The European Social Fund 2007-2013

2nd edition, 2010

A handbook for trade unions
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European trade union institute
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Foreword

John Monks,
General Secretary ETUC

The purpose of this Guide is to support trade union representatives involved in the various committees established under the European Social Fund, as well as in initiatives, at local, sectorial and enterprise level.

The Guide gives information on the ESF and other Structural Funds as well as on the principles of partnership under the European Social Fund. It also presents a series of examples of good practice by trade unions in using the ESF.

We hope that this Guide will be a useful instrument for improving the involvement of trade union organisations in the implementation of Community structural policies and, more particularly, the ESF.

The aim of the European Union’s structural policies is to help reduce disparities between regions and to promote a society with full employment, equal opportunities, social inclusion and cohesion and hence, more broadly, the European Social Model.

For the ETUC, the partnership principle is key to guaranteeing the successful operation of structural fund measures. High-quality partnerships should be pursued, involving the social partners in every phase of fund interventions.

The European Social Fund is the only Fund which relies on the active participation of the social partners in its European Committee. We believe that this participation ensures significant added value and regret that the same type of participation has not been extended to the other Structural Funds.

The ESF is the primary instrument for supporting the implementation of the European Employment Strategy. The EES should be concretely incorporated in national, regional and local labour market policies, and in the aims of the ESF. This involves the ESF contributing further to achieving the objectives for changing to a knowledge society and promoting lifelong learning, and more generally to implementing the EU 2020 strategy.

Europe needs to make a huge investment in people, who are undoubtedly the most important competitive asset in any society, particularly in reply to the very serious financial crisis of the last years. This investment should anticipate the social changes arising from the knowledge society, whilst providing answers to the issues of job retention and creation, increasing of productivity levels in European businesses, identifying innovative and more effective ways of organising work including substantial investment in the development of workers’ qualifications and skills, social inclusion and promotion of equal opportunities. This is Europe’s key to the future.
How to use the handbook

Georges Schnell
Director – Education Department
ETUI

This second edition of the Handbook, produced by ETUI in cooperation with the ETUC, is a follow-up to the “Guide for Trade Unionists” issued by the ETUC on the earlier edition of the Structural Funds from 2000-2006.

It aims to provide specific support to the trade union colleagues from the 12 Member States, who are participating for the first time in the ESF.

The original idea had been to focus our attention on the ESF, as one of the main tools for promoting the European Employment Strategy, and as a contribution to the “European triangle of knowledge” (research, innovation and education in the EU).

For the first time, in fact, the Regulation has placed a useful emphasis on the involvement of the social partners, setting an appropriate potential allocation for “capacity-building” aimed at strengthening social dialogue and activities jointly undertaken by the social partners.

The Guide aims:
— to provide general information on the structure of the ESF for the years 2007-2013;
— to raise trade unions’ awareness of how they can participate in the implementation of the ESF, at different stages and levels;
— to show trade unionists how they can use the ESF to have an impact on the employment and innovation policies in their countries.

In the Appendix, the Handbook refers to the official European legal texts and contains the pedagogical material, used by the ETUI and the ETUC in the latest joint course on “Training on Trade Union involvement in the implementation of the ESF 2007-2013”, held in October 2009 at the Education School of VER.DI. The examples of good practices will hopefully offer inspiration to our colleagues.

I wish to thank John Monks and Claude Denagtergal from ETUC, R伯toro Pettenello from CGIL, Charlotta Krafft from SACO, Alan Manning from TUC, Marie France Boutroue from CGT, Frank Vaughan from ICTU, Roman Jaich and Antje Utecht from DGB, all of whom assisted in putting together this material, and passing on their knowledge in this area of work. Thanks to Silvana Pennella, responsible in ETUI of “SETUP” (former EU Information Service), for coordinating this initiative and bringing it to a successful conclusion.
Particular thanks are due to the European Commission representative Dominique Bé, Deputy Head of Unit in the *European Social Fund Coordination of DG Employment*, who has provided useful assistance and advice.

This second edition of the Guide has been produced in English and French. The ETUC and the ETUI are willing to cooperate with affiliated Confederations to enable its translation into their national languages, as already happened for the 1st edition.
The Structural Funds and ETUC strategy

Claude Denagtergal
Advisor ETUC

The principles of cohesion and solidarity are written into the Treaty and constitute two of the most important pillars for the integration of Peoples and Territories.

The Treaty of Lisbon reaffirms these principles and stipulates under article 174 that “in order to promote its overall harmonious development, the Union shall develop and pursue its actions leading to the strengthening of its economic, social and territorial cohesion”.

In particular, the Treaty stresses that “the Union shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favored regions”.

In addition, this is all the more important in an enlarged European Union. This is why during the debate launched by the Commission on the future of economic and social cohesion policy in the enlarged European Union, the ETUC repeatedly pressed for Community structural policies in an enlarged Europe to be reinforced.

The cohesion policy not only must help to reduce disparities between regions but also promote a Society of full employment, equal opportunities, social inclusion and cohesion and hence, more broadly, the European Social Model.

The European Council decided that the Structural Funds were the financial instruments for the implementation of the Lisbon Strategy. Against this background, the European Social Fund is the favoured instrument for supporting the implementation of the European Employment Strategy and this must continue to be the case in the future, in the framework of the Europe 2020 Strategy.

Moreover, economic, social and territorial cohesion have to remain at the heart of the EU 2020 Strategy to ensure that all energies and capacities are mobilized and focus on the implementation of the Strategy’s priorities. Cohesion policy and the Structural Funds are key instruments to achieve the priorities of the so called “smart, sustainable and inclusive growth” in Member States, regions and territories.

Regarding the cohesion policy, ETUC priorities are the partnership principle, the European Social Fund and the European Employment Strategy.

The ETUC is convinced that the partnership principle is a fundamental principle in guaranteeing the successful operation of structural fund measures. High-quality partnerships have to be pursued, involving the social partners in every phase of the funds’ interventions.
The European Social Fund is the only Structural Fund which touches people directly – workers, the jobless, the excluded, young people, older workers and more vulnerable people.

As written before, the European Social Fund is the primary instrument for supporting the implementation of the European Employment Strategy. Consequently, the European Employment Strategy should be concretely integrated into national, regional and local labour market policies, as well as into the aims of the European Social Fund.

Europe needs massive investment in people, in human resources, which is without question the most important competitive asset in any society. This investment should anticipate the social changes arising from the knowledge society, and, at the same time, provide answers to the problems of job keeping and creation, developing workers’ qualifications and skills, increasing productivity levels in European businesses, finding innovative and more effective ways of organising work, through real investment in the development of workers’ skills, social inclusion and promoting equal opportunities.

In today’s context of economic crisis, the European Employment Strategy must be put back at the centre of the Union’s priorities and more funds must be released to create more jobs, but also better jobs.

The European Social Fund is the only fund which relies on the active participation of the social partners in its European Committee. We strongly believe that this participation represents a significant added value and should be extended to the other funds.

Besides the above mentioned priorities, the Structural Funds have to be used to reach the lifelong learning objectives as well as for projects that stimulate synergy between the economic, social and environmental dimensions.

We also keep on insisting on the importance of ensuring greater complementarity and coherence between the Union cohesion policy and other Community policy areas, in particular macroeconomics, transport and other services including social infrastructures, ensuring that all Union policies include the crucial aspects of economic, social and territorial cohesion and the development of quality employment.

Finally we consider that, given the level of our ambitions, investments in cohesion policy need to be increased, particularly considering that they represent only 0.04% of the GDP of EU Member States.

On the other hand, the European Council decision on the contribution of cohesion policy to the European Recovery Plan is indeed a positive signal. The Structural Funds, which represent more than one third of the European budget, can indeed constitute a source of financing to meet the challenges ahead for the short, medium and longer term. However, we consider that, for the European Social Fund, investments must not focus only on the development of human resources and the reintegration into the labour market of redundant workers, but that priority should also be given to job creation and sustainable growth.
The European Social Fund supports social dialogue and the social partners

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The European Union is committed to more and better jobs. To do so, it needs to invest in its people and the European Social Fund (ESF) is the main financial instrument devoted to human resources. The ESF spends over 10 billion a year across the EU to help people enhance their education and skills. This represents almost 10% of the total budget of the European Union.

During the 2007-2013 programming period the ESF focuses on four areas of particular relevance to the social partners and their members: adaptability among workers and businesses, access to employment, social inclusion, and promoting partnerships for reform.

Social partners have a central role to play in the implementation of the ESF, thereby contributing to economic and social cohesion by improving employment and job opportunities.

The role of the social partners is also highlighted in the partnership at the core of the new Europe 2020 strategy.

Partnerships are particularly important for improving the labour market situation and promoting good governance. The ESF Regulation includes a priority for ESF activities (Art. 3.1(e)) which focuses on a specific support to partnerships and pacts, through networking of relevant stakeholders, such as the social partners and NGOs. The aim of these partnerships is to activate reforms in the area of employment and social inclusion.

Further acknowledging the importance of social partnership, the ESF Regulation emphasizes the need to actively involve social partners in the implementation of the ESF while providing for specific support for the development of partnerships. The social partners are major ESF beneficiaries as well as key actors in its governance.

The social partners are actively involved in the implementation of the ESF

The social partners are promoters of a large number of projects financed by the ESF. They are potential beneficiaries under all the ESF priorities in all
Member States and are particularly involved in the adaptability of workers field, especially in the access to training and lifelong learning. The ESF regulation instructs managing authorities to encourage adequate participation of the social partners in actions funded by the ESF.

**The social partners benefit from enhanced support in the least developed Member States and regions**

The European Union recognizes that social dialogue is an essential part of governance in Europe and that social partners have a unique role in economic and social governance. The Treaty on the functioning of the European Union itself promotes the development of social dialogue (Art. 152-155). Involvement of the social partners and other stakeholders is indeed key to the development and implementation of effective policies and both the EU and the Member States benefit from efficient social dialogue structures.

Despite progress in recent years, the social partners and social dialogue remain relatively weak in many regions eligible for the Convergence objective, i.e. regions where per capita GDP is below 75% of the Community average. The ESF therefore provides for enhanced support to the social partners in these regions. The aim is to further improve the capacity of the social partners to take part in social dialogue and in social, labour market and economic governance. Support for reinforcing institutional capacity of the social partners is seen as essential to encourage the set-up and functioning of social dialogue structures at all levels as well as to support the development of partnerships and dialogue between public authorities, the social partners and NGOs.

The ESF Regulation (Art. 3.2(b)) therefore prioritises support for strengthening the institutional capacity and the efficiency of the social partners, in particular by promoting capacity building in the Convergence regions. In addition the ESF Regulation (Art. 5.3(2)) states that an appropriate amount of ESF resources shall be allocated to support capacity-building for the social partners. Capacity building activities include training, networking measures, strengthening the social dialogue and activities jointly undertaken by the social partners, in particular as regards adaptability of workers and enterprises.

**The social partners play an essential role in the governance of the ESF**

The ESF Regulation acknowledges that efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant actors, and in particular the social partners and other stakeholders.
While the social partners were already effectively involved in the implementation of the ESF during the 2000-2006 period, their involvement is further reinforced in the 2007-2013 period by the General Regulation (EC) N° 1083/2006 (Art. 11), which encourages Member States to organise partnerships with authorities and bodies such as the social partners, and the ESF Regulation (Art. 5), which states that the ESF shall promote good governance and partnership.

More specifically the ESF Regulation (Art. 5.2 & 5.3) assigns to the social partners an explicit role in the governance of the ESF, by urging Member States to ensure their involvement in the preparation, implementation and monitoring of ESF support. By being involved in the monitoring of the ESF, the social partners have a say in the implementation of operational programmes as they approve criteria for selecting the operations financed by the ESF, review progress of the operational programmes, and approve the reporting on implementation.

**Conclusion**

The European Union acknowledges the fundamental contribution of the social partners to achieving full employment, improving quality and productivity at work and strengthening social and territorial cohesion, and it puts the social partners at the heart of the implementation of the ESF.
The European Structural Funds
2007-2013 in a nutshell
(from Chapter 13 of the Handbook "Trade unions and transnational projects", ETUI Education, 7th edition)

Roberto Pettenello, CGIL

Among the most important funding mechanisms at the Commission’s disposal are the so-called ‘Structural Funds’, of which perhaps the most significant from a trade union perspective is the European Social Fund. After a general overview of the Structural Funds, this chapter looks in more detail at the European Social Fund and the role for trade unions within it.

The Structural Funds

The Structural Funds are the principal tools used by the European Union, in partnership with the Member States, to support the less-favoured areas within the Union. They are used to reduce the socio-economic gap between Member States and between different territorial areas. They aim to boost economic and social cohesion, competitiveness and employment, in the context of a sustainable development model, the most important of the EU’s political priorities.

The funds involved are:
— the European Regional Development Fund (ERDF), used to fund productive investments, infrastructures and initiatives designed to reduce economic and social disparities between the Union’s territorial areas;
— the European Social Fund (ESF), focused on employment, the development of human resources and the promotion of social integration;
— the Cohesion Fund, focused on environmental policies and on trans-European transport infrastructure, applies to the entire territory of those Member States whose per capita gross national income (GNI) is less than 90% of the Community average.

These funds are directed towards the three priority objectives defined for the period 2007-2013:
— convergence;
— regional Competitiveness and Employment;
— European Territorial Cooperation.

The Convergence objective

The Convergence objective aims to accelerate the convergence of the least-

developed Member States and regions, by improving conditions for growth and employment through:
— increasing and improving the quality of investment in human capital, equipment and infrastructure;
— promoting innovation and the knowledge society;
— encouraging adaptability to economic and social changes;
— ensuring the protection and improvement of the environment;
— pursuing administrative efficiency.

The regions targeted by this objective are those where per capita gross domestic product (GDP), calculated on the basis of Community figures for the period 2000 to 2002, is less than 75 % of the average GDP of the EU-25 for the same reference period.

**The Regional Competitiveness and Employment objective**

This aims to strengthen competitiveness and employment and to anticipate economic and social change. It is intended to promote:
— increased quantity and quality of investment in human capital;
— innovation and the idea of a knowledge society;
— entrepreneurship;
— the protection and improvement of the environment;
— the improvement of accessibility, adaptability of workers and businesses;
— the development of inclusive job markets.

The regions targeted by this objective are those not covered by the Convergence objective.

**The European Territorial Cooperation objective**

This objective aims to strengthen:
— cross-border cooperation through joint local and regional initiatives in the border regions;
— transnational cooperation between those regions listed as eligible by the European Commission, by means of actions which are both conducive to integrated territorial development and linked to the Community priorities;
— interregional cooperation and exchange of experience across the entire territory of the Community.

**Transitional support** is available for regions which would have met the criteria for the Convergence objective, had their GDP per capita level been measured in terms of the EU-15 countries, rather than the EU-25. Similar transitional support is available for States which would have met the criteria for support from the Cohesion Fund had, their GNI been measured against that of the EU-15, rather than the EU-25 countries.

The Convergence objective is supported by all of the above Funds. The Regional Competitiveness and Employment objective is supported by the ERDF and the ESF. The European Territorial Cooperation objective is supported exclusively by the ERDF.

It is important to point out that, from 2007 on, these Structural Funds are applied to all 27 European Member States.
Each Member State, working in conjunction with the European Commission, was required to prepare a framework document (known as the National Strategic Reference Framework) by the end of 2006. This document has provided both general and specific guidelines for interventions under each objective.

In addition, each country, or each Region (in the Member States where Regions are managing the ESF,) again in consultation with the Commission, has submitted an Operational Programme, which contains the planned implementation measures, funding plans and handling and monitoring methods for each intervention.

Member States were required to involve regional and local authorities, together with economic and social partners, including trade unions, in the preparation, implementation, monitoring and evaluation of Operational Programmes.

**Funding for the Structural Funds**

The overall sum for EU finance committed to the Funds for the period 2007-2013 is +/- € 350 mrd. This was allocated to the various objectives, as follows:

- convergence objective 81.54%
- regional Competitiveness and Employment objective 15.95%
- european Territorial Cooperation objective 2.52%

In addition, sums were earmarked for national co-funding. Normally, each country had to contribute matching funding, amounting to at least 25% for areas included under the Convergence objective and 50% for areas included under the Regional Competitiveness and Employment objectives; although there were some exceptions to this, including areas benefiting from transitional support.

**The European Social Fund**

The European Social Fund has been refocused, then, to meet the demands of the Lisbon Strategy. It was designed to support Community objectives in relation to social inclusion, non-discrimination, the promotion of equality, and education and training. The links between the ESF and the policy framework – the European Employment Strategy – were reinforced, with an emphasis on employment and training. It is therefore worth looking in some detail at the priorities that the Regulations for 2007-2013 have outlined for the Convergence and Regional Competitiveness and Employment objectives. They are:

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a) increasing adaptability of workers, enterprises and entrepreneurs, with a view to improving the anticipation and positive management of economic change, in particular by promoting:

1. lifelong learning and increased investment in human resources by enterprises, especially SMEs, and workers, through the development and implementation of systems and strategies, including apprenticeships, which ensure increased access to training by, in particular, low-skilled and older workers, the development of qualifications and competences, the dissemination of information and communication technologies, e-learning, eco-friendly technologies and management skills, and the promotion of entrepreneurship and innovation and business start-ups;

2. the design and dissemination of innovative and more productive forms of work organisation, including better health and safety at work, the identification of future occupational and skills requirements and the development of employment, training and support services, including outplacement, for workers in the context of company and sector restructuring;

b) enhancing access to employment and the sustainable inclusion in the labour market of job seekers and inactive people, preventing unemployment, in particular long-term and youth unemployment, encouraging active ageing and increasing participation in the labour market, in particular by promoting:

1. the modernisation and strengthening of labour market institutions, in particular employment services and other relevant initiatives in the context of the strategies of the European Union and the Member States for full employment;

2. the implementation of active and preventive measures ensuring the early identification of needs with individual action plans and personalised support, such as tailored training, job search, outplacement and mobility, self-employment and business creation, including cooperative enterprises, incentives to encourage participation in the labour market, flexible measures to keep older workers in employment longer, and measures to:

3. reconcile work and private life, such as facilitating access to childcare and care for dependent persons;

4. mainstreaming and specific action to improve access to employment, increase the sustainable participation and progress of women in employment and reduce gender-based segregation in the labour market, including by addressing the root causes, direct and indirect, of gender pay gaps;

5. specific action to increase the participation of migrants in employment and thereby strengthen their social integration and to facilitate geographic and occupational mobility of workers and integration of cross-border labour markets, including through guidance, language training and validation of competences and acquired skills;

c) reinforcing the social inclusion of disadvantaged people, with a view to their sustainable integration into employment and combating all forms of discrimination in the labour market, in particular by promoting:
1. pathways to integration and re-entry into employment for people experiencing social exclusion, early school leavers, minorities, people with disabilities, and people providing care for dependant persons through employability measures, access to vocational education and training; and other actions such as care services that improve employment opportunities;

2. acceptance of diversity in the workplace, and the combating of discrimination in accessing and progressing in the labour market through awareness raising, the involvement of local communities and enterprises and the promotion of local employment initiatives;

d) enhancing human capital and promoting partnership for reform in the fields of employment and inclusion, in particular by promoting:

1. the design and introduction of reforms in education and training systems, in order to develop employability, the improvement of initial and vocational education and training and the continual updating of the skills of training personnel with a view to innovation and a knowledge-based economy;

2. networking activities between higher education institutions, research centres and enterprises;

e) promoting partnerships, pacts and initiatives through networking of relevant stakeholders such as the social partners and non-governmental organisations at the transnational, national, regional and local levels in order to mobilise for reforms in the field of employment and labour market inclusiveness.

The Convergence objective has the following priorities:

a) expanding and improving investment in human capital, in particular by promoting:

1. the implementation of reforms in education and training systems, especially with a view to raising people’s responsiveness to the needs of a knowledge-based society and lifelong learning;

2. increased participation in education and training throughout the lifecycle, including through actions aiming to achieve a reduction in early school leaving and in gender-based segregation of subjects and increased access to and quality of initial, vocational and tertiary education and training;

3. the development of human potential in research and innovation, notably through post-graduate studies and the training of researchers;

b) strengthening institutional capacity and the efficiency of public administrations and public services at national, regional and local level and, where relevant, of the social partners and non-governmental organisations, with a view to reforms, better regulation and good governance especially in the economic, employment, education, social, environmental and judicial fields, in particular by promoting:

1. mechanisms to improve good policy and programme design, monitoring
and evaluation, including through studies, statistics and expert advice, support for interdepartmental coordination and dialogue between relevant public and private bodies;

2. capacity building in the delivery of policies and programmes in the relevant fields, including with regard to the enforcement of legislation, especially through continuous managerial and staff training and specific support to key services, inspectorates and socio-economic actors including social and environmental partners, relevant non-governmental organisations and representative professional organisations.

Within the framework of these objectives, the ESF supports Operational Programmes prepared by Member States at a national or regional level. The ESF resources also represented one of the main tools for promoting the “European Employment Strategy”, launched by the Luxembourg European Council on 1997 and updated by the Brussels European Council in July 2005. This strategy had established the following quantitative targets to be achieved by 2010:

- that jobseekers throughout the EU are able to consult all job vacancies advertised through Member States’ employment services;
- an increase by five years, at EU level, of the effective average exit age from the labour market (compared to an average of 59.9 years in 2001);
- the provision of childcare to at least 90% of children between three years old and the mandatory school age, and to at least 33% of children under three years of age;
- an EU average of no more than 10% of early school leavers;
- at least 85% of 22-year olds in the EU having completed upper secondary education;
- that the EU average level of participation in lifelong learning should be at least 12.5% of the adult working-age population (25 to 64 age group).

The ESF finances transnational and interregional actions, in order to promote the dissemination of good practice and the development of timely and appropriate strategies for managing change. It also supports actions that incorporate lessons learnt from the Community Initiative EQUAL (one of the main EU Community Initiatives funded by the ESF in the period 2000-2006, but no longer operating). These actions also include providing support, through the strengthening of transnational cooperation, to the integration of migrants, to the integration of migrants, including asylum-seekers, and of other groups marginalized in relation to the labour market.

Starting in 2010, the European Union is redefining its strategy on employment and education, replacing the former Lisbon Strategy with a new approach called “Europe 2020”. In this framework, also the ESF has to better focus its goals, with a particular attention to the consequences of the huge economical and financial world crisis of 2009.

Trade Unions and the Structural Funds

Community Regulations provide for the full involvement of trade union and employers’ organisations in the various stages of implementing the Structural Funds, with particular emphasis on the preparation, the implementation and monitoring of plans and actions. This includes participation in the Monitoring Committees, which are set up for each Operational Programme established by the Structural Funds. In these Committees, trade unions can offer guidance on the initiatives to be supported, as well as monitoring the relationship between the financial allocations and the main objectives for workers.

Decisions concerning individual projects remain for the most part the province of institutional bodies such as ministries and regional authorities, which in the past have not always been receptive to projects involving trade unions. However, throughout the general objectives in the European Social Fund, there is continual reference to workers, to social partners and to the importance of training as a crucial factor in improving employability.

Trade unions should make good use of these references, noting particularly the ESF resources that, for the first time, the ESF Regulation assigns to the Convergence objective. These include increasing the social partners’ capacities to realise ESF objectives, through training, networking measures, strengthening social dialogue, and other activities jointly undertaken by the social partners, in particular with regard to the adaptability of workers and enterprises. The relevance of this for trade union participation is clear.

The best opportunities are likely to arise in connection with projects aimed at training or re-training workers, or at providing support for the professional orientation of young people and the unemployed. Most of these are likely to take the form of professional training projects, a field in which not all European trade union organisations are currently taking an active role.

Professional training needs to be interpreted in the broadest possible sense, including a number of areas of expertise proper to those trade union structures that are involved in trade union training. The training of trade union officials whose job is to track European Social Fund programming, job market policies, initiatives to boost employment at the local level, immigration problems, equal opportunities and the various forms of inequality present at the local level, must include crucial areas of training expertise, including:

— prior analysis of training needs;
— drafting of curricula and the implementation of training pathways;
— drafting of guidelines, innovative material and IT aids.

Given the opportunities to realise transnational actions through the ESF and also through the new European Territorial Cooperation objective, trade unions need to make the best possible use of the networks within the ETUC and ETUI, in order to identify the best resources and opportunities and potential partner organisations to help define and realise successful transnational activities. The networks and results of some of the major projects realised by
ETUI in the last few years offer an important resource for this. These include DIALOG-ON with 16 partner organisations, which concentrated on exploring the use of Information Society tools in the context of Social Dialogue, and TRACE4, with 20 partners, which was concerned with building capacity within European Trade Unions to anticipate and manage change.

In addition, ETUI Education has launched a new series of training courses to capitalise on the European Social Fund and its opening up to the New Member States. The courses provide information about the possibilities for trade unions to use the ESF to pursue the objectives of the former Lisbon strategy and offer a forum in which to share experiences with trade union colleagues already skilled in using the previous European Social Funds (pedagogical material in appendix).

**For further information:**

— European Commission and Social European Fund web site: ec.europa.eu/esf
— ETUI SET-UP (ex EU Information Service): http://www.etui.org/education/EU-Information-Service
— Europe 2020 - A European strategy for smart, sustainable and inclusive growth (Communication from the European Commission 3.3.2010), (in appendix).

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4. See: http://www.traceproject.org
Partnership in the European Social Fund

Claude Denagtergal
Advisor ETUC

The principle of partnership

The Structural Funds operate on the basis of four main principles: concentration, partnership, additionality and programming.

For the ETUC the partnership principle is key to guaranteeing the successful operation of Structural Fund measures. High-quality partnerships should be pursued, involving the social partners in every phase of the funds’ interventions.

The ETUC regrets the fact that the Structural Funds’ rules do not define the partnership principle clearly whilst, again, relying on “current national rules and practices”.

It should be noted that the new Regulation extends the definition of potential partners. A partnership can be organised with authorities and bodies such as:

a. the competent regional, local, urban and other public authorities;
b. the economic and social partners;
c. any other appropriate body representing civil society, environmental partners, non-governmental organisations, and bodies responsible for promoting equality between men and women.

