impact evaluation concludes that even if the social partners do not feel that they have had any greater possibilities of influencing the employment policy the employment strategy has meant that the social partners are nowadays discussing issues related to employment again.

Sweden stressed the importance of having good indicators and takes the job of creating such indicators seriously. Sweden provides an annex with all the agreed indicators. Furthermore, Sweden provides all the agreed indicators for quality in work.

3. Policy progress under the four Pillars

The Employability Pillar contains, also, some new policies, which mainly focus on increasing labour force participation. For example the new eleven-point programme can be mentioned which aims to combat the large increase of sick leave, especially long-term sick leave, which has an effect on the number of hours worked in the economy. There are also new initiatives which make it possible for older workers to continue working until they are 67 years old, aiming at keeping older workers in the labour force longer, thus increasing the labour force. Sweden has reached all the agreed common indicators regarding the activation and prevention targets. The aim of halving the number of people dependent on social benefit from 115,800 people in 1999 to 57,600 in 2004 between 1999 and 2001 it dropped by 21%. More resources have been allocated to make it easier for immigrants to get integrated into the Swedish labour market. For example the National Labour Market Board has received more resources in order to improve immigrants' position on the labour market. The government has also launched a review of labour market programmes in favour of disabled people.

Under the **Entrepreneurship** Pillar the focus is on reducing the administrative burden while setting up business, fostering entrepreneurship, fostering the employment potential in the knowledge based society and creating higher employment at regional and local level. Some new initiatives aiming at making it easier to start your own business are mentioned. An Internetportal has started which contains much information on how to start your own business as well as giving contact persons within authorities. It has to be seen if this way of procedure will shorten the time to get an enterprise registered. The regional growth agreements, which aim to enhance, increased growth and employment by letting the regional authorities use available budgets in a more efficient way will be extended until 2003. Thereafter it will be replaced by regional growth programmes, which will constitute the basis for the work on sustainable regional development and growth, strengthening the local development dimension of policies. More resources have also been allocated to foster a higher rate of entrepreneurs among women and immigrants. In order to stimulate life-long learning the government has

put aside additional resources for competence development in working life, which is financed by the green tax swap reform.

Adaptability. The social partners have taken an active role in developing this year's NAP and their contribution is very clear in the NAP, especially under Pillar III. An example of contribution from the social partners is that the partners have agreed, in some collective agreements, to reach a more flexible working time by letting the employee decide himself on how to use some part of the wage, either as leisure, pension contribution or as cash payment. As a response to the increased sick leave, especially long-term sick leave, the government has launched an eleven-point programme, which aims to decrease sick leave. The programme emphasises three main areas; measures to enhance the working environment and a clearer employer responsibility, measures for a quick return to the labour market after a period of sick leave and, finally, research. The government and the social partners are working together on these issues in order to reach a consensus on the strategy. It has to be seen if this programme is sufficient to combat the rapid increase in sick leave.

Equal opportunities. The government's aim is that equal opportunities should permeate all parts of the government's policy as well as all levels in society. The Pillar contains the new initiative from the equal opportunities ombudsman on "The European Project on Equal Pay". This initiative started in January this year and aims to reduce the wage gap between women and men. It has yet to be seen if this initiative will be enough to reduce the imbalance between women's and men's wages. Some new initiatives have been taken on policies aiming at making it possible to combine working and family life. For example, from 1 January 2003 all children will be offered a place in pre-school from the age of four. The parental insurance has been extended by 30 more days which means that it is now possible for the family to have 480 days of parental leave. These days can be used until the child is eight years old. 60 days are reserved for the father and 60 days for the mother, meaning that if either of them does not use his or her 60 days, the days are lost. In order to prepare women better for the skills needed in the knowledge-based society specific policies have been set up encouraging more women to study science and technology and showed already first improvements.

4. Budgetary impact of the NAP

The Swedish NAP provides an annex with information on expenditures. It is, however, difficult to assess how much is spent on individual Guidelines, something which is also mentioned in the annex. This is due to the structure of public expenditure in Sweden. In total around 19.5 billion € is spent on various types of measures that can be related to the different Guidelines. This is around 1.5 billion € more than last year. The increase is mostly due to an increase in the expenditures on education, university and research. The ESF plays an important role in the sense of innovative measures but seen in relation to the overall budget

for active labour market policy the ESF plays a minor role, corresponding to around 3% of the budget.

The NAP provides a first assessment of the new Objective 3 programme, especially for the first priority competence development for employees. This evaluation shows that there is a large demand for this type of activity which aims at, firstly, making an analysis of the need of competence development within a firm and later on, in step two, carrying out the competence development which the analysis has suggested. Furthermore, the evaluation shows that the programme has, so far, reached its targets. The assessment also describes the different contribution of the various priorities in the Objective 3 programme as well as the EQUAL programme and has been related to which Guidelines the programmes contribute to.

