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COMMUNITY STRUCTURAL ASSISTANCE AND EMPLOYMENT

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COMMUNITY STRUCTURAL ASSISTANCE AND EMPLOYMENT

BACKGROUND

The serious employment situation is a central concern of the European Union, where the unemployed now number around 18 million. This makes the fight against unemployment and the creation of new jobs a first priority for the European Community and its Member States. Following the White Paper on "Growth, Competitiveness and Employment", the Essen European Council decided to take medium-term measures in this field through multi-annual programmes to be defined by the Member States.

In its communication to the Council on action to be taken as a result of the Essen summit,¹ the Commission stressed the need to ensure consistency between the policy decided there and the use to be made of the Structural Funds. Similarly, in its recent communication on trends and developments in employment systems in the European Union - the European employment strategy,² the Commission set out its priorities on how the Structural Funds could take account of recent developments and prospects in employment policy. This report was favourably received at the Madrid European Council, which drew particular attention to "the mutually beneficial effects of greater coordination of the Union's economic and structural policies."

With a budget (including the Cohesion Fund) of ECU 170 000 million at 1995 prices for 1994-99, the Structural Funds, acting in the context of economic and social cohesion, have an important role to play in promoting employment, principally in the Member States and regions where they are concentrated, through programming, the main responsibility for which lies with the Member States. They provide support for medium- and long-term job-creation by improving the match between physical and human resources and the operation of the labour market. They also have a short-term impact through extra demand for goods and services.

To offset persistent regional disparities within the Union, the structural policies promote the balanced territorial development of the priority regions. The regional disparities relating to employment, create too considerable tensions within the Union with regional unemployment rates varying from 3.4% to 34.7%, a ratio of 1 to 10 (see Annex I). In any case, unemployment statistics should be read in the light of employment rates which take account of participation (the percentage of the economically active population between 15 and 64 which is in employment), in order to reveal under-employment. Here too, there are wide variations, with participation rates ranging from 51% to 86.5% (see Annex II), the lowest rates being mainly in the south of the Union (Northern Greece, Spain and the Mezzogiorno).

¹ COM(95) 74 final of 8 March 1995.

² COM(95) 465 final of 11 October 1995.

Elsewhere, structural policies are contributing to the implementation of active labour market policies promoting the integration of young people, the long-term unemployed and those threatened with exclusion and the adjustment of the labour force to industrial change.

Through their contribution to promoting employment, structural policies can also help foster equal opportunities which, as several European Councils have stressed, are a priority for the Union and its Member States.

I. ANALYSIS AND ASSESSMENT OF THE IMPACT OF STRUCTURAL ASSISTANCE ON EMPLOYMENT

A. The structuring work of the Funds is essential for the creation of lasting jobs

1. In general terms, structural assistance operates in two ways:

(a) the main thrust, on the supply side: investment part-financed by the Structural Funds helps improve the economic performance of the productive apparatus by increasing and adjusting supplies of physical and human resources which in due course leads to higher employment;

(b) secondarily, on the demand side: where they have a direct impact on income and employment and substantial indirect and induced effects arising from higher final demand. These also have leakage effects outside the regions assisted which benefit mainly the more developed areas.

More generally, the structural policies may be regarded as one element of the national economic policies which they help to part-finance. A typical example is the "Gemeinschaftsaufgabe" (joint scheme) in Germany, which is a national scheme of aid for regional purposes.

Macro-economic impact

Proportion of investment undertaken by the regions concerned

In terms of gross fixed-capital formation, the proportion of Community assistance devoted to investment (principally under the ERDF) accounts for almost 12% of all public and private investment in Greece, between 8% and 9% in Ireland and Portugal and 7% in the relevant regions of Spain. These proportions, which do not at present include the Cohesion Fund, give a glimpse of the economic impact of the Funds. These figures are calculated as a proportion of total investment, both private and public. As proportions of public investment alone, they become substantial, rising to as much as 50%.

Impact on growth in the beneficiary Member States

Initial estimates concerning the CSFs adopted suggest that they have a marked effect on growth and hence on employment. In Portugal and Greece, the additional growth in GDP due to Community assistance is estimated at 0.5% per year (plus an additional 1% generated by the national contribution). This means that by 1999 GDP in Portugal and Greece will be 3% higher than if there had been no Community transfers.

The first results of estimates for Spain and Ireland suggest additional growth in GDP in the regions concerned amounting to 0.4% per year (0.7% if the national contribution is included), which means that in 1999 GDP will be 2% higher than it would have been without assistance.

Naturally, the actual impact on growth will depend to a large extent on the general economic context, comprising both the success of macro-economic policies and developments in the world economy.

2. Structural assistance employs a range of tools based on measures of three types: support for infrastructure, support for the productive sector and the development of human resources.

(a) Infrastructure stimulates growth and hence employment:

- (i) a better standard of infrastructure creates positive externalities for private capital (increased productivity and lower production costs). This is particularly marked in the least well-equipped Objective 1 regions;
- (ii) the impact on employment is generally positive and may be broken down into:
 - direct effects linked mainly to construction. Such jobs are, however, by their nature, temporary and, to some extent, filled from outside the region;
 - indirect effects related to externalities generated by the completion of infrastructure and the amount of use made of it. Density of employment is variable.

Infrastructure

The major rail infrastructure programmes supported by the ERDF in Italy and Greece will directly create or safeguard 37 000 and 11 600 jobs respectively. The indirect impact may be estimated at 57 000 jobs in Italy and 7 100 in Greece. The programme for the construction and equipment of 15 hospital centres in the Spanish region of Castile-Leon will help create 445 jobs directly. An initial estimate, probably on the conservative side, of the impact of infrastructure financed by the Cohesion Fund in 1993 gives a figure of 40 000 person/years plus 7 500 person/years for the operation of the infrastructure.

(b) Support for the productive sector

Aid schemes for firms should be distinguished from indirect assistance affecting demand for services:

- (i) The impact of direct aid on employment varies depending on the nature of the investment (productivity, capacity, cleaning up pollution, diversification), the type of sector (capital-labour coefficient) and how firm the commitment to employment is. Its main limitation should also be noted: the fact that such aid is often automatic means that the employment variable cannot always be taken into account in financing decisions. In any case, the Structural Funds regulations require these aid schemes to seek to create or safeguard permanent jobs and the Commission and the Member States are required to check regularly that this is being done. Furthermore, a number of direct aids appear to be inadequately targeted on growth sectors and benefit large firms rather than the small businesses which are often involved in technological innovation and job creation while at the same time they are often more concerned with physical investment than non-material investment.

Investment aid

There are legal provisions covering this point in Spain while in Germany and the United Kingdom a positive impact on employment is a prime condition of investment aid. On the contrary, investment aid schemes in Portugal, and, to a lesser extent in Italy, are more targeted on firms competitiveness and their impact on employment is therefore medium term oriented.

- (ii) Business services: these non-material measures provide essential support for the productive sector.
 - They have a wide-ranging effect on employment by increasing the supply of non-material capital and increasing the effectiveness and external competitiveness of local firms. They may be divided into:
 - advisory and support services, including financial engineering mechanisms;

- services to support innovation, quality and RTD, which are particularly vital in the most outlying areas and those with low population densities.

- Even though their direct effect on employment remains relatively limited in terms of individual economic activity, these are often highly skilled jobs offering high added value and with substantial general potential, particularly as regards the establishment of businesses, the promotion of new technologies and closer contacts between research centres and businesses.

Business services

The goals of the Industry sub-programme in the CSF for Portugal lay particular stress on the provision of a complete range of new services to businesses.

The Objective 2 SPDs in the United Kingdom contain specific measures to support the establishment of strategic groups of small firms in key sectors at regional level with stress on the development of small firms at local level.

Objective 6 pays particular attention to the question of support for innovation and RTD. In these areas, Finland will devote about 35% of resources to programming of this type. Similarly, the introduction of telecommunications into rural areas has enabled certain activities to start up in isolated areas and provided them with access to certain services and training offering qualifications (telecottages in the United Kingdom).

By way of example, since it began in 1984 the Community BIC programme, which offers integrated support to those establishing small firms, has contributed to the consolidation of some 5 600 firms directly generating 27 000 jobs in the Union.

(c) The development of human resources

This has a variety of effects on competitiveness, growth and employment. These can be better understood if they are looked at in two groups:

- (i) investment in human resources through education and training provided that the productive sector is able to absorb the labour accordingly trained. Such measures increase the productive potential of the human element, which is acquiring greater importance in the attempts to achieve economic recovery and establish a process of growth. The availability of a skilled labour force permits physical investment offering greater productivity and facilitates the dissemination of new knowledge and techniques, which may in turn increase the effectiveness of firms and make economies as a whole more competitive.