The new Regulation stipulates that the partnership shall cover the preparation, implementation, monitoring and evaluation of the operational programmes. Member States shall involve, where appropriate, each of the relevant partners, and particularly the regions, in the different stages of programming within the time limit set for each stage.

The operational programme

The new regulation stipulates that each operational programme shall be drawn up by the Member State or any authority designated by the Member State, in cooperation with the partners.

The Monitoring Committee

The Monitoring Committee shall be chaired by a representative of the Member State or the managing authority. Its composition shall be decided by the Member State in agreement with the management authority.

Technical assistance

At the initiative of and/or on behalf of the Commission, subject to a ceiling of 2.5% of their respective annual allocation, the Funds may finance the preparatory, monitoring, administrative and technical support, evaluation, audit and inspection measures necessary for implementing the Regulation.
It is to be noted that those actions shall include, in particular:
— measures aimed at the partners, the beneficiaries of assistance from the Funds and the general public, including information measures;
— measures to disseminate information, networking, raise awareness, promote cooperation and exchange experiences.

**In the ESF**

The Regulation on the ESF strengthens the “good governance and partnership” principles. It stipulates that the ESF shall promote good governance and partnership. Its support shall be designed and implemented at the appropriate territorial level taking into account the national, regional and local level based on the institutional arrangements specific to each Member State.

Moreover, the Member States shall ensure the involvement of the social partners and adequate consultation and participation of other stakeholders, at the appropriate territorial level, in the preparation, implementation and monitoring of ESF support.

**Funding**

In the framework of the new Regulation, the managing authority of each operational programme shall encourage adequate participation of the social partners in actions funded under Article 3.

More particularly, under the convergence objective, an appropriate amount of the ESF resources shall be allocated to capacity-building, which shall include training, networking measures, strengthening the social dialogue and activities jointly undertaken by the social partners, in particular as regards adaptability of workers and enterprises referred to in Article 3 (1) (a).

The Commission has set up an ad hoc group on ESF Support for Social Partners in order to ensure and “monitor” that support. The meetings of the ad hoc group have been very useful for clarifying the European understanding of social dialogue and the definition of “social partners”.

A “fiche” on “Social Partners as ESF Beneficiaries” has been formally adopted by the ESF Committee as an official reference document for the committees. At the ETUC’s request, the Commission has agreed to retain ESF support to the social partners as a permanent feature on future agendas of the ESF Committee.

**Social partners’ monitoring**

On 1 January 2007 the new European Social Fund (ESF) legislative framework came into force and it will run until 2013.
As said before, the European Social Fund Regulation calls upon Member States to involve the social partners in the preparation, implementation and monitoring of ESF support. An appropriate amount of ESF resources shall be allocated under the Convergence objective to capacity-building of social partners to reinforce the social dialogue and joint actions between social partners.

In the course of 2009, the European Social Partners have therefore undertaken actions to examine and discuss how social partners are participating in the ESF and how this can be improved.

A survey was conducted among member organisations of the European Social Partners BUSINESSEUROPE, UEAPME, CEEP and ETUC, in the second half of 2009. The results of the survey provided the basis for further discussions in a joint seminar which took place on 15 December 2009.

The survey asked questions in relation to capacity-building, Operational Programmes, involvement of national social partners and access to ESF resources.

Discussions in the seminar focused on the following key question:

“How can the involvement of social partners in the ESF be improved?”

One of the main conclusions was that many obstacles to the participation of social partners in the ESF can be managed by strengthening the capacities of social partners. However, several obstacles also relate to the difficult governance structure in member states and to the fact that the partnership principle is not always well understood or ignored.

Participants insisted that the partnership principle between authorities and social partners needs to be reinforced. National authorities should consider social partners as “core partners”. The upcoming opinion of the ESF committee Ad Hoc group on the future of the ESF should therefore ask for a clear definition of the key role of social partners.

Some other conclusions refer to the need to:

— involve social partners more strongly in the implementation of the ESF, in particular at regional and local level. Social partners’ participation at regional/local level needs to be improved through:
  — provision of training at these levels regarding the access to funds an participation in governance;
  — better dissemination of information/knowledge to regional and local levels;
  — giving priority to joint projects presented by social partners.
— improve procedures to access ESF funds by reducing red tape and bureaucracy;
— strengthen the financial capacity of social partners to participate in ESF programmes.
ESF support to recovery

The European Social Fund represents the EU main financial instrument for investing in people by supporting the implementation of active inclusion measures, activation measures, re-training and skills upgrading.

The European Economic Recovery Plan adopted by the European Council in December 2008 rightly highlighted the important role of the ESF for supporting economic recovery. Consequently, in many countries, the ESF has come to play an important role in order to weaken some of the consequences of the economic crisis.

On 7 May 2009 at the Employment Summit, the European Social Partners presented Joint Recommendations on how to optimise the role of the ESF in times of crisis.

As a matter of fact, in the framework of the abovementioned survey we were also interested to know whether or how the ESF had been used in the Member States in response to the crisis including whether or how the Joint recommendations had been taken into account.

Social partners in Austria, Finland, France, Malta, Poland, Portugal and Germany (regional level) reported that the joint recommendations were already included in the national operational programmes. In other countries, several recommendations were translated into action, notably training measures for employees in short-time working arrangements. However, in view of the strong increase in youth unemployment, it is noteworthy that social partners from several countries reported that no measures were taken to address the problems of young people.

However, with respect to the recommendations to improve access to ESF resources, procedures were still considered too complicated and information on funding difficult to find.

With respect to the way in and extent to which the ESF should be used to respond to the crisis, participants of the abovementioned joint seminar recognised the need to reconcile on the one hand the increased flexibility needed to respond to the crisis with on the other hand the long-term needs which are mostly still as relevant as before the crisis. There was agreement that there can be no-one-size-fits-all solution. Participants stressed that the crisis has bolstered the social dialogue on the ESF.

Some other shared conclusions of the seminar stressed the need to:
— focus on support to young people, older workers and the most vulnerable groups;
— re-skill/retrain workers with a focus on innovation and the transition to a low-carbon economy;
— improve support for SMEs;
— define the content of “training in times of crisis” on the basis of discussions on trends in sectors and regions;
— improve the cost-effectiveness of the ESF by reducing bureaucracy;
— better disseminate good practices such as investing in short-time working arrangements coupled with training for workers;
— strengthen the social dialogue through joint trainings for social partners;
— ensure the link between the European Social Fund and the European Regional Development Fund;
— avoid duplication between the European Social Fund and the European Globalisation Fund.
Case studies: good practices by trade unions in using the ESF
The Trades Union Congress (TUC) and the European Social Fund

Alan Manning
TUC UK

The TUC is the UK Trade Union Centre, with some 66 affiliated trade unions who together represent 6.5 million members.

The ESF is a labour market instrument and within the UK there are two broad areas for activity:

– getting people into work;
– creating an adaptable and skilled workforce.

In this note the experience of the TUC and member unions is discussed under these two main headings.

Union Experience: into work

In the UK the new Labour Government first introduced the “New Deal” for the young unemployed and those who had been out of work for some time. In subsequent years the New Deal has been steadily extended to other groups who have experienced alienation from the labour market, such as single parents and disabled workers.

The New Deal is most successful when it recognises the multiple barriers that individuals face and the ESF was very useful in funding the testing of more flexible and innovative approaches that unions supported and that help focus the New Deal on helping rather than penalising individuals.

In the preparations for the Commonwealth Games, held in Manchester in 2002, the ESF supported a large programme to recruit volunteers who helped in the running of the games. The programme offered valuable opportunities and training for unemployed individuals from disadvantaged groups. Trade union support and involvement ensured that the programme was about offering real additional opportunities and not substituting for work that should have been done by paid staff.

Union Experience: workers’ skills

The ESF has been used to support union-led initiatives to respond to widespread redundancies as sectors and areas restructured, while ESF-funded needs analysis, counselling and customised training programmes have given workers skills that they can take into new sectors and occupations.
Examples include a national project covering the whole of the steel industry, which was led by the union for that sector and its own training organisation in partnership with others, and one for the ceramics industry, which is concentrated in a particular region of the UK.

The ESF has been used to support union-led efforts to raise members’ skills. We have developed a programme of recruitment and training for Union Learning Reps. These are union appointed workplace representatives whose job is to liaise with employed members to secure learning opportunities that are not just work-related. One technique has been to promote Workplace Learning Centres, which offer both the capacity to improve work-related skills and the opportunity for wider learning and personal development. One of our key trade union objectives has been to secure opportunities for all. The ESF has in the past and during the last phase of the Equal programme assisted unions in their work to promote Skills for Life for members. The development of contextualised materials and tools has been supported at various points by ESF investment alongside domestic funding.

Trade Unions and the ESF: some lessons

From our experience it is essential to begin with clear trade union objectives. For us these included the establishment of union learning reps and union initiatives to respond to redundancies. We then decided to look for resources to support this work. In some cases it was the ESF, in others it was domestic programmes, whilst in others still it was through bargaining with employers to secure their investment.

We have been more successful when we have worked with partners. We have a long tradition of delivering training for our own workplace representatives and officers in partnership with local Further Education Colleges and voluntary sector bodies such as the Workers Educational Association. Our programme of training for union learning reps has built on this partnership.

Careful administration of ESF-funded projects is essential not only to be able to meet the best standards of probity etc, but so that we can ourselves properly monitor if we are using our resources wisely.

We have learnt that it is essential to build evaluation strategies into all projects so that we can ensure that we are achieving our objectives.

Further Information

TUC website: www.tuc.org.uk
ESF in the UK: www.esf.gov.uk
Equal: www.equal-works.com
E-mail: amanning@tuc.org.uk
ESF partnership for investing in people

Charlotta Krafft
SACO Sweden

The European Social Fund has proved itself to be a very valuable instrument for subduing the shock waves of the financial crises, investing in people and preparing a sustainable labour market. The project I shall describe below is unique and cannot be copied, however it can certainly provide some inspiration for new approaches for mobilising energy and resources. I have personally been involved with the Social Fund since Sweden became a member of the EU, which means I have now had experience of three programme periods, working mainly at national level. I currently represent the Swedish Confederation of Professional Associations, Saco, in the ESF monitoring committee. During these years, I have particularly learnt the value of working in partnerships at all levels. Without the partnership approach within the ESF this project would not have been feasible.

The project has been carried out in a leading company within the heavy vehicle industry. Its aim is to prevent dismissals and job losses by investing in skills development and education for those employees at the greatest risk of being made redundant (i.e. blue-collar workers).

However, the project owner is not the company itself, in fact, but the County Administrative Board of Stockholm. The partnership could therefore be described as a public-private initiative. There are other counties involved too a number of municipalities. The partners include the Swedish Public Employment Service, some universities, the industrial group to which the company belongs, some other private companies and, of course, the social partners, especially those at company level. All these actors have joined together in partnerships to help build a win-win strategy. I must admit that I find that in itself rather impressive!

The company and the industry it belongs to are very important to Sweden, indeed you could say that Sweden is currently dependent on the vehicle industry as a whole. The heavy vehicle industry, with its innovative capacity, is considered to have particularly good prospects for the future. The industry’s employees in the Stockholm area, where the biggest plant is located, have more than 40 different nationalities.

So what are the driving forces for the various actors?

The project owner, the county of Stockholm, is keen to minimise the risk of losing job opportunities within the county and thereby losing the region’s “competitive edge”. It also wants to prevent social unrest, since the plants are located in less-privileged areas.
The driving-forces for the industry itself are obvious. A better skilled workforce will enhance the possibilities for strengthening the industry’s market position, achieving higher productivity levels and operating on a more cost-efficient basis.

And for the employees and their organisations much is at stake: keeping the jobs, strengthening knowledge and employability, including for new and higher-skilled tasks, getting a better match between individual employees and the tasks and improving the work environment, to name but some.

All of these different driving forces can be met by the central aim of the project, namely, to prevent loss of competence and prepare to meet future demand. It has been designed in the form of three education modules for delivery at the workplace: one general module, one technical and work-related module, and one module that is more advanced and system-oriented. Though the training is not arranged like an assembly line, each employee is provided with an individual work plan.

More than 6,000 employees are taking part in the project. The total number of hours of education is over 300,000. This is planned as a four-year project, which makes it a huge project in every sense and one requiring scrupulous planning, coordination, networking, dissemination and evaluation.

As far as I know, this is the biggest ESF investment ever made in Sweden, with financial support of over 10 million Euros. The partnership model has made it possible for all the stakeholders to make their contribution, so every Euro will be put to best use. I very much doubt if this project would or could come true without the ESF and the social partners’ involvement and support.

Stockholm, April 2010
Social partner involvement in the “programming” of EU funds: the Italian experience

Ornella Cilona
CGIL, Italy

Partnership is one of the key principles of the EU cohesion policy. In that context the social partners in Italy played an important role in the “programming” of the EU funds in the period from 2000-2006. The role differed in Objective 1 and Objective 3 regions.

In less-developed regions (Southern Italy), the so-called Objective 1 regions, the social partners played an advisory role. They had information and consultation rights. Their active involvement at the beginning of the process was greatly appreciated by the EU Commission. At a technical level, the social partners participated in the Monitoring Committees at national and regional level. At a political level, the Italian social partners also participated in the Partnership Forum, where key issues concerning the allocation of EU funds were discussed between trade unions, employers’ associations and public institutions once a year. Social partner representatives also helped through involvement in the National “Technical Assistance” Operational Programme. This Programme was financed by EU funds and the social partners, together with the public authorities, decided what support should be provided to trade unionists and employers involved in the Monitoring Committees. Training, help with project planning and additional information were provided to them through this measure. There was also a website aimed at supporting social and economic partnership.

In Objective 3 regions (training and employment policies in Central and Northern Italy) the social partners played a more important role than in Objective 1 regions in the period 2000-2006. They participated in the Monitoring Committees with the same participatory and voting rights as other members of the Committee. Social partner representatives in the Monitoring Committees were supported by Scift Aid, an online communication project, that provided them with documentation, training and help with projects.

Considering the experience of social partners’ involvement in 2000-2006 both in Objective 1 and in Objective 3 Italian regions, it is possible to highlight the strengths and the weaknesses.

Within the strengths: 1) social partners were more involved in the programming period 2000-2006 than in the past; 2) they played an active role, especially at the beginning of the EU funds programming period; 3) the Social Dialogue has been reinforced by the discussion with national and local Public Authorities.
Within the weaknesses: 1) the Italian Public Administrations tended to give social partners only a formal role in a number of occasions; 2) the discussion on programming EU funds was often limited to social partners’ representatives who were in the Monitoring Committees; 3) there is still a lack of analysis regarding the impact of EU funds on employment and work organisation.

In the programme period 2007-2013 the Italian Government has interrupted, for almost 2 years, the talks with social partners. Only in 2010 the Labour Ministry, after an agreement with social partners, has launched a Call in order to support the social partners in:

— producing documentation and material on items defined by the social partners themselves;
— designing and delivering seminars and meetings, either at local or transnational level, on items chosen by the social partners themselves;
— providing an Helpdesk and a website.

The Call has a budget of 1,300,000 euro.

In addition, a budget of 4,000,000 euro is made available for supporting the regions of Objective “Convergence” through a Call of the Labour Ministry which will fund joint projects of social partners on social dialogue, research, and training.
Training activists to intervene in the area of gender equality in enterprises in the Brittany region (west of France).

Marie-France Boutroue  
CGT, France  
Member of the ETUC Women’s Committee

Context

A number of legislative texts concerning gender equality as well as professional equality have been adopted in the last 30 years in France and in Europe.

In France, the law of 9 May 2001 introduces an obligation to hold a specific negotiation on professional equality in enterprises and branches.

It was followed by a multi-industry agreement, on 1 March 2004, concerning employment of both men and women and professional equality, which was signed by all the trade union organisations. This agreement reinforces the involvement of employees and of employee representative bodies in reducing inequalities (recruitment, salaries, access to vocational training, professional development and promotion and pensions) and preparing the negotiation in the enterprise.

Inequalities continue to exist, however. These texts are poorly applied, if at all, particularly in SMEs, SMIs and cottage industries.

The obligation to negotiate on equality in companies does not necessarily result in good agreements if the negotiators do not have the necessary knowledge and understanding of the issue. Although the issue of equality is one of employees’ leading concerns, trade unions are not always trained to negotiate.

The project’s objectives

The objectives are to provide trade union members with the technical and legal knowledge needed to negotiate agreements on professional equality in enterprises, notably in SMEs, SMIs and cottage industries.

a. Several areas of action were identified to attain these objectives:
   — raising awareness and training activists and more generally CGT members in order to make gender equality everyone’s business, not just a matter for women;
   — helping CGT member organisations to address these issues at all levels, including in enterprises where employees do not have a representation body;
   — making equality an issue of trade union negotiation that is considered as important as salaries or working time.
b. Description of the project’s content

To give trade unions all possible means to intervene on gender equality, Brittany’s CGT organised a three-phase project:

1. Training more than 80 activists in the Brittany region

A five-day training course was organised in each department in the Brittany region. The courses were taught by trade unionists, legal experts, economists and/or sociologists and representatives of political institutions.

The teaching method was based on presentations aimed at prompting analysis, as well as case studies.

2. Field study to take stock of the situation of women in Brittany and particularly in the Saint Brieuc area.

The study brought to light the relevance of a territorial approach that compares employment questions as well as the organisation of services.

3. Communication and awareness raising

A regional colloquium was organised to mark the end of a year’s mobilisation in support of professional equality. The event, which brought together around 100 participants, helped to:

— increase the partners’ awareness through the contributions of experts (activists, economists, labour law experts, sociologists and institutional experts);
— draw up an assessment of the training actions carried out and the outlook as a result;
— nurture reflection on gender equality at regional level.

The question was also addressed by the CGT at workshops in which it participated during colloquia, works councils or EC events.

**In conclusion**

a. The project resulted in the training of more than 85 trade union activists from the four departments of the Brittany region.

A trade union training programme on gender equality exists today. It is available for other regions.

The project triggered a process of negotiations in enterprises.

b. Continuity and conditions for success

The action’s continuity is being ensured through dissemination and multiplication actions with the trained activists:

— negotiations in enterprises;
— working with the management and employees of certain enterprises in order to bring about agreements on equality;
— helping activists from other enterprises in their negotiations on equality based on employees’ needs (using a practical tool);
— helping enterprises to draw up their reports comparing the situation of male and female employees in the enterprise and then to identify themes for work and negotiation.
LIFT dealt with deficit of women in leadership roles in trade unions.

The overarching objective of LIFT was to increase the participation and involvement of women at every level of union organisations with emphasis on the identification, development and support of future women leaders.

Ultimately...

Increased representation of women will ensure union focus on issues which disproportionately affect women such as care, low pay, career progression, work-life balance, the pay gap etc.

Key Experiences for Women in Irish Trade Unions

- 25% of Union Officials
- 26% of Elected Officers
- 4% of General Secretaries
- 98% of Administrative Staff

‘Male, male and stale’ culture dominates...

- Hierarchical model prevails
- Reliance on ‘long-hours’
- ‘Male’ constructs of leadership
- Lack of ‘HRD’ in succession-planning
Key Actions

Through LIFT we sought to:

- Better understand barriers to participation and engagement in unions and why women are not progressing to the top (Research)
- Look at how we can make joining a union more attractive for women and test different methods of recruitment (Research and Market Testing)
- Develop an awareness programme based on findings to enable unions to improve women’s involvement - including advice on changing structures and ways of working (Research, Networking and Training)

Actions continued:

- Provide leadership development training for potential women TU leaders and leadership mentoring skills for current leadership (Personal Skills Development)
- Establish networking opportunities for women involved in unions to foster action learning, generate innovation, develop knowledge and give SUPPORT (Networking and Personal Development)
- Improve awareness and understanding of equality issues, enhance equality training and refocus advocacy and policy activity (Awareness, Training and Policy)
The European Social Fund 2007-2013: a handbook for trade unions

LIFT:

Congress’ Response – Promotion of Equality for Women
- Designated Women’s Committees
- Advocacy / Collaboration Policy-Making Institutions
- BDC / SDC Motions on Equality
- Equality-related Guidelines
- Strategic Initiatives: such as the LIFT Programme

LIFT – Programme of Strategic Change Interventions
Research –
- Understand experiences of women in trade unions
- Analyse current leadership approaches
- Examine motivation, validity, relevance of joining
- Assess how to engage a wider audience

Leadership Development Programmes
- Strand I – General Secretary level
- Strand II – Women Leaders
- Strand III – Women’s Network
LIFT—Programme of Strategic Change Interventions

Women’s Networks—

 Provide top-down / bottom-up support
 Act as internal change agents supported by leadership
 Inform diverse approaches to recruitment and promotion
 Engage a wider audience of women

Training Resources

 Assessment of leadership styles informed by coaching
 Leadership development supported through mentoring
 Training resourced through specially devised toolkits for women, i.e. ‘Handbook for Women Activists’

Strategising, succession planning

- Strand I
  General Secretaries

- Strand II
  Senior Level Women

- Strand III
  Women Officials and Activists

Supportive networks

Informing cultural change

Mainstreaming approaches to meet future challenges

Leadership initiatives: families in trade unions

Leading change, promoting new growth
Key Project Success Factors

- Strategic Approach: grounded in a number of policy priorities
- Complementary to a number of different approaches
- Willingness to focus on a long buy-in period before producing any tangibles
- Emphasis on securing proactive commitment from leadership
- Resource-intensive but convincing independent research
- Use of transnational comparators
- Good partnership
- Direct participation of stakeholders
- Early identification of mainstreaming opportunities
Involvement of trade unions/social partners in Germany in the execution of the ESF

Presentation overview

1. Vocational education and training in Germany
2. Objectives and contents of the Social Partner Initiative and political implementation
3. Project implementation using NGG and IG BCE as an example
4. ESF – Initiative on equal opportunities for women in the economy
Vocational education and training: current situation in Germany

- No systematic regulation:
  There are no standardized and binding legal or collective agreements for how to define, organize, finance and certify vocational education and training.

- Firm classification:
  - Further education and training for unemployed people
  - Individual further education and training
  - Corporate training and continuing education

Overview: Vocational education and training

Further education and training

Vocational education and training

Education

Corporate training and continuing education

Individual further education and training

Career advancement training

Further education and training for unemployed
Vocational education and training: Individual further education and training

- Individual further education and training means that employees take the initiative to improve their professional advancement.
- There is hardly any financial support. ESF-support was implemented a couple of years ago at the federal state level, e.g. in North-Rhine Westphalia for employees in SMEs.
- State support for low wage workers since almost a year: educational awards in the amount of 154 € per participant.
- Total individual expenditures in 2006: 11.4 billion €.

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Vocational education and training: Career advancement training

- The Federal Ministry for education and research is responsible for career advancement training
- Further education and training for assistants to complete a master or technician course
- State support: funds and loans to cover living costs and fees
- About 136,000 participants per year
- About 109 million € of state expenditures in 2006
Vocational education and training: Further education and training for unemployed

- The Federal Employment Office is responsible.
- Regressive public expenditures for the further education and training of unemployed, expenditures decreased from 6.8 billion € in 2000 to 1.3 billion € in 2006.

Vocational education and training: Corporate training and further education I

- **Corporate training and further education** is a necessary and vital component of vocational training which serves to:
  - continually comprehend with professional, methodological and social knowledge in terms of understanding one's own terms of reference (qualification preservation),
  - meet the altered requirements in one's own term of reference (qualification assimilation),
  - take over similar or more significant tasks if a job position is vacant (re-qualification)
  - take over another, more significant task in a company (qualification development)

Company expenditures in 2006: 10 billion € for direct costs (w/o wage continuation)
Vocational education and training: Corporate training and further education II

- Corporate training and further education has been increasingly regulated for several years by collective agreements, e.g.
  - Public services
  - Metal and electrical industry
  - Print industry
  - Insurance services
  - Textiles
  - Telecommunications

Vocational education and training: Corporate training and further education III

- Participation is regressive and depends on the qualification or the professional status of the employee.
- Only one third of employees find suitable qualification and training possibilities.
- Employees under 34 in particular receive qualification, development and career advancement possibilities.
- The larger the company the higher the training prospects. And: the existence of an in-house special interest group promotes further education and training and personnel development.
2. Objectives and contents of the Social Partner Initiative (I)

Intention:

➢ To support the efforts of the social partners to improve participation rates in further education and training
➢ To promote collective objectives of the social partners
➢ To reconcile regional or branch-specific agreements in order to name particular objectives, action priorities and qualification needs
➢ Such agreements were reconciled in order to be implemented in the framework of this program.
2. Objectives and contents of the Social Partner Initiative (II)

- Funding period: 2009 – 2013
- Grants: 140 Mio. Euro
- Beneficiary of grants:
  - Union contractors and social partners
  - An organizational (educational) institution can be assigned for the application and the organization of the program
  - Applicants have to keep their place of work in Germany

2. Objectives and contents of the Social Partner Initiative (III)

Object of support:

1. Measures for improving the general conditions
   - to improve mentoring/ counseling structures
   - to determine in-house qualification needs
   - to reduce best practices and tools to practice
   - further education and training cooperation
   - to improve quality and exchange of experiences

2. Further education and training in companies
   - vocational training measures can be funded in order to implement existing qualification agreements
   - educationally marginalized and so far underrepresented employees have to be particularly considered

3. Projects can be combined.
2. Objectives and contents of the Social Partner Initiative (IV)

Funding premises:

✓ Projects contribute to the improvement of the participation in further education and training
✓ Prohibition of accumulation with other programs
✓ No funding for obligatory assignments as well as for legal or other financial regulations which are subject to public law
✓ Approval of projects which have not started yet
✓ Overall financing has to guaranteed
✓ Maximum funding period is 3 years
✓ Absolute research projects are not eligible

➢ Establish a steering committee
  - representatives: BMAS, DGB, BDA (15 seats)
  - cooperative steering
  - joint rules and regulations
  - monitoring with regard to content and defining eligibility criteria
  - specify subjects according to priority

➢ The program is carried out by the Federal Administrative Office in terms of implementation aspects
➢ A joint administration is set up in order to support the steering committee
Political steering: Set up of an administrative committee

- 100% of funding is available from ESF- and federal funds
- The administration committee works on behalf of the steering committee

Core tasks:
- To advice companies and social partners with the development of projects
- To support social partners concluding agreements for further education and training
- To create an overview of sectoral and regional agreements of the social partners
- Administrative tasks for the steering committee
- To create and present regional networks
- Public relations
- Monitoring in terms of the program's outcomes and indicators

Application of the syndicates for the administrative committee

- Applicant:
  Forschungsinstitut für Betriebliche Bildung, Nürnberg
  DGB Bildungswerk, Düsseldorf

- Start of work for the administrative committee: 01.05.2009

- Background:
  - Establish work principles
  - Collaboratively develop project schemes
  - Cooperation agreements
  - Management: choice of consultants and distribution of labor and material costs have to be on equal terms, tasks and strategies are to be defined, implementation only if decided upon collaboratively
Political steering: Trade union advisory board (I)

The Social Partner Initiative enables:
- to initiate pilot projects in various branches and regions
- to successfully connect pilot projects in various branches and regions
- to transfer pilot projects from one branch or region to the other
- based on the agreements of the social partners between employer and employee

Political steering: Trade union advisory board (II)

Objective

- To facilitate and secure the incorporation of project initiatives with regard to the strategy of the particular trade union
- To ensure that initiatives are carried out in the branches and areas which yet have not reconciled agreements with the social partners
Trade Union Advisory Board (III)

- coordinates the project initiatives of the trade unions
- plans meetings for potential proposals
- recommends proposals for the steering committee
- The Trade Union Advisory Board consists of
  - one representative of each participating trade union
  - the DGB
  - the bfw as a consultant.

