

ESF InfoReview

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Jobs in the Information Society the Commission calls for a new strategy

The rise of information and communication technologies (ICTs) is the defining socio-economic development of the late 20th century, influencing not only jobs, industrial output and the relative economic performance of nations, but also the way people live.

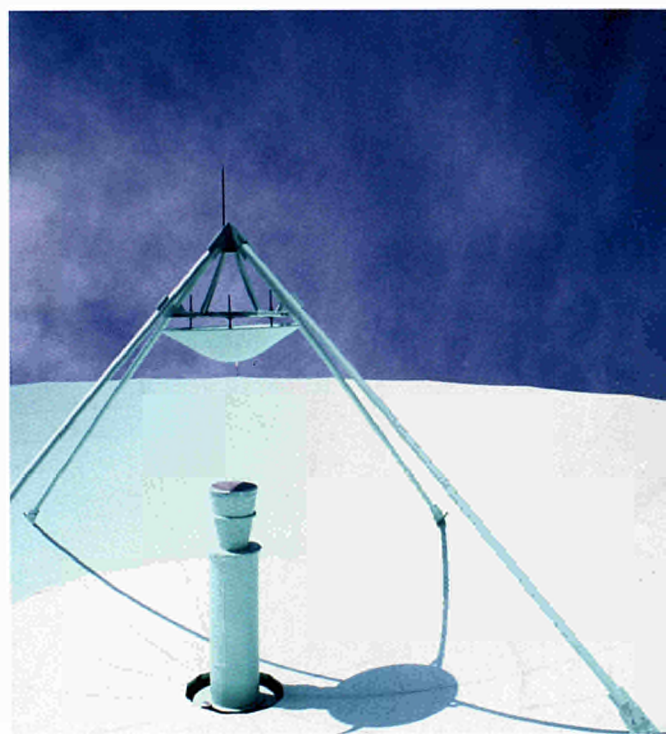
The new industrial revolution

The economic benefits, real and potential, of this new industrial revolution are easy to demonstrate. A survey carried out in 1998 by the market research firm International Data Corporation (IDC) shows that demand in the EU for telecommunications, driven principally by exponential growth in Internet and mobile telephone usage, has grown by one third in the last three years. Telecommunication revenues have shot up by 38 billion ECU per year over the same period as a result.

Selling products over the Internet, or 'electronic commerce', is already worth 6.5 billion ECU in the EU alone, with the world market expected to reach a value of 1 trillion US dollars by 2005. The advent of digital television, meanwhile, is expected to fuel an estimated 70% growth rate in the audiovisual sector over the next 7 years.

New jobs need new skills

From an employment perspective, this sounds like very good news indeed - and to a certain extent it is. IDC's research suggests that the ICT sector created 400,000 jobs in the EU between 1995 and 1997, which would mean that approximately one in four new jobs are generated by the explosive growth in new technologies. The potential gains are even greater. If mobile telephone usage in the rest of the EU catches up with the levels registered in Finland, where one person in two owns a GSM, an estimated 150,000 new jobs would be created. Meanwhile, if IDC's forecast of 70% growth in the audiovisual sector comes true, there would be room for another 300,000 employees.



The Vienna Summit

"Employment, employment and employment again"

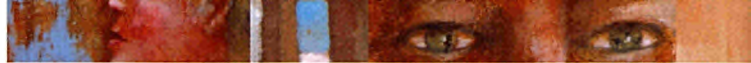
Vienna provided a festive setting for the final EU Summit to take place before the introduction of the Euro on 1 January 1999. EU leaders, who gathered for the European Council in December 1998, recognised that the long awaited arrival of the Euro had put employment at the top of the EU agenda.

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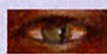
Employment & social affairs



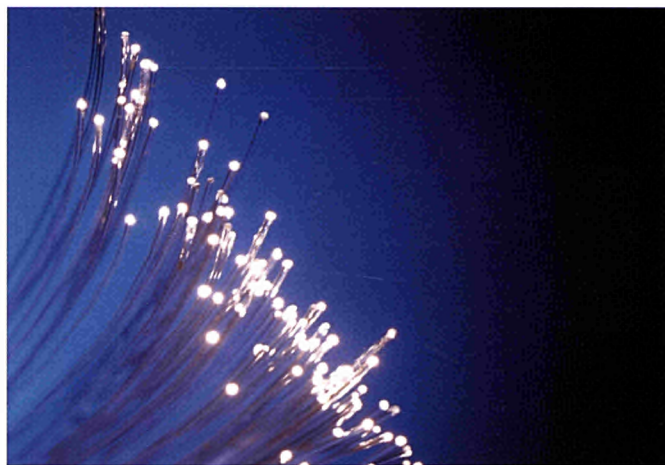
European Commission



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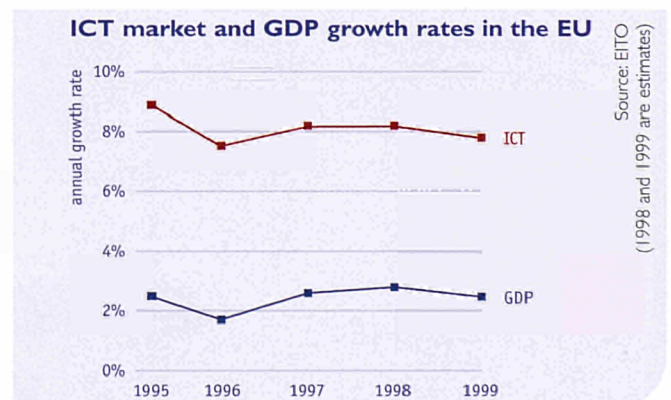
Jobs in the Information Society...

At a time when the EU's average unemployment rate remains stubbornly high, there is a strong case for harnessing the ICT sector's formidable job-creation potential. To underline the point, in the US, which has a population of 250 million as compared with the EU's 370 million, ICT firms employ a staggering 9 million workers, more than double the number employed in Europe.

But there is one major obstacle to realising this potential. The technology driving this new information revolution is difficult to master, and is becoming more complex all the time. The modern ICT worker needs to be trained in, or at least exposed to, the necessary basic skills from an early age, which means that the task of imparting these skills cannot be left up to the employer alone.

The EU's response

Action is urgently needed at governmental level to ensure that adequate training is provided. When EU heads of government met in Luxembourg for the November 1997 Jobs Summit, they asked the European Commission to prepare a report on the Information Society's implications for jobs and training. The report, which was discussed at the Vienna Summit in December 1998, makes uncomfortable reading.



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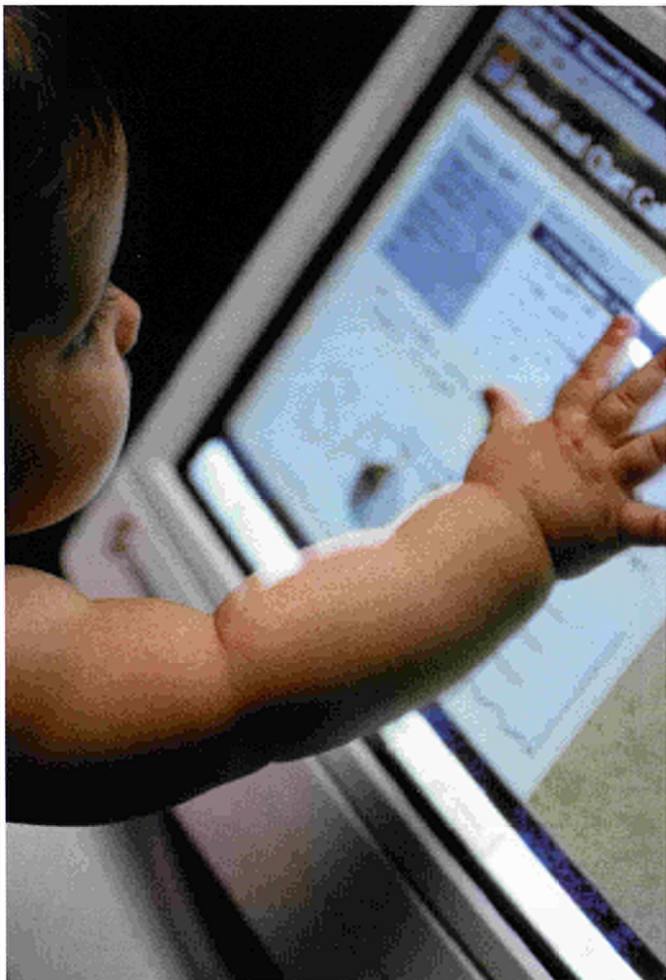
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The Commission's analysis

The report claims that over 500,000 IT job vacancies in the EU are currently unfilled because employers cannot find staff with the appropriate skills, and says that this figure will rise to 1.2 million by 2002 unless the problem is addressed as a matter of urgency. It goes on to warn that "the EU has to move fast if it is to take and keep its place at the forefront of the information age. Failure to do so will carry a heavy price in terms of European jobs, growth, and competitiveness". The report makes clear that the skills shortage lies at the starting point of a vicious circle, putting a brake on the continued growth of the IT industry, and restricting the demand for new products and services.

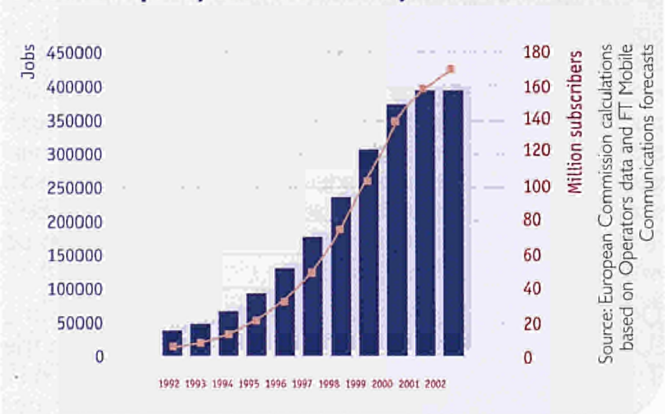
This analysis is borne out by leading IT company managers, who confirm that finding suitably qualified staff in the EU is a genuine problem. "We and our partner companies often have serious problems hiring the right people in Europe," says Kees Tronk, General Marketing Manager at Microsoft EMEA (Europe, Middle East and Africa). "All of our information predicts that the problem will grow dramatically". Microsoft, in common with other major producers of IT goods, has warmly welcomed the Commission's report as a sign that the issue of IT training is at last being taken seriously.