Here, the approach adopted by the Structural Funds involves improving qualifications adapted to employment by modernizing

the system of education and initial training and improving the opportunities for training throughout working life.

The Structural Funds also operate to improve human resources in the areas of research, science and technology through advanced training and the training of managers and technicians in research establishments. In the medium and long term, this potential helps create new jobs and consolidate those exposed to international competition.

- (ii) Active labour market measures which operate both on the supply of work, through training measures, and on demand, through measures to promote employment.

Measures in this area help offset rigidities in the labour market by providing an appreciable level of support for macro-economic policies to strengthen the process of growth. They also operate directly on the level of employment by making the least skilled section of the population easier to employ. The combination of measures to subsidize low wages with those to improve skills means that the best possible use can be made of the available labour force and the greater social cohesion achieved.

Human resources

The CSF for Greece devotes substantial financial resources to the development and modernization of systems of education and initial training. The strategy adopted includes the following principal features:

- at secondary level, attention is concentrated on the adaptation of curricula, the promotion of technical and scientific subjects and the introduction of computer studies;
- a new role for vocational training and apprenticeship is the priority within the initial training system;
- in higher education, the main aim is to modernize the management of universities and strengthen their links with the world of work.

In the area of training to develop human resources, the "Knowledge bases" and "Vocational training and employment" programmes will enable Portugal to train 31 200 workers, 4 700 of whom will be in the research sector. These measures will also be of particular importance in the Objective 2 areas affected by industrial change.

The urban policy being followed in a number of Member States places particular stress on the area of aid to integration. In the Objective 2 areas of France, structural assistance provides support for training and employment establishments which seek to centralize services offering information about employment and training and guidance facilities for those who are already unemployed.

In 1989-93 vocational training absorbed about 11% of the total finance for Objective 5(b) and is expected to absorb about 15% in the new period, so permitting the skills of rural workers to be improved and adapted to employment in areas such as tourism and the environment which are new for certain regions.

B. An impact on employment which varies depending on Objective

The extent of the impact on employment is a function of the intensity and combination of assistance, which depend on the light of the initial situation, the Fund Objective and the Member State.

1. The Objective 1 regions, which will eventually account for 70% of Structural Fund assistance, seek to give priority to job-creation principally by promoting growth to reduce gaps in per capita GNP. This explains the great stress laid on the general modernization and upgrading of the productive sector in order to improve competitiveness and on the provision of a variety of basic infrastructure. In terms of employment, the key feature underpinning this approach is the establishment of an economic base for sustainable development which will create jobs over the long term using, amongst other means, increased education, training, research and technological innovation.

In the short term, the effect of this approach on employment is less clear-cut since it results in the creation of temporary jobs on building sites while also destroying jobs in agriculture and traditional sectors through the modernization and restructuring of the economy. It is important to note too the contribution made by active labour-market policies which seek to make the labour-force more employable.

Objective 1

The development strategy of the CSF for Ireland seeks to support the exposed sectors of the economy. In the long run, this will improve their competitiveness and productive capacity and so create employment. Assistance to agriculture and the food industry, the main employer in the country, is designed to safeguard employment and raise productivity at the production stage while increasing the number of jobs in the downstream sectors of processing and marketing.

In the case of Portugal, the evolution of the economy will lead to a decrease in the agricultural workforce to probably less than 10% by 1999. The programmes part-financed through the Structural Funds shall, among other objectives, reduce the negative impacts on employment of this structural adaptation. Along the same lines, while, according to the Ministry of Planning, 80 000 jobs were created between 1989 and 1993 as direct result of the CSF, total employment remained unchanged at the end of the period, which suggests that an equivalent number of jobs were lost in the sectors undergoing restructuring.

2. In the Objective 2 areas, which are defined on the basis of criteria mainly concerned with employment, the priority is the diversification and revitalization of a declining industrial fabric by seeking the most immediate possible impact on employment. To the list of such areas should also be added those smaller industrialized areas which are eligible under Objective 1 in the United Kingdom (Merseyside), Belgium (Hainaut) and France (Nord/Pas-de-Calais), which resemble each other closely.

This means that the instruments used concentrate on support for the productive sector and the development of human resources while seeking to make the speediest possible impact on employment.

In providing support for the productive sector, most of the SPDs give priority to locally-generated development through job-creation and aid to job-creating investment in existing firms. This trend also gives greater scope to the role of indirect aid for improving the business environment, as compared with direct aid to investment.

Objective 2

The trend of redirecting aid to the productive sector is demonstrated particularly clearly in the programmes for the United Kingdom, where the percentage dedicated to support for small firms has increased from 10% of total assistance in the previous programming period to 30% now. This has also been accompanied by increased part-financing from the private sector. A similar, although less marked, trend may also be observed in Germany (SPDs for Saarland and North Rhine-Westphalia) and France (SPD for Lorraine, which stresses support for innovation, and measures to support business incubators in most SPDs).

Measures to develop human resources are mainly designed to improve the productive base and business management, particularly in small firms. This approach should assist the diversification of the economy of the region and enable the labour force to adapt to the productive needs stemming from the application of new technologies.

More generally, and this point is linked to the previous one, the very considerable reduction in finance for infrastructure (including infrastructure in the productive sector) as compared with the previous programming period should be noted. There can be no doubt that this improves the cost effectiveness of the programmes in employment terms.

3. In the cases of Objectives 5 and 6, the question revolves mainly around the maintenance of activities, employment and population in rural areas, which often includes thinly populated areas in need of economic diversification, and the fisheries sector.

It should be noted that the regulations governing Objective 5(a), on the modernization of agricultural structures, apply equally throughout the European Union. Their adjustment in the light of the new rules governing the Structural Funds, which improves links between this Objective and the territorial Objectives (particularly as regards integration with Objective 1) and allows better account to be taken of new factors such as the environment and the diversification of activity in agriculture, is of recent date.

Each year, assistance of this type contributes to the establishment of some 15000 young farmers, to whom it provides grants for investments in their holdings. Furthermore, 33000 agricultural holdings are improving and modernizing their production and working environment every year, so enabling family workers to be better employed, creating new jobs and discouraging young people from leaving rural areas.

Compensatory allowances are also important because they ensure an adequate income on more than 1 million holdings covering 56% of the area of the Union. This too maintains the population of rural areas.

The food industry is an even more important source of jobs than agriculture and, in certain sectors, particularly those concerned with new markets and new consumer products, their number may be increased by investment in the improvement and processing of agricultural and forestry products.

In the case of Objective 5(a) fisheries, the tasks of the FIFG are to reduce the fishing effort in terms of the over-exploitation of natural resources and to support this sector, which is in a state of severe structural crisis.

The first category of assistance will inevitably reduce jobs, although this can be offset by the supporting measures now having been adopted by the Union. These include aid for national early retirement schemes and flat-rate individual permanent cessation premiums for younger fishermen. By contrast, the second group will increase employment, although it should be stressed that their main goal is to improve the competitiveness of the Union's fishing industry.

Objective 5(a) fisheries

In the area of processing fisheries products, for example, the FIFG could help create 750 new jobs in Italy and 1 100 in Germany by 1999 but its main contribution will be to safeguarding existing jobs, which are seriously threatened by the crisis in the sector.

Similar considerations apply to aquaculture (1 300 jobs expected to be created in Ireland) and to investment to modernize the fleet and port facilities.

In any case, the safeguarding and creation of jobs are linked to support to the productive sector. The Pesca Community Initiative, by contrast, concentrates on employment and human resources in coastal areas because it can help maintain activity levels in such areas, whether in fisheries or elsewhere. It may finance diversification measures for firms and vocational retraining to enable fishermen to pursue other occupations, such as tourism or aquaculture, or it may finance training courses to improve either vocational qualifications or the general training of sea fishermen.

Assistance to employment under Objective 5(b) concentrates mainly on the diversification of activities. While in the case of agricultural production in the strict sens of the term, this is designed to safeguard jobs, mainly by enhanced development of local products, the bulk of jobs created have been in other activities and sectors, such as tourism, small businesses, services and, more recently, the environment. Rural tourism is often of the utmost importance since its rapid expansion has resulted in the development of a number of related activities.

Objective 5(b)

Assistance in the area of the environment is of recent origin and is primarily directed towards reducing pollution from agriculture and the food industry (construction of treatment stations at Trento in Italy), the purification of water for some hundred municipalities in Limousin (France), the development of organic farming in Brittany (France) and the improvement of forested areas in Cantabria (Spain). Alongside this, there is now growing emphasis on turning the protected environment to economic use. An evaluation of about twenty areas found 1 270 environment-related initiatives which had created a substantial number of jobs.