Project implementation

- Example: NGG – basis: Social Partner initiative SPILL
- IG BCE – basis: Collective labor agreement “working lifetime and demography”
Contents of the framework agreement

- Lifelong learning and training are essential for the competitiveness and the innovative ability of companies, employment and the employability of employees in a company.

- The implementation of tools for human resources and the development and implementation of personnel development concepts are necessary so that companies can meet the challenges of the demographic shift and the lack of specialists.

- An age structure and qualification analysis is the basis for the regulation of an ageing and age-based labor organization, training, health promotion, etc.
Agree on and define objectives for personnel development and LLL

- to support companies with the implementation and development of personnel development structures and professionalization of the participants
- to develop concepts and implement target group specific personnel development schemes, e.g. for low-skilled workers and the elderly
- to analyze prospective need of specialists and development of substitution schemes

Projects (examples)

Implementation of personnel development tools
- needs survey in piloting companies
- advice for the works council on personnel development tools
- organization/ presentation of joint workshops of BR and PE / QF
- selection of appropriate personnel development tools, e.g. appraisal interviews
- collaborative development of an introductory and implementation concept
- introduction monitoring
- feedback
Projects (examples)

Development of a personnel development concept
- selection of pilot operations
- collaborative workshop to introduce the topic and analyze the current situation of the company in question
- analysis of how the situation in the company should be in terms of prospective need for specialists
- development of a broad concept for all employment groups, e.g.:
  - training needs analysis
  - training concepts for low-skilled workers and the elderly
  - schemes for recruiting and training specialists

Projects (examples)

Age structure analysis and in-house action plans
- age structure and qualification analysis in pilot operations
- advice on possibilities for e.g. work organization and health promotion
- collective development of focal points
- development of transferable concepts
- concept initiation and implementation
**Competence development of work councils**

- road show (branch-specific) for the evaluation of core issues
- road shows on the core issues
- information, consultation and development of transferable in-house concepts, including all significant participants
- concept initiation and implementation

**ESF – Initiative on equal opportunities for women in the economy**
Situation analysis (I)

- Even though women possess formally better qualifications and knowledge, it is not adequately realized in the working environment.
- The employment rate of women in Germany was 64% in 2007. This is 12% below the employment rate of men, largest percentage for part-time employment.
- From 1995 to 2005 the macroeconomic wage gap between men and women was between 21% and 23% (Germany is positioned in the lower half of a ranking with other EU member states).

Renee Joch & Arinje Margrith Usoh

Situation analysis (II)

- **Reasons:**
  - women are more often employed in small businesses and in branches with a lower wage standard
  - women usually do not hold leading positions
  - as women in comparison to men interrupt their employment due to family reasons this consequently results in worse career advancement possibilities
  - The demographic shift and the need for specialists require a better use of female employment potential
  - Support for the social partners in the form of ESF initiatives

Renee Joch & Arinje Margrith Usoh
- Innovative concepts for working time models to improve the labor participation of women
- In-house pilot projects/measures to solve gender misunderstandings and consequently introduce women to MINT jobs and technical apprenticeships
- Improvement of action competence of the operative participants to promote equal opportunities and especially opportunities for the advancement for women

Roman Jach & Antje Margrit Ulleohf

Objectives of the program e.g.

- operative schemes to avoid and decrease qualification deficits of women during maternity leave
- schemes and measures of operative personnel development policies to increase the percentage of elderly female workers and to assure the employability of women

Roman Jach & Antje Margrit Ulleohf
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EUROPE 2020
A European strategy for smart, sustainable and inclusive growth
Preface

2010 must mark a new beginning. I want Europe to emerge stronger from the economic and financial crisis.

Economic realities are moving faster than political realities, as we have seen with the global impact of the financial crisis. We need to accept that the increased economic interdependence demands also a more determined and coherent response at the political level.

The last two years have left millions unemployed. It has brought a burden of debt that will last for many years. It has brought new pressures on our social cohesion. It has also exposed some fundamental truths about the challenges that the European economy faces. And in the meantime, the global economy is moving forward. How Europe responds will determine our future.

The crisis is a wake-up call, the moment where we recognise that "business as usual" would consign us to a gradual decline, to the second rank of the new global order. This is Europe’s moment of truth. It is the time to be bold and ambitious.

Our short-term priority is a successful exit from the crisis. It will be tough for some time yet but we will get there. Significant progress has been made on dealing with bad banks, correcting the financial markets and recognising the need for strong policy coordination in the eurozone.

To achieve a sustainable future, we must already look beyond the short term. Europe needs to get back on track. Then it must stay on track. That is the purpose of Europe 2020. It’s about more jobs and better lives. It shows how Europe has the capability to deliver smart, sustainable and inclusive growth, to find the path to create new jobs and to offer a sense of direction to our societies.

European leaders have a common analysis on the lessons to be drawn from the crisis. We also share a common sense of urgency on the challenges ahead. Now we jointly need to make it happen. Europe has many strengths. We have a talented workforce, we have a powerful technological and industrial base. We have an internal market and a single currency that have successfully helped us resist the worst. We have a tried and tested social market economy. We must have confidence in our ability to set an ambitious agenda for ourselves and then gear our efforts to delivering it.
The Commission is proposing five measurable EU targets for 2020 that will steer the process and be translated into national targets: for employment; for research and innovation; for climate change and energy; for education; and for combating poverty. They represent the direction we should take and will mean we can measure our success.

They are ambitious, but attainable. They are backed up by concrete proposals to make sure they are delivered. The flagship initiatives set out in this paper show how the EU can make a decisive contribution. We have powerful tools to hand in the shape of new economic governance, supported by the internal market, our budget, our trade and external economic policy and the disciplines and support of economic and monetary union.

The condition for success is a real ownership by European leaders and institutions. Our new agenda requires a coordinated European response, including with social partners and civil society. If we act together, then we can fight back and come out of the crisis stronger. We have the new tools and the new ambition. Now we need to make it happen.

José Manuel BARROSO
COMMUNICATION FROM THE COMMISSION

EUROPE 2020

A strategy for smart, sustainable and inclusive growth
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Europe 2020 Strategy
Executive Summary

Europe faces a moment of transformation. The crisis has wiped out years of economic and social progress and exposed structural weaknesses in Europe's economy. In the meantime, the world is moving fast and long-term challenges – globalisation, pressure on resources, ageing – intensify. The EU must now take charge of its future.

Europe can succeed if it acts collectively, as a Union. We need a strategy to help us come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. Europe 2020 sets out a vision of Europe's social market economy for the 21st century.

Europe 2020 puts forward three mutually reinforcing priorities:

- Smart growth: developing an economy based on knowledge and innovation.
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy.
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

The EU needs to define where it wants to be by 2020. To this end, the Commission proposes the following EU headline targets:

- 75% of the population aged 20-64 should be employed.
- 3% of the EU's GDP should be invested in R&D.
- The "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right).
- The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree.
- 20 million less people should be at risk of poverty.

These targets are interrelated and critical to our overall success. To ensure that each Member State tailors the Europe 2020 strategy to its particular situation, the Commission proposes that EU goals are translated into national targets and trajectories.

The targets are representative of the three priorities of smart, sustainable and inclusive growth but they are not exhaustive: a wide range of actions at national, EU and international levels will be necessary to underpin them. The Commission is putting forward seven flagship initiatives to catalyse progress under each priority theme:

- "Innovation Union" to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs.
- "Youth on the move" to enhance the performance of education systems and to facilitate the entry of young people to the labour market.
- "A digital agenda for Europe" to speed up the roll-out of high-speed internet and reap the benefits of a digital single market for households and firms.

- "Resource efficient Europe" to help decouple economic growth from the use of resources, support the shift towards a low carbon economy, increase the use of renewable energy sources, modernise our transport sector and promote energy efficiency.

- "An industrial policy for the globalisation era" to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally.

- "An agenda for new skills and jobs" to modernise labour markets and empower people by developing their skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand, including through labour mobility.

- "European platform against poverty" to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.

These seven flagship initiatives will commit both the EU and the Member States. EU-level instruments, notably the single market, financial levers and external policy tools, will be fully mobilised to tackle bottlenecks and deliver the Europe 2020 goals. As an immediate priority, the Commission charts what needs to be done to define a credible exit strategy, to pursue the reform of the financial system, to ensure budgetary consolidation for long-term growth, and to strengthen coordination within the Economic and Monetary Union.

Stronger economic governance will be required to deliver results. Europe 2020 will rely on two pillars: the thematic approach outlined above, combining priorities and headline targets; and country reporting, helping Member States to develop their strategies to return to sustainable growth and public finances. Integrated guidelines will be adopted at EU level to cover the scope of EU priorities and targets. Country-specific recommendations will be addressed to Member States. Policy warnings could be issued in case of inadequate response. The reporting of Europe 2020 and the Stability and Growth Pact evaluation will be done simultaneously, while keeping the instruments separate and maintaining the integrity of the Pact.

The European Council will have full ownership and be the focal point of the new strategy. The Commission will monitor progress towards the targets, facilitate policy exchange and make the necessary proposals to steer action and advance the EU flagship initiatives. The European Parliament will be a driving force to mobilise citizens and act as co-legislator on key initiatives. This partnership approach should extend to EU committees, to national parliaments and national, local and regional authorities, to social partners and to stakeholders and civil society so that everyone is involved in delivering on the vision.

The Commission proposes that the European Council endorses - in March - the overall approach of the strategy and the EU headline targets, and approves - in June - the detailed parameters of the strategy, including the integrated guidelines and national targets. The Commission also looks forward to the views and support of the European Parliament for making Europe 2020 a success.
1. A MOMENT OF TRANSFORMATION

The crisis has wiped out recent progress

The recent economic crisis has no precedent in our generation. The steady gains in economic growth and job creation witnessed over the last decade have been wiped out – our GDP fell by 4% in 2009, our industrial production dropped back to the levels of the 1990s and 23 million people - or 10% of our active population - are now unemployed. The crisis has been a huge shock for millions of citizens and it has exposed some fundamental weaknesses of our economy.

The crisis has also made the task of securing future economic growth much more difficult. The still fragile situation of our financial system is holding back recovery as firms and households have difficulties to borrow, spend and invest. Our public finances have been severely affected, with deficits at 7% of GDP on average and debt levels at over 80% of GDP – two years of crisis erasing twenty years of fiscal consolidation. Our growth potential has been halved during the crisis. Many investment plans, talents and ideas risk going to waste because of uncertainties, sluggish demand and lack of funding.

Europe's structural weaknesses have been exposed

Moving out of the crisis is the immediate challenge, but the biggest challenge is to escape the reflex to try to return to the pre-crisis situation. Even before the crisis, there were many areas where Europe was not progressing fast enough relative to the rest of the world:

- Europe's average growth rate has been structurally lower than that of our main economic partners, largely due to a productivity gap that has widened over the last decade. Much of this is due to differences in business structures combined with lower levels of investment in R&D and innovation, insufficient use of information and communications technologies, reluctance in some parts of our societies to embrace innovation, barriers to market access and a less dynamic business environment.

- In spite of progress, Europe's employment rates – at 69% on average for those aged 20-64 – are still significantly lower than in other parts of the world. Only 63% of women are in work compared to 76% of men. Only 46% of older workers (55-64) are employed compared to over 62% in the US and Japan. Moreover, on average Europeans work 10% fewer hours than their US or Japanese counterparts.

- Demographic ageing is accelerating. As the baby-boom generation retires, the EU's active population will start to shrink as from 2013/2014. The number of people aged over 60 is now increasing twice as fast as it did before 2007 – by about two million every year compared to one million previously. The combination of a smaller working population and a higher share of retired people will place additional strains on our welfare systems.

Global challenges intensify

While Europe needs to address its own structural weaknesses, the world is moving fast and will be very different by the end of the coming decade:

- Our economies are increasingly interlinked. Europe will continue to benefit from being one of the most open economies in the world but competition from developed and emerging economies is intensifying. Countries such as China or India are
investing heavily in research and technology in order to move their industries up the value chain and "leapfrog" into the global economy. This puts pressure on some sectors of our economy to remain competitive, but every threat is also an opportunity. As these countries develop, new markets will open up for many European companies.

- Global finance still needs fixing. The availability of easy credit, short-termism and excessive risk-taking in financial markets around the world fuelled speculative behaviour, giving rise to bubble-driven growth and important imbalances. Europe is engaged in finding global solutions to bring about an efficient and sustainable financial system.

- Climate and resource challenges require drastic action. Strong dependence on fossil fuels such as oil and inefficient use of raw materials expose our consumers and businesses to harmful and costly price shocks, threatening our economic security and contributing to climate change. The expansion of the world population from 6 to 9 billion will intensify global competition for natural resources, and put pressure on the environment. The EU must continue its outreach to other parts of the world in pursuit of a worldwide solution to the problems of climate change at the same time as we implement our agreed climate and energy strategy across the territory of the Union.

**Europe must act to avoid decline**

There are several lessons we can learn from this crisis:

- The 27 EU economies are highly interdependent: the crisis underscored the close links and spill-overs between our national economies, particularly in the euro area. Reforms, or the lack of them, in one country affect the performance of all others, as recent events have shown; moreover, the crisis and severe constraints in public spending have made it more difficult for some Member States to provide sufficient funding for the basic infrastructure they need in areas such as transport and energy not only to develop their own economies but also to help them participate fully in the internal market.

- Coordination within the EU works: the response to the crisis showed that if we act together, we are significantly more effective. We proved this by taking common action to stabilise the banking system and through the adoption of a European Economic Recovery Plan. In a global world, no single country can effectively address the challenges by acting alone;

- The EU adds value on the global scene. The EU will influence global policy decisions only if it acts jointly. Stronger external representation will need to go hand in hand with stronger internal co-ordination.

The crisis has not just been a one-off hit, allowing us to resume "business as usual". The challenges that our Union faces are greater than before the recession, whilst our room for manoeuvre is limited. Moreover, the rest of the world is not standing still. The enhanced role of the G20 has demonstrated the growing economic and political power of emerging countries.

Europe is left with clear yet challenging choices. Either we face up collectively to the immediate challenge of the recovery and to long-term challenges – globalisation, pressure on resources, ageing, – so as to make up for the recent losses, regain competitiveness, boost productivity and put the EU on an upward path of prosperity ("sustainable recovery").
Or we continue at a slow and largely uncoordinated pace of reforms, and we risk ending up with a permanent loss in wealth, a sluggish growth rate ("sluggish recovery") possibly leading to high levels of unemployment and social distress, and a relative decline on the world scene ("lost decade").

### Three scenarios for Europe by 2020

**Scenario 1: Sustainable recovery**
- Output level
- Pre-crisis growth path
- Europe is able to make a full return to earlier growth path and raise its potential to go beyond

**Scenario 2: Sluggish recovery**
- Europe will have suffered a permanent loss in wealth and start growing again from this eroded basis

**Scenario 3: Lost decade**
- Europe will have suffered a permanent loss in wealth and potential for future growth

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**Europe can succeed**

Europe has many strengths: we can count on the talent and creativity of our people, a strong industrial base, a vibrant services sector, a thriving, high quality agricultural sector, strong maritime tradition, our single market and common currency, our position as the world's biggest trading bloc and leading destination for foreign direct investment. But we can also count on our strong values, democratic institutions, our consideration for economic, social and territorial cohesion and solidarity, our respect for the environment, our cultural diversity, respect for gender equality – just to name a few. Many of our Member States are amongst the most innovative and developed economies in the world. But the best chance for Europe to succeed is if it acts collectively – as a Union.

When confronted with major events in the past, the EU and its Member States have risen to the challenge. In the 1990s, Europe launched the largest single market in the world backed by a common currency. Only a few years ago, the division of Europe ended as new Member States entered the Union and other states embarked on the road towards membership or a closer relation with the Union. Over the last two years common action taken at the height of
the crisis through the European Recovery Plan helped prevent economic meltdown, whilst our welfare systems helped protect people from even greater hardship.

Europe is able to act in times of crisis and to adapt its economies and societies. And today Europeans face again a moment of transformation to cope with the impact of the crisis, Europe's structural weaknesses and intensifying global challenges.

In so doing, our exit from the crisis must be the point of entry into a new economy. For our own and future generations to continue to enjoy a high-quality of healthy life, underpinned by Europe's unique social models, we need to take action now. What is needed is a strategy to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. This is the Europe 2020 strategy. This is an agenda for all Member States, taking into account different needs, different starting points and national specificities so as to promote growth for all.

2. **SMART, SUSTAINABLE AND INCLUSIVE GROWTH**

*Where do we want Europe to be in 2020?*

Three priorities should be the heart of Europe 2020:

- Smart growth – developing an economy based on knowledge and innovation.
- Sustainable growth – promoting a more resource efficient, greener and more competitive economy.
- Inclusive growth – fostering a high-employment economy delivering economic, social and territorial cohesion.

These three priorities are mutually reinforcing; they offer a vision of Europe's social market economy for the 21st century.

To guide our efforts and steer progress, there is a large consensus that the EU should commonly agree on a limited number of headline targets for 2020. These targets should be representative of the theme of smart, sustainable and inclusive growth. They must be measurable, capable of reflecting the diversity of Member States situations and based on sufficiently reliable data for purposes of comparison. The following targets have been selected on this basis – meeting them will be critical to our success by 2020:

- The employment rate of the population aged 20-64 should increase from the current 69% to at least 75%, including through the greater involvement of women, older workers and the better integration of migrants in the work force;
- The EU currently has a target of investing 3% of GDP in R&D. The target has succeeded in focusing attention on the need for both the public and private sectors to invest in R&D but it focuses on input rather than impact. There is a clear need to improve the conditions for private R&D in the EU and many of the measures proposed in this strategy will do this. It is also clear that by looking at R&D and innovation together we would get a broader range of expenditure which would be more relevant for business operations and for productivity drivers. The Commission

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1 These themes have been widely welcomed in the public consultation carried out by the Commission. For details of the views expressed during the consultation see: http://ec.europa.eu/eu2020/index_en.htm
proposes to keep the 3% target while developing an indicator which would reflect R&D and innovation intensity;

- Reduce greenhouse gas emissions by at least 20% compared to 1990 levels or by 30%, if the conditions\(^2\) are right; increase the share of renewable energy sources in our final energy consumption to 20%; and a 20% increase in energy efficiency;

- A target on educational attainment which tackles the problem of early school leavers by reducing the drop out rate to 10% from the current 15%, whilst increasing the share of the population aged 30-34 having completed tertiary education from 31% to at least 40% in 2020;

- The number of Europeans living below the national poverty lines should be reduced by 25%, lifting over 20 million people out of poverty\(^3\).

These targets are interrelated. For instance, better educational levels help employability and progress in increasing the employment rate helps to reduce poverty. A greater capacity for research and development as well as innovation across all sectors of the economy, combined with increased resource efficiency will improve competitiveness and foster job creation. Investing in cleaner, low carbon technologies will help our environment, contribute to fighting climate change and create new business and employment opportunities. Meeting these targets should mobilize our collective attention. It will take strong leadership, commitment and an effective delivery mechanism to change attitudes and practices in the EU to deliver the results which are summarised in these targets.

These targets are representative, not exhaustive. They represent an overall view of where the Commission would like to see the EU on key parameters by 2020. They do not represent a "one size fits all" approach. Each Member State is different and the EU of 27 is more diverse than it was a decade ago. Despite disparities in levels of development and standards of living the Commission considers that the proposed targets are relevant to all Member States, old and newer alike. Investing in research and development as well as innovation, in education and in resource efficient technologies will benefit traditional sectors, rural areas as well as high skill, service economies. It will reinforce economic, social and territorial cohesion. To ensure that each Member States tailors the Europe 2020 strategy to its particular situation, the Commission proposes that these EU targets are translated into national targets and trajectories to reflect the current situation of each Member State and the level of ambition it is able to reach as part of a wider EU effort to meet these targets. In addition to the efforts of Member States the Commission will propose an ambitious range of actions at EU level designed to lift the EU onto a new, more sustainable growth path. This mix of EU and national efforts should be mutually reinforcing.

**Smart growth – an economy based on knowledge and innovation**

Smart growth means strengthening knowledge and innovation as drivers of our future growth. This requires improving the quality of our education, strengthening our research performance, promoting innovation and knowledge transfer throughout the Union, making full use of

\(^2\) The European Council of 10-11 December 2009 concluded that as part of a global and comprehensive agreement for the period beyond 2012, the EU reiterates its conditional offer to move to a 30% reduction by 2020 compared to 1990 levels, provided that other developed countries commit themselves to comparable emission reductions and that developing countries contribute adequately according to their responsibilities and respective capabilities.

\(^3\) The national poverty line is defined as 60% of the median disposable income in each Member State.
information and communication technologies and ensuring that innovative ideas can be turned into new products and services that create growth, quality jobs and help address European and global societal challenges. But, to succeed, this must be combined with entrepreneurship, finance, and a focus on user needs and market opportunities.

Europe must act:

- **Innovation**: R&D spending in Europe is below 2%, compared to 2.6% in the US and 3.4% in Japan, mainly as a result of lower levels of private investment. It is not only the absolute amounts spent on R&D that count – Europe needs to focus on the impact and composition of research spending and to improve the conditions for private sector R&D in the EU. Our smaller share of high-tech firms explains half of our gap with the US.

- **Education, training and lifelong learning**: A quarter of all pupils have poor reading competences, one in seven young people leave education and training too early. Around 50% reach medium qualifications level but this often fails to match labour market needs. Less than one person in three aged 25-34 has a university degree compared to 40% in the US and over 50% in Japan. According to the Shanghai index, only two European universities are in the world's top 20.

- **Digital society**: The global demand for information and communication technologies is a market worth €2 000 billion, but only one quarter of this comes from European firms. Europe is also falling behind on high-speed internet, which affects its ability to innovate, including in rural areas, as well as on the on-line dissemination of knowledge and on-line distribution of goods and services. Action under this priority will unleash Europe's innovative capabilities, improving educational outcomes and the quality and outputs of education institutions, and exploiting the economic and societal benefits of a digital society. These policies should be delivered at regional, national and EU level.

**Flagship Initiative: "Innovation Union"**

The aim of this is to re-focus R&D and innovation policy on the challenges facing our society, such as climate change, energy and resource efficiency, health and demographic change. Every link should be strengthened in the innovation chain, from 'blue sky' research to commercialisation.

At EU level, the Commission will work:

- To complete the European Research Area, to develop a strategic research agenda focused on challenges such as energy security, transport, climate change and resource efficiency, health and ageing, environmentally-friendly production methods and land management, and to enhance joint programming with Member States and regions;

- To improve framework conditions for business to innovate (i.e. create the single EU Patent and a specialised Patent Court, modernise the framework of copyright and trademarks, improve access of SMEs to Intellectual Property Protection, speed up setting of interoperable standards; improve access to capital and make full use of demand side policies, e.g. through public procurement and smart regulation);

- To launch 'European Innovation Partnerships' between the EU and national levels to speed up the development and deployment of the technologies needed to meet the challenges identified. The first will include: 'building the bio-economy by 2020', 'the key enabling technologies to shape Europe's industrial future' and 'technologies to allow older people to live independently and be active in society';
- To strengthen and further develop the role of EU instruments to support innovation (e.g. structural funds, rural development funds, R&D framework programme, CIP, SET plan), including through closer work with the EIB and streamline administrative procedures to facilitate access to funding, particularly for SMEs and to bring in innovative incentive mechanisms linked to the carbon market, namely for fast-movers:
  - To promote knowledge partnerships and strengthen links between education, business, research and innovation, including through the EIT, and to promote entrepreneurship by supporting Young Innovative Companies.

At national level, Member States will need:
  - To reform national (and regional) R&D and innovation systems to foster excellence and smart specialisation, reinforce cooperation between universities, research and business, implement joint programming and enhance cross-border co-operation in areas with EU value added and adjust national funding procedures accordingly, to ensure the diffusion of technology across the EU territory;
  - To ensure a sufficient supply of science, maths and engineering graduates and to focus school curricula on creativity, innovation, and entrepreneurship;
  - To prioritise knowledge expenditure, including by using tax incentives and other financial instruments to promote greater private R&D investments.

**Flagship initiative: "Youth on the move"

The aim is to enhance the performance and international attractiveness of Europe’s higher education institutions and raise the overall quality of all levels of education and training in the EU, combining both excellence and equity, by promoting student mobility and trainees' mobility, and improve the employment situation of young people.