A new strategy

The Commission recommends a number of steps to overcome the problem. Some of these take up familiar themes which are already identified as political priorities in the EU Employment Strategy and elsewhere. For instance, the report urges national governments to eliminate the administrative and fiscal barriers which currently hinder business start-ups, and to improve new firms' access to venture capital. They should also help citizens become more familiar with IT technology by using it more widely in disseminating information to the general public. The Commission also argues that more rapid progress must be made in liberalising telecommunications markets, noting that Internet connection charges in the EU are still on average more than twice as high as in the US. The private sector also has a role to play in stepping up its investment in technology, adapting its operating procedures accordingly, and providing on-the-job training in the latest IT tools to employees.

Mobile telephony subscribers and job creation in the EU



Raising general standards of technical literacy, through the reallocation of public resources into training initiatives, lies at the heart of the Commission's suggested approach. The report calls for an increase in the number of third-level computing courses, and renewed emphasis on IT conversion courses for older workers and the unemployed. IT training should form an integral part of secondary-school curricula, and public access to IT tools should be improved through public/private partnerships taking in libraries, universities, colleges, and industry.

The ball is now in the Member States' court. By June 1999, national governments are required to put forward "comprehensive national strategies" designed to bring about the necessary changes. In the Commission's view, these strategies should complement the EU's 1999 Employment Guidelines, and the National Action Plans for employment based on these guidelines, which are to be submitted in the summer. Trade Unions and IT industries have also been invited to put forward suggestions in June 1999.

Europe's Skills Shortage in Information Technology

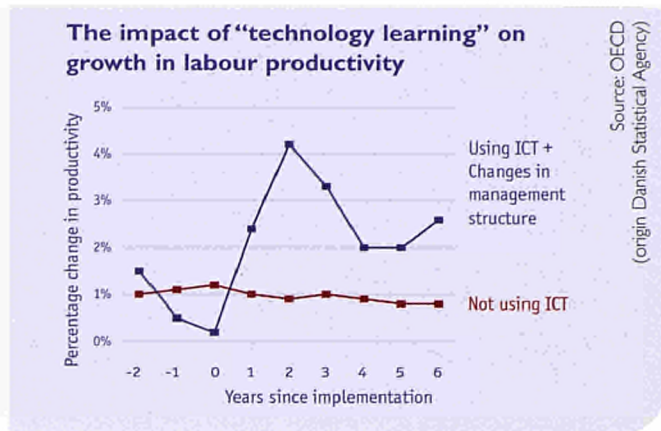
Europe's IT skills deficit is a major cause for concern, not only because it results in high levels of structural unemployment, but also because of its knock-on effects on the European IT industry.

The spill-over effects of the skills gap are many and varied, but they all contribute towards a loss of competitiveness on the part of existing IT firms. The market research firm International Data Corporation (IDC), which last year carried out a survey of Europe's IT sector, claims that one of the immediate effects of the lack of appropriately qualified staff is to push up wages of employees who do possess the necessary skills. According to IDC, the wages bill for IT firms in Europe rose by 12 to 60% between September 1997 and September 1998.

Firms are often also forced to outsource essential IT tasks, adding further to their cost burden. This puts the EU's IT sector at a grave disadvantage to its competitors in Asia and the US, where the skills shortage is far less acute.

A second consequence, more difficult to quantify but potentially far more damaging to the long-term interests of the industry, is the postponement of new technology projects because there are not enough appropriately skilled staff to manage them. Similarly, employees' skills shortages often mean that companies do not derive the full potential benefits of their IT equipment. Both of these factors hold back the continued growth and development of the EU's IT sector at a time when it should be striving to catch up with its competitors in the US.

IDC's research underlines just how much catching-up the EU has to do. The US spends about 3.6% of its GDP on the IT sector, roughly twice as much as the EU. Spending on IT products usually increases in line with average GDP per head, but the US's IT expenditure is comfortably ahead even of EU countries such as Denmark which have higher average income levels.



At the same time, figures from the EU's statistical office Eurostat confirm that acquiring IT skills is a costly and time-consuming process. The vast majority of IT employees in the EU are over 25 years old, suggesting that most are highly qualified professionals who have undergone higher education and training. Eurostat's figures also highlight a strong gender bias within the profession. The proportion of female IT workers is stuck around the 25 to 30% mark in all EU countries except Italy, where 48.1% of IT employees are women.



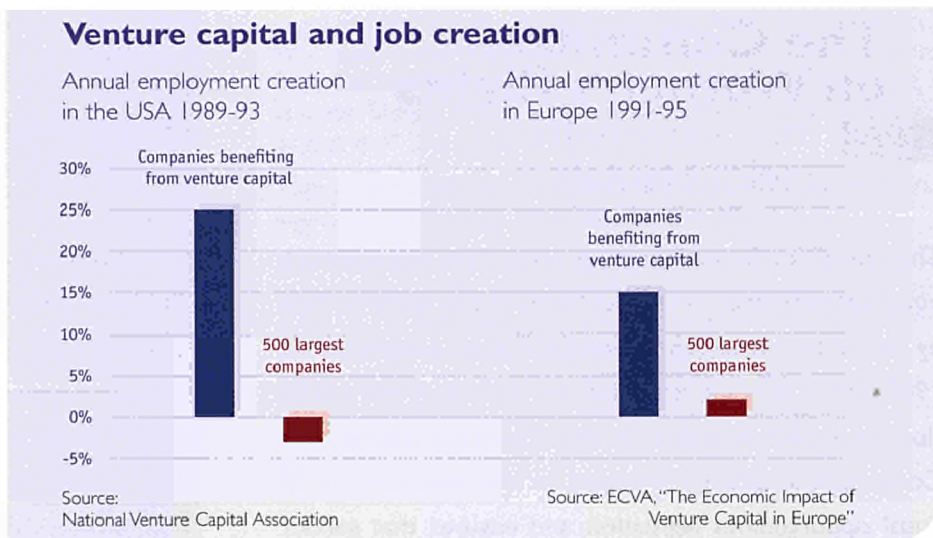
The wrong skills: many Europeans lack IT knowledge

Bridging the Skills Gap

with the European Employment Strategy

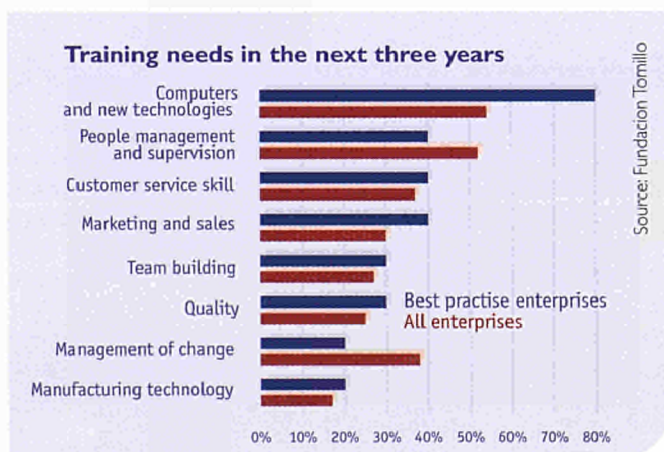
The European Commission's blueprint for narrowing the EU's IT skills deficit consists of a three-pronged plan of attack taking up all four of the basic themes of the EU employment strategy: improving employability, promoting entrepreneurship, promoting adaptability, and promoting equal opportunities for women and men.

This skills shortage is chronic in the IT sector, where large numbers of jobs are going to waste because appropriately qualified staff cannot be found. Training initiatives therefore form the first and most important part of the Commission's strategy to narrow the skills deficit. Dovetailing neatly with the first pillar of the EU Employment Strategy, the Commission suggests that the emphasis here should be on prevention. Specifically, the aim is to reallocate resources into computer training as part of school curricula, and to increase the number of places available on third-level computer courses. Efforts should be made to ensure that a higher proportion of women take up IT training opportunities, while firms would be urged to make sure their employees' skills are regularly updated.



Finally, European firms should be encouraged to take full advantage of their IT technology by introducing more flexible and adaptable forms of work organisation, rather than simply automating existing business processes. This would enable them to integrate more closely into the global economy and become more competitive.

The Commission has requested that all of these objectives should be written into national employment plans, after consultations with employers and trade unions. The suggested approach would ensure that the EU-wide initiative to combat the IT skills deficit is tailored to the specificities of the problem within each Member State. When detailed IT training programmes are ready, EU assistance, principally from the European Social Fund, would be available to implement them from the year 2000 on.



The Commission aims to tackle the problem on a second front by creating a more entrepreneurial business culture. In essence, this means removing regulatory barriers and improving access to venture capital so that new ideas can flourish, and be rapidly taken up by business and consumers. This would be achieved by introducing standardised business start-up procedures across the EU. Comparisons with the US, where new companies generate 25% of new jobs, as opposed to just 15% in the EU, are instructive.



Young people need access to IT training

Promoting Equal Opportunities in the European Parliament

The Committee on Women's Rights



Interview with
Heidi Hautala

The European Parliament plays a key role in promoting equal opportunities in the EU. Much of this work is done by the Committee on Women's Rights, established in 1981, which is responsible for the definition and evolution of women's rights in the European Union. The Committee is actively involved in the development of equal opportunities legislation, and ensures that gender issues are mainstreamed into all relevant areas of EU policy. To find out more about the Committee on Women's Rights, InfoReview interviewed Heidi Hautala MEP who currently chairs the Committee.