5. Response to the recommendations

Sweden should:

- 1. pursue reforms, including the setting of targets taking into account the national situation, to reduce the tax burden on labour in particular for low wage earners; pursue further the reforms of tax and benefit systems to promote work incentives;*
- 2. pursue initiatives to tackle the current imbalance in representation between women and men (at both occupational and sectoral level), as part of the gender mainstreaming reforms begun in 1999;*
- 3. ensure the effectiveness of the active labour market programmes, especially in relation to long-term unemployment, in this context paying particular attention to the needs of ethnic minorities and migrant workers.*

On the first recommendation, to reduce the tax burden on labour, some new initiatives can be found. A third step in the on-going process of the tax reform that started two years ago has been taken. The reform is focusing on lowering income taxes, especially for low- and middle income earners by lowering their general pension contribution as well as reducing the number of people who pay taxes to the state. This reform of reducing the taxes will, if the Swedish economy allows it, continue during year 2003. The green tax swap, meaning increased taxes on, for example, energy and environmental pollution, gives possibilities of reducing other taxes, in particular on work. The green tax swap has also been used to finance individual skills development in working life. However, even though efforts to reduce the taxes have been made, the tax burden on labour remains high.

Concerning the benefit schemes several initiatives can be found. The unemployment insurance has new rules as from February 2001; participation in ALMP will no longer give entitlement to a new benefit period for unemployment insurance and benefit can be received for a maximum of 600 benefit days. Moreover, the ceiling of unemployment benefits is reduced after the first 100 days of benefit receipt. There is also an increased demand on

geographical and occupational mobility after 100 days of benefit receipt. These measures are welcomed. Changes have also been made in the pension schemes meaning that the pension is based on the total working time in working life instead of a fixed amount of years. Furthermore, the age limit for receiving study allowances has been set to 50 years instead of 45 years as it was earlier, which fosters lifelong learning as well as encouraging older people to take up studies. Changes have also been made in the childcare and parental insurance. All in all, changes have been made to the tax and benefit systems resulting in lower marginal effects although the tax burden on labour remains high. Some benefit systems are quite generous, but include tight eligibility criteria.

The response on the recommendation on gender segregated labour market is good. The Swedish government is aware of the problem and has taken some new measures to reduce the imbalance. The National Labour Market Board (AMS) was given special funds for a project called "Break Through" which aims to break the gender segregation in the labour market. The sectoral gender segregation has been reduced, however Sweden is aware of the gender segregated labour market and more has to be done.

The response to the third recommendation on ensuring the effectiveness of the ALMP is good. A few examples; the ALMP is continuously followed-up and evaluated by the Institute for Evaluation of Labour Market Policy (IFAU), which has been created as an independent institute under the Ministry of Industry, Employment and Communications. The effectiveness of the ALMP is also ensured by the government's setting of quantitative targets and continuous monitoring of AMS's activities, by requiring more report back to the government on the effectiveness in the ALMP's. The forms of ensuring the effectiveness in the active labour market policy was in place before Sweden received the recommendation. Sweden has taken some initiatives to ensure the effectiveness of the ALMP, however, some measures appears to be less useful than others.

Sweden

Performance Indicators⁹⁶

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment indicators							
Total Employment Rate	71.7	70.7	70.1	68.7	68.1	63.9	60.5
<i>Males</i>	73.0	72.2	71.6	70.8	69.6	73.0	70.3
<i>Females</i>	70.4	69.1	68.4	66.6	66.6	54.9	50.6
15-24	36.6	35.1	33.5	32.7	31.7	40.7	36.9
25-54	83.1	82.2	81.6	80.4	80.2	77.1	73.8
55-64	66.5	64.4	64.5	62.9	61.8	38.5	36.3
Full-time eq. Employment rate	65.1	65.1	63.8	62.4	61.9	58.5	55.5
<i>Males</i>	70.0	70.0	69.3	68.5	67.3	71.3	68.7
<i>Females</i>	60.2	60.2	58.5	56.4	56.7	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	5.1	5.9	7.2	8.3	9.9	7.4	10.1
<i>Males</i>	5.2	6.0	7.2	8.6	10.2	6.4	8.9
<i>Females</i>	4.9	5.8	7.1	8.1	9.5	8.7	11.7
Youth Unemployment Ratio	5.2	5.1	6.0	7.4	9.3	7.1	9.2
<i>Males</i>	5.2	5.0	6.0	7.7	9.7	7.2	9.2
<i>Females</i>	5.2	5.2	6.1	7.1	8.8	7.0	9.2
Long-Term Unemployment Rate	1.8	1.8	2.2	3.1	3.4	3.3	5.1
<i>Males</i>	2.1	2.1	2.6	3.6	3.8	2.8	4.4
<i>Females</i>	1.5	1.5	1.7	2.5	3.0	3.9	6.1
Economic Indicators							
Total Employment Growth	1.9	2.1	2.2	1.2	-1.1	1.2	1.0
Real GDP Growth	1.2	3.6	4.5	3.6	2.1	1.6	2.5
Labour Productivity Growth (capita)	-0.6	1.5	2.3	2.3	3.2	0.4	1.5
Labour Productivity Growth (hourly)	-0.6	2.2	1.8	2.3	2.8	0.3	1.6
Real Unit Labour Costs	2.3	4.7	-1.6	0.1	-1.1	0.6	-0.9
Other Indicators							
Participation in education and training	17.5	21.6	25.8		25.0	8.4	5.8
<i>Males</i>	15.4	19.2	23.2		22.8	7.8	5.9
<i>Females</i>	19.7	24.1	28.6		27.2	8.9	5.6
Investment expenditure on education	8.3	8.4	7.7	8	7.9		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	63					54	
<i>Internet training</i>	52					36	
Rate of early school leaving ⁹⁷	7.7	7.7	6.9		6.8	19.4	20.7