At EU level, the Commission will work:
  - To integrate and enhance the EU’s mobility, university and researchers’ programmes (such as Erasmus, Erasmus Mundus, Tempus and Marie Curie) and link them up with national programmes and resources;
  - To step up the modernisation agenda of higher education (curricula, governance and financing) including by benchmarking university performance and educational outcomes in a global context;
  - To explore ways of promoting entrepreneurship through mobility programmes for young professionals;
  - To promote the recognition of non-formal and informal learning;
  - To launch a Youth employment framework outlining policies aimed at reducing youth unemployment rates: this should promote, with Member States and social partners, young people's entry into the labour market through apprenticeships, stages or other work experience, including a scheme ("Your first EURES job") aimed at increasing job opportunities for young people by favouring mobility across the EU.

At national level, Member States will need:
  - To ensure efficient investment in education and training systems at all levels (pre-school to tertiary);
  - To improve educational outcomes, addressing each segment (pre-school, primary, secondary, vocational and tertiary) within an integrated approach, encompassing key competences and aiming at reducing early school leaving;
  - To enhance the openness and relevance of education systems by building national qualification frameworks and better gearing learning outcomes towards labour market needs.
  - To improve young people's entry into the labour market through integrated action covering i.a. guidance, counselling and apprenticeships.

**Flagship Initiative: "A Digital Agenda for Europe"**
The aim is to deliver sustainable economic and social benefits from a Digital Single Market based on fast and ultra fast internet and interoperable applications, with broadband access for all by 2013, access for all to much higher internet speeds (30 Mbps or above) by 2020, and 50% or more of European households subscribing to internet connections above 100 Mbps.

At EU level, the Commission will work:
- To provide a stable legal framework that stimulate investments in an open and competitive high speed internet infrastructure and in related services;
- To develop an efficient spectrum policy;
- To facilitate the use of the EU’s structural funds in pursuit of this agenda;
- To create a true single market for online content and services (i.e. borderless and safe EU web services and digital content markets, with high levels of trust and confidence, a balanced regulatory framework with clear rights regimes, the fostering of multi-territorial licences, adequate protection and remuneration for rights holders and active support for the digitisation of Europe’s rich cultural heritage, and to shape the global governance of the internet;
- To reform the research and innovation funds and increase support in the field of ICTs so as to reinforce Europe’s technology strength in key strategic fields and create the conditions for high growth SMEs to lead emerging markets and to stimulate ICT innovation across all business sectors;
- To promote internet access and take-up by all European citizens, especially through actions in support of digital literacy and accessibility.

At national level, Member States will need:
- To draw up operational high speed internet strategies, and target public funding, including structural funds, on areas not fully served by private investments;
- To establish a legal framework for co-ordinating public works to reduce costs of network rollout;
- To promote deployment and usage of modern accessible online services (e.g. e-government, online health, smart home, digital skills, security).

**Sustainable growth – promoting a more resource efficient, greener and more competitive economy**

Sustainable growth means building a resource efficient, sustainable and competitive economy, exploiting Europe’s leadership in the race to develop new processes and technologies, including green technologies, accelerating the roll out of smart grids using ICTs, exploiting EU-scale networks, and reinforcing the competitive advantages of our businesses, particularly in manufacturing and within our SMEs, as well through assisting consumers to value resource efficiency. Such an approach will help the EU to prosper in a low-carbon, resource constrained world while preventing environmental degradation, biodiversity loss and unsustainable use of resources. It will also underpin economic, social and territorial cohesion.

Europe must act:

- Competitiveness: The EU has prospered through trade, exporting round the world and importing inputs as well as finished goods. Faced with intense pressure on export markets and for a growing range of inputs we must improve our competitiveness vis-à-vis our main trading partners through higher productivity. We will need to address relative competitiveness inside the Euro area and in the wider EU. The EU was largely a first mover in green solutions, but its advantage is being challenged by key competitors, notably China and North America. The EU should maintain its lead in the market for green technologies as a means of ensuring resource efficiency through
out the economy, while removing bottlenecks in key network infrastructures, thereby boosting our industrial competitiveness.

Combating climate change: Achieving our climate goals means reducing emissions significantly more quickly in the next decade than in the last decade and exploiting fully the potential of new technologies such as carbon capture and sequestration possibilities. Improving resource efficiency would significantly help limit emissions, save money and boost economic growth. All sectors of the economy, not just emission-intensive, are concerned. We must also strengthen our economies' resilience to climate risks, and our capacity for disaster prevention and response.

Clean and efficient energy: Meeting our energy goals could result in €60 billion less in oil and gas imports by 2020. This is not only financial savings; this is essential for our energy security. Further progress with the integration of the European energy market can add an extra 0.6% to 0.8% GDP. Meeting the EU's objective of 20% of renewable sources of energy alone has the potential to create more than 600,000 jobs in the EU. Adding the 20% target on energy efficiency, it is well over 1 million new jobs that are at stake.

Action under this priority will require implementing our emission-reduction commitments in a way which maximises the benefits and minimises the costs, including through the spread of innovative technological solutions. Moreover, we should aim to decouple growth from energy use and become a more resource efficient economy, which will not only give Europe a competitive advantage, but also reduce its dependency of foreign sources for raw materials and commodities.
Flagship Initiative: "Resource efficient Europe"

The aim is to support the shift towards a resource efficient and low-carbon economy that is efficient in the way it uses all resources. The aim is to decouple our economic growth from resource and energy use, reduce CO₂ emissions, enhance competitiveness and promote greater energy security.

At EU level, the Commission will work:

- To mobilise EU financial instruments (e.g. rural development, structural funds, R&D framework programme, TENs, EIB) as part of a consistent funding strategy, that pulls together EU and national public and private funding;
- To enhance a framework for the use of market-based instruments (e.g. emissions trading, revision of energy taxation, state-aid framework, encouraging wider use of green public procurement);
- To present proposals to modernise and decarbonise the transport sector thereby contributing to increased competitiveness. This can be done through a mix of measures e.g. infrastructure measures such as early deployment of grid infrastructures of electrical mobility, intelligent traffic management, better logistics, pursuing the reduction of CO₂ emissions for road vehicles, for the aviation and maritime sectors including the launch of a major European "green" car initiative which will help to promote new technologies including electric and hybrid cars through a mix of research, setting of common standards and developing the necessary infrastructure support;
- To accelerate the implementation of strategic projects with high European added value to address critical bottlenecks, in particular cross border sections and inter modal nodes (cities, ports, logistic platforms);
- To complete the internal energy market and implement the strategic energy technologies (SET) plan, promoting renewable sources of energy in the single market would also be a priority;
- To present an initiative to upgrade Europe's networks, including Trans European Energy Networks, towards a European supergrid, "smart grids" and interconnections in particular of renewable energy sources to the grid (with support of structural funds and the EIB). This includes to promote infrastructure projects of major strategic importance to the EU in the Baltic, Balkan, Mediterranean and Eurasian regions;
- To adopt and implement a revised Energy Efficiency Action Plan and promote a substantial programme in resource efficiency (supporting SMEs as well as households) by making use of structural and other funds to leverage new financing through existing highly successful models of innovative investment schemes; this should promote changes in consumption and production patterns;
- To establish a vision of structural and technological changes required to move to a low carbon, resource efficient and climate resilient economy by 2050 which will allow the EU to achieve its emissions reduction and biodiversity targets; this includes disaster prevention and response, harnessing the contribution of cohesion, agricultural, rural development, and maritime policies to address climate change, in particular through adaptation measures based on more efficient use of resources, which will also contribute to improving global food security.

At national level, Member States will need:

- To phase out environmentally harmful subsidies, limiting exceptions to people with social needs;
- To deploy market-based instruments such as fiscal incentives and procurement to adapt production and consumption methods;
- To develop smart, upgraded and fully interconnected transport and energy infrastructures and make full use of ICT;
- To ensure a coordinated implementation of infrastructure projects, within the EU Core network, that critically contribute to the effectiveness of the overall EU transport system;
- To focus on the urban dimension of transport where much of the congestion and emissions are generated;
- To use regulation, building performance standards and market-based instruments such as taxation,
subsidies and procurement to reduce energy and resource use and use structural funds to invest in energy efficiency in public buildings and in more efficient recycling;

- To incentivise energy saving instruments that could raise efficiency in energy-intensive sectors, such as based on the use of ICTs.

**Flagship Initiative: "An industrial policy for the globalisation era"**

Industry and especially SMEs have been hit hard by the economic crisis and all sectors are facing the challenges of globalisation and adjusting their production processes and products to a low-carbon economy. The impact of these challenges will differ from sector to sector, some sectors might have to "reinvent" themselves but for others these challenges will present new business opportunities. The Commission will work closely with stakeholders in different sectors (business, trade unions, academics, NGOs, consumer organisations) and will draw up a framework for a modern industrial policy, to support entrepreneurship, to guide and help industry to become fit to meet these challenges, to promote the competitiveness of Europe’s primary, manufacturing and service industries and help them seize the opportunities of globalisation and of the green economy. The framework will address all elements of the increasingly international value chain from access to raw materials to after-sales service.

At EU level, the Commission will work:

- To establish an industrial policy creating the best environment to maintain and develop a strong, competitive and diversified industrial base in Europe as well as supporting the transition of manufacturing sectors to greater energy and resource efficiency;

- To develop a horizontal approach to industrial policy combining different policy instruments (e.g. "smart" regulation, modernised public procurement, competition rules and standard setting);

- To improve the business environment, especially for SMEs, including through reducing the transaction costs of doing business in Europe, the promotion of clusters and improving affordable access to finance;

- To promote the restructuring of sectors in difficulty towards future oriented activities, including through quick redeployment of skills to emerging high growth sectors and markets and support from the EU's state aids regime and/or the Globalisation Adjustment Fund;

- To promote technologies and production methods that reduce natural resource use, and increase investment in the EU's existing natural assets;

- To promote the internationalisation of SMEs;

- To ensure that transport and logistics networks enable industry throughout the Union to have effective access to the Single Market and the international market beyond;

- To develop an effective space policy to provide the tools to address some of the key global challenges and in particular to deliver Galileo and GMEs;

- To enhance the competitiveness of the European tourism sector;

- To review regulations to support the transition of service and manufacturing sectors to greater resource efficiency, including more effective recycling; to improve the way in which European standard setting works to leverage European and international standards for the long-term competitiveness of European industry. This will include promoting the commercialisation and take-up of key enabling technologies;

- To renew the EU strategy to promote Corporate Social Responsibility as a key element in ensuring long term employee and consumer trust.

At national level, Member States will need:

- To improve the business environment especially for innovative SMEs, including through public sector procurement to support innovation incentives;

- To improve the conditions for enforcing intellectual property;

- To reduce administrative burden on companies, and improve the quality of business legislation;
- To work closely with stakeholders in different sectors (business, trade unions, academics, NGOs, consumer organisations) to identify bottlenecks and develop a shared analysis on how to maintain a strong industrial and knowledge base and put the EU in a position to lead global sustainable development.

**Inclusive growth – a high-employment economy delivering economic, social and territorial cohesion**

Inclusive growth means empowering people through high levels of employment, investing in skills, fighting poverty and modernising labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society. It is also essential that the benefits of economic growth spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion. It is about ensuring access and opportunities for all throughout the lifecycle. Europe needs to make full use of its labour potential to face the challenges of an ageing population and rising global competition. Policies to promote gender equality will be needed to increase labour force participation thus adding to growth and social cohesion.

Europe must act:

- Employment: Due to demographic change, our workforce is about to shrink. Only two-thirds of our working age population is currently employed, compared to over 70% in the US and Japan. The employment rate of women and older workers are particularly low. Young people have been severely hit by the crisis, with an unemployment rate over 21%. There is a strong risk that people away or poorly attached to the world of work lose ground from the labour market.

- Skills: About 80 million people have low or basic skills, but lifelong learning benefits mostly the more educated. By 2020, 16 million more jobs will require high qualifications, while the demand for low skills will drop by 12 million jobs. Achieving longer working lives will also require the possibility to acquire and develop new skills throughout the lifetime.

- Fighting poverty: 80 million people were at risk of poverty prior to the crisis. 19 million of them are children. 8 per cent of people in work do not earn enough to make it above the poverty threshold. Unemployed people are particularly exposed.

Action under this priority will require modernising, strengthening our employment education and training policies and social protection systems by increasing labour participation and reducing structural unemployment, as well as raising corporate social responsibility among the business community. Access to childcare facilities and care for other dependents will be important in this respect. Implementing flexicurity principles and enabling people to acquire new skills to adapt to new conditions and potential career shifts will be key. A major effort will be needed to combat poverty and social exclusion and reduce health inequalities to ensure that everybody can benefit from growth. Equally important will be our ability to meet the challenge of promoting a healthy and active ageing population to allow for social cohesion and higher productivity.

**Flagship Initiative: "An Agenda for new skills and jobs"**

The aim is to create conditions for modernising labour markets with a view to raising employment levels and ensuring the sustainability of our social models. This means empowering people through the acquisition of new skills to enable our current and future workforce to adapt to new conditions and
At EU level, the Commission will work:

- To define and implement the second phase of the flexicurity agenda, together with European social partners, to identify ways to better manage economic transitions and to fight unemployment and raise activity rates;
- To adapt the legislative framework, in line with 'smart' regulation principles, to evolving work patterns (e.g. working time, posting of workers) and new risks for health and safety at work;
- To facilitate and promote intra-EU labour mobility and better match labour supply with demand with appropriate financial support from the structural funds, notably the European Social Fund (ESF), and to promote a forward-looking and comprehensive labour migration policy which would respond in a flexible way to the priorities and needs of labour markets;
- To strengthen the capacity of social partners and make full use of the problem-solving potential of social dialogue at all levels (EU, national/regional, sectoral, company), and to promote strengthened cooperation between labour market institutions including the public employment services of the Member States;
- To give a strong impetus to the strategic framework for cooperation in education and training involving all stakeholders. This should notably result in the implementation of life-long learning principles (in cooperation with Member States, social partners, experts) including through flexible learning pathways between different education and training sectors and levels and by reinforcing the attractiveness of vocational education and training. Social partners at European level should be consulted in view of developing an initiative of their own in this area;
- To ensure that the competences required to engage in further learning and the labour market are acquired and recognised throughout general, vocational, higher and adult education and to develop a common language and operational tool for education/training and work: a European Skills, Competences and Occupations framework (ESCO).

At national level, Member States will need:

- To implement their national pathways for flexicurity, as agreed by the European Council, to reduce labour market segmentation and facilitate transitions as well as facilitating the reconciliation of work and family life;
- To review and regularly monitor the efficiency of tax and benefit systems so to make work pay with a particular focus on the low skilled, whilst removing measures that discourage self-employment;
- To promote new forms of work-life balance and active ageing policies and to increase gender equality;
- Promote and monitor the effective implementation of social dialogue outcomes;
- To give a strong impetus to the implementation of the European Qualifications Framework, through the establishment of national qualification frameworks;
- To ensure that the competences required to engage in further learning and the labour market are acquired and recognised throughout general, vocational, higher and adult education, including non formal and informal learning;
- To develop partnerships between the worlds of education/training and work, in particular by involving social partners in the planning of education and training provision.

Flagship Initiative: "European Platform against Poverty"

The aim is to ensure economic, social and territorial cohesion, building on the current European year for combating poverty and social exclusion so as to raise awareness and recognise the fundamental rights of people experiencing poverty and social exclusion, enabling them to live in dignity and take an active part in society.

At EU level, the Commission will work:
To transform the open method of coordination on social exclusion and social protection into a platform for cooperation, peer-review and exchange of good practice, and into an instrument to foster commitment by public and private players to reduce social exclusion, and take concrete action, including through targeted support from the structural funds, notably the ESF;

- To design and implement programmes to promote social innovation for the most vulnerable, in particular by providing innovative education, training, and employment opportunities for deprived communities, to fight discrimination (e.g. disabled), and to develop a new agenda for migrants’ integration to enable them to take full advantage of their potential;

- To undertake an assessment of the adequacy and sustainability of social protection and pension systems, and identify ways to ensure better access to health care systems.

At national level, Member States will need:

- To promote shared collective and individual responsibility in combating poverty and social exclusion;

- To define and implement measures addressing the specific circumstances of groups at particular risk (such as one-parent families, elderly women, minorities, Roma, people with a disability and the homeless);

- To fully deploy their social security and pension systems to ensure adequate income support and access to health care.

3. **MISSING LINKS AND BOTTLENECKS**

All EU policies, instruments and legal acts, as well as financial instruments, should be mobilised to pursue the strategy’s objectives. The Commission intends to enhance key policies and instruments such as the single market, the budget and the EU’s external economic agenda to focus on delivering Europe 2020's objectives. Operational proposals to ensure their full contribution to the strategy are an integral part of the Europe 2020.

3.1. **A single market for the 21st century**

A stronger, deeper, extended single market is vital for growth and job creation. However, current trends show signs of integration fatigue and disenchanted regarding the single market. The crisis has added temptations of economic nationalism. The Commission's vigilance and a shared sense of responsibility among Member States have prevented a drift towards disintegration. But a new momentum – a genuine political commitment - is needed to re-launch the single market, through a quick adoption of the initiatives mentioned below. Such political commitment will require a combination of measures to fill the gaps in the single market.

Every day businesses and citizens are faced with the reality that bottlenecks to cross-border activity remain despite the legal existence of the single market. They realise that networks are not sufficiently inter-connected and that the enforcement of single market rules remains uneven. Often, businesses and citizens still need to deal with 27 different legal systems for one and the same transaction. Whilst our companies are still confronted with the day-to-day reality of fragmentation and diverging rules, their competitors from China, the US or Japan can draw full strength from their large home markets.

The single market was conceived before the arrival of Internet, before information and communication technologies became the one of the main drivers of growth and before services became such a dominant part of the European economy. The emergence of new services (e.g. content and media, health, smart energy metering) shows huge potential, but
Europe will only exploit this potential if it overcomes the fragmentation that currently blocks the flow of on-line content and access for consumers and companies.

To gear the single market to serve the Europe 2020 goals requires well functioning and well-connected markets where competition and consumer access stimulate growth and innovation. An open single market for services must be created on the basis of the Services Directive, whilst at the same time ensuring the quality of services provided to consumers. The full implementation of the Services Directive could increase trade in commercial services by 45% and Foreign Direct investment by 25%, bringing an increase of between 0.5% and 1.5% increase in GDP.

Access for SMEs to the single market must be improved. Entrepreneurship must be developed by concrete policy initiatives, including a simplification of company law (bankruptcy procedures, private company statute, etc.), and initiatives allowing entrepreneurs to restart after failed businesses. Citizens must be empowered to play a full part in the single market. This requires strengthening their ability and confidence to buy goods and services cross-border, in particular on-line.

Through the implementation of competition policy the Commission will ensure that the single market remains an open market, preserving equal opportunities for firms and combating national protectionism. But competition policy will do more to contribute to achieving the Europe 2020 goals. Competition policy ensures that markets provide the right environment for innovation, for example through ensuring that patents and property rights are not abused. Preventing market abuse and anticompetitive agreements between firms provides a reassurance to incentivise innovation. State aid policy can also actively and positively contribute to the Europe 2020 objectives by prompting and supporting initiatives for more innovative, efficient and greener technologies, while facilitating access to public support for investment, risk capital and funding for research and development.

The Commission will propose action to tackle bottlenecks in the single market by:

- Reinforcing structures to implement single market measures on time and correctly, including network regulation, the Services Directive and the financial markets legislative and supervision package, enforce them effectively and when problems arise, resolve them speedilly;

- Pressing ahead with the Smart Regulation agenda, including considering the wider use of of regulations rather than directives, launching ex-post evaluation of existing legislation, pursuing market monitoring, reducing administrative burdens, removing tax obstacles, improving the business environment, particularly for SMEs, and supporting entrepreneurship;

- Adapting EU and national legislation to the digital era so as to promote the circulation of content with high level of trust for consumers and companies. This requires updating rules on liability, warranties, delivery and dispute resolution;

- Making it easier and less costly for businesses and consumers to conclude contracts with partners in other EU countries, notably by offering harmonised solutions for consumer contracts, EU model contract clauses and by making progress towards an optional European Contract Law;

- Making it easier and less costly for businesses and consumers to enforce contracts and to recognise court judgments and documents in other EU countries.
3.2. Investing in growth: cohesion policy, mobilising the EU budget and private finance

Economic, social and territorial cohesion will remain at the heart of the Europe 2020 strategy to ensure that all energies and capacities are mobilised and focused on the pursuit of the strategy's priorities. Cohesion policy and its structural funds, while important in their own right, are key delivery mechanisms to achieve the priorities of smart, sustainable and inclusive growth in Member States and regions.

The financial crisis has had a major impact on the capacity of European businesses and governments to finance investment and innovation projects. To accomplish its objectives for Europe 2020, a regulatory environment that renders financial markets both effective and secure is key. Europe must also do all it can to leverage its financial means, pursue new avenues in using a combination of private and public finance, and in creating innovative instruments to finance the needed investments, including public-private partnerships (PPPs). The European Investment Bank and the European Investment Fund can contribute to backing a "virtuous circle" where innovation and entrepreneurship can be funded profitably from early stage investments to listing on stock markets, in partnership with the many public initiatives and schemes already operating at national level.

The EU multi-annual financial framework will also need to reflect the long-term growth priorities. The Commission intends to take the priorities, once agreed, up in its proposals for the next multi-annual financial framework, due for next year. The discussion should not only be about levels of funding, but also about how different funding instruments such as structural funds, agricultural and rural development funds, the research framework programme, and the competitiveness and innovation framework programme (CIP) need to be devised to achieve the Europe 2020 goals so as to maximise impact, ensure efficiency and EU value added. It will be important to find ways of increasing the impact of the EU budget – while small it can have an important catalytic effect when carefully targeted.

The Commission will propose action to develop innovative financing solutions to support Europe 2020's objectives by:

- Fully exploiting possibilities to improve the effectiveness and efficiency of the existing EU budget through stronger prioritisation and better alignment of EU expenditure with the goals of the Europe 2020 to address the present fragmentation of EU funding instruments (e.g. R&D and innovation, key infrastructure investments in cross-border energy and transport networks, and low-carbon technology). The opportunity of the review of the Financial Regulation should also be fully exploited to develop the potential of innovative financial instruments, whilst ensuring sound financial management;

- Designing new financing instruments, in particular in cooperation with the EIB/EIF and the private sector, responding to hitherto unfulfilled needs by businesses. As part of the forthcoming research and innovation plan, the Commission will co-ordinate an initiative with the EIB/EIF to raise additional capital for funding innovative and growing businesses;

- Making an efficient European venture capital market a reality, thereby greatly facilitating direct business access to capital markets and exploring incentives for private sector funds that make financing available for start-up companies, and for innovative SMEs.
3.3. Deploying our external policy instruments

Global growth will open up new opportunities for Europe's exporters and competitive access to vital imports. All instruments of external economic policy need to be deployed to foster European growth through our participation in open and fair markets world wide. This applies to the external aspects of our various internal policies (e.g. energy, transport, agriculture, R&D) but this holds in particular for trade and international macroeconomic policy coordination. An open Europe, operating within a rules-based international framework, is the best route to exploit the benefits of globalisation that will boost growth and employment. At the same time, the EU must assert itself more effectively on the world stage, playing a leading role in shaping the future global economic order through the G20, and pursuing the European interest through the active deployment of all the tools at our disposal.

A part of the growth that Europe needs to generate over the next decade will need to come from the emerging economies as their middle classes develop and import goods and services in which the European Union has a comparative advantage. As the biggest trading bloc in the world, the EU prospers by being open to the world and paying close attention to what other developed or emerging economies are doing to anticipate or adapt to future trends.

Acting within the WTO and bilaterally in order to secure better market access for EU business, including SMEs, and a level playing field vis-à-vis our external competitors should be a key goal. Moreover, we should focus and streamline our regulatory dialogues, particularly in new areas such as climate and green growth, where possible expanding our global reach by promoting equivalence, mutual recognition and convergence on key regulatory issues, as well as the adoption of our rules and standards.

The Europe 2020 strategy is not only relevant inside the EU, it can also offer considerable potential to candidate countries and our neighbourhood and better help anchor their own reform efforts. Expanding the area where EU rules are applied, will create new opportunities for both the EU and its neighbours.

In addition, one of the critical objectives in the next few years will be to build strategic relationships with emerging economies to discuss issues of common concern, promote regulatory and other co-operation and resolve bilateral issues. The structures underpinning these relationships will need to be flexible and be politically rather than technically driven.
The Commission will draw up in 2010 a trade strategy for Europe 2020 which will include:

- An emphasis on concluding on-going multilateral and bilateral trade negotiations, in particular those with the strongest economic potential, as well as on better enforcement of existing agreements, focusing on non-tariff barriers to trade;

- Trade opening initiatives for sectors of the future, such as "green" products and technologies, high-tech products and services, and on international standardization in particular in growth areas;

- Proposals for high-level strategic dialogues with key partners, to discuss strategic issues ranging from market access, regulatory framework, global imbalances, energy and climate change, access to raw materials, to global poverty, education and development. It will also work to reinforce the Transatlantic Economic Council with the US the High Level Economic Dialogue with China and deepen its relationship with Japan and Russia;

- Starting in 2011 and then annually before the Spring European Council, a trade and investment barriers report identifying ways to improve market access and regulatory environment for EU companies.

The EU is a global player and takes its international responsibilities seriously. It has been developing a real partnership with developing countries to eradicate poverty, to promote growth and to fulfil the Millenium Development Goals (MDGs). We have a particularly close relationship with Africa and will need to invest further in the future in developing that close partnership. This will take place in the broader ongoing efforts to increase development aid, improve the efficiency of our aid programmes notably through the efficient division of labour with Member States and by better reflecting development aims in other policies of the European Union.