The renovation and development of villages also constitutes the first stage of a large number of investments which so far has had remarkable multiplier effects, mainly in the construction sector and principally in the new German Länder. As can also be seen in France, support for tourism forms an essential element in the diversification of Objective 5(b) areas. The achievements in this field part-financed by the Structural Funds include the rapid development of "nature" tourism (crossing the sands around Mont-St-Michel) and hiking and adventure tourism (Stevenson route).

Similar comments apply to Objective 6, although its programmes are very recent. Since areas under Objective 6 are even more thinly populated than those under Objective 5(b), expenditure on RTD and the new information and communications technologies is an important factor in economic diversification.

4. Since their main aim is bring demand into line with supply, and so place people in the jobs available, those measures under Objectives 3 and 4 which are most oriented towards the labour market are, by their nature, directly linked to employment. Assistance under these Objectives applies throughout the Union.

At present, about 8% of measures under the Funds come under Objective 3. They are concerned with the integration of young people (36%), the long-term unemployed (40%), those threatened with exclusion (16%) and equal opportunities for men and women (5%).

Objective 3

Measures under Objective 3 are intended to develop or consolidate national employment policies while taking account of regional and local needs. Hence, in the German Länder, structural assistance complements measures taken under the law to support employment. It is estimated that some 400 000 people benefit from measures receiving part-finance.

Because of the very high level of youth unemployment in Spain, structural assistance has concentrated on the social and vocational integration of this category. In accordance with the Youthstart Community Initiative, Community support backs up national efforts to increase the proportion of 16-18-year-olds in full-time education.

About 2% of measures under the Funds come under Objective 4 (the adaptation of workers to industrial changes).

Objective 4

The main beneficiaries in France of assistance under Objective 4 are the least skilled workers who are the main victims of industrial change. Preventative measures also provide support for prospective studies of branches, support for advisory and diagnostic services to firms and some of the tasks of the regional observatories of employment and training. It was also planned that at least 70% of workers benefitting from measures under Objective 4 should come from firms employing under 500 people, with particular attention being paid to those employing under 250 people.

The main aim in Denmark is to improve access to continuing training for employees of small firms in order to promote the rotation of employment.

The impact on employment of measures taken under Objectives 3 and 4 can only be assessed on a case-by-case basis and using appropriate methodologies. However, it may be estimated that some 11 million people will benefit from such measures in 1994-99.

In general, assistance from the Structural Funds under Objectives 3 and 4 is handicapped by the unfavourable conditions arising from the weight of massive long-term unemployment and the acceleration of economic restructuring, the main victims of which are those least able to compete on the labour market. Structural measures prove particularly useful in these difficult circumstances. The programmes part-financed, which are designed with an eye to both the short and the medium term, help strengthen the links between growth and job-creation and hence reduce the pressure on the most disadvantaged groups. Despite the modest resources available, this assistance also exerts a multiplier effect on national policies. Active policies at the expense are referred to passive income-support policies and good practice enjoys wider circulation through the partnerships and networks set up as a result of this assistance.

The summary tables in Annex III illustrate these developments by showing by Member States and for all the Objectives the finance allocated to each of the main categories of structural assistance.

C. Quantifying the impact

The programming of structural assistance for 1994-99 drawn up through partnership reflects the great importance attached to the promotion of employment throughout the Union. Through its general and rather indirect effects, it also demonstrates the difficulties inherent in a firm commitment to quantified employment objectives.

1. Programmes often include a lot of data on employment which demonstrate, particularly for the assisted regions, the extent of the concerns for this area felt by those responsible at national and regional level.

However, the available information tells us more about the difficulties both of maintaining employment as a target and of estimating employment effects than about the total impact that can be expected. This derives from a lack of consensus, either at methodological or operational level, on how to calculate employment effects. Thus, for example, in region A a measure such as

'reclaiming and improving industrial sites' might be forecast to create 30 jobs per million ecus invested, while in region B a similar measure might anticipate 300 jobs per million ecus.

The difference does not necessarily have anything to do with the efficiency of the respective programmes, but rather with the types of jobs that are being counted. For example, in one case only jobs involved in the actual work of clearing the site might be calculated; in another, those temporary jobs might be excluded but all employment created by companies occupying the newly cleared zone might be estimated.

It is therefore necessary to appreciate the different ways in which jobs can be created by the Structural Funds, and also the various ways in which the total might be over- or under-estimated (in this regard it will be necessary to develop for the future a methodology for forecasting job creation). Briefly, jobs may be created by the implementation of measures

- the workforce directly involved in clearing the site, building the road, delivering the training
- as a direct outcome of the measure e.g. new staff operate equipment purchased with financial assistance, staffing of a tourist attraction...;
- as an indirect or induced outcome (jobs created by the new purchasing power delivered by the Funds, new companies created thanks to the improved business climate or skilled labour resources).

The calculation of this indirect effect is a most difficult exercise as it requires an identification of the impact of non-Structural Fund related factors on job creation.

For these reasons, and especially because there is no standard methodology, the information provided is fairly disparate and so unsuitable for systematic treatment.

The SPDs for Objectives 2 and 5(b) suggests that 650 000 and 518 000 jobs respectively will be created over the period but these figures should be treated with the greatest caution due to the relative importance of the displacement and deadweight effects in those areas.

2. In response to this situation, the Commission has launched a series of studies intended to lead to a rapid improvement in our understanding and calculation of employment effects.

The important macro-economic impact of the Union's structural transfers, particularly in those Member States most fully covered by Objective 1 (E, EL, I, IRL, P) has a direct effect on employment. Where Objective 1 applies to whole countries, or at least to major economic regions, 'top down' analyses, based on the macroeconomic relationships of the economy, are employed. While subject to a number of limitations, based particularly on the 'static' nature of the relationships used as assumptions, these techniques can give broad brush estimates of the employment and income effects of structural assistance.

Independent analyses for the period 1994-99 suggest that implementation of the CSFs will create about 1.2 million jobs (4.1% of the active population) in all the Objective 1 regions. In the case of Portugal, for example, this figure is 190 000 jobs per year, for Spain 220 000 jobs per year, for Greece 260 000 jobs per year and for the new Länder 160 000 jobs per year. However, only some of these jobs will be new, hence the disparities with the estimates provided by the Member States. These do have the advantage of providing a uniform and comparable assessment of the impact of Community assistance on the labour force deployed in these Member States.

This consideration of current programming shows where improvements can be proposed, particularly to the Monitoring Committees, along the lines of the Commission's communication on a European strategy for employment. Such improvements include adjustment of both the content of and procedures for assistance while respecting the guidelines already agreed. To achieve this, all available scope for manoeuvre (the "deflator" effect, adjustments within programmes within the powers of the Monitoring Committees, etc.) will be used and attention paid to improving links between macro-economic effects and the actual areas they affect.

II. POSSIBLE ADJUSTMENTS: DOING MORE FOR EMPLOYMENT WITHIN EXISTING PROGRAMMING AND DOING IT BETTER

The task of the Structural Funds is to support economic and social cohesion within the Union. The first consideration is therefore to provide the conditions for strong sustainable growth which takes account of increased international competition and the growing pace of technological change. However, while such growth is essential, it is not of itself sufficient to find a solution to the employment problem: efforts must also be made to increase the employment content of growth. The currently unacceptable practice of work sharing reflected in low activity rates and high unemployment must be replaced by arrangements which ensure full participation in work and mobilize the full potential of our economy. This will promote greater solidarity in the economy and society and a more active approach to employment.

The aim is therefore to work within current programming to seek adjustments which can increase the impact on growth and the impact of growth on employment. This means concentrating on using the scope for manoeuvre and flexibility available within current programming in order to pursue the following goals:

A. Providing the conditions for long-term economic growth

1. The first priority is to ensure that due importance is given to non-material investment, a form of investment which has become a major source of economic growth. The stress laid by the Structural Funds on promoting research, development and the organization of businesses, particularly small businesses, open to innovation and the constant improvement of human resources through education and training represent a vital contribution to the development and dissemination of new technologies and forms of production.

(a) Investment in human resources is a vital component of non-material investment and so should be accorded pride of place³. Current circumstances suggest that stress should be placed on the following priorities:

- increasing supply in order to guarantee all young people access to education and initial training. The Structural Funds should play an important role here, particularly in the less-favoured areas of the Union;
- fostering an integrated education and training system throughout working life;

³ This has been a permanent approach in the White Papers on Growth, Competitiveness, Employment, on Social Policy and on the Learning Society.

- adapting the structures and content of education and training to the needs generated by economic and technical changes. This presupposes the adaptation of curricula, the establishment of links between schools and the world of work (apprenticeships, stimulating the growth of an entrepreneurial spirit,...) and encouragement for training organized by firms;
 - encouraging public and private investment in education and training and creating appropriate structures to ensure that such investment is profitable.
- (b) These developments also make improved business support services, particularly for small firms, highly desirable. National and regional aid schemes part-financed by structural assistance could give firmer support to demand for quality services by small firms, a category of business which has a large degree of flexibility in organizing its production. Still more important is the need to seek integration in providing support for the offer of such services.