⁹⁶ For further explanation of the indicators see annex 1 at the end of Part 2.

⁹⁷ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

<i>Males</i>	9.2	9.2	7.7		7.3	21.9	23.0
<i>Females</i>	6.2	6.2	6.1		6.2	16.8	18.5
Internet Coverage in Schools	100					89	
<i>Primary</i>	100					84	
<i>Secondary</i>	100					96	
<i>Tertiary</i>	100					97	
Rate of self-employed	10.6	10.6	10.9	10.9	11.2	14.0	14.9
<i>Males</i>	15.2	15.2	15.7	15.2	16.0	17.8	18.8
<i>Females</i>	5.6	5.6	5.7	6.0	6.1	9	9.5
Employment Rate in Services	52.5	51.9	51.3	50.1	49.6	44.4	40.8
<i>Males</i>	44.2	43.6	42.9	42.3	41.2	43.0	40.3
<i>Females</i>	61.1	60.6	60.0	58.0	58.2	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	48.5	49.1	49.7	51.2	49.8	36.4	38.0
Tax Rate on low wage earners	47.0	47.9	48.7	49.3	49.2	37.8	4.08
Accidents at work			1425	1329	1074		4106
Non-standard Employment	23.6	23.6	27.9	27.4	27.4	13.4	18.8
<i>Part-time</i>	22.7	22.7	24.8	24.4	25.2	18.9	17.7
<i>Fixed-term</i>	14.7	14.7	13.9	12.9	12.1	13.2	12.2
Gender Segregation							
<i>Occupations</i>	29.0	29.0	29.3	29.0	29.8	25.2	24.9
<i>Sectors</i>	21.8	21.8	22.1	21.4	21.9	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)						1.36	1.41
Employment Impact of parenthood							
<i>Males</i>						-9.5	-9.9
<i>Females</i>						12.2	12.8
Gender Pay Gap							

UNITED KINGDOM

1. National Employment Policy in context

The global economic slowdown has not had a major impact on the UK labour market. In 2001 real GDP grew by 2.2%. Employment growth slowed fractionally to 0.9%. This growth was broadly based, with increases in the overall employment rate to 71.7%, and the rates for male and females. The employment rate for older workers (52.3%) again increased faster than for the rest of the workforce. The employment rates for younger workers did, however fall marginally. Both the employment rate for women (65.1%) and the rate calculated as a full-time equivalent (50.2%) are above the EU average. Labour productivity growth slowed in 2001 to 1.4%, but this growth is still above the EU average. Levels remain below major competitors.

Unemployment continued to fall in 2001 to 5.0% (although it started to edge up towards the end of the year). The rate remains lower for women than men. Inflows into long-term unemployment of both the young and adults (15.5% and 9.1% respectively) fell again, but still exceed those of the best performing Member States. The male youth unemployment ratio is higher than the EU average. There were further falls in long-term unemployment, and at 1.3% it is significantly below the EU average. Less than a quarter of the unemployed have been out of work for more than a year. In contrast, the number of working-age people claiming sickness and disability benefits continued to rise to almost 3 million in 2001. 2.5 million of these have been claimants for more than a year. Although unemployment has fallen in all main regions, regional disparities are rising. Non-employment remains concentrated within deprived communities where the number of workless families is high. It is also concentrated among certain groups, notably lone parents, certain ethnic minorities, older male workers, and the disabled. 40% of those on benefits have literacy and numeracy problems.