4. **Exit from the Crisis: First Steps Towards 2020**

Policy instruments were decisively, and massively, used to counteract the crisis. Fiscal policy had, where possible, an expansionary and counter-cyclical role; interest rates were lowered to historical minima while liquidity was provided to the financial sector in an unprecedented way. Governments gave massive support to banks, either through guarantees, recapitalization or through "cleaning" of balance sheets from impaired assets; other sectors of the economy were supported under the temporary, and exceptional, framework for State aid. All these actions were, and still are, justified. But they cannot stay there permanently. High levels of public debt cannot be sustained indefinitely. The pursuit of the Europe 2020 objectives must be based on a credible exit strategy as regards budgetary and monetary policy on the one hand, and the direct support given by governments to economic sectors, in particular the financial sector, on the other. The sequencing of these several exits is important. A reinforced coordination of economic policies, in particular within the euro area should ensure a successful global exit.

4.1. **Defining a Credible Exit Strategy**

Given remaining uncertainties about the economic outlook and fragilities in the financial sector, support measures should only be withdrawn once the economic recovery can be
regarded as self-sustaining and once financial stability has been restored⁴. The withdrawal of temporary crisis-related measures should be coordinated and take account of possible negative spill-over effects both across Member States as well as of interactions between different policy instruments. State aid disciplines should be restored, starting with the ending of the temporary state aid framework. Such a coordinated approach would need to rely on the following principles:

- The withdrawal of the fiscal stimulus should begin as soon as the recovery is on a firm footing. However, the timing may have to differ from country to country, hence the need for a high degree of coordination at European level;

- Short-term unemployment support should only start to be phased out once a turning point in GDP growth can be regarded as firmly established and thus employment, with its usual lag, will have started to grow;

- Sectoral support schemes should be phased out early as they carry a large budget costs, are considered to have by and large achieved their objectives, and due to their possible distorting effects on the single market;

- Access-to-finance support should continue until there are clear signs that financing conditions for business have broadly returned to normal;

- Withdrawal of support to the financial sector, starting with government guarantee schemes, will depend on the state of the economy overall and of the stability of the financial system in particular.

4.2. The reform of the financial system

A crucial priority in the short term will be to restore a solid, stable and healthy financial sector able to finance the real economy. It will require the full and timely implementation of the G20 commitments. Five objectives will in particular have to be met:

- Implementing the agreed reforms of the supervision of the financial sector;

- Filling the regulatory gaps, promoting transparency, stability and accountability notably as regards derivatives and market infrastructure;

- Completing the strengthening of our prudential, accounting and consumer protection rules in the form a single European rule-book covering all financial actors and markets in an appropriate way;

- Strengthening the governance of financial institutions, in order to address the weaknesses identified during the financial crisis in the area of risk identification and management;

- Setting in motion an ambitious policy that will allow us in the future to better prevent and if needed manage possible financial crises, and that – taking into account the specific responsibility of the financial sector in the current crisis – will look also into adequate contributions from the financial sector.

4.3. Pursuing smart budgetary consolidation for long-term growth

Sound public finances are critical for restoring the conditions for sustainable growth and jobs so we need a comprehensive exit strategy. This will involve the progressive withdrawal of short-term crisis support and the introduction of medium- to longer-term reforms that promote the sustainability of public finances and enhance potential growth.

The Stability and Growth Pact provides the right framework to implement fiscal exit strategies and Member States are setting down such strategies in their stability and convergence programmes. For most countries, the onset of fiscal consolidation should normally occur in 2011. The process of bringing the deficits to below 3% of GDP should be completed, as a rule, by 2013. However, in a number of countries, the consolidation phase may have to begin earlier than 2011 implying that the withdrawal of temporary crisis support and fiscal consolidation may in these cases need to occur simultaneously.

To support the EU's economic growth potential and the sustainability of our social models, the consolidation of public finances in the context of the Stability and Growth Pact involves setting priorities and making hard choices: coordination at EU can help Member States in this task and help address spill-over effects. In addition, the composition and quality of government expenditure matters: budgetary consolidation programmes should prioritise 'growth-enhancing items' such as education and skills, R&D and innovation and investment in networks, e.g. high-speed internet, energy and transport interconnections – i.e. the key thematic areas of the Europe 2020 strategy.

The revenue side of the budget also matters and particular attention should also be given to the quality of the revenue/tax system. Where taxes may have to rise, this should, where possible, be done in conjunction with making the tax systems more "growth-friendly". For example, raising taxes on labour, as has occurred in the past at great costs to jobs, should be avoided. Rather Member States should seek to shift the tax burden from labour to energy and environmental taxes as part of a “greening” of taxation systems.

Fiscal consolidation and long-term financial sustainability will need to go hand in hand with important structural reforms, in particular of pension, health care, social protection and education systems. Public administration should use the situation as an opportunity to enhance efficiency and the quality of service. Public procurement policy must ensure the most efficient use of public funds and procurement markets must be kept open EU-wide.

4.4. Coordination within the Economic and Monetary Union

The common currency has acted as a valuable shield from exchange rate turbulences for those Member States whose currency is the euro. But the crisis has also revealed the extent of the interdependence between the economies within the euro area, namely in the financial domain, rendering spill-over effects more likely. Divergent growth patterns lead in some cases to the accumulation of unsustainable government debts which in turn puts strains on the single currency. The crisis has thus amplified some of the challenges faced by the euro area, e.g. the sustainability of public finances and potential growth, but also the destabilising role of imbalances and competitiveness divergences.

Overcoming these challenges in the euro area is of paramount importance, and urgent, in order to secure stability and sustained and employment creating growth. Addressing these challenges requires strengthened and closer policy co-ordination including:
A framework for deeper and broader surveillance for euro area countries: in addition to strengthening fiscal discipline, macro-economic imbalances and competitiveness developments should be an integral part of economic surveillance, in particular with a view to facilitating a policy driven adjustment.

A framework for addressing imminent threats for the financial stability of the euro area as a whole.

Adequate external representation of the euro area in order to forcefully tackle global economic and financial challenges.

The Commission will make proposals to take these ideas forward.

5. DELIVERING RESULTS: STRONGER GOVERNANCE

To achieve transformational change, the Europe 2020 strategy will need more focus, clear goals and transparent benchmarks for assessing progress. This will require a strong governance framework that harnesses the instruments at its disposal to ensure timely and effective implementation.

5.1. Proposed architecture of Europe 2020

The strategy should be organised around a thematic approach and a more focused country surveillance. This builds on the strength of already existing coordination instruments. More specifically:

- **A thematic approach** would focus on the themes identified in Section 2, in particular the delivery of the 5 headline targets. The main instrument would be the Europe 2020 programme and its flagship initiatives, which require action at both EU and Member States level (see Section 2 and Annexes 1 and 2). The thematic approach reflects the EU dimension, shows clearly the interdependence of Member States economies, and allows greater selectivity on concrete initiatives which push the strategy forward and help achieve the EU and national headline targets.

- **Country reporting** would contribute to the achievement of Europe 2020 goals by helping Member States define and implement exit strategies, to restore macroeconomic stability, identify national bottlenecks and return their economies to sustainable growth and public finances. It would not only encompass fiscal policy, but also core macroeconomic issues related to growth and competitiveness (i.e. macro-imbalances). It would have to ensure an integrated approach to policy design and implementation, which is crucial to support the choices Member States will have to make, given the constraints on their public finances. A specific focus will be placed on the functioning of the euro area, and the interdependence between Member States.

To achieve this, the Europe 2020 and Stability and Growth Pact (SGP) reporting and evaluation will be done simultaneously to bring the means and the aims together, while keeping the instruments and procedures separate and maintaining the integrity of the SGP. This means proposing at the same time the annual stability or convergence programmes and streamlined reform programmes which each Member State will draw up to set out measures to report on progress towards their targets, as well as key structural reforms to address their bottlenecks to growth. Both these programmes, which should contain the necessary cross-references, should be submitted to the Commission and other Member States during the last
quarter of the year. The European Systemic Risk Board (ESRB) should report regularly on macro-financial risks: these reports will be an important contribution to the overall assessment. The Commission will assess these programmes and report on progress made with their implementation. Specific attention will be devoted to the challenges of the Economic and Monetary Union.

This would give the European Council all the information necessary to take decisions. Indeed, it would have an analysis of the economic and job situations, the overall budgetary picture, macro-financial conditions and progress on the thematic agendas per Member State, and would in addition review the overall state of the EU economy.

**Integrated guidelines**

The Europe 2020 strategy will be established institutionally in a small set of integrated 'Europe 2020' guidelines (integrating employment and broad economic policy guidelines), to replace the 24 existing guidelines. These new guidelines will reflect the decisions of the European Council and integrate agreed targets. Following the opinion of the European Parliament on the employment guidelines as foreseen by the Treaty, the guidelines should be politically endorsed by the June European Council before they are adopted by Council. Once adopted, they should remain largely stable until 2014 to ensure a focus on implementation.

**Policy Recommendations**

Policy recommendations will be addressed to Member States both in the context of the country reporting as well as under the thematic approach of Europe 2020. For country surveillance, they will take the form of Opinions on stability/convergence programmes under Council Regulation (EC) No 1466/97 accompanied by recommendations under the Broad Economic Policy Guidelines (BEPGs, Article 121.2). The thematic part would include Employment recommendations (Article 148) and country recommendations on other selected thematic issues (for instance on business environment, innovation, functioning of the single market, energy/climate change etc.), both of which could also be addressed to the extent that they have macroeconomic implications through the recommendations under the BEPGs as indicated above. This set-up for the recommendations would also help ensure coherence between the macro/fiscal framework and the thematic agendas.

The recommendations under the country surveillance would address issues with significant macroeconomic and public finance implications, whereas the recommendations under the thematic approach would provide detailed advice on micro-economic and employment challenges. These recommendations would be sufficiently precise and normally provide a time-frame within which the Member State concerned is expected to act (e.g. two years). The Member State would then set out what action it would take to implement the recommendation. If a Member State, after the time-frame has expired, has not adequately responded to a policy recommendation of the Council or develops policies going against the advice, the Commission could issue a policy warning (Article 121.4).

**5.2. Who does what?**

Working together towards these objectives is essential. In our interconnected economies, growth and employment will only return if all Member States move in this direction, taking account of their specific circumstances. We need greater ownership. The European Council should provide overall guidance for the strategy, on the basis of Commission proposals built on one core principle: a clear EU value added. In this respect, the role of the European Parliament is particularly important. The contribution of stakeholders at national and regional
level and of the social partners needs also to be enhanced. An overview of the Europe 2020 policy cycle and timeline is included in Annex 3.

**Full ownership by the European Council**

Contrary to the present situation where the European Council is the last element in the decision-making process of the strategy, the European Council should steer the strategy as it is the body which ensures the integration of policies and manages the interdependence between Member States and the EU.

Whilst keeping a horizontal watching brief on the implementation of the Europe 2020 programme, the European Council could focus on specific themes (e.g. research and innovation, skills) at its future meetings, providing guidance and the necessary impulses.

**Council of Ministers**

The relevant council formations would work to implement the Europe 2020 programme and achieve the targets in the fields for which they are responsible. As part of the flagship initiatives, Member States will be invited to step up their exchange of policy information of good practices within the various Council formations.

**European Commission**

The European Commission will monitor annually the situation on the basis of a set of indicators showing overall progress towards the objective of smart, green and inclusive economy delivering high levels of employment, productivity and social cohesion.

It will issue a yearly report on the delivery of the Europe 2020 strategy focusing on progress towards meeting the agreed headline targets, and assess country reports and stability and convergence programmes. As part of this process, the Commission will present policy recommendations or warnings, make policy proposals to attain the objectives of the strategy and will present a specific assessment of progress achieved within the euro-area.

**European Parliament**

The European Parliament should play an important role in the strategy, not only in its capacity as co-legislator, but also as a driving force for mobilising citizens and their national parliaments. Parliament could, for instance, use the next meeting with national parliaments to discuss its contribution to Europe 2020 and jointly communicate views to the Spring European Council.

**National, regional and local authorities**

All national, regional and local authorities should implement the partnership, closely associating parliaments, as well as social partners and representatives of civil society, contributing to the elaboration of national reform programmes as well as to its implementation.

By establishing a permanent dialogue between various levels of government, the priorities of the Union are brought closer to citizens, strengthening the ownership needed to delivery the Europe 2020 strategy.
Stakeholders and civil society

Furthermore, the Economic and Social Committee as well as the Committee of Regions should also be more closely associated. Exchange of good practices, benchmarking and networking - as promoted by several Member States - has proven another useful tool to forge ownership and dynamism around the need for reform.

The success of the new strategy will therefore depend critically on the European Union’s institutions, Member States and regions explaining clearly why reforms are necessary - and inevitable to maintain our quality of life and secure our social models -, where Europe and its Member States want to be by 2020, and what contribution they are looking for from citizens, businesses and their representative organisations. Recognising the need to take account of national circumstances and traditions, the Commission will propose a common communication tool box to this effect.

6. DECISIONS FOR THE EUROPEAN COUNCIL

The Commission proposes that the European Council, at its meeting in Spring 2010:

- agrees on the thematic priorities of the Europe 2020 strategy;
- sets the five headline targets as proposed in section 2 of this paper: on R&D investments, education, energy/climate change, employment rate, and reducing poverty, defining where Europe should be by 2020; invites the Member States in a dialogue with the European Commission to translate these EU targets into national targets for decisions at the June European Council, taking into account national circumstances and differing starting points;
- invites the Commission to come forward with proposals for the flagship initiatives, and requests the Council (and its formations) on this basis to take the necessary decisions to implement them;
- agrees to strengthen economic policy co-ordination to promote positive spill-over effects and help address the Union’s challenges more effectively; to this end, it approves the combination of thematic and country assessments as proposed in this communication whilst strictly maintaining the integrity of the Pact; it will also give special attention to strengthening EMU;
- calls on all parties and stakeholders (e.g. national/regional parliaments, regional and/or local authorities, social partners and civil society, and last but not least the citizens of Europe) to help implement the strategy, working in partnership, by taking action in areas within their responsibility;
- requests the Commission to monitor progress and report annually to the Spring European Council, providing an overview of progress towards the targets, including international benchmarking, and the state of implementation of the flagship initiatives.
At its subsequent meetings:

— endorses the proposed integrated guidelines which constitutes its institutional underpinning following the opinion of the European Parliament;

— validates the national targets following a process of mutual verification to ensure consistency;

— discusses specific themes assessing where Europe stands and how progress can be accelerated. A first discussion on research and innovation could take place at its October meeting on the basis of a Commission contribution.
### ANNEX 1 - EUROPE 2020: AN OVERVIEW

#### HEADLINE TARGETS

- Raise the employment rate of the population aged 20-64 from the current 69% to at least 75%.
- Achieve the target of investing 3% of GDP in R&D in particular by improving the conditions for R&D investment by the private sector, and develop a new indicator to track innovation.
- Reduce greenhouse gas emissions by at least 20% compared to 1990 levels or by 30% if the conditions are right, increase the share of renewable energy in our final energy consumption to 20%, and achieve a 20% increase in energy efficiency.
- Reduce the share of early school leavers to 10% from the current 15% and increase the share of the population aged 30-34 having completed tertiary education from 31% to at least 40%.
- Reduce the number of Europeans living below national poverty lines by 25%, lifting 20 million people out of poverty.

<table>
<thead>
<tr>
<th>SMART GROWTH</th>
<th>SUSTAINABLE GROWTH</th>
<th>INCLUSIVE GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INNOVATION</strong></td>
<td><strong>CLIMATE, ENERGY AND MOBILITY</strong></td>
<td><strong>EMPLOYMENT AND SKILLS</strong></td>
</tr>
<tr>
<td>EU flagship initiative &quot;Innovation Union&quot; to improve framework conditions and access to finance for research and innovation so as to strengthen the innovation chain and boost levels of investment throughout the Union.</td>
<td>EU flagship initiative &quot;Resource efficient Europe&quot; to help decouple economic growth from the use of resources, by decarbonising our economy, increasing the use of renewable sources, modernising our transport sector and promoting energy efficiency.</td>
<td>EU flagship initiative &quot;An agenda for new skills and jobs&quot; to modernise labour markets by facilitating labour mobility and the development of skills throughout the lifecycle with a view to increase labour participation and better match labour supply and demand.</td>
</tr>
<tr>
<td><strong>EDUCATION</strong></td>
<td><strong>COMPETITIVENESS</strong></td>
<td><strong>FIGHTING POVERTY</strong></td>
</tr>
<tr>
<td>EU flagship initiative &quot;Youth on the move&quot; to enhance the performance of education systems and to reinforce the international attractiveness of Europe's higher education.</td>
<td>EU flagship initiative &quot;An industrial policy for the globalisation era&quot; to improve the business environment, especially for SMEs, and to support the development of a strong and sustainable industrial base able to compete globally.</td>
<td>EU flagship initiative &quot;European platform against poverty&quot; to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society.</td>
</tr>
<tr>
<td><strong>DIGITAL SOCIETY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU flagship initiative &quot;A digital agenda for Europe&quot; to speed up the roll-out of high-speed internet and reap the benefits of a digital single market for households and firms.</td>
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</tbody>
</table>
## ANNEX 2 - EUROPE 2020 ARCHITECTURE

<table>
<thead>
<tr>
<th>Overall institutional structure</th>
<th>Integrated guidelines establishing scope of EU policy priorities, including <strong>headline targets</strong> for the EU to reach by 2020 and to be translated into national targets.</th>
</tr>
</thead>
</table>
| **Delivery** | **Country reporting:**  
**Aim:** help Member States define and implement exit strategies to restore macroeconomic stability, identify national bottlenecks and return their economies to sustainable growth and public finances.  
**Approach:** enhanced assessment of main macroeconomic challenges facing Member States taking account of spill-overs across Member States and policy areas.  
**Instruments:** reporting by the Member State through their stability and convergence programmes, followed by separate but synchronised recommendations on fiscal policy in the Stability and Convergence Programme Opinions and on macro-economic imbalances and growth bottlenecks under the Broad Economic Policy Guidelines (art. 121.2).  |
| **Thematic approach:**  
**Aim:** deliver headline targets agreed at EU level combining concrete actions at EU and national levels.  
**Approach:** strategic role of the sectoral Council formations for monitoring and reviewing progress towards the agreed targets.  
**Instruments:** reporting by the Member States through streamlined national reform programmes including information on growth bottlenecks and progress towards the targets, followed by policy advice at EU level to be issued in the form of recommendations under the Broad Economic Policy Guidelines (art. 121.2) and the Employment Guidelines (art. 148). |
## ANNEX 3 - PROPOSED TIMELINE IN 2010 - 2012

### 2010

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Commission</td>
<td>Proposals for Europe 2020 overall approach</td>
</tr>
<tr>
<td>Spring European Council</td>
<td>Agreement on overall approach and choice of EU headline targets</td>
</tr>
<tr>
<td>European Commission</td>
<td>Proposals for Europe 2020 integrated guidelines</td>
</tr>
<tr>
<td>European Parliament</td>
<td>Debate on strategy and opinion on integrated guidelines</td>
</tr>
<tr>
<td>Council of Ministers</td>
<td>Refine key parameters (EU/national targets, flagship initiatives and integrated guidelines)</td>
</tr>
<tr>
<td>June European Council</td>
<td>Approval of Europe 2020 strategy, validation of EU and national targets, and endorsement of the integrated guidelines</td>
</tr>
<tr>
<td>European Commission</td>
<td>Operational guidance for next steps in Europe 2020</td>
</tr>
<tr>
<td>Autumn European Council</td>
<td>In-depth discussion on a selected thematic issue (e.g. R&amp;D and innovation)</td>
</tr>
<tr>
<td>Member States</td>
<td>Stability and Convergence Programmes and National Reform Programmes</td>
</tr>
</tbody>
</table>

### 2011

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Commission</td>
<td>Annual Report to the European Spring Summit, Opinions on Stability and Convergence programmes and proposals for Recommendations</td>
</tr>
<tr>
<td>Council of Ministers</td>
<td>Review of Commission's proposals for Recommendations, ECOFIN for SGP</td>
</tr>
<tr>
<td>European Parliament</td>
<td>Plenary debate and adoption of a resolution</td>
</tr>
<tr>
<td>Spring European Council</td>
<td>Assessment of progress and strategic orientations</td>
</tr>
<tr>
<td>Member States, European Commission, Council</td>
<td>Follow-up on recommendations, implementation of reforms and reporting</td>
</tr>
</tbody>
</table>

### 2012

Same procedure with a specific focus on monitoring of progress.
of 5 July 2006
on the European Social Fund and repealing Regulation (EC) No 1784/1999

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 148 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee (1),

Having regard to the opinion of the Committee of the Regions (2),

Acting in accordance with the procedure laid down in Article 251 of the Treaty (3),

Whereas:

(1) Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (4) establishes the framework for action by the Structural Funds and the Cohesion Fund and lays down, in particular, the objectives, principles and rules concerning partnership, programming, evaluation and management. It is therefore necessary to define the mission of the European Social Fund (ESF) in relation to the tasks prescribed under Article 146 of the Treaty and in the context of the work by Member States and the Community towards developing a coordinated strategy for employment under Article 125 of the Treaty.

(2) Specific provisions concerning the type of activities which may be financed by the ESF under the objectives set out in Regulation (EC) No 1083/2006 should be laid down.

(3) The ESF should strengthen economic and social cohesion by improving employment opportunities within the framework of the tasks entrusted to the ESF by Article 146 of the Treaty and of the tasks entrusted to the Structural Funds by Article 159 of the Treaty, in accordance with the provisions of Regulation (EC) No 1083/2006.

(4) This is all the more important in the light of the challenges arising from the enlargement of the Union and the phenomenon of economic globalisation. In this connection, the importance of the European social model and its modernisation should be acknowledged.

(5) In accordance with Articles 99 and 128 of the Treaty, and with a view to refocusing the Lisbon strategy on growth and jobs, the Council has adopted an integrated package comprising Broad Economic Policy Guidelines and Employment Guidelines, the latter setting out employment objectives, priorities and targets. In this regard, the Brussels European Council of 22 and 23 March 2005 called for the mobilisation of all appropriate national and Community resources, including cohesion policy.

(6) New lessons have been learnt from the Community initiative EQUAL, especially in respect of the combination of local, regional, national and European action. These lessons should be integrated into ESF support. Particular attention should be paid to the participation of target groups, the integration of migrants, including those seeking asylum, the identification of policy issues and their subsequent mainstreaming, innovation and experimentation techniques, methodologies for transnational cooperation, outreach to groups marginalised in relation to the labour market, the impact of social issues on the internal market, and access to and management of projects taken on by non-governmental organisations.

(7) The ESF should support the policies of Member States which are closely in line with the guidelines and recommendations under the European Employment Strategy and the relevant objectives of the Community in relation to social inclusion, non-discrimination, the promotion of equality, education and training, in order to better contribute to the implementation of the objectives and targets agreed at the Lisbon European Council of 23 and 24 March 2000 and at the Göteborg European Council of 15 and 16 June 2001.

(8) The ESF should also act to tackle the relevant dimensions and consequences of demographic changes in the active population of the Community, in particular through lifelong vocational training.

(9) With a view to better anticipating and managing change and increasing economic growth, employment opportunities for both women and men, and quality and productivity at work under the Regional competitiveness and employment and Convergence objectives, assistance from the ESF should focus, in particular, on improving the adaptability of workers and enterprises, enhancing human capital and access to employment and participation in the labour market, reinforcing the social inclusion of disadvantaged people, combating discrimination, encouraging economically inactive persons to enter the labour market and promoting partnerships for reform.
(10) In addition to these priorities, in the least developed regions and Member States, under the Convergence objective and with a view to increasing economic growth, employment opportunities for both women and men, and quality and productivity at work, it is necessary to expand and improve investment in human capital and to improve institutional, administrative and judicial capacity, in particular to prepare and implement reforms and enforce the acquis.

(11) Within the range of these priorities, the selection of ESF interventions should be flexible in order to address the specific challenges in each Member State, and the types of priority action financed by the ESF should allow for a margin of flexibility to respond to these challenges.

(12) The promotion of innovative transnational and interregional activities is an important dimension which should be integrated in the scope of the ESF. In order to foster cooperation, Member States should programme transnational and interregional actions using a horizontal approach or through a dedicated priority axis.

(13) It is necessary to ensure that the action of the ESF is consistent with the policies provided for under the European Employment Strategy and to concentrate ESF support on the implementation of the guidelines and recommendations under that strategy.

(14) Efficient and effective implementation of actions supported by the ESF depends on good governance and partnership between all relevant territorial and socioeconomic actors, and in particular the social partners and other stakeholders, including those at national, regional and local level. The social partners have a central role in the broad partnership for change, and their commitment to strengthening economic and social cohesion by improving employment and job opportunities is essential. In this context, where employers and workers collectively contribute to financially supporting ESF actions, this financial contribution, although private expenditure, would be included for the purposes of calculating ESF co-financing.

(15) The ESF should support actions in line with the guidelines and relevant recommendations under the European Employment Strategy. However, changes to the guidelines and recommendations would require the revision of an operational programme only where a Member State, or the Commission in agreement with a Member State, considered that the operational programme should take account of significant socioeconomic changes or take greater or different account of major changes in Community, national or regional priorities, or in the light of evaluations or following implementation difficulties.

(16) The Member States and the Commission are to ensure that the implementation of the priorities financed by the ESF under the Convergence and Regional competitiveness and employment objectives contribute to the promotion of equality and the elimination of inequalities between women and men. A gender mainstreaming approach should be combined with specific action to increase the sustainable participation and progress of women in employment.

(17) The ESF should also support technical assistance, with a particular focus on encouraging mutual learning through exchanges of experience and dissemination of good practice and on highlighting the contribution of the ESF to the policy objectives and priorities of the Community in relation to employment and social inclusion.

(18) Regulation (EC) No 1083/2006 provides that rules on eligibility of expenditure are to be established at national level, with certain exceptions for which it is necessary to lay down specific provisions. Specific provisions should therefore be laid down for the exceptions related to the ESF.


HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

1. This Regulation establishes the tasks of the European Social Fund (ESF), the scope of its assistance, specific provisions and the types of expenditure eligible for assistance.

2. The ESF is governed by Regulation (EC) No 1083/2006 and by this Regulation.

Article 2

Tasks

1. The ESF shall contribute to the priorities of the Community as regards strengthening economic and social cohesion by improving employment and job opportunities, encouraging a high level of employment and more and better jobs. It shall do so by supporting Member States' policies aiming to achieve full employment and quality and productivity at work, promote social inclusion, including the access of disadvantaged people to employment, and reduce national, regional and local employment disparities.