While a large number of structures providing services for small businesses have developed in regions, particularly over the last ten years, which has resulted in the proliferation at local level of comparatively specialized and often competing bodies, heads of firms still have considerable problems in securing general advisory services which could then, in the light of their needs, direct them towards specific services. The Commission has recently launched a number of pilot projects to provide assistance at regional level for preparation of a strategy to support innovation and technology in small firms (Regional Innovation Strategies: RIS). These entail analysis of the supply of support services, comparisons between them and their adaptation to suit the varying needs of small firms while also promoting a single access point (development agencies, chambers of commerce, BICs, technology centres and the like) or contact point (Euro Info Centres - EIC) for these services under one roof and organized in the form of a regional network.

Furthermore, the advisory nature of such services is not usually coordinated with the financial aspect, which substantially reduces their effectiveness. The under-capitalization of small firms is a critical point from which stem the bulk of their problems as regards ability to continue, develop and operate internationally.

The Commission therefore advocates the systematic integration of financial services, seed capital, risk capital and other forms of financial engineering, into the advisory and support structures for small firms. International marketing also represents an important element for the development of small firms.

2. Measures to support technological innovation must also be given particular attention. A series of Community programmes to this end is already under way and discussions have begun on the basis of the Green Paper on innovation which the Commission adopted on 20 December 1995.

We must take energetic measures to meet the challenge of the information society. More should be done in the way of regional and Community development planning to prepare for technological developments and not merely submit to them passively.

Telematic services and applications now offer the technical potential for a rapid and high-quality response to individual requirements offering lower prices for private persons (telemedicine, education and training, trade, reservations, etc.), employees (teleworking), business and industry and local authorities.

These new technologies are certainly not an unmixed blessing for the employment situation where they are used to rationalize and automatize tasks previously done by people. Be that as it may, their arrival is inevitable and so supporting measures should be prepared well in advance. If those measures are successful, the new technology can also create opportunities by:

- opening up and expanding outlets and know-how in the least developed areas (Objectives 1 and 5(b)) and the most remote areas (Objective 6): examples of this are teleworking, and the improvement in quality made possible by medical tediagnosis;
- customizing and improving access to training, in particular for Objective 2, 3 and 4 areas: constant updating of knowledge and adjustment of programmes to specific needs are major advantages in a rapidly changing world;
- in general, increasing the amount of free time: the gains in productivity the new technologies bring with them will, ultimately, mean a reduction in working hours, which can only be a good thing for the new sources of employment in the services sector.

These are the aims of the Community pilot measures in support of the information society recently launched under the IRIS Initiative and of the pilot projects under Article 10 of the ERDF Regulation and Article 6 of the ESF Regulation.

Information technologies

It is worth mentioning here some experience and orientations from various programmes: in Limousine and Aquitaine (France), telesecretarial services have been developed and, on a larger scale, Sweden and Finland new methods of work, training and education are receiving Structural Funds support.

The British "knowledge-based industry" programmes and programmes for the integration of tourism, culture and media industries provide examples to be followed, as does the support in France for research, development and technology in SMEs in pursuit of "regional excellence".

B. Increasing the job-intensity of economic growth

The aim here is to regain a margin of manoeuvre between growth and employment, which is currently being restricted by the imperatives of competitiveness in the medium term. To achieve this, we need to devote particular attention to:

1. The employment question when financing infrastructure and productive investment, giving greater weight to this criterion in the case of the more developed regions.

(a) In general:

- as regards implementation, the methodologies and selection criteria for projects are not always satisfactory, since they result in undifferentiated assistance designed to reduce the overall cost of the investment. Although there has been an improvement on the previous period, the criteria should be more selective and give greater priority to measures with the greatest job-creation potential.

The procedures for granting the assistance, particularly to small firms, should be simplified and speeded up.

Project selection criteria

The "scoring system" used in the United Kingdom provides one example of a methodology to help with the qualitative analysis of assistance. It is based on two essential features: firstly, the projects must satisfy a certain number of basic criteria, and secondly there are specific criteria for evaluating the quality of a project in relation to the corresponding measure. Employment is one of the basic criteria, which means that if a project does not create jobs (in net terms), it has little chance of being selected. The criteria specific to the measure involved are based on unit cost indicators corresponding to the type of operation concerned, including the cost per job created. Only the most efficient projects, i.e. those with the best cost/job-created ratio, are financed under the aid scheme.

In the same vein, certain Monitoring Committees for Objective 5(b) areas, such as the Committee for the French region of Provence-Alpes-Côte d'Azur, have included job creation in their project selection criteria.

- more appropriate evaluation methods should be used, better adjusted to the diversity of the regions and so providing a better picture of the quantified objectives in terms of the creation and preservation of jobs.

For the monitoring of operations, tools could be developed for the continuous assessment of interim impact, with particular attention to the measures which create the greatest number of jobs.

- (b) Measures to accompany infrastructure work and investment aid should be stepped up in order to maximise the spill-over effect on local employment. Direct jobs generated by major infrastructures have two limitations: they are temporary and risk being filled by people from outside the area.

There should be a pro-active response to this situation, involving close cooperation between promoters and supervisors of major projects with the aim of maximising the local spill-over effects of the works. In order not to influence the award of contracts, this approach will of course be applied at a later stage (cf. box below). It may also be applied to local businesses with a view to sub-contracting parts of the works following Commission guidelines on better access for SMEs to public contracts.

Particular attention should also be given to the possibility of making the local jobs and outlets thus generated permanent (cf. box below).

The same principles (targeted training of workers and upgrading of local SMEs) could be applied to major productive investments.

Measures to support infrastructures

The jobs generated by infrastructures are temporary since they are linked to single construction operations and, generally speaking, no steps are taken to make any of them permanent after the works are completed (by way of example, the region of Andalusia and the site of Expo '92 in Seville). An estimate shows that up to 50 to 80% of work on major construction sites under Objective 1 is supplied by firms (and staff) from outside the region, and sometimes from outside the Member State. This estimate obviously varies according to the qualifications required and the population density in the area where the works are carried out.

In order to improve the local spill-over effects of these works, the following measures could be initiated after the contracts have been awarded in accordance with the relevant Community Directives:

- advance forecast of craft labour requirements at each site;
- comparison of those requirements with supply on the local or regional labour market;
- adjustment of local supply to those requirements which it is not already equipped to meet, using intensive training programmes (part-financed by the ESF).

An operation to create permanent jobs could be carried out:

- either at local level: maintenance, repairs and operational management of the infrastructure and general services to it (e.g. supply of consumer goods, refreshments), which represent an estimated 100 000 local jobs per year; even more could be created by systematic measures in the context of local services, in particular environmental services;
- or at external level: creation of pools of qualified or expert staff for one or more of the trades needed for the works, which could be used on similar sites outside the area.

With regard to measures accompanying productive investment, the German CSF for the new Länder shows a possible way ahead in concentrating on the recycling of industrial material and promoting a strategy of cooperation between companies to the benefit of the new SMEs.

2. Compensating wherever appropriate for changes required by the modernization of the productive sector, whether it is a matter of mitigating its sectoral impact (in fisheries, for example) or its impact on the urban environment, or of slowing down the rural exodus, which itself aggravates urban problems. To achieve this, financing assistance should be stepped up and provided as the rule

rather than the exception to support integrated approaches to rural development designed to develop products or sectors that are not exposed to international competition, or only exposed to a small extent:

- (a) Firstly, a strategy for the systematic development of regional strengths should be encouraged. It should be based on industries or niches that make an economic advantage of tradition and quality and give scope for diversification of the local or regional economy's outlets. It could also be based on the offer of services centred on revitalized medium-sized towns, which should play a greater structural role.

Whichever approach is emphasized, the necessary conditions for the success of such a strategy are:

- greater cooperation among SMEs and between SMEs and large companies, designed to establish "innovative economic areas", giving new life to industrial districts;
 - advisory and supporting services of sufficiently high quality, essential for the establishment and development of SMEs (cf. II/A.1) having regard to their role as a dynamic source of employment⁴.
- (b) Secondly, particular attention should be paid, as the Commission asks in its Communication to the Council⁵, to developing new sources of employment in certain areas of local initiative seeking to meet new needs not yet found an adequate response and relating principally to the quality of life (personal assistance services, in particular for senior citizens, culture, tourism, local services) and the management of scarce resources (cultural heritage, management and protection of the environment - cf. II/A/3 -, alternative sources of energy, in particular biomass). New full-time, labour-intensive activities need to be developed on the basis of the new needs arising from demographic and social trends in Europe, of which the most important are: the aging population, (one adult in three in the European Union is over sixty), the increase in free time and the greater stress on the management of scarce resources.