"A remarkable feature of the Committee on Women's Rights is the broad consensus it displays across forty members representing all shades of political thinking and all EU countries, north and south," declares Heidi Hautala MEP. "It is this consensus that enables the Committee to achieve so much; plus the general acceptance of the importance of women's rights by the Parliament." Nevertheless Hautala accepts there is still much to do. "Even in this era of mainstreaming, someone must keep watch and report on the failures and successes."

Mainstreaming

"The Committee works as a network for the Parliament on women's rights or 'gender issues'. That means we identify and draw attention to them in the work of other committees. Generally this is well received. We are often involved in drafting opinion papers where, for example, women's employment opportunities are affected, but our task is to take a "gender look" at virtually all relevant matters in the European Parliament. Very often it would simply be forgotten without our opinion. We also deal with the important legislation on equal opportunities in working life, the main question now being that we think the Commission should take a more progressive approach on the so-called positive action to promote women's representation."

Women's organisations and groups throughout Europe identify the Committee as an approachable point of contact in the European institutions. The European Women's Lobby is a typical example, which as Hautala points out, "represents 2,700 women's organisations in Europe and that is hardly a marginal voice".

Heidi Hautala

Heidi Hautala became a Green MEP in 1995, when Finland joined the European Union. "I believe countries can retain their sovereignty whilst merging part of their decision making. At a time when issues



are increasingly global, it is necessary to share these decisions because we have many problems in common and they frequently cross borders". Heidi Hautala became chair of the Committee on Women's Rights last September. On a personal level, her ambition is to increase the number of women involved in decision making in all the European institutions. "Look at a picture of the European leaders and you can see how much has to be done. I want to change that picture."

Bringing women back to work

"The provision of childcare is one of the major obstacles to improving employment opportunities for women. As we push to improve the availability of childcare, we are aware that we have strong support from DG V. Greater access to child care releases more women to take up employment and women with access to good childcare are likely to have more children, which will help maintain the population levels needed for the economy of the future. Scandinavian women are finding it gratifying to see other European countries working towards standards that they have benefited from for several years."

Other obstacles that concern the Committee often relate to social security. For example, there is an increasing tendency for employment to be offered on a short-term contract or part-time basis, especially for women. This causes problems if social security is not adequately dealt with. Short-term contracts are an even greater problem for single parent families, where a reliable income is particularly necessary.

"Equally, the Committee is aware that employers face a risk when employing younger women, as they potentially have to carry the costs of maternity in their business", says Hautala. The Committee is actively encouraging moves in some countries to explore ways of spreading that burden and improving young women's employment prospects. We see this as a key to the evolution of employment".

A successful track record

In its 17 years, the Committee on Women's Rights has achieved some notable successes. It has heavily promoted the cause of mainstreaming in the European Parliament and encouraged the Parliament to push the agenda along at the Commission. It believes at least part of the success comes from the influence the Parliament now has on the selection of the President of the Commission, which will be further strengthened by the Amsterdam Treaty. Also, there is no doubt that the Committee has put equal rights firmly on the Commission's agenda.

"We are pleased with the reception our proposals generally receive in the Parliament," notes Hautala. "For example, last September, the plenary session of the Parliament accepted several of our reports on women's employment. These included reports covering social security issues and pension rights." Care Years is a new concept, described by Hautala as "a provision to recognise the value of a woman's

work in raising a family and crediting her with social security contributions in that time, rather than penalising her because she was not in conventional employment. There is a wide feeling that the time has come to do something about this", she says.

The Committee has also been active in ensuring women's rights are fully integrated into the Structural Funds.

On reflection, Hautala feels that the committee has a good relationship with the European Commission, especially with DGV. "We have seen increasing levels of cooperation, and we are now looking to formalise those links in an atmosphere of mutual support. Once the Amsterdam Treaty comes into effect", she concludes, "I believe we shall have an even greater influence throughout the European Union".



Dominating the Brussels skyline: Europe's Parliament plays a key role in the European Union



The Vienna Summit

"Employment, employment and employment again"

Allan Larsson



provides an update on the Vienna Summit

The Vienna Summit focused on updating the EU's priorities before the new millennium and jobs came top of the list. Austrian Chancellor Viktor Klima, in his role as Council President, said that the meeting focused on "employment, employment and employment again". Indeed it was the first time that a whole morning was devoted to the issue of employment at a European Summit.

Unemployment falls below 10 %

The EU leaders were pleased with the progress made so far by the Member States in creating jobs and reducing unemployment. For the first time since 1992, the unemployment rate has fallen below 10 per cent. However, they accepted that more needs to be done, and agreed that a comprehensive approach should be developed for the EU's employment policy. In particular, they highlighted the importance of macro-economic policies directed towards growth and stability; economic reform promoting competitiveness; and the Employment Guidelines - designed to improve employability, equal opportunities and job creation in existing and new enterprises. Greater synergies between the Employment Strategy and the EU's broad economic guidelines were also called for.

Nevertheless, the European Council was very pleased with the progress made so far through the European Employment Strategy. The multilateral surveillance of the implementation of the Employment Guidelines, the use of benchmarks, as well as the highlighting of good practices have provided useful and successful tools for evaluating the Member States' initiatives. To reinforce this progress, the European Council called for the establishment of more "verifiable objectives and deadlines" at national and European level along with common performance and policy indicators.

Allan Larsson

Director General for Employment and Social Affairs, European Commission

Allan Larsson is Swedish. He studied economics at the University of Lund and Stockholm, then began



working in the areas of media and social policy.

He became Swedish Minister of Finance, from 1990-91, and subsequently sat as a Member of the Swedish Parliament, from 1991-95, during which time he chaired the European Employment Initiative, from 1993-94, and was a board member of the Swedish Central Bank. He headed the Transition team for the Government in late 1994.

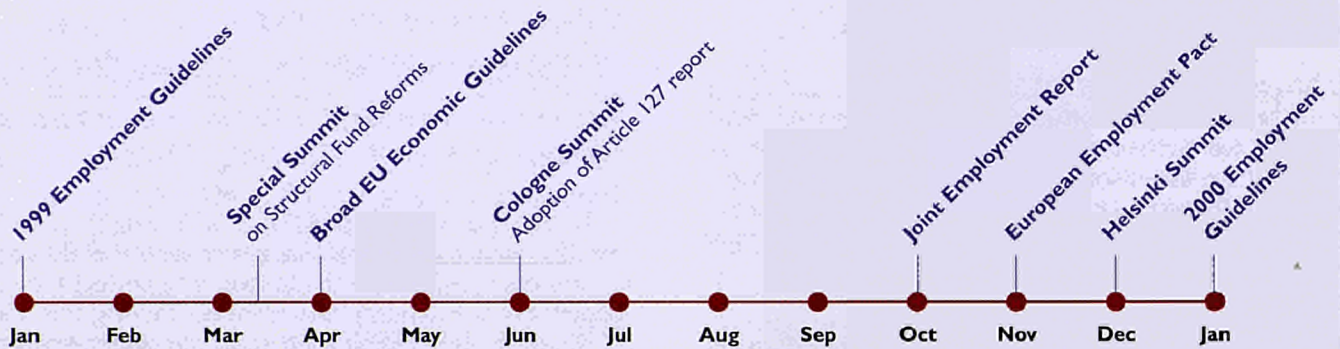
He joined the European Commission as the Director General for Employment and Social Affairs in May 1995, following Sweden's accession to the EU. From this position he is involved in helping to develop a strong and structured European dimension to the challenges of modernising employment and social policy in the Union.



Facing the future: EU leaders remain focused on employment

The European Employment Strategy

key events in 1999



Guidelines

The Commission's employment guidelines for 1999 were also presented at the Summit. The European Council called on the Member States to pay particular attention to a number of key issues when incorporating these new guidelines into their National Action Plans. These included:

- achieving real progress in promoting equal opportunities between women and men, especially through benchmarks and 'gender mainstreaming'
- setting national targets for the number of people participating in 'lifelong learning'
- exploiting the potential of the service sector and industry-related services, in particular information technology and the environmental sector
- creating a climate in which business, especially SMEs can flourish
- examining tax-benefit systems in order to provide incentives for the unemployed and inactive to take up work or training opportunities and for employers to create new jobs
- supporting older workers to increase their participation in the labour force
- promoting social inclusion and equality of opportunity for disadvantaged groups.

The next steps

The Commission will present a report on the progress made by the Member States in implementing the 1999 guidelines in mid-June this year. At the same time, the Commission will also prepare its proposal for the Joint Employment report and the new Employment Guidelines for 2000.

While, EU leaders used the Summit to stress the importance of the reform of the ESF for the Employment Strategy,

they were not able to reach a final decision on this complex issue. However, they did invite the Commission to present, in Spring 1999, a Communication on mainstreaming employment opportunities at EU level. In a further innovative move, the Commission was requested to give the go-ahead to countries wishing to experiment with reducing VAT rates on labour intensive services (as long as they are not exposed to cross border competition).

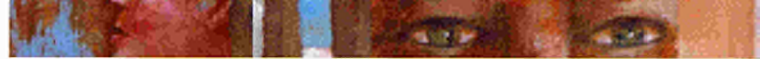
Structural Fund Reform



Special Summit set for March 1999

A special European Council Summit will take place on 24-25 March 1999 to seek a final agreement on the Agenda 2000 package, which includes the Structural Fund reform, along with key decisions about the EU budget and the Common Agricultural Policy (CAP).