In particular, the ESF shall support actions in line with measures taken by Member States on the basis of the guidelines adopted under the European Employment Strategy, as incorporated into the Integrated Guidelines for Growth and Jobs, and the accompanying recommendations.

2. In carrying out the tasks referred to in paragraph 1, the ESF shall support the priorities of the Community as regards the need to reinforce social cohesion, strengthen productivity and competitiveness, and promote economic growth and sustainable development. In so doing, the ESF shall take into account the relevant priorities and objectives of the Community in the fields of education and training, increasing the participation of economically inactive people in the labour market, combating social exclusion — especially that of disadvantaged groups such as people with disabilities — and promoting equality between women and men and non-discrimination.

Article 3

Scope of assistance

1. Within the framework of the Convergence and Regional competitiveness and employment objectives, the ESF shall support actions in Member States under the priorities listed below:

(a) increasing adaptability of workers, enterprises and entrepreneurs with a view to improving the anticipation and positive management of economic change, in particular by promoting:

(i) lifelong learning and increased investment in human resources by enterprises, especially SMEs, and workers, through the development and implementation of systems and strategies, including apprenticeships, which ensure improved access to training by, in particular, low-skilled and older workers, the development of qualifications and competences, the dissemination of information and communication technologies, e-learning, eco-friendly technologies and management skills, and the promotion of entrepreneurship and innovation and business start-ups;

(ii) the design and dissemination of innovative and more productive forms of work organisation, including better health and safety at work, the identification of future occupational and skills requirements, and the development of specific employment, training and support services, including outplacement, for workers in the context of company and sector restructuring;

(b) enhancing access to employment and the sustainable inclusion in the labour market of job seekers and inactive people, preventing unemployment, in particular long-term and youth unemployment, encouraging active ageing and longer working lives, and increasing participation in the labour market, in particular by promoting:

(i) the modernisation and strengthening of labour market institutions, in particular employment services and other relevant initiatives in the context of the strategies of the European Union and the Member States for full employment;

(ii) the implementation of active and preventive measures ensuring the early identification of needs with individual action plans and personalised support, such as tailored training, job search, outplacement and mobility, self-employment and business creation, including cooperative enterprises, incentives to encourage participation in the labour market, flexible measures to keep older workers in employment longer, and measures to reconcile work and private life, such as facilitating access to childcare and care for dependent persons;

(iii) mainstreaming and specific action to improve access to employment, increase the sustainable participation and progress of women in employment and reduce gender-based segregation in the labour market, including by addressing the root causes, direct and indirect, of gender pay gaps;

(iv) specific action to increase the participation of migrants in employment and thereby strengthen their social integration and to facilitate geographic and occupational mobility of workers and integration of cross-border labour markets, including through guidance, language training and validation of competences and acquired skills;

(c) reinforcing the social inclusion of disadvantaged people with a view to their sustainable integration in employment and combating all forms of discrimination in the labour market, in particular by promoting:

(i) pathways to integration and re-entry into employment for disadvantaged people, such as people experiencing social exclusion, early school leavers, minorities, people with disabilities and people providing care for dependent persons, through employability measures, including in the field of the social economy, access to vocational education and training, and accompanying actions and relevant support, community and care services that improve employment opportunities;

(ii) acceptance of diversity in the workplace and the combating of discrimination in accessing and progressing in the labour market, including through awareness-raising, the involvement of local communities and enterprises and the promotion of local employment initiatives;
(d) enhancing human capital, in particular by promoting:

(i) the design and introduction of reforms in education and training systems in order to develop employability, the improvement of the labour market relevance of initial and vocational education and training and the continual updating of the skills of training personnel with a view to innovation and a knowledge-based economy;

(ii) networking activities between higher education institutions, research and technological centres and enterprises;

(e) promoting partnerships, pacts and initiatives through networking of relevant stakeholders, such as the social partners and non-governmental organisations, at the transnational, national, regional and local levels in order to mobilise for reforms in the field of employment and labour market inclusiveness.

2. Within the framework of the Convergence objective, the ESF shall support actions in Member States under the priorities listed below:

(a) expanding and improving investment in human capital, in particular by promoting:

(i) the implementation of reforms in education and training systems, especially with a view to raising people's responsiveness to the needs of a knowledge-based society and lifelong learning;

(ii) increased participation in education and training throughout the life-cycle, including through actions aiming to achieve a reduction in early school leaving and in gender-based segregation of subjects and increased access to and quality of initial, vocational and tertiary education and training;

(iii) the development of human potential in research and innovation, notably through post-graduate studies and the training of researchers;

(b) strengthening institutional capacity and the efficiency of public administrations and public services at national, regional and local level and, where relevant, of the social partners and non-governmental organisations, with a view to reforms, better regulation and good governance especially in the economic, employment, education, social, environmental and judicial fields, in particular by promoting:

(i) mechanisms to improve good policy and programme design, monitoring and evaluation, including through studies, statistics and expert advice, support for interde-

partamental coordination and dialogue between relevant public and private bodies;

(ii) capacity building in the delivery of policies and programmes in the relevant fields, including with regard to the enforcement of legislation, especially through continuous managerial and staff training and specific support to key services, inspectorates and socio-economic actors including social and environmental partners, relevant non-governmental organisations and representative professional organisations.

3. Within the priorities referred to in paragraphs 1 and 2. Member States may concentrate on those which are the most appropriate to address their specific challenges.

4. The ESF may support actions set out in Article 3(2) of this Regulation throughout the territory of the Member States eligible for support or transitional support under the Cohesion Fund, as determined respectively in Articles 5(2) and 8(3) of Regulation (EC) No 1083/2006.

5. In implementing the objectives and priorities referred to in paragraphs 1 and 2, the ESF shall support the promotion and mainstreaming of innovative activities in the Member States.

6. The ESF shall also support transnational and interregional actions in particular through the sharing of information, experiences, results and good practices, and through developing complementary approaches and coordinated or joint action.

7. By way of derogation from Article 34(2) of Regulation (EC) No 1083/2006, the funding of measures under the social inclusion priority referred to in paragraph 1(c)(ii) of this Article and within the scope of Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund (1) may be raised to 15 % of the priority axis concerned.

Article 4

Consistency and concentration of support

1. The Member States shall ensure that the actions supported by the ESF are consistent with and contribute to actions undertaken in pursuance of the European Employment Strategy. In particular, they shall ensure that the strategy set out in the national strategic reference framework and the actions set out in the operational programmes promote the objectives, priorities and targets of the strategy in each Member State within the framework of the national reform programmes and national action plans for social inclusion.

(1) See p. 1 of this Official Journal.
The Member States shall also concentrate support, where the ESF can contribute to policies, on the implementation of the relevant employment recommendations made under Article 128(4) of the Treaty and of the relevant employment-related objectives of the Community in the fields of social inclusion, education, and training. Member States shall do so in a stable programming environment.

2. Within operational programmes, resources shall be directed towards the most important needs and focus on those policy areas where ESF support can have a significant effect in attaining the objectives of the programme. To maximise the efficiency of ESF support, operational programmes shall, where appropriate, take particular account of the regions and localities facing the most serious problems, such as deprived urban and outermost regions, declining rural and fisheries-dependent areas, and areas particularly adversely affected by business relocations.

3. Where appropriate, a concise section on the contribution of the ESF to promoting the relevant labour market aspects of social inclusion shall be included in Member States’ national reports under the open method of coordination on social protection and social inclusion.

4. The indicators included in the operational programmes co-financed by the ESF shall be strategic in nature and limited in number and shall reflect those used in the implementation of the European Employment Strategy and in the context of the relevant Community objectives in the fields of social inclusion and education and training.

5. Evaluations undertaken in relation to ESF action shall also assess the contribution of the actions supported by the ESF to the implementation of the European Employment Strategy and to the Community objectives in the fields of social inclusion, non-discrimination and equality between women and men, and education and training in the Member State concerned.

Article 5

Good governance and partnership

1. The ESF shall promote good governance and partnership. Its support shall be designed and implemented at the appropriate territorial level taking into account the national, regional and local level according to the institutional arrangements specific to each Member State.

2. The Member States shall ensure the involvement of the social partners and adequate consultation and participation of other stakeholders, at the appropriate territorial level, in the preparation, implementation and monitoring of ESF support.

3. The managing authority of each operational programme shall encourage adequate participation of the social partners in actions funded under Article 3.

Under the Convergence objective, an appropriate amount of ESF resources shall be allocated to capacity-building, which shall include training, networking measures, strengthening the social dialogue and activities jointly undertaken by the social partners, in particular as regards adaptability of workers and enterprises referred to in Article 3(1)(a).

4. The managing authority of each operational programme shall encourage adequate participation and access by non-governmental organisations to the funded activities, notably in the domains of social inclusion, gender equality and equal opportunities.

Article 6

Gender equality and equal opportunities

The Member States shall ensure that operational programmes include a description of how gender equality and equal opportunities are promoted in the preparation, implementation, monitoring and evaluation of operational programmes. Member States shall promote a balanced participation of women and men in the management and implementation of operational programmes at local, regional and national level, as appropriate.

Article 7

Innovation

In the framework of each operational programme, particular attention shall be paid to the promotion and mainstreaming of innovative activities. The managing authority shall choose the themes for the funding of innovation in the context of partnership and shall define the appropriate implementation arrangements. It shall inform the monitoring committee referred to in Article 63 of Regulation (EC) No 1083/2006 of the themes chosen.

Article 8

Transnational and interregional actions

1. Where Member States support actions in favour of transnational and/or interregional actions as set out in Article 3(6) of this Regulation as a specific priority axis within an operational programme, the contribution from the ESF may be increased by 10% at the priority axis level. This increased contribution shall not be included in the calculation of the ceilings set out in Article 53 of Regulation (EC) No 1083/2006.
2. Member States shall, with the assistance of the Commission where appropriate, ensure that the ESF does not support specific operations being concurrently supported through other Community transnational programmes, in particular in the field of education and training.

Article 9

Technical assistance

The Commission shall promote, in particular, exchanges of experience, awareness-raising activities, seminars, networking and peer reviews serving to identify and disseminate good practice and encourage mutual learning and transnational and interregional cooperation with the aim of enhancing the policy dimension and contribution of the ESF to the Community objectives in relation to employment and social inclusion.

Article 10

Reports

The annual and final implementation reports referred to in Article 67 of Regulation (EC) No 1083/2006 shall contain, where appropriate, a synthesis of the implementation of:

(a) gender mainstreaming as well as of any gender-specific action;
(b) action to increase participation of migrants in employment and thereby strengthen their social integration;
(c) action to strengthen integration in employment and thereby improve the social inclusion of minorities;
(d) action to strengthen integration in employment and social inclusion of other disadvantaged groups, including people with disabilities;
(e) innovative activities, including a presentation of the themes and their results, dissemination and mainstreaming;
(f) transnational and/or interregional actions.

Article 11

Eligibility of expenditure

1. The ESF shall provide support towards eligible expenditure which, notwithstanding Article 53(1)(b) of Regulation (EC) No 1083/2006 may include any financial resources collectively contributed by employers and workers. The assistance shall take the form of non-reimbursable individual or global grants, reimbursable grants, loan interest rebates, micro-credits, guarantee funds and the purchase of goods and services in compliance with public procurement rules.

2. The following expenditure shall not be eligible for a contribution from the ESF:

(a) recoverable value added tax;
(b) interest on debt;
(c) purchase of furniture, equipment, vehicles, infrastructure, real estate and land.

3. The following costs shall be expenditure eligible for a contribution from the ESF as defined in paragraph 1 provided that they are incurred in accordance with national rules, including accountancy rules, and under the specific conditions provided for below:

(a) the allowances or salaries disbursed by a third party for the benefit of the participants in an operation and certified to the beneficiary;
(b) in the case of grants, indirect costs declared on a flat-rate basis, up to 20% of the direct costs of an operation;
(c) the depreciation costs of depreciable assets listed under paragraph 2(c), allocated exclusively for the duration of an operation, to the extent that public grants have not contributed towards the acquisition of those assets.

4. The eligibility rules set out in Article 7 of Regulation (EC) No 1080/2006 shall apply to actions co-financed by the ESF which fall within the scope of Article 3 of that Regulation.

Article 12

Transitional provisions

1. This Regulation shall not affect either the continuation or modification, including the total or partial cancellation, of assistance approved by the Commission on the basis of Regulation (EC) No 1784/1999 or any other legislation applying to that assistance on 31 December 2006, which shall consequently apply thereafter to that assistance or the projects concerned until their closure.


Article 13

Repeal

1. Without prejudice to the provisions laid down in Article 12 of this Regulation, Regulation (EC) No 1784/1999 is hereby repealed with effect from 1 January 2007.
2. References to the repealed Regulation shall be construed as references to this Regulation.

Article 14

Review clause

The European Parliament and the Council shall review this Regulation by 31 December 2013 in accordance with the procedure laid down in Article 148 of the Treaty.

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg, 5 July 2006.

For the European Parliament

The President

J. BORRELL FONTELAS

For the Council

The President

P. LEHTOMÄKI
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(Acts adopted under the EC Treaty/Euratom Treaty whose publication is obligatory)

REGULATIONS

of 6 May 2009
amending Regulation (EC) No 1081/2006 on the European Social Fund to extend the types of costs eligible for a contribution from the ESF

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 148 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee (1),

Having consulted the Committee of the Regions,

Acting in accordance with the procedure laid down in Article 251 of the Treaty (2),

Whereas:

(1) Article 36 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (3) provides that rules on eligibility of expenditure are to be established at national level, with certain exceptions laid down for the European Regional Development Fund and the European Social Fund (ESF).

(2) Article 11(3) of Regulation (EC) No 1081/2006 of the European Parliament and of the Council (4) establishes which expenditure is eligible for a contribution from the ESF as defined in Article 11(1) of that Regulation.

(3) The financial crisis justifies the need for further simplifications to facilitate access to grants co-financed by the ESF.

(4) The European Court of Auditors recommended in its 2007 annual report that the legislative authorities and the Commission be prepared to reconsider the design of future expenditure programmes by giving due consideration to simplifying the basis of calculation of eligible cost and making greater use of lump-sum or flat-rate payments instead of reimbursement of 'real costs'.

(5) In order to ensure the necessary simplification in the management, administration and control of operations receiving an ESF grant, particularly when linked to a result-based reimbursement system, it is appropriate to add two additional forms of eligible costs, namely, lump sums and flat-rate standard scales of unit cost.

(6) In order to ensure legal certainty in relation to the eligibility of expenditure, this simplification should be applicable to all grants from the ESF. Retroactive application should therefore be necessary with effect from 1 August 2006, which is the date of entry into force of Regulation (EC) No 1081/2006.

(7) Regulation (EC) No 1081/2006 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Paragraph 3 of Article 11 of Regulation (EC) No 1081/2006 is hereby amended as follows:

1. point (b) shall be replaced by the following:

"(b) in the case of grants:

(i) indirect costs, declared on a flat-rate basis, of up to 20% of the direct costs of an operation;

(ii) flat-rate costs calculated by application of standard scales of unit cost as defined by the Member State;

(iii) lump sums to cover all or part of the costs of an operation;"

2. the following subparagraphs shall be added:

"The options referred to in points (i), (ii) and (iii) of point (b) may be combined only where each of them covers a different category of eligible costs or where they are used for different projects within the same operation.

Costs referred to in points (i), (ii) and (iii) of point (b) shall be established in advance on the basis of a fair, equitable and verifiable calculation.

The lump sum referred to in point (iii) of point (b) shall not exceed EUR 50 000."

Article 2

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Union.

However, it shall apply with effect from 1 August 2006.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg, 6 May 2009.

For the European Parliament
The President
H.-G. PÖTTERING

For the Council
The President
J. KOHOUT

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II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION
of 6 October 2006
on Community strategic guidelines on cohesion
(2006/702/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (1), and in particular the first subparagraph of Article 25 thereof,

Having regard to the proposal from the Commission,

Having regard to the assent of the European Parliament,

Having regard to the opinion of the European Economic and Social Committee,

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

Whereas:

(1) Pursuant to Article 158 of the Treaty, in order to strengthen its economic and social cohesion, the Community aims at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas.

(2) Pursuant to Article 25 of Regulation (EC) No 1083/2006, strategic guidelines on economic, social and territorial cohesion should be established to define an indicative framework for the intervention of the European Regional Development Fund, the European Social Fund and the Cohesion Fund (hereinafter 'the Funds'), taking account of other relevant Community policies, with a view to promoting the harmonious, balanced and sustainable development of the Community.

(3) Enlargement results in a substantial widening of regional disparities in the Community, although some of the poorest parts of the new Member States have some of the highest growth rates. Enlargement therefore presents an unprecedented opportunity for improved growth and competitiveness in the Community as a whole which should be reflected in these strategic guidelines.

(4) The 2005 Spring European Council confirmed that the Community should mobilise all appropriate national and Community resources — including the cohesion policy — in pursuit of the objectives of the renewed Lisbon agenda, which consists of integrated guidelines, including the broad economic policy guidelines and the employment guidelines adopted by the Council.

(5) In meeting the objectives set out in the Treaty, and in particular that of fostering real economic convergence, the actions supported with the limited resources available to cohesion policy should be concentrated on promoting sustainable growth, competitiveness and employment having regard to the renewed Lisbon agenda.

The purpose of these strategic guidelines should therefore be to foster an increase in the strategic content of cohesion policy with a view to strengthening synergies with, and helping to deliver, the objectives of the renewed Lisbon agenda.

The Spring European Council of 2005 concluded that greater ownership of the objectives of the new Lisbon agenda on the ground was necessary, involving regional and local actors and social partners, in particular, in areas where greater proximity is essential, such as in innovation, the knowledge economy and the new information and communication technologies, employment, human capital, entrepreneurship, support for small and medium-sized enterprises (SMEs) and access to risk capital financing. These strategic guidelines recognise the importance of this involvement.

These strategic guidelines should also recognise that the successful implementation of cohesion policy depends on macroeconomic stability and structural reforms at national level together with a range of other conditions which favour investment, including effective implementation of the internal market, administrative reforms, good governance, a business-friendly climate, and the availability of a highly skilled workforce.

Member States have developed national reform programmes to improve the conditions for growth and employment taking account of the integrated guidelines. These strategic guidelines should give priority, for all Member States and regions, to those areas of investment that help to deliver the national reform programmes taking account of national and regional needs and situations: investment in innovation, the knowledge economy, the new information and communication technologies, employment, human capital, entrepreneurship, support for SMEs or access to risk capital financing.

The strategic guidelines should take account of the role of cohesion policy in delivering other Community policies consistent with the renewed Lisbon agenda.

The territorial dimension of cohesion policy is important and all areas of the Community should have the possibility to contribute to growth and jobs. Accordingly the strategic guidelines should take account of investment needs in both urban and rural areas in view of their respective roles in regional development and in order to promote balanced development, sustainable communities and social inclusion.

The European territorial cooperation objective has an important role to play in ensuring the balanced and sustainable development of the territory of the Community. The strategic guidelines should contribute to the success of the European territorial objective which depends on shared development strategies of the territories concerned at national, regional, and local level and on networking especially to ensure the transfer of ideas to mainstream national and regional cohesion programmes.

With a view to promoting sustainable development, the strategic guidelines should reflect the need to take environmental protection and improvement into account in preparing national strategies.

Equality between men and women and the prevention of discrimination on the basis of gender, race or ethnic origin, religion or belief, disability, age or sexual orientation are basic principles of cohesion policy and should be incorporated into all levels of the strategic approach to cohesion.

Good governance is essential at all levels for the successful implementation of cohesion policy. These strategic guidelines should take account of the role of a broadly drawn partnership in the elaboration and implementation of development strategies which is necessary in order to ensure that complex cohesion strategies can be managed successfully and of the need for quality and efficiency in the public sector.

These strategic guidelines represent a single indicative framework which Member States and regions are invited to use when developing national and regional programmes, in particular with a view to assessing their contribution to the Community's objectives in terms of cohesion, growth and jobs. Taking account of these strategic guidelines, each Member State should prepare its national strategic reference framework and the resulting operational programmes.
HAS ADOPTED THIS DECISION:

Article 1
The Community strategic guidelines on economic, social and territorial cohesion (hereinafter 'the strategic guidelines') as set out in the Annex are hereby adopted as an indicative framework for the Member States for the preparation of the national strategic reference frameworks and operational programmes for the period 2007 to 2013.

Article 2
This Decision is addressed to the Member States.

Done at Luxembourg, 6 October 2006.

For the Council
The President
K. RAJAMÄKI
ANNEX

Community strategic guidelines on economic, social and territorial cohesion, 2007-2013

1. INTRODUCTION: GUIDELINES FOR COHESION POLICY, 2007-2013

In accordance with the integrated guidelines for growth and jobs of the renewed Lisbon agenda, the programmes supported by cohesion policy should seek to target resources on the following three priorities (1):

— improving the attractiveness of Member States, regions and cities by improving accessibility, ensuring adequate quality and level of services, and preserving the environment,

— encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communication technologies, and

— creating more and better jobs by attracting more people into employment or entrepreneurial activity, improving adaptability of workers and enterprises and increasing investment in human capital.

In taking on board the renewed Lisbon agenda in the new programmes, attention is drawn to the following principles:

First, in line with the re-launch of the Lisbon agenda itself, cohesion policy should focus to a greater extent on knowledge, research and innovation, and human capital. Accordingly, the overall financial effort in support of these fields of action should be significantly increased, as required by the new earmarking provisions (2). In addition, Member States and regions should be inspired by best practice where this has delivered visibly positive results in terms of growth and jobs.

Second, Member States and regions should pursue the objective of sustainable development and boost synergies between the economic, social and environmental dimensions. The renewed Lisbon strategy for Growth and Jobs and the National Reform Programmes emphasise the role of environment in growth, competitiveness and employment. Environmental protection needs to be taken into account in preparing programmes and projects with a view to promoting sustainable development.

Third, Member States and regions should pursue the objective of equality between men and women at all stages of the preparation and implementation of programmes and projects. This may be done through specific actions to promote equality, as well as by taking careful account of how other projects and the management of the Funds may affect men and women.

Fourth, Member States should take appropriate steps to prevent any discrimination on the basis of gender, race or ethnic origin, religion or belief, disability, age or sexual orientation during the various stages of implementing the Funds. In particular, accessibility for disabled persons is one of the criteria to respect in defining operations cofinanced by the Funds and to take into account during the various stages of implementation.

In the following sections, key aspects of each of these broad areas are examined with specific guidelines under each heading. Not all of these more detailed guidelines will be relevant to all regions. The most appropriate mix of investments ultimately depends on the analysis of the strengths and weaknesses of each Member State and region and specific national and regional circumstances. The guidelines rather represent a single framework which Member States and regions are invited to use when developing national, regional, and local programmes, in particular with a view to assessing their contribution to the Community's objectives in terms of cohesion, growth and jobs.

1.1. Guideline: Making Europe and its regions more attractive places in which to invest and work

One of the preconditions for growth and jobs is to ensure that the necessary infrastructure (e.g. transport, environment, energy) is available to businesses. A modern and secure infrastructure is an important factor in the performance of many enterprises, affecting the economic and social attractiveness of regions and cities. Infrastructure investment in regions that are lagging behind, especially in the new Member States, will encourage growth and thus reinforce convergence with the rest of the Union as well as improving quality of life. Resources should come not just from grants but also, where possible, from the private sector and from loans, for example from the European Investment Bank (EIB). For the next period, programme authorities in the Member States will have an opportunity to make greater use of EIB expertise to prepare suitable projects for European funding under the JASPERS initiative.

1.1.1. Expand and improve transport infrastructures

The provision of efficient, flexible, safe and clean transport infrastructure may be regarded as a necessary precondition for economic development as it boosts productivity and, thus, the development prospects of the regions concerned by facilitating the movement of people and goods. Transport networks boost opportunities for trade, while increasing efficiency. Furthermore, the development of Europe-wide transport infrastructures (notably the relevant parts of the thirty priority projects for Trans-European Transport Networks, "TEN-T projects"), with a particular focus on cross-border projects, is essential to achieving greater integration of national markets, especially within the context of an expanded Union.

Infrastructure investment needs to be adapted to the specific needs and level of economic development of the regions and countries concerned. These needs are generally highest in the Convergence regions and in countries covered by the Cohesion Fund. Typically, infrastructure investments (as with other investments) show diminishing rates of return above a certain level of funding. The economic returns on such investments are high where infrastructure is scarce and basic networks have not been completed, but they are likely to decrease once a certain level has been reached.

The level of regional economic development and the existence of large infrastructure endowments should thus be taken into account. In the least developed regions and countries, international and interregional connections may offer higher returns over the longer term in the form of increased business competitiveness and also facilitate labour mobility. On the other hand, for regions with a dispersed, small-scale economic base and a settlement pattern based on small towns, the construction of a regional transport infrastructure may be more appropriate. In regions with inadequate road networks, funding should also be available to build economically vital road links. The challenges of mobility and accessibility in urban areas should also be tackled, supporting integrated management systems and clean transport solutions.

In order to maximise the benefits deriving from transport investments, assistance from the funds should be based on a number of principles.

First, objective criteria should be used to determine the level and nature of the infrastructure investment to be undertaken. For instance, potential rates of return should be measured by the level of economic development and the nature of economic activities of the regions concerned, the prevailing density and quality of infrastructures or the degree of congestion. When determining the social rates of return, due account should also be taken of environmental and social implications of prospective infrastructure projects.

Second, the principle of environmental sustainability should be respected to the greatest possible extent, in accordance with the White Paper (7). Shifts to the more environmental friendly modes should be pursued. However, the environmental and general performance of each mode of transport should be optimised, in particular concerning the use of infrastructure within and across the different modes (8).

Third, particular attention should be paid in the Convergence regions and in countries covered by the Cohesion Fund to modernising the railway system by carefully selecting the priority sections, ensuring their interoperability within the framework of the European Rail Transport Management System (ERTMS).