Since 1997 the employment rate has continuously risen from 70% to its current 71.7%. The most notable increase has been amongst older workers, where rates have increased from 48.3% to 52.3%. Unemployment has also fallen throughout this period. In 1997 it stood at 6.9%, compared with its current rate of 5%. Long-term unemployment fell faster than overall rates, and since 1997 the long-term unemployment ratio has halved from 2.6% to 1.3%.

2. Progress towards the Horizontal Objectives

This and previous NAPs have set the medium term strategic goal to achieve employment opportunities for all. The ambition is to ensure, after accounting for the economic cycle, that at least three quarters of the working age population are in work by 2010. The current employment rate, under the UK's measurement, is 74.6%. The UK exceeds the quantitative

targets set at Lisbon. Further national targets aim to increase employment rates for a range of disadvantaged groups. Perhaps the most challenging is to increase to 70% the proportion of lone parents in work by 2010. Policies aim to address economic inactivity, pockets of high unemployment and low employment, and raise education standards and skill levels. The NAP recognises there are "potentially great benefits" if employers explore ways to improve the quality of their workforce and the jobs they offer, and that this can make a valuable contribution to improving productivity. However, given that addressing quality in work is not well mainstreamed throughout the plan, it is unclear how employers will be encouraged to improve the quality of jobs. The UK strategy to increase quality in work relies on the provision of greater choice in the range of jobs available, underpinned by minimum standards of fairness and security. A narrow range of indicators measuring quality in work are provided.

Given the extent of workforce skill gaps, and the number of people with poor basic skills, life long learning policies are crucial to addressing the UK's productivity gap with major competitors. Last years' plan set out in detail the long-term strategy, which necessarily targets the less skilled. This is backed up by a sizeable increase in funding but implementation seems to have slowed. Devolution and the regional and local focus of skill policies are key to addressing considerable regional and local variation in the nature and extent of skill shortages. The involvement of the Social Partners under the skills remit has broadened, including a series of joint recommendations to the Government on how to increase productivity.

UK policy has become more ambitious since the beginning of the Employment Strategy, with an improved policy mix involving a progressive shift towards targeting the disadvantaged and encouraging the inactive into the workforce. Emphasis is placed on making employment opportunities more inclusive, with an aim to reduce the number of children in households with no one in work. New measures under the Entrepreneurship pillar aim to promote inclusion. Local employment initiatives are a central objective for the Government and the devolved administrations in addressing geographical variations in job creation and encouraging a socially inclusive employment picture. Adaptability policy concentrates on promoting flexible working practices, ensuring minimum levels of security, and on modernising work organisation to improve productivity. Recent policy development under equal opportunities should improve the work life balance and this NAP gives a clear indication that gender issues are mainstreamed throughout policy development. This NAP provides more information on the policy impact, and monitoring systems are well established.

3. Progress under the four Pillars

Employability: Under the Active Benefit Regime all of the unemployed receive a new start before 6 or 12 months. The most significant new development centres on efforts to tackle economic inactivity. Jobcentre Plus has been extended nation-wide from April 2002. This

integrates the Employment Service and the part of the Benefit Agency dealing with the working age. It aims to provide work-focused support for all those able to work. From April 2002, people claiming Incapacity Benefit are able to work up to 16 hours per week, earning up to £66 (€105), without losing benefit (for up to 12 months). A new "Step-Up" scheme has been introduced in six of the highest unemployment areas (to be extended to 20 areas from next December), obliging the long-term unemployed to swap benefits for work. Targeted tax credits, announced in previous NAPs, will be extended from 2003 to those without children or disability. The interaction of the Minimum Wage (to be increased from October 2002) and in-work tax credits are having a redistribution effect in favour of the low paid and partly offsetting widening income disparities. Government estimates suggest these reforms may have increased the labour supply by at least 160,000 people since 1997.

The UK's lifelong learning strategy focuses on addressing basic skill problems. The "Skills for Life" national strategy sets a target to improve the literacy and numeracy skills of 750,000 adults by 2004. Early progress towards this target is promising, as is progress towards achieving most of the range of national education targets. The target to reduce the number of "non-learners" by 0.5 million by the end of 2002 has been achieved early. To address ICT skills, 97% of the schools are now connected to Internet. The Learning and Skills Council's (LSCs) key objectives include extending participation in lifelong learning in order to equalise access. This is a particularly important objective given that recent research has indicated wide skill inequalities amongst social groups. 29% of the long-term unemployed and nearly 40% of the economically inactive have no up to date qualifications, and members of certain ethnic minorities are more likely to hold no qualifications. Ethnic minority groups are expected to account for more than half of the population growth of the working age over the next 10 years, and therefore their attainment levels are of particular importance.