While EU leaders did not reach a final decision on these issues at the Vienna Summit, they agreed that "a good basis for further discussions" had been achieved. Nevertheless, there is plenty of hard bargaining ahead before the Member States finally settle the question of how much the EU should spend and who should pay for it. The European Council "invited" the Member States to "make their full contribution to achieving a fair, balanced and acceptable outcome based on solidarity and budgetary rigour."



Driving Europe's Social Agenda

an interview with Eleonore Hostasch

Eleonore Hostasch, Austria's labour and social affairs minister, kept her characteristic optimism intact during her six-month stint in the chair of the EU social affairs council, despite a few setbacks along the way.

EU employers' repeated refusal to negotiate with trade unions on worker consultation, and the continuing deadlock over worker participation in pan-European companies, may have taken some of the gloss off Austria's presidency, but Hostasch is convinced that the EU is still better placed than ever before to bring about real and lasting social change.



Eleonore Hostasch at the 1998 Employment Week

She believes that two factors have come together to create this opportunity: the leftwards shift of many EU governments after last year's elections, and the introduction of the Euro, which, in her view, will be a major catalyst for social change if properly managed.

"Broadly speaking thirteen out of the EU's fifteen national governments now think alike on labour and social issues. This is a rare opportunity. The EU has the capability and the right to forge a unique social model," she says.

True to her social democratic roots, she retains a strong faith in the possibility of bringing about lasting social change through an act of political will. In her view, the EU's political leaders must reverse the tendency to neglect the social dimension of EU policy. She identifies tackling the unemployment crisis, reinforcing the equal opportunities chapter of the EU employment guidelines, and strengthening social security measures as immediate priorities.

Hostasch believes that the economic growth that should accompany the Euro will provide national governments with enough flexibility to make these changes, arguing that improved social security measures are an essential counterweight to the austere economic policies underpinning the Euro.

"We must harness the economic growth provided by the single currency in the fight against unemployment", she says. The capital sector cannot be the only winner. Of course, monetary stability and worker flexibility are important, but employees need to feel secure in order to be flexible. Social products and social budgets should be seen as positive".

She sees the EU employment guidelines as the main instrument for achieving this, and notes with approval German Chancellor Gerhard Schroeder's push for a formal EU employment pact. She has no illusions, however, about the potential difficulty of the exercise. "It is a question of finding the right way. There will not be one common strategy, but many competing suggestions from different governments. The challenge is to learn from each other, and build our conclusions into EU policy".

Hostasch suggests that Austria's best contribution to an exchange of ideas on job creation would be its long experience of offering industrial apprenticeships to school-leavers. But in the short term, the minister has set herself the task of persuading her EU counterparts to beef up the equal opportunities dimension of the EU employment guidelines. "You could say that this is my one goal for now," she says, expressing her support for Commissioner Flynn's view that most national employment plans neglect women, ethnic minorities and the disabled.

Employment Rates in Europe

EU still lags behind US and Japan

In October 1998, the European Commission adopted its first summary report on employment performance in the EU (Employment Rates Report 1998). This report, prepared at the request of the EU Heads of State and Government, presents a brief analysis of recent employment performance across the European Union, and makes a number of suggestions as to how individual Member States could contribute to a significant increase in the EU's average employment rate. Much of the analysis contained in the report was used as a basis for the Commission's recommendations on the 1999 Employment Guidelines.

The employment rate provides an effective measure of the performance of the economy in the sense that it measures how the economy can provide jobs for all those who are able to work. It focuses attention both on employment, and on the employment potential of the non-employed, including both unemployed and 'inactive' people.

The report presents a number of useful conclusions regarding the factors which support a high employment rate:

- GDP growth is the primary determinant of employment growth but not necessarily the only factor determining high employment rates.
- Part-time work is an important factor behind overall employment rates. A high degree of flexibility in working time improves employment performance, both from the demand side, as it is helpful for enterprise, and on the supply side, as it allows people to combine work and other responsibilities (family, education, etc.).

- Factors such as the taxation system, the way benefits operate, and regulations on business and labour can have both positive and negative effects on the employment rate. They differ in each Member State and the particular way they interact is important in determining their overall impact.

- The gap in employment rates between Europe and the US is not in agriculture, manufacturing or the public sector; but in the services sector. The difference is particularly marked in three sectors: communal services, business services and distribution, and hotels and restaurants. This gap also exists within the EU. Member States with high employment rates in these sectors also tend to have high overall rates of employment. However, in Germany, France and Italy (which together represent 50 per cent of total EU employment) growth in these sectors has been below average.

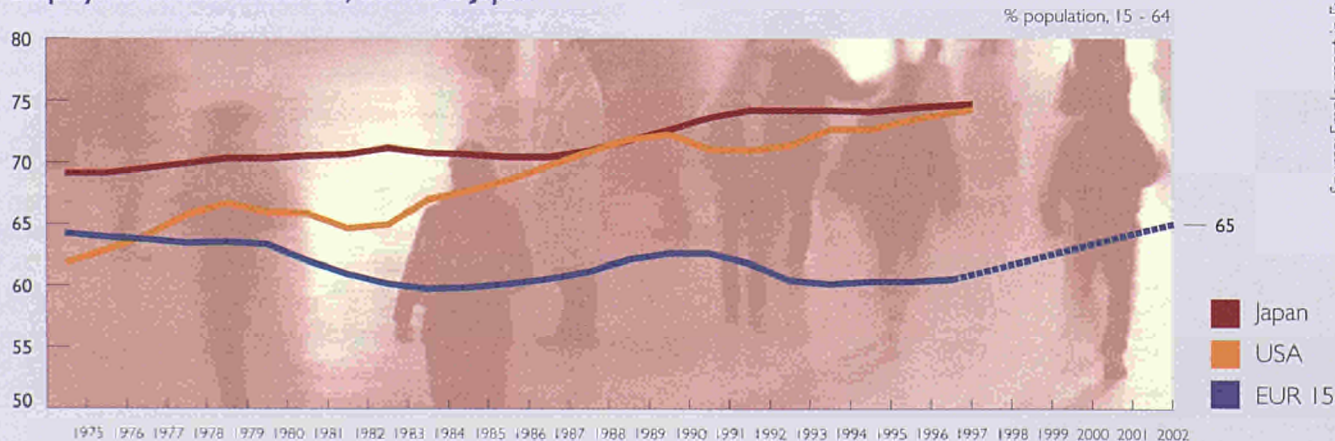
The report also draws conclusions about different groups within the labour market:

- Member States with high employment rates also have high rates of female employment growth. Levels of female employment can be improved by reforming the tax/benefit systems and through better childcare provision.
- High overall employment rates are also associated with high youth employment rates. Combining education or training courses with part-time jobs can help to promote youth employment.
- Employment rates in the older age groups are either low (women) or declining (men). Reversing the trends towards early retirement will make an important contribution to raising the employment rate overall.

The challenge for Europe's employment policy

Raising the employment rate to 65% in 5 years

Employment rates in the EU, USA and Japan



Source: Employment in Europe, 1998

EU Provides Stability

in the face of a global down-turn

Pádraig Flynn



considers the challenges that lie ahead in 1999

Europe has long standing employment problems. Yet the European economy is strong. We are competitive on the world economy. Our excellent economic fundamentals - low inflation, a surplus on balance of payments and public budgets well under control - together with the advent of the Euro, are widely recognised as favourable factors for future growth and employment in Europe.

In the current uncertain world economic climate, following the Russian and Asian crises, Europe is seen as a pole of relative stability within the global economy.



National Action Plans for Employment (NAPs)

Bringing the Employment Strategy to life: the Member States' Action Plans

- sharing good practice in employment policy
- more systematic, consistent and streamlined employment strategies
- specific action programmes under each strategy pillar
- active participation of social partners
- active measures to reduce the risk of long-term unemployment

The global context

Despite these strengths, the economic down-turn in the world economy has had negative effects on Europe. 1998 was a year of continued recovery after the difficulties experienced during the early 1990s following German reunification. As a result, overall economic growth has come in at close to 3 %, bringing with it improvements in terms of employment.

However, the prospects for 1999 have now had to be revised downwards - with economic growth expected to fall to a little under 2.5 % - in the light of the deteriorating external economic environment.

Future employment prospects in Europe will be particularly dependent on both the strength of domestic demand and our capacity to exploit the strength of the European economy as a whole - an economy which, I should add, accounts for some 20 % of the world economy and which is largely self-sufficient, with some 90 % of domestic production being supported by internal EU demand.

In that respect, the long-term economic outlook for Europe appears to be more rosy. Domestic confidence and investment is expected to recover in 2000, bringing growth back up to 2.8 % and encouraging a revival in employment expansion.

The recent economic upsets and their consequences for employment do not lead us to change course in policy terms. Rather they reinforce the need to continue and strengthen the process of labour market reforms being developed through the Employment Guidelines and to prepare the Structural Fund programming process for the years ahead.

The European Employment Strategy

The development of the Employment Guidelines demonstrates how much is changing in the way Europe handles its employment affairs. Member States have recognised that we need to develop co-ordinated policy actions between our increasingly integrated economies. Success or failure in one Member State now effects the well-being and potential of all others.

We have high expectations. We do not want just more jobs. We want better jobs. Without lowering wage and labour standards. Without making the weakest bear the brunt of the adjustment process as we shift further into the new service-based, information-based, economy of the future.

We want to improve the productivity of all our potential workforce. That way we not only reduce unemployment, we raise the incomes of the lower paid and reduce their dependency on income transfers.



Asia in crisis: unemployment has climbed to 5.8 % in Hong Kong

Europe's progress in mobilising the support of its Member States in favour of labour market reform and human resource investment is the best possible answer to those who would criticise the performance of our labour market. The more the Employment Strategy succeeds in practice, the less we will have to defend it in principle.