Fourth, investments in transport infrastructure should be accompanied by proper traffic management, with particular attention to safety, in accordance with national and Community standards. National or regional strategies should take into account the need to achieve a balanced (and clean) modal split that serves both economic and environmental needs. Strategies should include, for example, intelligent transport systems, multi-modal platforms and, in particular, technology used for the ERTMS and for the Single European Sky ATM Research Programme (SESAR — for a more uniform air traffic management system in Europe).

Based on the abovementioned principles, the guidelines for action are as follows:

— Member States and regions eligible for funding under the Convergence objective (1) or the Cohesion Fund, should give appropriate priority to those of the 30 projects of European interest where they fall within their territory. Within this group of projects, cross-border links merit special attention. Other TEN-T projects, and strategic transport links, should be supported where this presents a strong case in terms of their contribution to growth and competitiveness.

— Complementary investment in secondary connections will also be important in the context of an integrated regional transport and communications strategy covering urban and rural areas, in order to ensure that the regions benefit from the opportunities created by the major networks.

— Support for rail infrastructure should seek to ensure greater access. Track fees should facilitate access for independent operators. They should also enhance the creation of an EU-wide interoperable network. Compliance and applications of the interoperability and the fitting of ERTMS on board and on track should be part of all projects financed where appropriate.

— Promoting environmentally sustainable transport networks, particularly in urban areas. This includes public transport facilities (including park-and-ride infrastructures), mobility plans, ring roads, increasing safety at road junctions and soft traffic (cycle lanes, pedestrian tracks). It also includes actions providing for accessibility to common public transport services for certain target groups (the elderly, disabled persons) and providing distribution networks for alternative vehicle fuels. Inland navigation routes can also contribute to the sustainability of networks.

— In order to guarantee the optimum efficiency of transport infrastructures for promoting regional development, attention should be paid to improving the connectivity of landlocked, insular or outermost territories to the TEN-T projects. In this respect, the development of secondary links, with a focus on inter-modality and sustainable transport, will help. In particular, harbours and airports should be connected to their hinterland.

— More attention should be paid to developing the 'motorways of the sea' and to short-sea shipping as a viable alternative to long-distance road and rail transport.

Where Member States receive support at the same time from both the Cohesion Fund and the Structural Funds, a distinction should be made in the programmes between the types of actions funded by each of the Funds, with the Cohesion Fund playing the key role in support of Trans-European transport networks.

In turn, the Structural Funds should generally focus on the development of infrastructure linked to measures to stimulate economic growth (such as tourism development and improvements to increase the attractiveness of industrial sites). With regard to road infrastructure, investments shall also fit the overall goal of road safety.

Co-financing from the Funds should complement grants from the budget for Trans-European Networks while avoiding duplication in terms of Community assistance. Member States can make use of the coordinators as a means of shortening the time that elapses between designation of the planning of the network and the physical construction. Member States individually will need to determine in advance the instrument most suited to the planned projects. Cohesion policy funding can be combined with the loan guarantee part of the TEN-T instruments.

1.1.2. Strengthen the synergies between environmental protection and growth

Environmental investments can contribute to the economy in three ways: they can ensure the long-term sustainability of economic growth; they decrease external environmental costs to the economy (e.g. health costs, clean-up costs or damage recovery) and they stimulate innovation and job creation. Future cohesion programmes should seek to strengthen potential synergies between environmental protection and growth. The provision of environmental services such as clean water supplies, waste and waste-water treatment infrastructures, management of natural resources, the decontamination of land to prepare it for new economic activities, and protection against certain environmental risks (e.g. desertification, droughts, fires and floods), should all have high priority in this context.

In order to maximise economic benefits and minimise costs, priority should be given to tackling environmental pollution at its sources. In the waste management sector, this implies focusing on waste prevention, recycling and biodegradation of waste which are cost-effective and help to create jobs.

Development strategies should be based on a prior evaluation of needs and specific issues faced by regions, where possible using appropriate indicators. Efforts should be made to promote the internalisation of external environmental costs, with support for the setting up and development of market-based instruments (see, for example, instruments proposed in the Environmental Technologies Action Plan). Attention is drawn in this context to the initiative Global Monitoring for Environment and Security, which from 2008 will provide Europe-wide, up-to-date information on land-cover/land-use and ocean properties as well as incident maps in case of disasters and accidents.

Accordingly, the recommended guidelines for action are the following:

- Addressing the significant needs for investment in infrastructure, particularly in the Convergence regions and especially in the new Member States, to comply with environmental legislation in the fields of water, waste, air, nature and species protection and bio-diversity.

- Ensuring that attractive conditions exist for businesses and their highly skilled staff. This can be ensured by promoting land-use planning which reduces urban sprawl, and by rehabilitating the physical environment, including the development of natural and cultural assets. Investments in this area should be clearly linked to the development of innovative and job-creating businesses on the sites concerned.

- Promoting, in addition to the investments in sustainable energy and transport covered elsewhere, investments that contribute to the EU-Kyoto commitments.

- Undertaking risk prevention measures through improved management of natural resources, more targeted research and better use of ICTs, and more innovative public management policies including, for example, preventive monitoring.

Where Member States receive support from both the Cohesion Fund and the Structural Funds, a clear distinction should be made in the programmes between the types of actions funded by each of the Funds, respectively.

1.1.3. Address Europe’s intensive use of traditional energy sources

A related priority is the need to reduce traditional energy dependency through improvements in energy efficiency and renewable energies. Investments in these fields contribute to the security of energy supply for long-term growth, while acting as a source of innovation and providing opportunities for exports and are cost effective especially if energy prices remain high.
Investment in traditional sources of energy is also needed, so as to ensure security of supply. In particular, the funds should concentrate — where there is evidence of market failure and where it does not go against the liberalisation of the market — on the completion of interconnections, with special emphasis on the Trans-European networks, the improvement of electricity grids and the completion and improvement of gas transmission and distribution networks including, where appropriate, in insular and outermost regions.

Guidelines for action under this heading are the following:

- Supporting projects to improve energy efficiency, for example in buildings, and dissemination of low energy intensity development models.
- Supporting the development and use of renewable and alternative technologies (such as wind, solar, biomass), including for heating and cooling, which can give the EU a leading edge and thus strengthen its competitive position. Such investments also contribute to the Lisbon objective of ensuring that, by 2010, 21% of electricity is generated from renewable sources.
- Concentrating investment in traditional energy sources to develop the networks where there is evidence of market failure. These investments mostly concern the Convergence regions.

1.2. Guideline: Improving knowledge and innovation for growth

The Community’s aims of growth and job creation will require a structural shift in the economy towards knowledge-based activities. This calls for action on a number of fronts: to address low levels of Research and Technological Development (RTD), especially in the private sector; to promote innovation through new or improved products, processes and services which can withstand international competition; to increase regional and local capacities to generate and absorb new technologies (ICTs in particular); and to provide more support for risk-taking.

RTD expenditure as a percentage of GDP has been increasing, but only marginally and, at 1.9% of GDP, remains well short of the Lisbon target of 3% (1). While the shortfall in business investment in RTD remains significant, there are signs that public investment in this field is also coming under pressure. The RTD and innovation gap within and between countries, particularly in relation to business expenditure on RTD, is much bigger than the income gap. While a combination of national and Community initiatives has been undertaken, more action is needed to match business needs with RTD supply from public and private RTD institutions. Europe’s innovation gap with other leading economies is widening. Also within Europe, the innovation gap persists, as the Union too often fails to transform knowledge and technological development into commercial products and processes. Cohesion policy can help to address the main problems behind Europe’s under-performance in innovation, including ineffective innovation systems, insufficient entrepreneurial dynamism or slow business adoption of ICT.

In this context, it is necessary to enhance national and regional RTD capacities, to support investment in ICT infrastructure, and to disseminate technology and knowledge through appropriate technology transfer and knowledge exchange mechanisms. Awareness-raising to promote a better use of existing RTD potential could be encouraged through regional ‘knowledge’ and other regional strategic planning methods, involving regular and systematic dialogue with key stakeholders. It is also important to enhance the RTD absorption capacity of firms, particularly SMEs, through actions to develop skills and competencies; to encourage the creation and exploitation of a larger pool of high-quality research talent in Europe; to increase private and public investment in RTD and innovation; and to encourage RTD partnerships across the different regions of the Union. European Technology Platforms, for example, offer the potential to better tailor research programmes to business needs; cohesion policy can play an important role in supporting implementation of their Strategic Research Agendas across the Union including in less developed regions.

While direct grants remain important, notably in Convergence regions, there is a need to focus on the provision of collective business and technology services to groups of firms. In order to help them improve their innovative activity, Direct grants to individual firms should be targeted at improving the RTD and innovation capacity of the firm, rather than at a temporary reduction of its production costs generating high deadweight effects. This is particularly important in traditional sectors, particularly those exposed to global competition, which need additional efforts in order to remain competitive, as well as in SMEs which often represent the highest source of employment at the regional level. Most importantly, these policies need to be adapted to the particular conditions of each region, and in particular to the needs of SMEs. National, regional, and local strategies should be based on a comprehensive analysis of RTD investment opportunities.

Knowledge and innovation are at the centre of the Community's efforts to promote faster growth and more jobs. Two related framework programmes are proposed at Community level: the Seventh Framework programme for RTD and the Competitiveness and Innovation framework Programme (CIP). Synergy between cohesion policy and these instruments is vital so that research and cohesion policies reinforce each other at regional level with national and regional development strategies showing how this will be achieved. Cohesion policy can help all regions to build up research and innovation capacity, thus contributing to the effective participation of those regions in the European Research Area and research and innovation activities of the Community in general. In particular, it has two important roles to play. The first is in helping regions to implement regional innovation strategies and action plans which potentially can have a significant impact on competitiveness, both at regional level and in the Union as a whole; the second is in contributing to raising the research and innovation capacity in the region up to a level where it can participate in transnational projects for research.

Regional strategies should thus concentrate on investing in RTD, innovation, human capital and entrepreneurship, ensuring that these investments respond to the economic development needs of the region and that the capacity exists to transform research into marketable product, process and service innovation; enhancing technology transfer and knowledge exchange; promoting the development, dissemination and uptake of ICTs within firms, and ensuring that enterprises willing to invest in high added value goods and services have access to finance. Such strategies should make specific provision for experimentation, with a view to increasing the capacity of policy interventions and intermediary organisations to stimulate regional and local actors, in particular SMEs, to innovate.

1.2.1. Increase and better target investment in RTD

The competitiveness of European enterprises crucially depends on their ability to bring new knowledge to the market as quickly as possible. Public support for RTD is justified because market failures exist and can also be justified by the public character of certain RTD investments. In addition, issues of ownership of research results and the need to achieve critical mass in certain research sectors provide justification for government support for RTD.

The specific nature of RTD should be considered when implementing regional policy. In particular, RTD requires close interaction between the players to encourage the formation of poles of excellence which are needed to reach critical mass. Geographical proximity through the existence of clusters of SMEs and innovation poles around public research institutions, for instance, can play a key role. As a result, RTD activities necessarily have to be spatially concentrated while the absorptive capacity of low RTD-intensive areas is fostered.

RTD in the less developed Member States and regions should be developed around existing poles of excellence and avoid the excessive spatial dispersion of resources. Here also, European Technology Platforms can help focus investments on priority areas for research. Investments should also complement European priorities set out in the Seventh Framework Programme and support the objectives of the renewed Lisbon agenda. Priority should be given to the development of new and marketable products, services and skills.

Actions in RTD should be aligned with Community RTD policy and the needs of regions in question. In terms of method, these need to be based on a sound analytical approach, such as foresight; as well as use of indicators; such as patents; human resources in RTD; location of private and public research institutions; and on the existence of clusters of innovative businesses.
The guidelines for action in the field of RTD can be identified as follows:

- Strengthening cooperation among businesses and between businesses and public research/tertiary education institutions, for example, by supporting the creation of regional and trans-regional clusters of excellence.

- Supporting RTD activities in SMEs and technology transfer (enabling SMEs to access RTD services in publicly funded research institutions).

- Support for regional cross-border and transnational initiatives aimed at strengthening research collaboration and capacity building in priority areas of Community research policy.

- Strengthening R&D capacity building, including ICT, research infrastructure and human capital in areas with significant growth potential.

Programmes — particularly for regions eligible under the Convergence objective — can contribute to developing RTD infrastructure (including regional high-speed data networks between and within research establishments), education infrastructure, equipment and instrumentation in both publicly funded research institutions and businesses, provided that these investments are directly linked to regional economic development objectives. This may include research infrastructure for which the feasibility studies have been financed from earlier Framework Programmes. Support for Seventh Framework Programme priorities should seek to develop the full potential of emerging and existing centres of excellence and to step up investment in human capital, particularly by training researchers at national level and by creating conditions to attract researchers trained abroad.

1.2.2. Facilitate innovation and promote entrepreneurship

Innovation is the result of complex and interactive processes, including the ability of enterprises to connect to complementary knowledge from other market players, organisations and institutions.

Investments in innovation represent an overarching priority for cohesion policy under both the Convergence and Regional competitiveness and employment programmes. Their co-financing should be a major priority in the regions covered under the latter, where limited financial resources need to be concentrated so as to reach critical mass and generate a leverage effect.

The main objective should be to foster a business climate which promotes the production, dissemination and use of new knowledge by firms. In order to create efficient regional innovation systems, economic, social and political actors need to be brought into contact with the leading edge of technology and business practice in the world, beyond the national or local levels. In this respect, cooperation should also be sought with the Innovation Relay centres and the Euro-Info-Centres which are financed under the CIP, especially in the field of trans-national technology and diffusion of information.

Start-up companies, particularly those linked to RTD, need to be supported with the aim of developing partnerships with research institutions based on a longer-term vision and clear market orientation. Cohesion policy should seek to compensate for market failure that hampers innovation and entrepreneurship. Actions should seek to build on existing poles of activity in order to exploit regional potential for RTD and to foster networking and technological cooperation within and between regions.

Public authorities should ensure that research institutions, the private sector and the public sector exploit to the full the potential synergies between them.

In terms of method, economic development strategies would be improved by the collection of data on existing innovative activities in the regions concerned, for example, on private patenting or on the nature, scope and development potential of existing clusters of innovative activities, including those which involve both private and public research institutions. The Community Innovation Surveys and the European Innovation Scoreboard are also helpful in this regard.
The guidelines for action under this heading are the following:

— Making regional RTD innovation and education supply more efficient and accessible to firms, in particular SMEs, for example by establishing poles of excellence, bringing together high technology SMEs around research and technological institutions, or by developing and creating regional clusters around large companies.

— Providing business support services to enable enterprises, and in particular SMEs, to increase competitiveness and to internationalise, in particular by seizing the opportunities created by the internal market. Business services should prioritise the exploitation of synergies (for example, technology transfer, science parks, ICT communication centres, incubators and related services, cooperation with clusters) and give more traditional support in the areas of management, marketing, technical support, recruitment, and other professional and commercial services.

— Ensuring full exploitation of European strengths in the area of eco-innovations. Eco-innovations should be promoted, together with the improvement of SME practices through the introduction of environmental management systems. By investing in this area now, EU businesses will be in a strong position in the near future when other regions appreciate the need for such technologies. This is an area with a clear link to the Competitiveness and Innovation Framework Programme.

— Promoting entrepreneurship and facilitating the creation and development of new firms. Emphasis should also be placed on promoting spin-out and spin-off companies from research institutions or firms using a variety of techniques (for example, awareness raising; prototyping; tutoring and the provision of managerial and technological support to potential entrepreneurs).

It is important to ensure that companies, including SMEs, can make commercial use of research results.

Business services should preferably be delivered by the private sector or by mixed public-private organisations. The services should be top-class, readily available, easy to access and responsive to the needs of SMEs. The quality of the services should be defined and monitored and there should be coherence between service providers, e.g. by establishing public-private partnerships and one-stop shops.

Administrative procedures are often too complex. Information and initial support should be available from a network of one-stop shops, which could provide the interface between the public sector and the grant applicant; this should include the various actions cofinanced by cohesion policy. These providers should have competence for the full range of State aids — independently of national or regional responsibilities — and targets for the efficiency of their operation which are monitored regularly.

Whenever the circumstances are appropriate, tailored support should be made available to specific categories of business (e.g. start-ups or recently transferred companies) or entrepreneurs (e.g. young people, women, older workers or those from ethnic minority communities). Entrepreneurship education should also be encouraged in schools.

1.2.3. Promote the information society for all

The dissemination of ICT across the Union's economy represents a major lever for improving both productivity levels and the competitiveness of regions. The dissemination of ICT also encourages the re-organisation of production methods and the emergence of new business and private services. The efficient and effective delivery of public services — in particular e-government and e-health — has a significant potential for economic growth and for enabling new services. Technology dissemination can contribute to regional development by favouring the creation and growth of poles of excellence in ICT activities and developing connectivity and networking among enterprises and SMEs in particular. Measures should encourage the development of products and services with a view to facilitating and stimulating private investment in ICT while guaranteeing competition in the ICT sector.
Policy measures should therefore focus on connectivity. This includes improving innovation support services for SMEs with the particular objective of boosting technology transfer between research institutions and enterprises. It also requires the development of the skills needed in the knowledge economy and to develop content through the delivery of applications and services (such as e-government, e-business, e-learning and e-health), which provide interesting alternatives to other, often more costly, service delivery models. This is particularly relevant for remote and sparsely populated areas, as well as for the outermost regions, islands or areas with natural handicaps. Clearly the use and development of products and content-based services can work only if the appropriate infrastructure is available and capable of supporting broadband services. It is therefore important that an appropriate broadband communication infrastructure be available across the Union at an accessible cost.

As a general rule, investment in ICT infrastructure should take into account rapid technological development, respect for the principles of technological neutrality and open access. Compliance with competition rules and with the implementation of the regulatory framework for electronic communications is essential.

Actions need to be based on context indicators related to the existing economic structure (including industrial specialisation; level of economic development; quality of connectivity to ICTs and potential synergies between regional poles of economic activity). The identification of regional needs should take into account existing Community initiatives in favour of ICTs, in particular the i2010 — a European Information Society for growth and employment (1).

Given that ICTs cut across all sectors of economy and society, it is imperative that Member States and regions develop compatible information society strategies which ensure coherence and integration among sectors, by balancing supply and demand measures on the basis of local requirements, stakeholders’ participation, and strong public political support.

The guidelines for action are as follow:

— Ensuring uptake of ICTs by firms and households and promoting development through balanced support for the supply and demand of ICT products and both public and private services, as well as through increased investment in human capital. These actions should increase productivity, promote an open and competitive digital economy and an inclusive society (for example, improving accessibility for disabled and elderly people), and thus boost growth and jobs.

— Ensuring availability of ICT infrastructure and related services where the market fails to provide it at an affordable cost and to an adequate level to support the required services, especially in remote and rural areas and in new Member States.

1.2.4. Improve access to finance

Another key ingredient for the promotion of knowledge and innovation is to facilitate access to finance. For the purpose of fostering growth and job creation, it must be sufficiently rewarding for entrepreneurs and enterprises to invest in the development and production of goods and services rather than to focus efforts, for example, on rent-seeking activities.

Access to finance in this context is often difficult, thus creating an obstacle to growth and job-creation. Improving access to capital both for RTD activities and for start-ups is important. Risk capital markets related to innovation activities need to be developed in conjunction with a better regulatory environment that makes entrepreneurship easier.

These programmes could be undertaken in close cooperation with the European Investment Fund (EIF) under the JEREMIE initiative in order to develop financial resources in areas where entrepreneurship is hampered by market failures owing to the high risks associated with RTD activities. Due account must also be taken of the impact of government support for business creation, in order to avoid the crowding-out of private investment and measures that are damaging to competition. Coordination between funds should also be enhanced.

Private equity and venture capital and rotating funds for innovative start-ups should play the essential role as an engine for entrepreneurship, innovation and job creation; public sector institutions are not always best suited to risk-taking. The priority should be to create or expand specialised providers of risk capital and bank guarantees, where there is market failure. Typically, they will be more effective if they provide an integrated package of support, starting with training before the business start-up or expansion.

Based on these principles, the guidelines for action are:

- Supporting non-grant instruments such as loans, secured debt financing for subordinate debt, convertible instruments (mezzanine debt) and risk capital (e.g. seed capital and venture capital). Grants should be used to build and maintain infrastructures that facilitate access to finance (e.g. technology transfer offices, incubators, business angels' networks, investment readiness programmes). Guarantee and mutual guarantee mechanisms could also be supported to facilitate access to micro-credit by SMEs. The EIB and the EIF could provide valuable input in this regard.

- Developing an integrated approach that simultaneously supports innovation, its transfer into new commercial activity and the availability of risk capital.

- Outreaching to certain specific groups, for example, young or female entrepreneurs or disadvantaged groups.

It is particularly important to work closely with the EIF in view of the expertise it has developed over a number of years, in order to give SMEs the required support, while developing the European risk capital market at the same time. This could involve participation in the JEREMIE initiative.

1.3. Guideline: More and better jobs

In relaunching the Lisbon strategy, the European Council endorsed a single set of Guidelines bringing together the Broad Economic Policy Guidelines (1) and the Guidelines of the European Employment Strategy, thereby integrating macro-economic, macro-economic and employment policies for growth and jobs. In accordance with the Fund regulations (2), in the sphere of employment and human resources the priorities of the Community strategic guidelines on cohesion are those of the European Employment Strategy (3) supplemented by the EU Employment Recommendations which provide country-specific priorities.

The drive for full employment and higher productivity depends on a wide variety of actions, including those already discussed above. Investment in infrastructure, business development and research improve job opportunities, both in the short run as a result of first round effects and in the longer run as a result of their positive effect on productivity and competitiveness. To maximise employment and create high quality permanent jobs from these investments, human capital should be further developed and enhanced.

In terms of human capital development, the Employment Guidelines highlight three priorities for action for Member States' policies:

- attract and retain more people in employment and modernise social protection systems,

- improve adaptability of workers and enterprises and the flexibility of the labour markets,

- increase investment in human capital through better education and skills.

In addition to these priorities, appropriate attention should be given to investments to improve efficiency in public administration, as well as to education, social, health and cultural infrastructures.

Cohesion policy should focus on addressing the specific challenges of the European Employment Strategy in each Member State, by supporting actions under the convergence and the regional competitiveness and employment objectives, taking into account the scope of activities defined in the legislative framework. The range of eligible actions and financial resources is greater for the former objective. For the latter, Community resources will need to be much more focused to achieve a significant impact.

Employment and human resource development programmes should take into account the country specific challenges and priorities as highlighted in Employment Recommendations and in National Reform Programmes. The programmes, whether managed at national or regional level, should effectively address territorial disparities and be adapted to needs in different areas.

Finally, one of the most visible aspects of European value added in the 2000-2006 period of the Structural Funds was the support to Member States and regions to exchange experiences and build up networks, thus promoting innovation. In this context, the experience gained through the EQUAL Community initiative should be capitalised through the mainstreaming of the principles upon which it was built — innovation; transnationality; partnership; gender mainstreaming.

1.3.1 Attract and retain more people in employment and modernise social protection systems

Widening the base of economic activity, raising employment levels and reducing unemployment are vital to sustain economic growth, promote socially inclusive societies and combat poverty. Increasing participation in employment is all the more necessary because of the expected decline in the working age population. In the framework of the Employment Guidelines, Guidelines for action under this heading are the following:

- Implement employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.
- Promote a life-cycle approach to work.
- Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive.
- Improve matching of labour market needs.

Actions should be based on prior identification of needs by, for instance, using relevant national and/or regional indicators such as unemployment and participation rates, long-term unemployment rates, population at risk of poverty rates and level of income. Attention should be paid to the local level, where acute disparities may fail to be picked up by regional level statistics.

The presence of efficient and effective labour market institutions, notably employment services that can respond to the challenges of rapid economic and social restructuring and demographic ageing, is essential in order to support service delivery to job seekers, the unemployed and disadvantaged people and could be supported by the Structural Funds. These institutions have a pivotal role to play in implementing active labour market policies and providing services on a personalised basis with a view to promoting occupational and geographical mobility and matching labour supply and demand, including at local level. They should help to anticipate shortages and bottlenecks in the labour market and occupational and skills requirements. Positive management of economic migration would also be assisted as a result, easy access to, and transparency of, the services on offer are crucial. The EURES network is central to increasing occupational and geographic mobility, both at European level and nationally (*).

An important priority should be to strengthen active and preventive labour market measures to overcome obstacles to entering, or remaining in, the labour market and to promote mobility for job seekers, the unemployed and inactive, older workers as well as those at risk of becoming unemployed, with particular attention to low-skilled workers. Action should focus on the provision of personalised services, including job search assistance, job placement and training to adjust the skills of job-seekers and employees to the needs of local labour markets. The potential for self-employment and business creation. ICT skills and digital literacy should be fully taken into account. Special attention should be paid to:

(*) Set up in 1993, EURES is a cooperation network between the European Commission and the Public Employment Services of the EU Member States (EU Member States plus Norway, Iceland and Liechtenstein) and other partner organisations.
— implementing the European Youth Pact, by facilitating access to employment for young people, by easing the transition from education to work, including through career guidance, assistance in completing education, access to appropriate training and apprenticeships,

— implementing the European Pact for gender equality by mainstreaming and by specific actions to increase women's participation in employment, to reduce occupational segregation and address gender pay gaps and gender stereotyping and to promote more family-friendly working environments, and the reconciliation of professional and private life. Facilitating access to childcare and care services for dependent persons is crucial, alongside gender mainstreaming in policies and measures, awareness raising and dialogue among stakeholders,

— specific action to strengthen access of migrants to the labour market and facilitate their social integration, through training and validation of competences acquired abroad, personalised guidance, language training, appropriate support for entrepreneurship and raising awareness among employers and migrant workers of their rights and obligations, and strengthening the enforcement of anti-discrimination rules.

Another important priority should be to ensure inclusive labour markets for people at a disadvantage or at risk of social exclusion, such as early school-leavers, the long-term unemployed, minorities and people with disabilities. This calls for an even broader range of support to build pathways to integration and combat discrimination. The aim should be to:

— improve their employability by enhancing participation in vocational education and training, rehabilitation and appropriate incentives and working arrangements, as well as the necessary social support and care services, including through the development of the social economy;

— combat discrimination and promote the acceptance of diversity in the workplace through diversity training and awareness-raising campaigns, in which local communities and enterprises would be fully involved.