The basic premise is that these areas contain potential pent-up demand, which needs to be brought into the open and encouraged by public measures (in particular by activating the resources allocated to supporting the unemployed), but which will take its natural place in the commercial sector.

⁴ See Commission report to the Madrid European Council (CSE(95)2087) "Small and medium-sized enterprises: a dynamic source of employment, growth and competitiveness in the European Union".

⁵ COM(95) 273 of 13 June 1995 on a strategy for encouraging local development and job-creation initiatives

Sources of employment

Strategies for exploiting regional advantages must be designed to activate employment potential based on tradition, which may include:

- "unique" local products which are in danger of disappearing or have already disappeared but which the public still remembers: know-how and trades, particularly in crafts;
- typical craft or traditional products which, although not unique to a particular area, have a strong competitive edge calling for appropriate marketing strategies.

Examples of this nature can be found in the Irish CSF local development programme which is implemented by a global grant and based on the practice of "Community development".

Similarly, the programme for developing regional potential in Portugal was recently (July 1995) adjusted to give greater weight to this aspect, focusing on the development of small and very small businesses.

Finally, examples of good practice abound in the Leader Community Initiative, under which most of the local action groups support projects involving the improvement of production methods and the sale of typical regional products.

Under Objective 2, the central issue is the financing of SMEs, in particular start-up capital for those just getting off the ground. This issue cannot be dissociated from that of integrated quality services to support business start-ups, based on partnership between the different service providers in the area. The SPDs of the new Member States, in particular Sweden, attach particular importance to these aspects.

Support for new sources of employment needs to be increased. In this context, programmes in Greece could be restructured or could allocate "deflator" resources to supporting the provision by the national authorities of a job-seekers' voucher along the lines of the French system.

More specifically, the Merseyside (UK) SPD stresses the opportunities offered by local jobs through the identification of 38 "pathways" based on local initiative strategies.

3. Encouraging dynamic reorganization of work and working time where this is accompanied by an increase in employment.

The rapid spread of new techniques and the resultant types of production mean that work needs to be organized in new ways. Delay in this area could slow down growth and productivity and hinder the potential employment advantages resulting from flexible work schedules.

Structural Fund assistance, in particular job support, could act as a catalyst by supporting the transitional costs of implementing approaches such as:

- arrangements allowing workers to interrupt their careers temporarily for training purposes, for example in exchange for the employment of an unemployed person during that training period;

- restructuring of working time to achieve better distribution of available employment throughout each person's working life.

In this context the importance of the role played by appropriate training for the employees of SMEs should be emphasized, as should that of systems promoting training throughout employees' working life and the role of the social and economic partners.

Management of work and working time

In Denmark, under the legislation which entered into force in 1994, unpaid leave for personal reasons may be granted for a period of thirteen to fifty-two weeks and an allowance on the same scale as unemployment pay is granted. Such leave is intended for further education, parental leave or sabbatical purposes. The resulting vacancies are filled by the unemployed or young job-seekers. This rotation increases the flexibility of the labour market and helps members of the work force to retrain throughout their working lives.

4. Fostering environmentally sound growth

Protecting the environment constitutes a major source of new jobs. Apart from those generated by the construction and maintenance of infrastructures, more and more importance is attached to the job potential offered by work relating to the environment, sometimes called the "eco-sector". This branch of activity creates goods and services for measuring, preventing, limiting or correcting damage caused to water, air and soil. It also includes the reduction and management of waste and noise pollution and energy saving at local level. In addition, the services concerned cover environmental audits and advice to all other sectors of industry. The development of environment-related industries, which mostly use very sophisticated technology and develop innovative approaches (production of anti-pollution materials, telematic developments contributing to a more integrated approach to environmental management at local and regional level, the prevention of natural and "man-made" disasters, the management of natural resources, energy-saving techniques and renewable energy sources) all look set to generate long-term jobs.

It should also be noted that environment-related services, including the launch and maintenance of the necessary infrastructure, which are particularly important for Objective 1 regions (e.g. waste management, pollution control, water management, the preservation of protected natural areas and activities going beyond the environmental in the narrow sense, but which make a significant contribution to the quality of life, such as preservation of the national heritage and urban renewal), may be labour-intensive and so can make a major contribution to job creation and preservation.

As early as 1988, in its Communication on the future of rural world, the Commission emphasized the importance of stepping up environmental protection measures. In rural areas, the growing demand for "natural" agricultural products, "green" tourism, unspoilt areas and well-kept landscapes are opening up new horizons for the regions concerned. Other economic activities linked to a "clean" environment (e.g. research on

technology) may also contribute significantly to the diversification of sources of income and so help maintain rural population levels.

Environment

The Cohesion Fund is providing more than ECU 16 000 million between 1993 and 1999. During the first two years of its operation (1993-94), the ratio of environmental to transport projects was roughly 40:60. The Commission considered this proportion to be too low in view of the target of 50:50. The situation should therefore be improved significantly.

Under Objective 2, the SPD for Germany devotes 7% of its resources to "clean" technologies and products. The United Kingdom SPD has a similar orientation: in western Scotland, ECU 47 million has been allocated to improving the region's environment and image, as part of the Business Infrastructure priority. The ERDF will be financing projects such as those allowing an increase in the recycling of land with an emphasis on reducing the damage to which historical sites and monuments are subject, or a limited number of projects for the reconstitution of natural habitats on the outskirts of towns. In Picardy (France), 17% of SPD resources have been set aside for this purpose and a model pilot project has been set up to create local sectoral networks for the recycling of household waste.

C. Promoting a more active approach to economic and social solidarity, including equal opportunities

Economic and social solidarity should be clearly distinguished from the provision of assistance.

The high rate of unemployment has weakened large sections of the population throughout the Community and led to the spread of social marginalization, particularly affecting those categories most vulnerable on the labour market, such as young people from underprivileged backgrounds, women, the long-term unemployed and part of the immigrant population.

In order to combat and prevent long-term unemployment and the risk of social fragmentation, we must work to reform labour market policies. Active policies must be given priority over merely handing out benefits. This would allow available financial resources to be used productively and, above all, permit mobilization of the unemployed and marginalized. To do this, access to unemployment benefits will be connected to a greater extent to training actions and to acquisition of new competences in order to better prevent long-term unemployment and exclusion.

The transfer of aid hitherto used for passive measures to active labour market measures, which would hence not entail an increased burden on public finances, would require the range and quality of services to job-seekers to be adapted. Such improvements are necessary to deal effectively with the specific difficulties of the unemployed and the sections of the population weakest on the labour market, in particular women, by giving them better access to economic and social activity.

This means introducing arrangements to integrate guidance, training, counselling and employment aid to make it easier for job-seekers to find work. In this context, measures to promote the active participation of all in economic and social life should particularly emphasize equal opportunities for women and men.

In its Communication of 21 February 1996⁶ the Commission proposed that the situation of women and men should always be taken into account when the Structural Funds are being used in order to make a more positive contribution to equal opportunities. It also proposed guidelines for the role which the Funds might play in reconciling family and working life and integrating disadvantaged women.

This approach, which gives priority to work and employment, can also be combined with developing new sources of employment. Encouragement for local development and employment initiatives could be supported from part of the resources hitherto allocated to passive income support, as well as from increased cooperation with the competitive economy.

Economic solidarity

In Hainaut (Belgium, Objective 1), "Agences de Développement de Quartier" (urban local development agencies), in association with the appropriate regional authorities, are working on the social integration of underprivileged young people through projects to restore public areas (accommodation, schools, renovation of urban areas). Under the supervision of a social worker and a works manager, the typical group is made up of seven or eight apprentices, under-going pre-training in unskilled techniques which should be followed by training proper, or by employment. In 1994, 2 205 people took part in these measures in Hainaut. The average duration is 453 hours per participant and the average cost per hour for each participant is ECU 6.

To integrate extremely marginalized members of Belgian society, public social assistance centres can provide individualized guidance with a view to offering training and giving them access to social security. The average duration of these measures is 1 350 hours per person.

In Kolding (Denmark), a group of young people excluded from the labour market transformed an old Russian submarine into a tourist attraction. The project was supported by the municipal authorities with assistance (40%) from the ESF (Objective 3) and combined practical and theoretical lessons.

After a basic course (history, languages, working as a tourist guide), the participants could choose among a number of training courses (computer studies, electronics, marketing, metal working) and practical work (publishing, communications, setting up a submarine museum, etc.). During the first three years, 110 people participated and 69 of them have found work or are attending training courses. The average cost per hour per participant is ECU 18.

In Lelystadt (Netherlands) the reconstruction of a seventeenth century boat has enabled around fifty long-term unemployed people to participate each year in renovation work accompanied by vocational training programmes. With time, the project has become a tourist attraction and developed into a socio-cultural organization. Most (224) of the 350 participants have found work in the private sector, while others (70) are still in training.