Entrepreneurship: The UK's economic environment is favourable to entrepreneurship, with relatively low levels of regulation and corporate tax rates. An important aspect of the policy to ensure employment opportunities for all includes promoting entrepreneurship in disadvantaged communities. The Government has targeted a year-on-year narrowing in the gap in business start-up rates between the 20% most and least disadvantaged areas. This gap is currently 35%. The Government has also set a target to improve the economic performance of each region in the UK, measured by the trend growth in each region's GDP/head. From April 2002 the English Regional Development Agencies have been given a single pot of funding, and increased autonomy, to pursue their regional strategies.

Adaptability: Progress has been made since 1997 in establishing a framework of minimum standards in the workplace. Every employee now has a right to, amongst other things, a minimum wage, paid holidays, and parental leave. Part-time workers have the same rights as their full-time colleagues. The recently adopted Employment Bill will add to the support

offered for both employers and employees. Further support includes steps to prevent discrimination in pay and pensions for fixed term employees, and an increase in the threshold for small firms relief when administering maternity, paternity and adoptive pay. Such measures will contribute to improving quality in work, although this link is not discussed in the NAP. The NAP provides some evidence that workers on temporary contracts are in a more vulnerable employment position than permanent employees. The Government is working with the Social Partners to facilitate a common understanding of the impact of the Fixed Term Work Directive. The Adaptability Pillar again stresses the UK's preference for a decentralised and "voluntarist" social partnership system.

Equal opportunities: The Women and Equality Unit (WEU) supports the Minister for Women in raising the profile of gender issues within government. During 2002-03 the WEU will produce a Gender Impact Assessment Framework to help assess the impact of policies on women and men. This should ensure that gender issues are more effectively mainstreamed through all policy development. ESF and EQUAL are making an important contribution through a Mainstreaming Action Plan, an Equal Opportunities Working Group, and workshops and conferences on the issue. In 2001 the WEU also commissioned a project to develop indicators to provide an overview of available information on the position of women in Britain. This will include employment, work-life balance and education and training. The target to raise the proportion of lone parents in work is a key to further improving aggregate employment rates. The New Deal for Lone Parents is the principal policy driver in this area.

4. Budgetary Impact of the NAP

The NAP provides some information on the budgetary implications of policy changes. However, there is no systematic illustration of investment in human capital. As a result, it is not possible to draw conclusions on whether (as is suspected) there has been a sizeable increase in human capital investment since the start of the Employment Strategy. Close to 75% of ESF in the UK is allocated to priorities covered by the Employability pillar. Detailed financial information is not provided for ESF, although this was provided in earlier NAPs. The NAP demonstrates well how the ESF combines with national and regional policy to contribute to a wide range of objectives, particularly under the Recommendations. However there is no consideration of the significant role of the other structural funds.

5. Response to Recommendations

The 2001 Council recommendations on the implementation of United Kingdom employment policies:

1. further foster social partnership at the national level, in particular to improve productivity and skills, and the modernisation of working life;

2. strengthen efforts to reduce the gender pay gap and improve the balance of representation between women and men across occupations and sectors, by involving all relevant actors including the social partners and enabling monitoring with appropriate verifiable indicators and targets; further implement and monitor the impact of actions taken to improve the provision of affordable childcare facilities;

3. reinforce active labour market policies for the adult unemployed before the 12-month point to supplement the support provided by the jobseekers' allowance benefit and schemes to improve job search effectiveness. Within this context, particular attention should be paid to groups facing particular problems in the labour market;

4. reinforce current efforts to encourage and develop work-based training to address increasing workforce skill gaps and low levels of basic skills.

At the enterprise, local, regional and national level, Social Partners have become more closely involved in delivering policy since 1997. The Government approach to working with Social Partners at the national level involves consulting them on the implementation of new directives and policy in areas "determined by the particular needs of the issues under consideration". There is no general framework for their involvement. The Joint Productivity Report, published in October 2001, is a particularly important contribution to the workforce skills agenda. A further range of issues involving the Social Partners will make an important contribution to raising quality in work by improving the work life balance. This includes their involvement on the "Work and Parents Taskforce" and the "Teleworking Working Group".

The difference in the average hourly wage between men and women (the gender pay gap) is unacceptably high and remains one of the largest in the EU. Behind the headline figure are large variations by occupation, region, and age. For 16-19 year olds pay is close to equality, but the gap steadily widens becoming more marked for women over 40, and suggesting an important effect attributable to breaks to raise children. Government Departments are to carry out reviews of pay systems by April 2003, and prepare Action Plans to reduce any pay gaps. Other developments concentrate on research to better understand the issue. The number of women working part-time (often on low pay) is a major contributor to the pay gap. There is a 39% differential between women working part-time and men working full-time (mean gross hourly earnings). Evidence also suggests that women working part-time are less likely than those employed full-time to receive training from employers. The ability of women in low paid part-time work to progress depends upon the acquisition of new skills. Thus (in line with the recommendation from the Government sponsored "Kingsmill Review") more is needed to strengthen incentives for employers to train low skilled women. To tackle occupational segregation further incentives may be needed to encourage employers to recruit and train women into under-represented occupations. Efforts to improve the provision and affordability of childcare places (the National Childcare Strategy) have delivered an additional 884,000 subsidised childcare places since 1997. A trebling of funding foreseen between 2000/01 and

2003/04 will provide an additional stimulus. The gap between supply and demand remains significant, so momentum should continue.