The impact of the Euro

We must recognise that future structural and labour market policies will be built around the edifice of economic and monetary union. Some commentators imply that we risk over-estimating the impact of EMU. I say we risk under-estimating its potential. We must learn to see EMU as the counter-part commitment - in economic terms - to the social commitment contained in the employment and labour market guidelines.

EMU is not simply a mechanism for maintaining low rates of inflation. Rather it is an instrument that offers the opportunity to manage the totality of our economic affairs in a coherent manner - as the United States has done over the years - achieving rapid recovery from the economic shocks of the past and persistently increasing levels of employment over time.

Structural policy reforms are part of that wider process of economic and social development - helping to ensure that growth is not prematurely curtailed by labour market bottlenecks, that long-run productivity growth rates are maintained, that growth and structural change are mutually supporting.

Europe's contribution comes, not just through the promotion of the guidelines process in accordance with the new Amsterdam Treaty, but through the direct support from the Structural Funds, notably the European Social Fund.

In conclusion, therefore, we see the need to combine the potential of economic, employment and social policies in Europe. Unemployment is our greatest scourge and tragedy. We have the resources to tackle it. Now, at last, we have the mechanisms. We must use them to the full and plan for the future.

Mid-Term ESF Evaluation Report

a catalyst for development

The requirement to undertake a mid-term evaluation at programme level was introduced as part of the 1993 reform of the Structural Funds. Interest raised by the evaluation process led to the idea of drawing-up a set of EU-wide conclusions. This proved, however, to be a challenging task as the evaluations were organised at Member State level, were written by different evaluators with different mandates and cover quite diverse programmes.

In October 1998, the Commission produced a mid-term Evaluation Report, providing a synthesis of what the ESF achieved during the first half of the programming period, where and how it has been successful and what needs to be done to increase its effectiveness and efficiency in the future. In many cases the mid-term evaluation process has already acted as a catalyst for further policy thinking and development.

Human Resources in Objective 1 regions

In Objective 1 regions the ESF mainly co-finances mainstream training actions and employment subsidies. According to the report, these measures tend to be more focused on short-term unemployed or qualified young people and the report suggests that more should be done to target the disadvantaged and long-term unemployed.

ESF programmes focus on improving the employability and qualifications of a wide variety of target groups. Given the diversity of programmes and evaluation methods, it was difficult to develop overall conclusions. While, it is clear that the ESF has had a significant impact, early evidence indicates that some target groups have probably benefited more than others.

Nevertheless, the report recognises that ESF programmes in Objective 1 regions are perceived as a catalyst for the modernisation of labour market policies. In particular, programmes designed to strengthen education systems have proved especially useful.

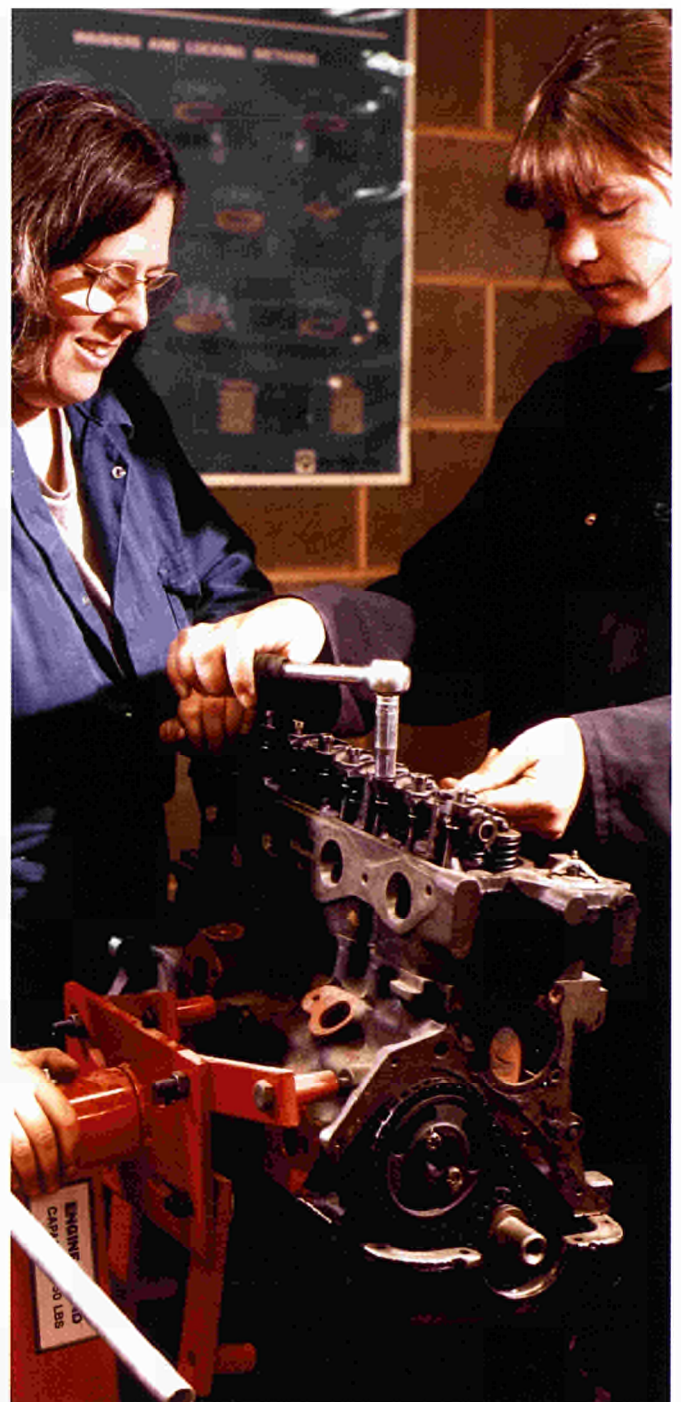
Objective 3

Funding allocated under Objective 3 has improved the range and diversity of measures launched by the Member States to fight unemployment, even though the majority of initiatives continue to focus on training.

Young people form the largest group of beneficiaries, although considerable provision is also made for persons threatened with long-term unemployment. These groups are probably the easiest to reach explaining why they tend to benefit most from ESF funding. The report argues that more should be done to help groups who face more

complex problems such as the long-term unemployed, the disabled and former offenders. They require sophisticated assistance from a diverse range of actors over a longer period of time. Such 'integrated' programmes take longer to implement and even longer to bear fruit, but are essential if these people are to be reintegrated into the labour market.

The report also suggests that more could be done to help unemployed women given the particular difficulties they face in joining or re-entering the labour market.



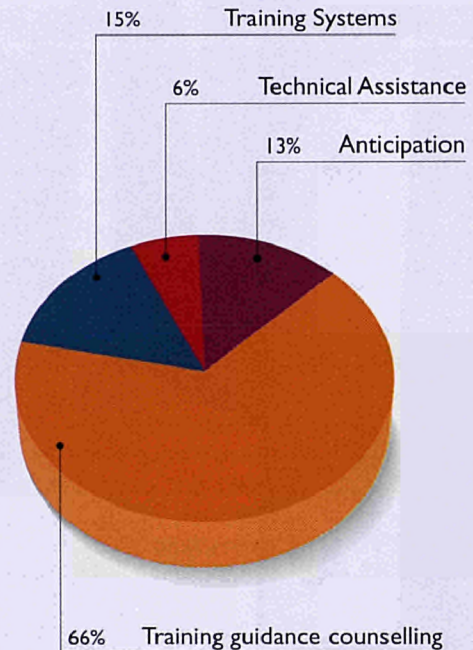
Objective 4

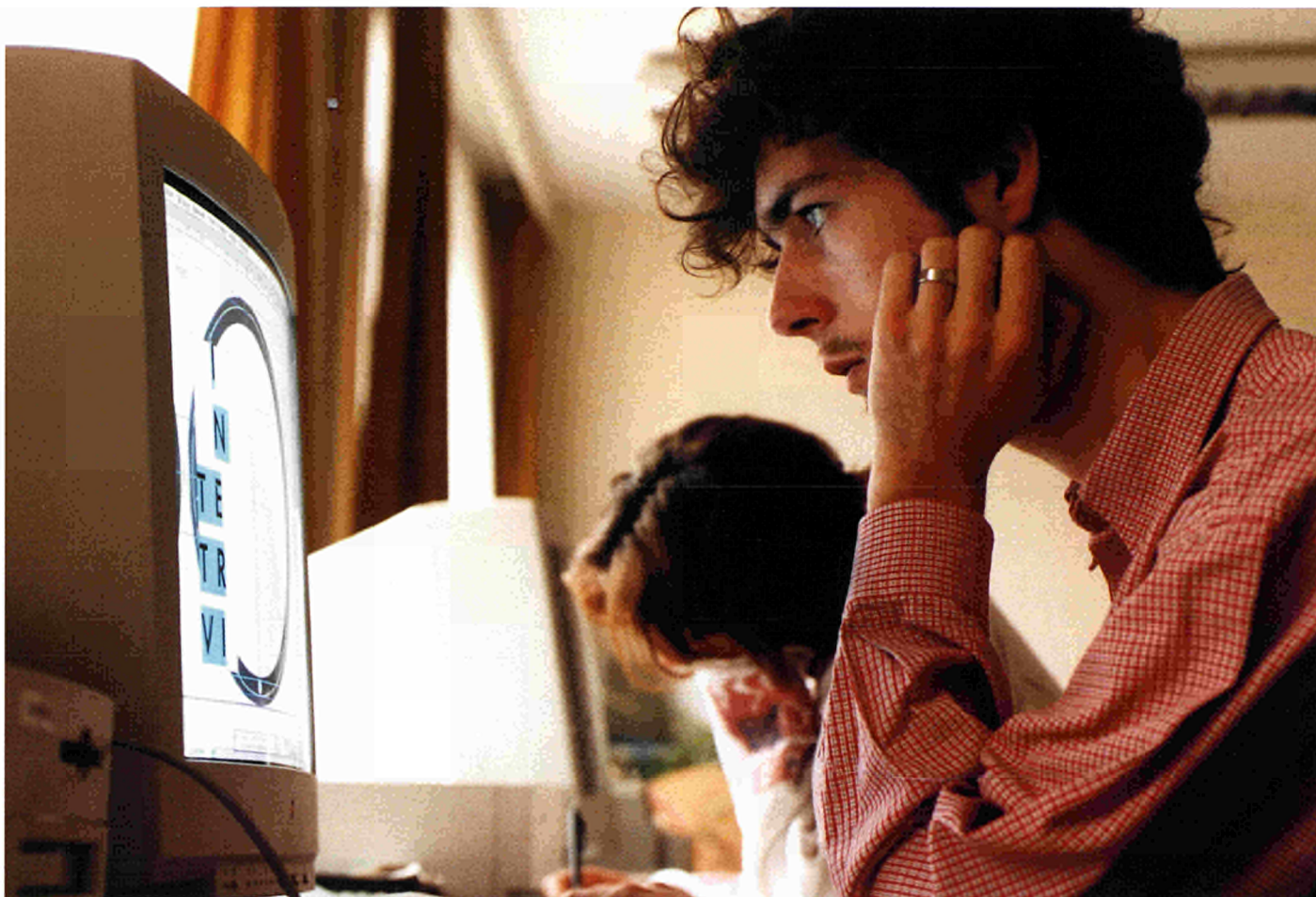
The main priorities for Objective 4 are: anticipating labour market trends; training and professional re-qualification; and assistance for developing suitable training systems. The report argues that these three priorities tend to be applied too rigidly and that more should be done to integrate the 'anticipation' element into the other measures. On the whole, two types of project tend to predominate under Objective 4 - those targeted towards adapting to a specific 'crisis' situation and those aimed towards continuous adaptation to a general change process, such as the development of new technologies. These projects often focus either on particular companies and their entire workforce or on categories of workers thought to be specifically at risk.