The historical renovation of the English church in Hamburg (Germany) over the years 1991-94 was undertaken by a group of ten long-term unemployed people who attended a course on construction, architecture and renovation techniques leading to qualifications. The ESF contributed around ECU 170 000 to the project.

⁶ COM(96)67 final of 21 February 1996 "Integrating equal opportunities for women and men in all Community policies and action".

D. Developing and enriching the partnership in the context of structural assistance

Each of the approaches described above is a potential reserve for fostering job creation, which, if it is to be fully activated, requires the strengthening and renewal of the partnership while fully respecting the specific competences and the legitimacy of each of the partners having to be involved in the different stages of the process. More significant margins for manoeuvre can be created by the way financial assistance is used than from its content or volume.

1. In this context the participation of the all the parties concerned should be increased in order to achieve triple value-added: economic, financial and political.

Economic, to the extent that, if they are to be effective, widely varying employment situations in different areas require more precisely targeted measures that give greater priority to local links. In order to safeguard or create jobs by developing all the resources of an area, it is also necessary to achieve wide-ranging involvement in this approach and publicize the fact that projects involving entrepreneurial initiative will be rewarded.

Financial, because public resources are subject to budget constraints, which are becoming tighter. If financial partnership with the private sector is developed for the assistance measures that affect it most closely, this will increase their multiplier effect and their impact on employment. But this aspect can work only if private companies play a greater part in the preparation and implementation of assistance measures, as can be seen from the global grants implemented in several Member States.

Political, in that Community assistance, in particular structural assistance, must become more visible to the public. This important aspect of the European project, stressing economic and social cohesion, including in the sphere of employment, which affects everyone, should mean greater involvement of public opinion in the Union.

2. The Commission has found that the political, economic and social partnership is not fully exploited, including at the level of national authorities. The mobilization of local authorities, social partners, non-profit-making associations and businesses is still often inadequate and always too formal. It should therefore be stepped up, which implies:
 - (a) enriching territorial partnership: in terms of organization, this means better integrating traditional, vertical partnership between national, regional and local public authorities with horizontal partnership between public and private bodies at the most appropriate territorial level.

Above all, the impact of local assistance needs to be improved. Tailor-made training, accompanying measures for infrastructures, support services for SMEs, better targeting of aid schemes for the productive sector, will all mean a certain decentralization at the level of the preparation and implementation of measures. In this context, there seem to be ample grounds for improving vertical partnership between the different administrative levels. The local level is too often under-represented, or left out altogether, by the Monitoring Committees.

- (b) expanding economic partnership: at the same time we must not lose sight of the need for a horizontal dimension of partnership: support measures for the private sector and assistance for education and support for RDT can be neither planned nor implemented without the active participation of the economic and social partners, and in particular of social and trade organizations in particular, SMEs, craft organizations and the social economy). The same applies to non-profit-making associations in the broader sense where measures involve the organization of social and economic schemes, combating social and economic marginalization, supporting new sources of employment and equal opportunities.

In terms of day-to-day practicalities, we should go beyond the confines of the Monitoring Committees and develop less formal forums for discussion and proposals with more balanced participation by both sexes, more appropriate information and discussion of territorial projects affecting employment. This enriched partnership should not, however, become a source of confusion: national authorities will concentrate on arbitration, examining the general coherence of programmes and preparing project assessment instruments.

Structural Funds and Partnership

Analysis shows that the situation varies widely according to the Objectives in different Member States.

1. In terms of the organization of the Monitoring Committees

(a) Under Objective 1

There are some examples of widening the partnership with subcommittees. In Spain the Andalusian model is an example of this. It involves a special committee below the level of the Monitoring Committee, bringing the regional government and the social partners together in order to have their opinion on economic development and job creation issues.

Another model for organizing the socio-economic partnership is to follow closely the territorial organization of programming and implementation. For some countries (I, IRL) this model involves the socio-economic partnership operating at the second level, that of operational programmes. At the third level, the regional authority committees (Ireland) operate in their own areas and the partnership is even wider.

The socio-economic partnership plays too weak a role in the UK Monitoring Committees. In Merseyside as well as in the Highlands and Islands there is discussion of the Monitoring Committees' omission of the private sector.

In Germany, there has been hesitation over establishing subcommittees with the social and economic partners at Länder level. The Prime Ministers of the Länder want to restrict contact with the social and economic partners to information only.

Another way to strengthen the Monitoring Committee could be through technical support. In Spain a multidisciplinary team has been established to deal with all aspects of operations financed by the ERDF and ESF. The team's report gives feedback to the Monitoring Committee on different aspects.

(b) Under Objective 2

The socio-economic partnership in the Objective 2 areas is considerably stronger. Denmark, Belgium and the Netherlands provide examples of socio-economic participation in the Monitoring Committees even if there are variations in decision making procedures. By contrast, lack of participation by the social partners and limited representation of elected members of local authorities are to be noted in the UK.

In one instance, the Commission member of the Monitoring Committee is also a member of the project-selecting committee, which gives early opportunities to stress special aspects. In another, the Monitoring Committee decides upon proposals from the technical financial committees (Belgium).

The model of establishing subcommittees to the Monitoring Committees is also used in Objective 2 areas (Spain).

The model of letting the socio-economic partnership in at a lower level is used by France, for example, where socio-economic representation is guaranteed by the "Economic and Social Council" of every region but completely excluded from the Monitoring Committees themselves.

Luxembourg provides an interesting example of representation on the Monitoring Committees going beyond that of the traditional socio-economic partners, including also Chambers of Commerce and other trade bodies. This also applies to Luxembourg's Objective 5(b) programme.

Technical management support is used to assist the Monitoring Committees in Spain, Belgium and the Netherlands for example.

To coordinate Objective 2 and 5(b) programmes and combine them to the best effect, a steering committee has been established (Netherlands).

c) Objectives 3 and 4

In the case of Objectives 3 and 4, the Commission has stressed the importance of involving the economic and social partners in negotiating CSFs and drawing up the internal rules of procedure for the Monitoring Committees. Under Objective 4 a consistent effort has been made to involve both social and economic partners, in particular Chambers of Commerce and SMEs (Germany, France, the Netherlands).

2. The role of the Monitoring Committees

There is a development in the direction of more involvement in regional or local programmes. These involve regional or local networks.

There is also discussion in some Monitoring Committees of how the Commission's need for impact information is met and how to set up standardized methods and definitions for a report system on employment (Spain and Ireland).

Beyond this institutional aspect, the Monitoring Committees could in any case initiate more active partnership practices: in certain Member States a set of practices for opening up the partnership (in particular to the economic and social partners) shows how to achieve greater effectiveness while respecting spheres of administrative competence. Under different names (seminars, technical committees, consultative sectoral committees, sub-committees, panels, working parties, etc.), less official bodies, which, however, meet on a regular basis, make it possible to exchange information on the prospects, interests and activities of all those concerned.

These structures are supplementary to the Monitoring Committees and managed by them, allowing more effective dissemination of information and new guidelines, better ways of dealing with the problems and preoccupations of those involved, the enrichment of analysis and reflection with expert contributions on the different areas and the promotion of concerted activity at the level at which the work is being done.

The Italian model of "territorial pacts" based on employment areas is undoubtedly the most innovative and advanced form of this expanded and dynamic partnership.

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Conclusions⁷

1. The active measures derived from the guidelines formulated above calls for a concerted effort by all those involved in the implementation of structural assistance. The Commission, while fully respecting the objectives of the Structural Funds, intends to take the necessary political initiatives to support the various partners in applying the approach adopted in this document.

⁷ At its meeting on the 13 February 1996 the European Social Fund Committee broadly accepted these analyses and general conclusions.

At the present stage of programming, it is not a question of re-opening the negotiation of CSFs or SPDs. What needs to be done is to exploit the programmes' margin of flexibility more fully and to focus monitoring and evaluation systems on the gradual introduction of the priorities adopted in this paper.

Thus, while taking account of the specific situations of different regions, the departments responsible for Structural Funds should coordinate their work to ensure that the Monitoring Committees translate the above priorities into concrete measures. In this context, particular attention will be paid to preparations for programming for the second period of Objective 2 (1997-99) and to the mid-term assessment of assistance. Within the current programming arrangements, the resources derived from the annual application of the deflator, or from delays recorded for the 1994 and 1995 financial years, will have to be used.

Similarly, the systems and methodologies for evaluation will have to be adapted rapidly to take these recommendations fully into account.