Under the common definition of the indicator for Guideline 2, 14.2% of the unemployed participated in an active measure in 2001. The NAP argues that the individually tailored nature of intervention under the Job Seekers Allowance (JSA), and the UK's dynamic labour market, makes the setting of a training focused target inappropriate. In-flows into long-term unemployment at 9.1% continue to fall but still remain above levels of the best performing Member States. Given the UK's approach to maintaining connection to job opportunities, and the fact that with unemployment so low those reaching the New Deal are the hardest to help, policies to identify and address basic skill problems amongst the unemployed are very important. The Employment Service launched a pilot in September 2001, using early screening to identify the literacy and numeracy needs of jobseekers. These pilots also offer financial incentives to encourage participants to gain a qualification.

The Learning and Skills Council's (LSCs) in England and their equivalents in the Devolved Administrations have the central role for workforce development. LSCs are developing the first "Workforce Development Strategy", which will set targets to improve workforce skill levels, and proposals to engage more employers in learning. Co-financing from ESF will support these strategies. Given the nature of the LSCs, the key actions will be at a local and regional level. LSCs will also have responsibility for operating the "Employer Training Pilots" from September 2002. These will be launched in 6 local areas of England aimed at increasing training levels among those lacking basic skills. The pilots will explore minimum entitlements for employees lacking basic skills and financial support for employers whose staff take time off to train. Whilst there has been a substantial growth in workplace training in recent years, recent research suggests that access to such training is unevenly distributed among the workforce. Semi-skilled and unskilled workers, part-timers and older workers are among the least likely to receive job-related training. The current distribution of training may be re-enforcing existing differences in skill levels. Policy should therefore be carefully targeted at providing incentives to those most in need of workplace training (the low skilled) and those least able to pay for it (SME's).

United Kingdom

Performance Indicators⁹⁸

	2001	2000	1999	1998	1997	EU 2001	EU 1997
Employment Indicators							
Total Employment Rate	71.7	71.5	71.0	70.6	70.0	63.9	60.5
<i>Males</i>	78.3	78.1	77.7	77.4	76.7	73.0	70.3
<i>Females</i>	65.1	64.8	64.2	63.6	63.2	54.9	50.6
15-24	56.9	57.1	56.9	56.9	56.7	40.7	36.9
25-54	80.6	80.4	79.9	79.3	78.6	77.1	73.8
55-64	52.3	50.8	49.6	49.0	48.3	38.5	36.3
Full-time eq. Employment rate	62.1	61.7	61.2	60.7	60.2	58.5	55.5
<i>Males</i>	74.8	74.4	73.9	73.8	73.1	71.3	68.7
<i>Females</i>	50.2	49.7	49.2	48.3	48.0	46.0	42.6
Unemployment Indicators							
Total Unemployment Rate	5.0	5.4	5.8	6.2	6.9	7.4	10.1
<i>Males</i>	5.5	5.9	6.5	6.8	7.7	6.4	8.9
<i>Females</i>	4.4	4.7	5.0	5.3	5.8	8.7	11.7
Youth Unemployment Ratio	7.7	8.0	8.3	8.7	9.1	7.1	9.2
<i>Males</i>	9.1	9.0	9.8	10.3	10.8	7.2	9.2
<i>Females</i>	6.3	6.8	6.8	7.0	7.2	7.0	9.2
Long-Term Unemployment Rate	1.3	1.5	1.7	1.9	2.6	3.3	5.1
<i>Males</i>	1.7	2.0	2.2	2.5	3.4	2.8	4.4
<i>Females</i>	0.8	0.9	1.1	1.2	1.5	3.9	6.1
Economic Indicators							
Total Employment Growth	0.8	1.0	1.1	1.4	2.0	1.2	1.0
Real GDP Growth	2.2	3.0	2.1	3.0	3.4	1.6	2.5
Labour Productivity Growth (capita)	1.4	2.0	1.1	1.6	1.4	0.4	1.5
Labour Productivity Growth (hourly)	1.2	2.4	1.6	2.2	1.6	0.3	1.6
Real Unit Labour Costs	1.3	0.4	1.5	0.4	0.0	0.6	-0.9
Other Indicators							
Participation in education and training	21.7	21.0	19.2			8.4	5.8
<i>Males</i>	18.0	17.9	16.4			7.8	5.9
<i>Females</i>	25.6	24.4	22.3			8.9	5.6
Investment expenditure on education		4.9	4.6	4.6	4.7		5.1
Share of teachers with IS literacy							
<i>Computer training</i>	74					54	

⁹⁸

For further explanation of the indicators see annex 1 at the end of Part 2.