While it is too early to draw detailed conclusions on the impact and effect of interventions under Objective 4 a number of benefits have been identified:

- introduction of improved training systems and infrastructure;
- development of innovative solutions for the problems of SMEs;
- increased attention to the link between anticipating change and the provision of training; and
- development of innovative selection and eligibility criteria.

Approximate breakdown of the Objective 4 budget by activity





Community Initiatives EMPLOYMENT and ADAPT

A key aim of the mid-term evaluation was to formulate practical recommendations to improve the selection of projects under the Community Initiatives (CIs). The exercise contributed to the development of more effective general procedures which include a series of common deadlines and a more flexible approach to the implementation of transnationality. Nevertheless, the report highlights the need to further reduce the administrative burden caused by the application, approval and payment systems.

The Report expresses some doubts about the average level of innovation attained by the first series of CI projects. These tended to take a 'small step' approach, building small innovations on to existing models. Some promoters wrongly regarded the need to include links between projects in different Member States as the main innovative element of their project.

The Report identifies several actions for improving innovation:

- better guidelines on the kind of innovation that is required;

- better counselling for potential applicants during the pre-selection phase;
- final selection to be made by an independent panel of experts by rank-ordering all submitted proposals; and
- introduction of a mandatory development phase for all selected promoters.

Transnational cooperation sometimes follows a hierarchical structure according to the report, with some projects acting as 'initiators' of innovation and others acting as 'followers'. However, the report accepts that the exchange of information is the starting point from which more innovative activities should result. Indeed, the quality and effects of transnational actions should improve over time as promoters progress along the learning curve. Nevertheless, transnationality will not automatically lead to innovation.

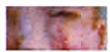
The report accepts that it is too early to draw valid conclusions about the impact of the CIs as very few of the projects were completed when the mid-term evaluation was carried out. Nevertheless, the principal criterion for success will be the capacity to generate innovative solutions that can be taken up in mainstream policy thinking and development at EU, national, regional or local level. These projects should perform better than existing mainstream projects, in terms of reach, effectiveness and efficiency.

Community Initiatives

and the national employment action plans

InfoReview 6 stated that it was possible to find a direct relationship between the work carried out in ADAPT and EMPLOYMENT and many of the priorities which Member States have established in their National Employment Action Plans (NAPS). Here we look at some of the evidence that supports that bold assertion.

Meeting the demand for child care in Austria



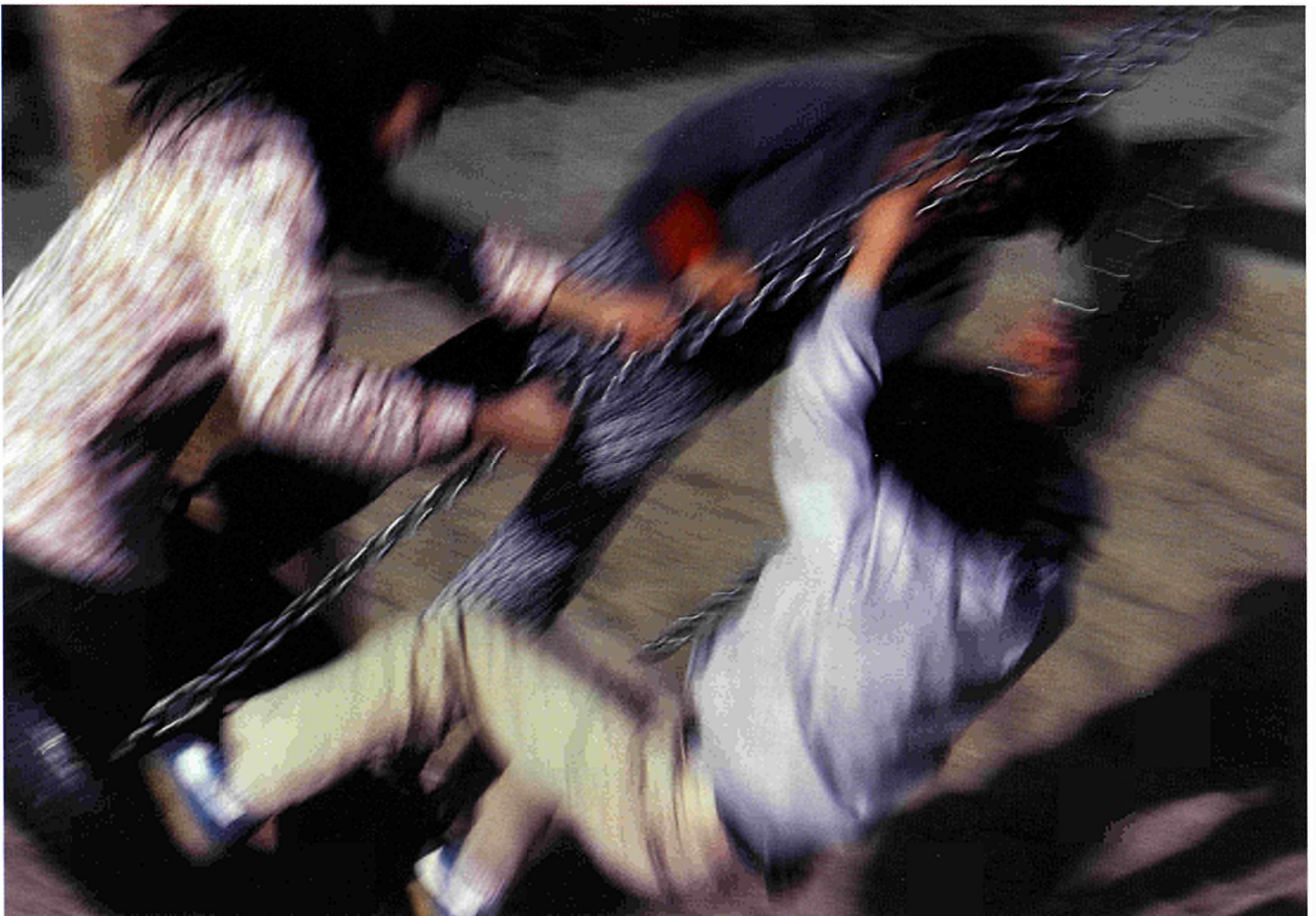
The Austrian Cinderella project trains unemployed women to run small day-care centres in their own homes. In this 'Tagesmütter' (day mothers) model, these women do not have to experience all the bureaucratic problems related to becoming self-employed but are contracted by the promoter, which is a social economy enterprise.

While other personal services such as cleaning, or gardening have been criticised by the Austrian media and trade unions for 're-inventing low paid jobs for the most vulnerable groups on the labour market', the Tageseltern (day

parents) model has received a lot of praise. Its approach uses public money to develop and refine a service for which there is a huge demand. This is fully supported by the social partners who also appreciate the emphasis on quality in both the jobs and the service.

The model was discussed in the Austrian national parliament and the government was requested to draft a legal framework to mainstream this model of good practice. Considering the high profile given to this project, it is not surprising that it should be used in the Austrian NAP, which recognises the demand for an additional 140,000 childcare places. The Government regards the lack of quality childcare as a major barrier which prevents women, and especially the long-term unemployed, from entering the labour market.

The strategy set out in the NAP aims to create a legislative framework for the Tageseltern model. This will include a recognised vocational profile for 'day parents' and provisions to ensure their social security protection and regulations on pay and quality standards for this specific childcare service are met. Mainstreaming the Tageseltern model is expected to lead to the creation of 3,000 new jobs for properly qualified 'day-parents' by the end of 1998. This will enable many more women to reconcile their family and professional lives.





The ADAPT projects will test a variety of approaches including large regional networks for developing and providing learning opportunities, and a major observatory of learning content and its uses. The projects will also take a diverse approach to local networking of courses, development of materials, and the provision of information, basic skills, guidance and counselling.