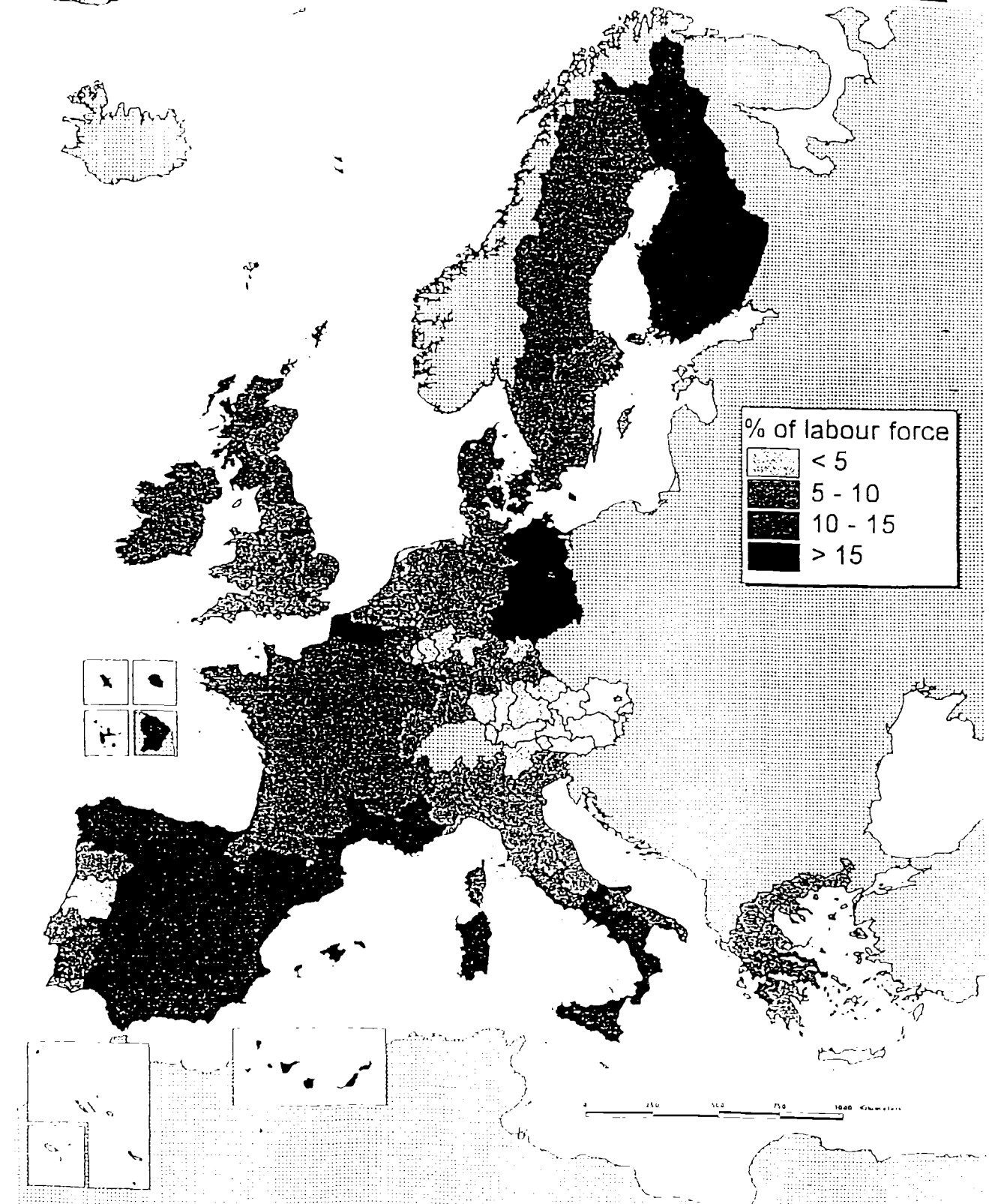
2. To achieve these objectives, in line with previous recommendations, the Commission proposes establishing, in the context of the structural policies, territorial partnerships for employment, involving the public and private sectors whose scope could, moreover, go beyond that of the Structural Funds. Such partnerships, concluded at the most appropriate level, could provide a context in which smaller territorial units could be involved in those aspects of the multiannual employment programmes agreed with the Member States which concern them.

Their content and the practical arrangements for implementation will be thoroughly discussed by all parties so that the situations and institutional practices in each Member State can be taken into account. In addition to the discussions currently in progress in the Structural Funds Committees, the subject could be on the agenda for future European Councils and for Parliament.

However, the Commission believes that the partnerships for employment will involve all concerned in preparing global territorial diagnoses of the employment situation, from which strategies will be derived which the different parties concerned - and especially the administrative bodies - will work more concertedly, favouring innovative approaches, in particular by spreading information about successful experiments.

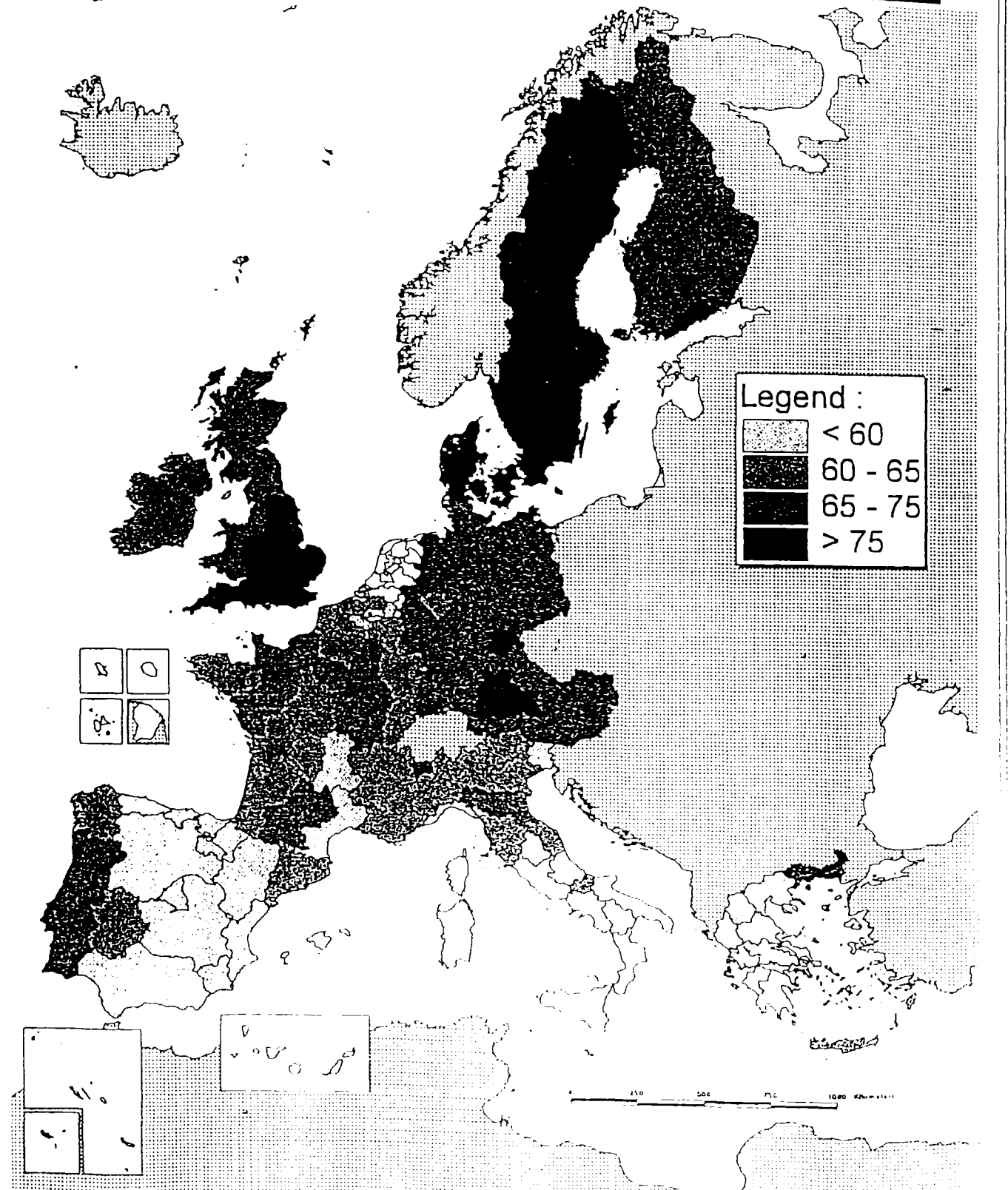
The aim is to build up an organization and develop political momentum, as has been successfully done within the Union (Employment pact in Andalusia, Charter for employment in the Deux-Sèvres and Poitou-Charentes, Area Development Management in Ireland). This does not mean duplicating the work of the programme Monitoring Committees but providing the facilities for reflection and reference which will enable them to give priority to using all the available flexibility which the current programme affords to support local initiatives for development and employment.