<i>Internet training</i>	56					36	
Rate of early school leaving ⁹⁹						19.4	20.7
<i>Males</i>						21.9	23.0
<i>Females</i>						16.8	18.5
Internet Coverage in Schools	95					89	
<i>Primary</i>	93	98				84	
<i>Secondary</i>	98					96	
<i>Tertiary</i>						97	
Rate of self-employed	11.3	11.3	11.7	12.1	12.6	14.0	14.9
<i>Males</i>	15.1	15.0	15.8	16.1	16.9	17.8	18.8
<i>Females</i>	6.5	6.8	6.7	7.2	7.2	9	9.5
Employment Rate in Services	52.9	52.3	51.5	50.6	49.9	44.4	40.8
<i>Males</i>	48.7	48.2	47.4	46.4	45.7	43.0	40.3
<i>Females</i>	57.2	56.6	55.7	54.8	54.2	45.6	41.2
Adjusted implicit Tax Rate on employed Labour	28.3	28.2	27.7	27.9	26.7	36.4	38.0
Tax Rate on low wage earners	24.8	25.3	25.8	28.5	28.4	37.8	4.08
Accidents at work			1606	1512	1535		4106
Non-standard Employment	9.2	22.9	23.3	23.4	24.0	13.4	18.8
<i>Part-time</i>	25.1	25.0	25.0	25.1	25.3	18.9	17.7
<i>Fixed-term</i>	6.7	6.7	6.8	7.1	7.4	13.2	12.2
Gender Segregation							
<i>Occupations</i>	26.7	26.7	26.9	27.2	27.3	25.2	24.9
<i>Sectors</i>	18.8	18.7	18.7	18.9	19.0	17.7	17.5
Gender Gap in the employment impact of parenthood (ratio)	1.47	1.44	1.48	1.53	1.52	1.36	1.41
Employment Impact of parenthood							
<i>Males</i>	-5.8	-4.9	-4.8	-4.6	-5.2	-9.5	-9.9
<i>Females</i>	21.6	21.1	22.7	24.7	23.4	12.2	12.8
Gender Pay Gap				24.3			

⁹⁹ The EU average excludes the United Kingdom due to the lack of comparable data. For Ireland after 1997 the results of that year are used. Data for Sweden lacks comparability between 2000 and 2001 due to changes in the survey sample design. For France the information is collected only if education or training is under way on the date of the survey.

ANNEX 1: INDICATORS OF THE MEMBER STATE FICHES

Data used in this report mainly originates from Eurostat, the Statistical Office of the European Communities. The main Eurostat data sources are:

- the European Community Labour Force Survey (LFS),
- the Eurostat Quarterly Labour Force Data series (QLFD),
- the European harmonised series on unemployment, and
- the European Community Household Panel (ECHP).

The European Community Labour Force Survey (LFS) is the EU's harmonised survey on labour market developments. Some Member States provide quarterly results from a continuous labour force survey, others conduct a single annual survey in the spring.

The Eurostat Quarterly Labour Force Data series (QLFD) is a harmonised series of quarterly employment statistics based on LFS and on national sources where applicable. The QLFD consist of two sets of quarterly series: 1) population, employment and unemployment by sex and age, mainly based on the Community LFS results, and 2) employment by economic activity and employment status (mainly based on the ESA 1995 national accounts employment data), further broken down by sex and by some job characteristics.

The European Community Household Panel (ECHP) is an annual longitudinal survey of a representative panel of households launched in 1994, covering living conditions, employment status, health, education and income. Data were available for the first four waves of the panel (1994-1998) at the time of publication of this report. The survey is based on a harmonised Eurostat questionnaire, adapted by national institutes.

Performance indicators

EMP1/EMP2/EMPc2 Employment rates by age groups (15-64,15-24,25-54,55-64) and gender

Definition: Employed persons as a share of total population of same gender and age.

Source: Eurostat QLFD

EMPc3 Full time equivalent employment rates by gender in the age bracket 15-64

Definition: Full time equivalent employment as a share of total population of same gender and age (full time equivalent employment being defined as total hours worked divided by the annual average number of hours worked in full time jobs).

Source: Labour Force Survey

UNEMP1 Unemployment rates by gender

Definition: Unemployed as a share of active population of same gender and age.

Source: Eurostat harmonised series on unemployment

UNEMPc1 Youth unemployment ratio by gender

Definition: Unemployed people aged 15-24 as a share of total population of same gender and age.