The range of successful project applicants - including trade unions, training bodies, universities and colleges, Training and Enterprise Councils, and local and national bodies - reflects the nature of the partnerships on which the University for Industry will be based. The idea is that it should be highly devolved, responding to demand from small companies. Ensuring access to learning for all, it will make maximum use of new information and communication technologies, and will draw from best practise to ensure quality of materials.

Making vocational training more attractive in Flanders, Belgium

Faced with a 20 % drop out rate, the Flemish Authorities want to change the way vocational training is provided. They believe that a modular system will be more understandable and will provide young people with a greater stimulus and more frequent rewards, as they move to a final certificate or qualification. The NAP acknowledges that a 20 % drop out rate is too high and announces that the Flemish Community will "set up a project for modularising technical and vocational secondary education. For each module passed the pupil receives a partial certificate or a partial attestation which can be appended to a certificate at any time."

The Flemish Ministry of Education set up a YOUTHSTART project to develop this modular system. This project, 'Building Future Success', was selected in 1997, and the project team is currently working with sectoral bodies and a network of correspondents in schools. They are modularising the existing curricula for the wood and construction, mechanics, commerce and administration, and health-care sectors.

The Flemish Ministry of Education is using YOUTHSTART as a vehicle for introducing innovation in the mainstream system because it allows for the development and testing of new methodologies on a large scale, a pre-requisite if modularisation is to be applied throughout the training system.

The Ministry also recognises that transnational co-operation allows the project to benefit from the experience of partners in other Member States who are also involved in making vocational training more relevant to the labour market and more attractive to young people. Several of these partners already operate modular training programmes. The European dimension also helps to convince people in the mainstream system that they can change and improve their own system.

ADAPT supports the creation of the UK's University for Industry

In the UK, an explicit policy link has been made between ADAPT and the government's key lifelong learning instrument. Referring to the intention to launch a 'New Learning Age', the NAP announced that its prime instrument would be a University for Industry, designed to make it easier for companies and people to access lifelong learning. Within a year of the government coming to power, a special call for ADAPT projects was launched, linked specifically to the pilot phase of this new institution.

The result was startlingly effective, illustrating how powerful an explicit link between a key Member State policy and the Community Initiatives can be. The call for projects was by far the most successful the UK has had for ADAPT. More high quality projects were submitted than could be funded. Ultimately more than 100 projects, piloting and developing different aspects of the building blocks for the University for Industry, will be funded. They will launch their work at the beginning of 1999, and their findings will be provided to the University for Industry itself, when it becomes operational in early 2000.

From September 1999, the new modular structure will be piloted within the four vocational sectors mentioned above. This is intended to pave the way for organisational changes at all levels of the training system. Other key activities of the project will include co-ordinating the training of trainers in applying the new structure and examining the transferability of vocational qualifications at European level.

The Community Initiatives 'laboratory'

With 4,000 ADAPT projects geared to responding to economic changes and improving competitiveness and over 6,000 EMPLOYMENT projects promoting employment and social inclusion, the Community Initiatives represent a highly active laboratory. Member States can use this resource to test their policy proposals for positive changes in labour market policies and practices, or to see if other countries have been successful in piloting similar approaches. That is the purpose of having innovation, transnationality and dissemination as guiding principles for both of these Community Initiatives.

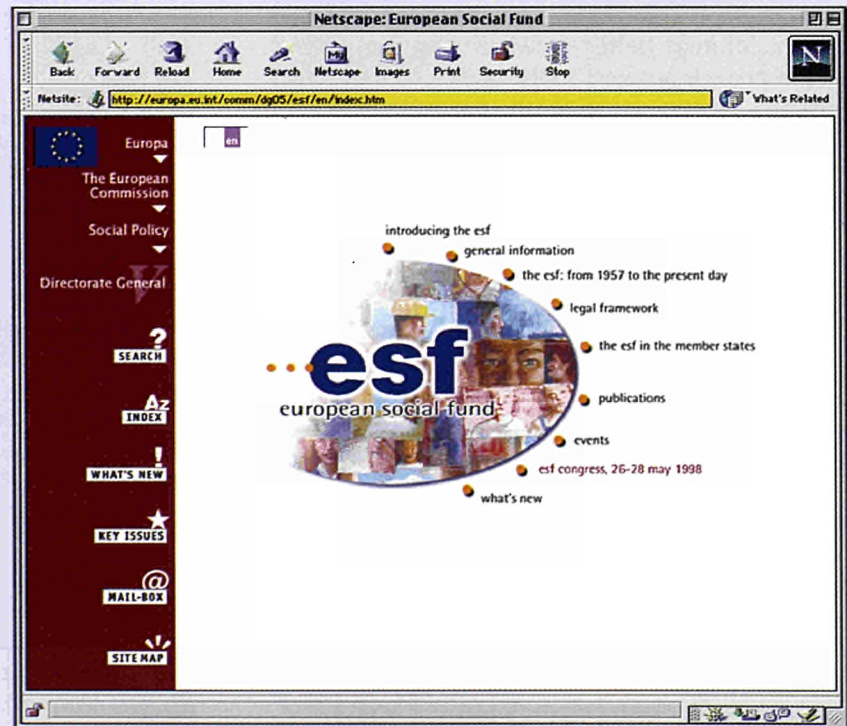


ESF Internet search

Looking for information ?



The regularly updated European Social Fund web site provides a wide range of current and background information on ESF developments, news and events.



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

The Information Challenge

getting the message across

In October 1998, the 36 people responsible for making the ESF better-known and better-understood in the 15 Member States gathered for the fifth meeting of the informal network of ESF Information Officers.

What is

 the information network ?

The Commission initiated the informal network of ESF Information Officers in 1995. Some of the network members are information officers in their own right, responsible for the ESF. For others, communication is just one of the ESF roles that they, or their department fulfil.

While the network was originally intended to provide a forum for the Member States and the Commission to exchange examples of information output and experience, the information challenge facing the ESF and Employment has become so significant that the network is taking on a new, more active role.

What can

information achieve ?

• Increasing visibility

Firstly, information can help get the ESF and the Employment Strategy better-known among the general public. It can provide answers to the questions they might have: What is Europe doing about unemployment, and about jobs ? Where exactly does the money go ? What can Europe bring to the picture that cannot already be done at the national level ? The public has a right to answers to these questions, and public authorities have a duty to provide them. The best way of providing answers is to give examples of what is actually happening on the ground to put these 'policies' into practice.

• Increasing efficiency

Secondly, information can be a source of inspiration. Politicians, civil servants, project promoters or potential promoters, and academic experts all need information on how the problems they face are being tackled in other countries. These people can learn much from successful - or less successful - programmes or projects, when preparing their own.

"No matter how good your policy, it's useless without information."

DGV Director-General Allan Larsson



1999: a crunch year for the ESF

It's certainly the right time to be focusing on information, as we face a number of information challenges in the year ahead. During the course of 1999, the framework for new ESF will be finalised, and Member States will begin preparing their programmes for 2000-2006. A huge information effort will be required to explain the new ESF. Those looking to run ESF-funded projects will need to know about new procedures. The public will need to know about the new priorities of the Fund, how it is working in parallel with what the Member States are doing as part of their National Action Plans for Employment, and how the EU acts together within the European Employment Strategy. Moreover, the people being helped by the ESF, once the programmes start in 2000, should know that their training or support is being partly funded by the European Union.

Maintaining visibility

We all know that we are living in the information era. Everyday we are bombarded by a torrent of information, coming from an ever increasing number of sources and carried by increasingly diverse types of media. People's expectations about the scope and depth of information are also increasing on an almost daily basis. The major challenge for Employment and the ESF is to keep up with the pace of this change.



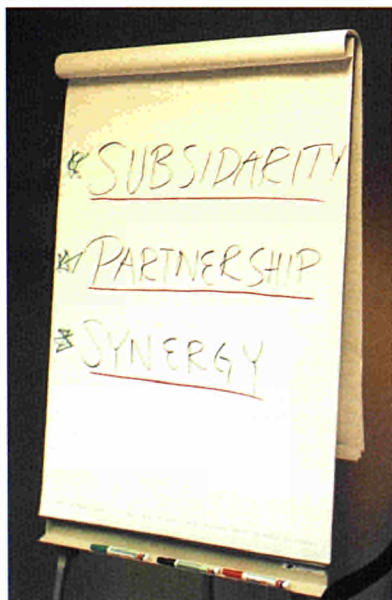
Imaginative efforts on a large scale are required to inform policy-makers, people working with the ESF on the ground, potential promoters and beneficiaries, and the public at large. Information also needs to travel in both directions, so that policy-makers and information providers are aware of people's needs and requirements.

How the information officers' network can help

The Member States and the Commission can learn from each other - workshops within last October's seminar looked at four 'channels' for information: publications, events and audiovisual, Internet and information systems, and media. Those taking part in the workshops were able to compare what they produced and how they had done it.

But besides being a forum for comparing information products, the network can also work together to ensure that national information strategies fit in with the work being done at European level. This can mean pooling resources to save costs, and avoiding the need to 're-invent the wheel'.

It can also mean increasing the effectiveness of communications by targeting information towards



those best-placed to pass on the messages or products - sometimes known as 'information relays'. Unions, employers, training agencies, local authorities, NGOs, academics and research centres, information centres, members of Monitoring Committees, the media are all ideally placed to pass on information about employment and the ESF.

The network can also work together on the way we portray the ESF and the European Employment Strategy, developing 'core' information materials which can be adapted to suit different types of audience in different Member States.

Providing feedback

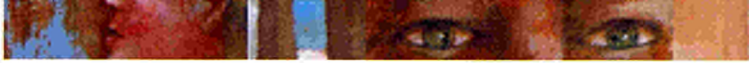


Do you have ideas for improving information on ESF and Employment policy ?

Have you good examples of how other administrations or organisations inform their own audiences ?

Have you encountered problems getting hold of clear and complete information ?