Unemployment rates, 1994



% of labour force	
[Lightest shading]	< 5
[Medium-light shading]	5 - 10
[Medium-dark shading]	10 - 15
[Darkest shading]	> 15

Participation rates, 1993



European Commission
Regional Policy and Cohesion
DG XVI-A-4

Data source: Eur12 Eurostat, Euro's National Institutes
France: data for 1992

Contribution des Fonds structurels aux dépenses de développement objectif 1 pour la période 1994-1999

Mécu prix 1994

	Belgique	Allemagne	Grèce	Espagne	France	Irlande	Italie	Pays-Bas	Portugal	Royaume Uni	Autriche*	EUR 11	%
Infrastructures	138	1106	6408	10628	610	1109	4420	36	4146	671	33	29304	31,2%
Transport	34		4002	6100	262	888	1742	31	1872	314		15244	16,2%
Télécommunications	12		252	418	1	37	418		276	20	4	1435	1,5%
Energie			864	624	8	70	312		426	190	4	2495	2,7%
Environnement & Eau	92	1106	624	3034	323	74	1867	5	1056	146	25	8328	8,9%
Santé			666	452	15	39	81		516			1770	1,9%
Ressources humaines	254	4261	3444	7462	595	2470	3184	40	4110	895	43	26713	28,4%
Education	21		1878	623	86	1007		28	1404		4	5048	5,4%
Formation	139	3648	1236	5974	465	1094	2209		2334	791	32	17890	19,0%
Recherche & Développement	93	613	330	865	43	368	975	11	372	104	7	3775	4,0%
Environnement productif	335	7973	3888	8023	753	1845	7168	56	5006	713	86	35845	38,1%
Industrie et services	252	4748	1008	3019	215	559	3708	22	2226	331	35	16088	17,1%
Agric. & Développement rural	50	3141	2040	3422	387	853	2341	22	1908	242	24	14405	15,3%
Pêche	0	83	150	1033	42	78	257	8	251	37		1940	2,1%
Tourisme	32		690	550	99	355	862	5	618	103	27	3313	3,5%
Autres	4	300	246	187	238	211	88	18	732	82	4	2104	2,2%
TOTAL	730	13640	13986	26300	2195	5634	14860	150	13994	2360	166	94014	100,0%

* Mécu prix 1995

Mécu prix 1994

	Allemagne	Belgique	Danemark	Espagne	France	Italie	Luxembourg	Pays-Bas	Royaume-Uni	Finland	Austria*	Sweden*	TOTAL	%
Environnement productif	245	78	23	592	710	335	1	131	1038	48	24	42	3264	45,6%
Infrastructures de soutien	48	37	9	302	168	36		31	252	16	8	2	901	12,6%
Industries et services	24	17	8		254	49	1	36	248	10	10	13	671	9,4%
PME	162	12	1	290	160	191		30	330	17	2	18	1203	16,8%
Tourisme	11	10	6		148	68		34	207	6	3	8	489	6,8%
Sites Industriels, aménagement et réhabilitation	119	18			154	77	2	41	189	0	0	0	599	8,4%
Environnement	65	11		214	262	67	2	5	138	7	0	0,24	762	10,7%
Zones urbaines, aménagement et réhabilitation	13	3		174	169	9				7	0		384	5,1%
Protection de l'environnement, infrastructures	62	8		40	103	48	2	6	138	0	0	0,24	398	5,6%
Ressources humaines	293	53	32	317	614	204	2	113	755	13	15	20	2431	34,0%
Formation, emploi	213	27	12	268	306	137	1	90	628	13	11	14	1608	22,6%
Centres de formation, équipements		9			67	6			39		2	1	123	1,7%
Recherche & Développement	79	17	20	69	242	63	1	23	188		2	6	699	9,8%
Assistance technique	11	4	1	8	26	11	0	9	22	1	1	2	95	1,3%
TOTAL	733	180	58	1130	1766	684	7	300	2142	69	40	64	7151	100,0%
(*) moy. 1995-98 en Mécu 1995														

Annexe 3C

Contribution of the Structural Funds to Objective 3 and 4 expenditure on Human Resources for the period 1994-1996/1999
 Contribution des Fonds structurels aux dépenses de Ressources Humaines objectifs 3 et 4 pour la période 1994-1996/1999.
 Beitrag der Strukturfonds zu den Auswendungen für Menschliche Ressourcen nach Ziel 3 und 4 für die Periode 1994-1996/1999.

Mecus 1994	BE	DK	DE	ES	FR	IT	LU	NL	UK	Total	%
Objective 3											
1. Occupational integration of long-term unemployed	133	144	952	495	724	423	6	577	562	4 015	40
2. Occupational integration of young persons	82	55	442	723	980	568	3	346	474	3 671	36
3. Integration of persons excluded from the labour market	124	68	77	188	705	132	10	0	360	1.654	16
4. Promotion of equal opportunities	26	0	160	62	18	105	1	0	90	461	5
5. Autres	29	6	50	0	136	91	1	0	15	327	3
Total	393	263	1 681	1 468	2 562	1 316	21	923	1 501	10 128	100
Objective 4											
1. Adaptation of workers to industrial change	24	12	105	369	300	321	1	156	0	1 287	94
2. Autres	2	1	0	0	0	78	0	0	0	81	6
Total	26	13	105	369	300	399	1	156	0	1 368	100

Note: Objective 3 in UK is agreed for 1994-1996; Objective 4 in BE, DK, DE, FR, LU is agreed for 1994-1996, no agreement for UK.

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Annexe 3D

Contribution des Fonds structurels aux dépenses de développement de l'objectif 5a-pêche (hors objectif 1), 1994-99

Mécus 1994	B	DK	D	E	F	FI	I	L	NL	SE	UK	TOT
	24,5	139,8	74,6	119,6	189,8	23	134,4	1,1	46,6	40	88,8	882,3

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DOCUP de l'Objectif 5b (1994-1999) : Allocation communautaire par axe prioritaire de développement (*)

Axe prioritaire	MECU prix courant									
	BE	DK	DE	ES	FR	IT	LU	NL	UK	total
Diversification agricole et sylvicole	20,3	14,7	224,2	297,9	683,8	331,5	0,7	15,2	64,8	1653,2
Diversification et développement des secteurs non-agricoles	22,8	12,9	321,7	96,2	508,6	168,3	0,9	58,1	305,7	1495,2
Protection de l'environnement	6,9	(**)	207,7	67,5	244,8	94,6	0,5	35,7	63,9	721,5
Tourisme	10,2	14,7	86,7	45,2	266,0	168,6	1,0	20,9	174,9	789,2
Développement local et rénovation des villages	3,9	(**)	146,1	68,6	205,9	7,2	2,0	1,1	69,0	503,8
Ressources humaines	12,9	10,6	219,6	88,6	286,3	120,9	0,8	17,2	132,1	889,1
Assistance technique et évaluation	1,1	1,1	23,0	(**)	43,9	12,6	0,2	1,8	10,1	93,7
total	78,1	54,0	1229,0	664,0	2239,4	903,7	6,0	150,0	820,5	6144,7

Axe prioritaire	% total									
	BE	DK	DE	ES	FR	IT	LU	NL	UK	total
Diversification agricole et sylvicole	26,0%	27,2%	18,2%	44,9%	30,5%	36,7%	11,2%	10,1%	7,9%	26,9%
Diversification et développement des secteurs non-agricoles	29,2%	24,0%	26,2%	14,5%	22,7%	18,6%	14,2%	38,7%	37,3%	24,3%
Protection de l'environnement	8,8%	(**)	16,9%	10,2%	10,9%	10,5%	8,8%	23,8%	7,8%	11,7%
Tourisme	13,1%	27,2%	7,1%	6,8%	11,9%	18,7%	16,4%	13,9%	21,3%	12,8%
Développement local et rénovation des villages	4,9%	(**)	11,9%	10,3%	9,2%	0,8%	34,1%	0,7%	8,4%	9,2%
Ressources humaines	16,6%	19,6%	17,9%	13,4%	12,8%	13,4%	12,8%	11,4%	16,1%	14,5%
Assistance technique et évaluation	1,4%	2,0%	1,9%	(**)	2,0%	1,4%	2,5%	1,2%	1,2%	1,5%
total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

(*) Programmes approuvés par habilitation

(**) Les actions relevant de cet axe sont intégrées dans d'autres axes prioritaires.

Contribution des Fonds Structurels à
l'Objectif 6 (1995-1999)

	Mecu 1995			
	Finlande	Suède	Total	%
Infrastructures de base	0	13	13	1,6
Secteur productif	347	152	499	61,1
Ressources humaines	104	64	168	20,5
Recherche et développement	114	23	137	16,8
TOTAL	565	252	817	100,0

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