Source: Eurostat harmonised series on unemployment

UNEMP2 Long-term unemployment rates by gender

Definition: Long-term unemployed (12 months duration or more) as a share of active population of same gender.

Source: Eurostat QLFD

EMPC1 Employment growth

Definition: Annual change in population employed by resident producer units.

Source: QLFD

ECON1, ECONc1, ECONc2 Other economic related employment indicators (real GDP growth, labour productivity growth and real unit labour costs) are provided by DG ECFIN (AMECO database), based on national accounts (ESA-95 definitions) and on spring forecasts. The data are average annual change from previous year (in percentage).

Key indicators

LLL1 Investment expenditure on education/GDP

Definition: Total public expenditure on education as a percentage of GDP.

Source: UNESCO/OECD/EUROSTAT annual data.

LLL2 Participation in education and training

Definition: Percentage of working age population participating in education and training.

Source: Labour Force Survey

LLL3 Rate of early-school leaving

Definition: Percentage of 18-24 year olds having achieved lower secondary education (ISCED level 2) or less and not attending further education or training and working status.

Source: Labour Force Survey

LLL4 Internet coverage in schools

Definition: Percentage of schools connected to the internet by level and type of education (primary, secondary, professional/technical - INSED levels 1 and 2-3).

Source: Eurobarometer Flash 102 and 119.

LLL5 Share of teachers with IS literacy

Definition: Percentage of teachers, having acquired digital literacy skills (i.e. trained in the use of computers and the internet) or using computers (off-line/on-line) by school level and type of education (primary, secondary, professional/technical) – INSED levels 1 and 2-3).

Source: Eurobarometer Flash 102 and 119.

ENTR3 Rate of self-employment

Definition: Number of self-employed as a percentage of number of employed persons.

Source: Labour Force Survey.

ENTR4 Employment rate in services

Definition: Number of employed persons working in the services sector (in main job) aged 15-64 as percentage of the population aged 15-64.

Source: Eurostat QLFD

TAX1 Adjusted implicit tax rate on employed labour

Definition: Ratio of total taxes on employed labour (personal income taxes plus employees' and employers' social security contributions plus payroll taxes) divided by the total compensation of employees plus payroll taxes paid by the employers.

Source: Eurostat "The structures of the taxation systems in the EU" as updated by the Commission services- DG TAXUD, 2002.

TAX2 Tax rate on low wage earners

Definition: Ratio of income tax plus employee and employer social contributions including payroll taxes less cash benefits divided by the labour costs for a low-wage earner (single person without children with a wage of 67% of the average production worker's wage).

Source: OECD, "Taxing wages- taxes on wages and salaries, social security contributions for employees and their employers, child benefits ", calculations by the Commission services based on OECD database 1996-2001.

HSW1 Accidents at work

Definition: The evolution of the incidence rate, defined as the number of accidents at work per 100 000 persons in employment.

Source: European Statistics on Accidents at Work (ESAW)

NFW1 New forms of work (non-standard employment)

Definition: Number of employees working voluntary and involuntary part-time as % of total number of employees and of those with voluntary and involuntary fixed-term contracts as % of total number of employees.

Source: Labour Force Survey

EO1 Absolute unemployment gap

Definition: The difference in unemployment rates between women and men in absolute figures (percentage points).

Source: Eurostat harmonised series on unemployment

EO2 Absolute employment ga

Definition: The difference in employment rates between women and men in absolute figures (percentage points).

Source: Eurostat QLFD

EO3 Index of gender segregation in occupations

Definition: The average national share of employment for women and men is applied to each occupation, the differences are added up to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment.

Source: Labour Force Survey.

EO4 Index of gender segregation in sectors

Definition: The average national share of employment for women and men is applied to each sector, the differences are added up to produce a total amount of gender imbalance. This figure is presented as a proportion of total employment.

Source: Labour Force Survey.

EO5 Gender pay gap

Definition: Ratio of women's hourly gross earnings index to men's for paid employees at work 15+ hours. Breakdown by private and public sectors.

Source: European Community Household Panel (ECHP).

EO6 Gender gap in the employment impact of parenthood

Definition: The ratio between employment rates of men, with and without children, and the employment rates of women, with and without children, age group 20-50. Children aged 0-6 years are included. $(M_c/M_{nc})/(W_c/W_{nc})$, where M_c =men with children, W_c =women with children, M_{nc} =men with no children, W_{nc} =women with no children. The closer the value is to 1, the more similar the impact of parenthood is on women and men. Values over 1 indicate that the impact of parenthood on women is larger than on men.

Source: Labour Force Survey.

EO7 Employment impact of parenthood

Definition: The absolute difference in employment rates without the presence of any children and with the presence of a child aged 0-6 (age group 20-50), by gender.

Source: Labour Force Survey