Please don't hesitate to let us have your views on what could be done. All comments can be sent by e-mail to: esfinfo@bxl.dg5.cec.be



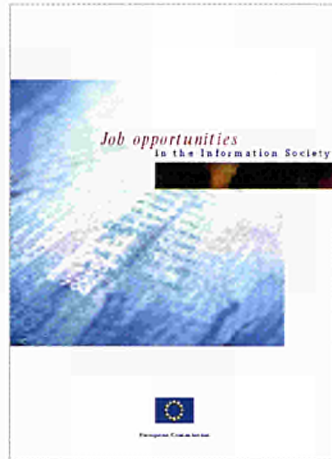
New publications on Employment and the ESF

Job Opportunities in the Information Society

This Commission Report looks at the employment impact of the Information Society and makes recommendations about how Europe can exploit the full potential of the information revolution.

Available in English, French and German

CE-8-98-801-EN-C
ISBN 92-828-1735-0

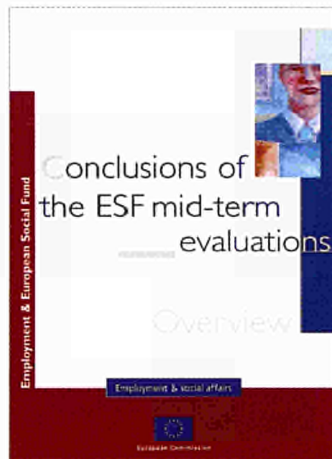


Conclusions of the ESF mid-term evaluations - Overview

This overview provides a synthesis of the ESF's main achievements in the first half of the ESF programming period, looking at where the ESF has been successful, and what needs to be done to improve its effectiveness in the future.

Available in all official EU languages

CE-18-98-097-EN-C
ISBN 92-828-5091-9



Employment in Europe 1998

Now in its tenth edition, this annual report provides the analytical bedrock for the Commission's increasingly important role in supporting Member State employment and labour market policies.

Available in all official EU languages

CE-17-98-5-EN-C
ISBN 9-828-4911-2



Initiative - The newsletter of ADAPT & EMPLOYMENT

This new newsletter on the ADAPT and EMPLOYMENT Community Initiatives is published three times a year by the European Commission. The newsletter presents projects and reports on the challenges and added-value of working on transnational projects. Other features include interviews with Member State officials and updates on recent events.

Available in English, French, German, Spanish and Italian

CE-VI7-98-005-EN-C



Building a policy partnership with young people - EMPLOYMENT-YOUTHSTART and the European Employment Strategy

This sixth title in the Community Initiatives Innovations series illustrates some of the best practices being developed in the Member States. It offers a range of practical examples which should assist policy makers and providers to make their guidance, employment and training services more relevant to the needs of young people.

Available in English, French, German, Spanish and Italian

CE-17-98-677-EN-C
ISBN 92-828-4916-3



ESF Congress Evaluation

Following last year's ESF Congress an evaluation questionnaire was sent out to more than 350 delegates who attended the event. Of the 238 people who responded, 90 per cent thought that the event had enhanced the visibility of the ESF either very well or fairly well.

The participants were also pleased with the quality of the discussions that took place. 80 per cent of those surveyed agreed that the Congress had helped to generate a real debate about the future of the ESF.

Asked whether a similar event should take place again in the future, a resounding 90 per cent said yes with most people suggesting that it should take place at least once every two years.

Evaluation results

Did the ESF Congress meet the communications objectives?

	very well / fairly well	not well
- enhance visibility	27%	59%
- generate debate	21%	55%
- organisation	68%	25%
- venue	76%	18%
- de		3%

Evaluation results

Similar event in the future? yes - 90% no - 5%

Frequency?

- Every year - 27%
- Every 2 years - 49%
- Once per programming period - 21%

Hosted?

- by the Commission alone - 24%
- jointly by Commission and a Member State - 63%

What the papers say

Italia Oggi, Italy

"New work opportunities with the European Social Fund", 4 December 1998

Alla Fiera di Foggia il Consiglio nazionale geometri illustra le iniziative
Nuove opportunità di lavoro con il Fondo sociale europeo

DI GERARDO GIUZZO

Numerose opportunità di lavoro derivanti dall'utilizzazione del Fse (Fondo sociale europeo) si stanno presentando...

lizzazione. Ha pubblicizzato due progetti che impiegano il Fse, dove il collegio dei geometri foggiani partecipa attivamente con l'assistenza tecnica per geometri Eugenio Masi della stessa città. Infine...

Irish Times, Ireland

"Project aims to foster IT career path" 18 December 1998

Project aims to foster IT career path

Firms join forces with institute in EU-funded scheme to promote third-level education in technology

CAREERS

A project to foster IT career paths for young people is being funded by the European Social Fund. The project, which is being run by the Institute of Technology, Sligo, aims to provide young people with the skills and experience needed to enter the IT industry. The project will involve a number of activities, including providing training and work experience opportunities for young people. The project is expected to run for a number of years.



Hofuudstadsbladt, Finland

"Unemployment is a problem EU countries have in common", 11 December 1998

Arbetslöshet gemensamt problem i EU

Arbetslösheten i EU-landerna är ett gemensamt problem. I Finland är arbetslösheten 15,5 procent, vilket är högre än i många andra EU-land. Detta beror på flera faktorer, bland annat den låga tillväxten och den höga kostnaden för arbetsmarknaden. EU-landerna måste hitta sätt att minska arbetslösheten och skapa fler jobb. Detta kan göras genom att stärka utbildningsväsendet och stödja företag som skapar nya jobb. Det är viktigt att EU-landerna samarbetar för att lösa arbetslöshetsproblemet gemensamt.

Der Standard, Austria

"60 000 NAP jobs for women" December 5, 1998

„60.000 NAP-Jobs für Frauen“

Frauenministerin will Beschäftigungsoffensive „kontrollieren“

Wien - Einen guten Ausklang fand die EU-Präsidentin von Österreichs aus Sicht von Frauenministerin Barbara Prammer. Es war wichtig den Beschäftigungslinien einen Frauenschwerpunkt anzuführen. In Österreich ist die Arbeitslosigkeit bei Frauen höher als bei Männern. Die Regierung hat sich verpflichtet, 60.000 neue Arbeitsplätze für Frauen zu schaffen. Dies wird durch die National Action Plan (NAP) erreicht. Die Frauenministerin wird die Umsetzung dieser Ziele kontrollieren. Es ist wichtig, dass die Frauen von den Jobs leben können. Die Regierung wird die Unternehmen unterstützen, die Frauen einstellen.

Le Soir, Belgium

"Training the handicapped - An Interreg II pilot project" 15 December 1998

Un projet pilote avec Interreg II Former les personnes handicapées

Baptisé «Transformer», un projet pilote de formation pour les personnes handicapées vient d'être mis sur rails dans le cadre du programme européen transfrontalier Interreg II en Hautain. Nord-Pas-de-Calais et Picardie. Son pilotage former près de chez soi est donc un des objectifs majeurs du projet, commente Jean Riou, expert de l'Awiph. A titre d'exemple, un habitant d'Ercaignes pourra avoir accès au centre de formation de l'Alpa à Maubeuge et un habitant de Les-Moules à Picardie. Les positions assurent l'accès direct aux financements aux entreprises qui engagent des travailleurs handicapés. Outre l'organisation de séminaires et d'expérimentation depuis quelques mois entre les différents...

ESF & Employment

Events Update

Employment Week 1998

Making Employment policies work

Brussels 2-4 November 1998

The European Employment Strategy came under close scrutiny at the 6th annual European Employment Week, attended by over 1,100 delegates. Opening the event, Stephen Hughes MEP, Chair of the Social Affairs Committee of the European Parliament, highlighted the importance of the Employment Strategy in the current economic climate. This message was supported by Commissioner Flynn who argued that the strategy should help companies and employees draw maximum employment benefits from whatever economic conditions exist.

Delegates participated in a series of sessions based around the four pillars of the Employment Guidelines. These sessions included panel discussions on the main themes, and presentations by policy makers, academics and social partners. A large exhibition took place in parallel to the conference, at which 129 different exhibitors working across the whole range of employment policy were represented. The DGV stand provided the focal point of the exhibition from which thousands of publications were distributed and hundreds of enquiries answered.

Third System Seminar

Brussels 24-25 September 1998

A major seminar, involving 200 key policy-makers, on the employment potential of the 'Third System' was jointly hosted by the European Parliament and European Commission in September 1998. The aim of the seminar was to explore the employment potential of 'Third System' organisations, including cooperatives, mutual organisations, non-profit and voluntary organisations and innovative public/private partnership structures. These organisations, which often provide valuable local services in the social and environmental spheres as well as projects in the field of arts, culture and leisure, have shown rapid employment growth in recent years and are now thought to provide more than 5 % of all Europe's jobs.

InterOcupacio 1998

Barcelona 22-25 October 1998

The annual InterOcupacio event in Spain provides a showcase for organisations involved in employment issues. More than 40,000 visitors attended the 1998 event and the ESF was represented through a large exhibition stand which provided visitors with informa-

tion about the ESF and its diverse activities. This proved very useful as it emerged that while many people had heard of the ESF, very few were informed about what it actually does in detail. In total, more than 10,000 people visited the stand during the four day event.

Horizon Seminar

Copenhagen 4-5 December 1998

A European Seminar on improving the employment prospects of people with disabilities was held in Copenhagen. The Seminar gathered some 200 participants including senior officials from the Member States governments and the European Commission, employers, representatives from the Trade Unions, project promoters and people with disabilities. The aim of the Seminar was to establish best practise on how to integrate disabled people into the labour market. An exhibition of EMPLOYMENT-HORIZON projects from across the European Union demonstrated the lessons learned. In parallel, five workshops examined the role of social partners, social awareness in enterprises, networking among employers, information and awareness activities, and mediation.