1.3.2. Improve adaptability of workers and enterprises and the flexibility of the labour market

In the light of increasing pressures from globalisation, including sudden and unexpected trade shocks, and the continual introduction of new technologies, Europe must increase its capacity to anticipate, trigger and absorb economic and social change. In the framework of the Employment Guidelines, Guidelines for action under this heading are the following:

— Promote flexibility combined with employment security, and reduce labour market segmentation, having due regard to the role of the social partners.

— Ensure employment-friendly labour cost developments and wage-setting mechanisms.

The main focus should be on actions to promote investment in human resources by enterprises, especially SMEs, and workers through the provision of lifelong learning strategies and systems which equip employees, in particular low-skilled and older workers, with the necessary skills to adapt to the knowledge economy and to prolong their working life. Attention should be given in particular to:

— the development of lifelong learning strategies and systems including mechanisms such as regional and sector funds, with the aim of increasing investment by enterprises and participation of workers in training,

— implementation of such strategies by contributing to the funding of schemes and training activities. Priority should be given to entrepreneurship and SMEs, including facilitating their access to external sources of competence, financial engineering, such as the JEREMIE instrument and training solutions — with emphasis being placed on ICT and management skills. Particular attention should be paid to increasing the participation of the low-skilled and older workers in training and re-training.
Better anticipation and positive management of economic restructuring, especially as a result of changes linked to the opening-up of trade, are particularly important. Consideration should be given to creating monitoring systems involving the social partners, enterprises and local communities, to scrutinising socio-economic changes at national, regional and local level, and assessing future economic and labour market trends. Support for the programmes aimed at modernisation of labour markets and anticipation of gradual changes throughout the Union particularly in sectors such as agriculture, textiles, automobiles and mining needs to be put in place, alongside active measures to reinforce the economic well-being of regions. There is also a role for specific employment, training and support services for workers in the context of company and sector restructuring, such as rapid response schemes in the case of collective lay-offs.

Attention should also be given to developing and disseminating knowledge on innovative and adaptable forms of work organisation to take advantage of new technologies — including teleworking, improving health and safety at work (e.g. industrial safety), increasing productivity and promoting better reconciliation of work and family life. This may also include raising awareness of corporate social responsibility, developing consciousness as regards employment rights, initiatives for respecting the labour code, reducing the grey economy and ways to transform undeclared work into regular employment.

Social partners have an important role to play in setting up mechanisms that ensure the flexibility of the labour market. Therefore Member States should encourage the participation of social partners in activities under this priority. Further, under the Convergence objective, an appropriate amount of the European Social Fund (ESF) resources shall be allocated to capacity-building, which shall include training, networking measures, strengthening the social dialogue and activities jointly undertaken by the social partners.

1.3.3. Increase investment in human capital through better education and skills

Europe needs to invest more in human capital. Too many people do not enter, or remain in, the labour market, because of lack of skills including in basic literacy and numeracy, or due to skills mismatches. To enhance access to employment for all ages and to raise productivity levels and quality at work, there is a need to step up investment in human capital and to develop and implement effective national lifelong learning strategies for the benefit of individuals, enterprises, the economy and society. In the framework of the Employment Guidelines, Guidelines for action under this heading are the following:

- Expand and improve investment in human capital.
- Adapt education and training systems in response to new competence requirements.

Reforms in labour market training to attract more people into employment and increase adaptability of workers and enterprises need to be coupled with reforms in education and training systems. In previous programming periods, the Structural Funds have invested substantially in education and training systems. In the next programming period, the investment in human capital should be reinforced by focusing on the Lisbon objectives in line with the integrated guidelines for growth and employment. The following general priorities should be addressed:

- expanding and improving investment in human capital including the development of appropriate incentives and cost-sharing mechanisms for enterprises, public authorities and individuals.
- supporting coherent and comprehensive lifelong learning strategies, with particular attention given to addressing the skill needs of the knowledge economy, including support to cooperation and the establishment of partnerships between Member States, regions and cities in terms of education and training to facilitate the exchange of experience and good practice, including innovative projects. Particular attention should be given to addressing the needs of disadvantaged groups.
- supporting the design and introduction of reforms in education and training systems using, where relevant, common European references and principles, in particular to raise the labour-market relevance of education and training.
— strengthening the links between universities, research and technological centres and enterprises, in particular through networking activities and joint actions.

Under the Convergence objective, many Member States and regions are faced with very significant education and training challenges. Financial resources should be used for the implementation of reforms, which should address the following specific priorities:

— ensuring an adequate supply of attractive, accessible and high quality education and training provision at all levels, including the improvement of staff competences and qualification; promoting flexible learning pathways and new options starting as early as the school and preschool stage, actions to achieve a significant decline in early school-leaving and higher completion rates of upper secondary education and improved access to preschool and school education,

— supporting the modernisation of tertiary education and the development of human potential in research and innovation, through post-graduate studies, further training of researchers, and attracting more young people into scientific and technical studies,

— promoting the quality and attractiveness of vocational education and training, including apprenticeships and entrepreneurship education,

— ensuring, where appropriate, greater mobility at regional, national or transnational level, and promoting frameworks and systems to support the transparency and recognition of qualifications and the validation of non-formal and informal learning,

— investment in education and training infrastructure including ICTs, where such investments are necessary for the implementation of reform and/or where they can significantly contribute to increasing the quality and effectiveness of the education and training system.

1.3.4. Administrative Capacity

In previous programming periods, the Funds have, through technical assistance, reinforced the management capacity of Member States and managing authorities in implementing the regulations. This will also apply for the period 2007-2013.

Above and beyond the management of the Funds, effective administrative capacity of public administrations and public services, i.e. smart administration, is a fundamental requirement for economic growth and jobs. Thus, in line with the revised Lisbon Strategy which calls for better legislation, policy design and delivery to create the conditions for economic growth and job creation, the Funds will support investment in the human capital and related ICT facilities of administrative and public services at all territorial levels.

For Cohesion countries and regions under the Convergence objective, increasing productivity and quality at work in the public sector — especially in the economic, employment, social, educational, health, environmental and judicial areas — is essential to pursue and accelerate reforms, to raise productivity and growth in the wider economy and to promote social and territorial cohesion and sustainable development. The Structural Funds can play an important role in supporting effective policy design and implementation, which involves all relevant stakeholders, in a broad range of fields.

Therefore, Cohesion countries and regions falling under the Convergence Objective are called upon to build up public administrations and public services at national, regional and local level. Actions in this field should take into account the specific situation of each Member State. Thus, in line with the principle of concentration, Member States are invited to conduct a comprehensive analysis to identify the policy areas requiring the most support for administrative capacity. Investment should concentrate on those policy areas where there are the greatest obstacles to socio-economic development and on the key elements of administrative reforms.
Member States should ensure that the need to increase efficiency and transparency in public administrations and to modernise public services is adequately addressed. Guidelines for action under this heading are the following:

- Support good policy and programme design, monitoring, evaluation and impact assessment, through studies, statistics, expertise, and foresight. Support for interdepartmental coordination and dialogue between relevant public and private bodies.

- Enhance capacity building in the delivery of policies and programmes, including with regard to the crime prevention and enforcement of legislation, especially through mapping of training needs, career development, evaluation, social audit procedures, implementation of open government principles, managerial and staff training, and specific support to key services, inspectorates, and socio-economic actors.

1.3.5. Help maintain a healthy labour force

In the light of the EU's demographic structure, ageing population and a likely decline in the labour force in years to come, it is essential that the Union take steps to increase the number of healthy years of work for members of its workforce. Investment in health promotion and disease prevention will help to maintain active participation in society for as many workers as possible, thus maintaining their economic contribution and reducing dependency levels. This has a direct effect on productivity and competitiveness, as well as having important positive spin-offs for quality of life in general.

There are major differences in health status and access to health care between European regions. It is therefore important for cohesion policy to contribute to health care facilities, thereby helping to increase the number of healthy years of work in particular in the less prosperous Member States and regions. Community-based health improvement and preventive action have an important role to play in reducing health inequalities. Good health care translates into greater participation in the labour market, longer working life, higher productivity and lower healthcare and social costs.

It is important for cohesion policy, especially in regions lagging behind, to contribute to the improvement of long-term care facilities and invest in the improvement of health infrastructure, in particular when their absence or insufficient development represents a major barrier to economic development. Member States should ensure that the need to increase efficiency in health care systems is addressed through investment in ICT, knowledge and innovation. Guidelines for action under this heading are the following:

- Preventing health risks to help raise productivity levels by means of health information campaigns and by ensuring a transfer of knowledge and technology and ensure that health services have the necessary skills, products, and equipment to prevent risks and minimise their potential damage.

- Filling the gaps in health infrastructure and promoting efficient provision of services where the economic development of the less prosperous Member States and regions is being affected. This action should be based on a thorough analysis of the optimal level of services provision and appropriate technology, such as telemedicine and the cost-saving potential of e-health services.

2. THE TERRITORIAL DIMENSION OF COHESION POLICY

One of the features of cohesion policy — in contrast to sectoral policies — lies in its capacity to adapt to the particular needs and characteristics of specific geographical challenges and opportunities. Under cohesion policy, geography matters. Accordingly, when developing their programmes and concentrating resources on key priorities, Member States and regions should pay particular attention to these specific geographical circumstances.
Taking on board the territorial dimension will help to develop sustainable communities and to prevent uneven regional development from reducing overall growth potential. Such an approach also requires that the specific problems and opportunities of urban and rural areas may need to be addressed as well as those of particular territories such as cross-border and broader transnational areas, or regions suffering from other handicaps due to their insularity, remoteness (such as the outermost or Arctic regions), sparse population or mountainous character. The environmental and demographic constraints faced by coastal areas may also need to be addressed. The successful implementation of actions to promote territorial cohesion requires implementing mechanisms that can help to guarantee fair treatment for all territories based on their individual capacities as a factor of competitiveness. Thus, good governance is important to successfully addressing the territorial dimension.

In fact, for the next generation of programmes, promoting territorial cohesion should be part of the effort to ensure that all of Europe’s territory has the opportunity to contribute to the growth and jobs agenda. More specifically, this means that a different meaning should be given to territorial cohesion, linked to each Member State’s history, culture or institutional situation.

The development of high-quality partnerships is also essential, bringing aboard actors at all levels, national, regional, urban, rural and local. Success in the area of territorial cohesion depends on a comprehensive strategy which sets the framework within which specific objectives and actions are pursued.

Under the new legislative framework, Member States have the possibility to delegate to cities, funds addressing urban issues within the new programmes. To reap the full benefits of partnership, cities should be involved throughout the process. This could include responsibility for the design and implementation of the sub-delegated portion of the programme.

The new legislative framework also provides for special assistance to outermost regions in order to address the high costs of distance that they face. A particular challenge will be to ensure that this assistance contributes to the realisation of the strategy of the programme as whole in terms of helping to generate sustainable growth and jobs.

2.1. The contribution of cities to growth and jobs

As outlined in the Commission Communication on cohesion policy and cities, over 60% of the population in the European Union lives in urban areas of over 50,000 inhabitants. Cities, and urban areas in general, are the home of most jobs, businesses and higher education institutions and are key to achieving social cohesion. European cities and metropolitan areas tend to attract the highly skilled, often creating a virtuous circle that stimulates innovation and business adding to their attractiveness to new talent.

Cities and urban areas concentrate not only opportunities but also challenges, and account should be taken of the specific problems facing urban areas, such as unemployment and social exclusion (including the problem of the ‘working poor’), high and rising crime rates, increased congestion and the existence of pockets of deprivation within city boundaries.

Programmes with a focus on urban areas can take several different forms. First, there are actions to promote cities as motors of regional development. Such actions should target improvements in competitiveness, for example, through clustering. Actions supported include measures to promote entrepreneurship, innovation and the development of services, including producer services. Attracting and retaining very highly skilled personnel is also important (with measures relating to accessibility, the supply of cultural services, etc).

Second, there are actions to promote internal cohesion inside the urban areas that seek to improve the situation of crisis districts. Not only does this bring direct benefit to the districts themselves, it helps to relieve some of the pressure towards excessive suburban sprawl in pursuit of a better quality of life.

In this context, measures that seek to rehabilitate the physical environment, redevelop brownfield sites especially in old industrial cities, and preserve and develop the historical and cultural heritage with potential spin-offs for tourism development in order to create more attractive cities in which people want to live. The regeneration of existing public spaces and industrial sites can play an important role in avoiding suburbanisation and urban sprawl, thereby helping to create the conditions necessary for sustainable economic development. More generally, by improving the planning, design and maintenance of public spaces, cities can ‘plan out’ crime, helping to create attractive streets, parks and open spaces which are safe and feel safe. In urban areas, the environmental, economic and social dimensions are strongly interlinked. A high quality urban environment contributes to the priority of the renewed Lisbon Strategy to make Europe a more attractive place to work, live and invest.\(^\text{1}\)

Third, there are actions to promote a more balanced, polycentric development by developing the urban network at national and Community level including links between the economically strongest cities and other urban areas including small and medium-sized cities. This will require making of strategic choices in identifying and strengthening growth poles and, just as important, putting in place the networks that link them in both physical (infrastructure, information technologies, etc) and human (actions to promote cooperation, etc) terms. Since these poles serve wider territories, including the immediate rural hinterland, they contribute to a sustainable and balanced development of the Member State and the Community as a whole. In a similar way, rural areas provide services to the wider society, for example, in the form of recreational opportunities and highly valued landscapes. Focus should therefore also be put on the urban-rural interface.

Based on previous experience, there are a number of key principles in urban actions. First, the key partners in the cities and local authorities have an important role to play in achieving these objectives. As mentioned above, Member States may delegate responsibility to cities for urban development. This is particularly important where proximity matters, for example, in order to respond to the challenges of a mostly local nature such as social exclusion or lack of access to key services.

Second, the preparation of a medium- to long-term development plan for sustainable urban development is generally a precondition for success as it ensures the coherence of investments and of their environmental quality. This will also help to secure the commitment and participation of the private sector in urban renewal. In general, a multi-disciplinary or integrated approach is needed. For area-based actions, for example, to promote social inclusion, this requires that actions seeking to improve the quality of life (including the environment and housing) or the level of services to citizens are combined with actions to promote the development of new activities and job creation in order to secure the long-term future of the areas concerned. The new FESICA initiative is designed to promote and facilitate the development of financial engineering products to support projects included in integrated urban development plans.

In general, integrated support services and programmes should have a focus on those groups which are most in need, such as immigrants, young people and women. All citizens should be encouraged to participate in both the planning and delivery of services.

2.2. Support the economic diversification of rural areas, fisheries areas and areas with natural handicaps

Cohesion policy can also play a key role in support of the economic regeneration of rural areas, complementing the actions supported by the new rural development fund (European Agricultural Fund for Rural Development—EAFRD\(^\text{2}\)). This complementary approach should seek to support the restructuring and diversification of the economy in Europe’s rural areas.

The synergy between structural, employment and rural development policies needs to be encouraged. In this context, Member States should ensure synergy and consistency between actions to be financed by the ERDF, Cohesion Fund, ESF, European Fisheries Fund (EFF) and EAFRD on a given territory and in a given field of activity. The main guiding principles as regards the demarcation line and the coordination mechanisms between actions supported by the different Funds should be defined at the level of national strategic reference framework/national strategy plan.

For cohesion policy, action in favour of rural areas or for areas with natural handicaps, including many island regions, should contribute to the creation of new opportunities through the diversification of the rural economy. This includes efforts to support the provision of a minimum level of access to services of general economic interest in order to attract firms and qualified personnel and to limit out-migration. In this context, connectivity to the main national and European networks is necessary. In addition, cohesion policy should support the endogenous capacity of rural territories by promoting, for example, product marketing at national and global level, and favouring process and product innovation in existing economic activities.

Achieving the necessary critical mass to deliver services efficiently — including services for a healthy workforce referred to above — is a particular challenge. Ensuring universal access to all services, particularly in very sparsely populated areas, may be achieved by investing in development poles in rural areas (for example in small and medium-sized towns) and by developing economic clusters based on local assets combined with the use of new information technologies.

Many rural regions depend heavily on tourism. These regions require an integrated approach dedicated to quality, focusing on consumer satisfaction and based on the economic, social and environmental dimensions of sustainable development. Actions should take advantage of, and seek to preserve and develop natural and cultural assets which can have important positive spin-offs by protecting habitats and supporting investment in biodiversity. The integrated approach should aim to have a positive impact on the tourism sector, the local economy, the people working in the tourism sector, visitors and the local population, as well as the natural and cultural heritage.

With regard to the fisheries sector, the economic restructuring of fisheries-dependent coastal areas and the smaller islands is often a particular challenge for geographic reasons, and cohesion policy can play an important role as a complement to the actions supported by the EFF.

2.3. Cooperation

Measures to promote cross-border, transnational, and interregional cooperation, including maritime cooperation where appropriate, should complement the three priorities indicated above. As a consequence, closer cooperation across EU regions should help speed up economic development and the achievement of higher growth. National borders are often an obstacle to the development of European territory as a whole, and can restrict its potential for full competitiveness. In the cross-border and transnational context, transport, water management and environment protection are clear examples of challenges requiring a focused and integrated approach that goes beyond national boundaries. In terms of implementation, Member States may wish to examine the possibility of creating a European Grouping of Territorial Cooperation to take on the role of managing authority for certain cooperation programmes.

2.4. Cross-border cooperation

The aim of cross-border cooperation in Europe is to integrate areas divided by national borders that face common problems requiring common solutions. Such challenges are faced by all border regions in the Union as a result of the fragmentation of markets for labour and capital, infrastructure networks, fiscal capacity, and institutions.

Though cooperation programmes should be tailored according to the particular situation faced by each border region, it is important that an effort be made to concentrate the assistance on the main priorities in support of growth and job creation.

Generally applicable recommendations for future cross-border cooperation are not always relevant owing to the large diversity of situations. At the same time, in view of the obstacles created by borders, a useful starting point is the improvement of existing transport and communication infrastructure and the development, where necessary, of new links. These are pre-conditions for establishing or developing cross-border contacts.
Cross-border cooperation should focus on strengthening the competitiveness of the border regions. In addition, it should contribute to economic and social integration, especially where there are wide economic disparities on either side. Actions include promoting knowledge and know-how transfer, the development of cross-border business activities, cross-border education/training and healthcare potential and integrating the cross-border labour market; and joint management of the environment and common threats. Where the basic conditions for cross-border cooperation are already in place, cohesion policy should focus assistance on actions that bring added value to cross-border activities: for example, increasing cross-border competitiveness through innovation and research and development; connecting intangible networks (services) or physical networks (transport) to strengthen cross-border identity as a feature of European citizenship; the promotion of cross-border labour market integration; cross-border water management and flood control; joint management of natural and technological risks.

Particular attention needs to be paid to the challenges and opportunities presented by the changing external borders of the Union following enlargement. Here, there is a need to promote coherent cross-border actions that encourage economic activity on both sides, and remove obstacles to development. To this end, cohesion policy and the new European Neighbourhood and Partnership Instrument and, where appropriate, the new Instrument for Pre-Accession, need to create a coherent framework for such actions.

2.5. Transnational cooperation

In transnational areas there is a need to increase economic and social integration and cohesion. Transnational cooperation programmes seek to increase cooperation across Member States on matters of strategic importance.

Support should therefore be given to actions which seek to improve the physical interconnection of territories (e.g. investments in sustainable transport) as well as intangible connections (networks, exchanges between regions and between the parties involved).

The actions envisaged include the creation of European transport corridors (particularly cross-border sections) and actions for the prevention of natural risks (e.g. fire, drought and flood), water management at river basin level, integrated maritime cooperation, promotion of sustainable urban development and R&D/innovation networks.

The map of the current zones for transnational cooperation has been modified to ensure that they create the conditions for implementing basic structural actions. They have been drawn up taking account of territorial coherence and functional criteria of a geographical nature, for example, sharing the same river basin or coastal zone, belonging to the same mountainous area or being crossed by a major transport corridor. Other criteria, such as history or institutional structures, or existing cooperation or Conventions, are also pertinent.

2.6. Interregional cooperation

Interregional cooperation programmes should focus on the renewed Lisbon strategy: strengthening innovation, SMEs and entrepreneurship, the environment and risk prevention. In addition, exchange of experiences and best practices regarding urban development, modernisation of public sector services (such as health and government using ICT) and the implementation of cooperation programmes as well as studies and data collection will be encouraged. Interregional cooperation may also be supported within programmes for Convergence and Regional competitiveness and employment. In addition, exchange of experiences and best practices regarding urban development, social inclusion, relationship between cities and rural areas, and the implementation of cooperation programmes will be encouraged.
EUROPEAN SOCIAL FUND: RESULTS OF EUROPEAN SOCIAL PARTNERS’ SURVEY AND SEMINAR

I. Introduction

The European Social Fund Regulation for the current (2007-2013) programming period calls upon Member States to involve the social partners in the preparation, implementation and monitoring of ESF support. An appropriate amount of ESF resources shall be allocated under the Convergence objective to capacity-building of social partners to reinforce the social dialogue and joint actions between social partners.

Social partner organisations, notably in the EU-12 member states, face significant challenges with regard to consolidating their capacities and resources, underlining the strong need to exploit the new opportunities offered by the ESF.

In the course of 2009, the European Social Partners have therefore undertaken actions to examine and discuss how social partners are participating in the ESF and how this can be improved. Moreover, as a result of the economic crisis, it was decided to also look into the use of the ESF to support economic recovery and mitigate the consequences of the economic crisis on employment.

A survey of national social partner organisations was launched in the second half of 2009. The results of the survey provided the basis for further discussions in a joint seminar which took place on 15 December. The present report contains the main conclusions of the survey and the seminar.
II. The survey

The survey was conducted among member federations of the European Social Partners BUSINESSEUROPE, UEAPME, CEEP and ETUC.

A. Participants

Employers’ organisations:

<table>
<thead>
<tr>
<th>Country</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Industriellenvereinigung - IV</td>
</tr>
<tr>
<td>Austria</td>
<td>Austrian Federal Economic Chamber - WKO</td>
</tr>
<tr>
<td>Belgium</td>
<td>Unie van Zelfstandige Ondernemers - UNIZO</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Cyprus Employers &amp; Industrialists Federation - OEB</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Chamber of Commerce - CCC</td>
</tr>
<tr>
<td>Finland</td>
<td>Confederation of Finnish Industries - EK</td>
</tr>
<tr>
<td>Germany</td>
<td>Bundesvereinigung der Deutschen Arbeitgeberverbände - BDA</td>
</tr>
<tr>
<td>Germany</td>
<td>Zentralverband des Deutschen Handwerks - ZDH</td>
</tr>
<tr>
<td>Ireland</td>
<td>Irish Business and Employers’ Confederation - IBEC</td>
</tr>
<tr>
<td>Latvia</td>
<td>Employers Confederation of Latvia - LDDK</td>
</tr>
<tr>
<td>Malta</td>
<td>Malta Employers’ Association - MEA</td>
</tr>
<tr>
<td>Poland</td>
<td>Polish Craft Association - ZRP</td>
</tr>
<tr>
<td>Romania</td>
<td>National Council of Small and Medium Sized Private Enterprises - CNIPMMR</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Association of Employers of Slovenia – ZDS</td>
</tr>
</tbody>
</table>

Trade Union organisations:

ETUC member organisations from: the Czech Republic, Denmark, Finland, France, Germany, Italy, Latvia, Poland, Portugal, Romania, Slovenia and Spain.

B. Issues

The survey asked questions in relation to:

a. Capacity-building
b. Operational programmes
c. Involvement of national social partners
d. Access to ESF resources
e. Priorities needed to respond to the crisis
f. European Social Partners’ 2009 Joint Recommendations on the ESF
g. ESF and support to recovery
C. Results

a) Capacity-building

Around half of the eligible organisations that responded to the questionnaire did not apply for capacity building projects. Those organisations active in capacity-building focus on: strengthening social dialogue; distribution of information and training programmes; and improving the capacity of micro-companies to adapt to or amend legislation.

b) Priorities of the national operational programmes

- Not all social partner organisations consider that the priorities of the operational programmes in their countries are well chosen. Moreover, several believe that they should be re-orientated or strengthened to tackle the impact of the crisis.

- Several employers’ organisations believe that an extension of the national priorities is necessary to support entrepreneurship, self-employment, active ageing and vocational education and training. In addition, more financial support for training in SMEs was considered important.

- Survey respondents also stressed that a flexible transfer of funds from one priority of the Operational Programme to another should be possible, and for some, special priorities for social partners in Regional Operational Programmes are needed.

c) Information provided to/Involvement of social partners

- Most national social partners are involved in the decision-making process of the national priorities. However, social partners have the impression that their needs were only partly taken into account.

- Some respondents remark that too many of the ESF calls are considered only for governmental or semi-governmental institutions and that the role of social partners/social dialogue is not always fully understood which leads to delays in activities and projects.

- Social Partners are not always informed in an appropriate way about the calls for proposals:
  - In Germany, employers are informed almost always at short notice, if at all. In these cases, the possibilities to make modifications are very limited.
  - In Slovenia, it is difficult for employers to obtain information on calls that are planned or launched. The information is dispersed on different websites of the different institutions (Ministry of labour, unemployment services, Ministry of Education) that prepare calls under the ESF.
In Finland, trade unions are adequately involved at national level but not at regional level where they report to face pre-agreed decisions in meetings. In Poland, trade unions are involved in the governance, but are not efficiently represented due to a lack of resources or organisational capacities.

d) Access to ESF funds at national level

Employers’ organisations see a lot of room for improvement when it comes to the implementation of procedures and practical measures to access ESF money in their countries. Their recommendations are to:

- Reduce bureaucracy prior to and during the programme’s implementation:
  - By accelerating processes to access funds. Most notably by speeding up the payment system and by simplifying the invoicing and account settlement procedures.
  - By reducing the levels of control / inspections which is considered disproportionate

- Better promote information on funding opportunities
- Better involve social partners in the governance structures

e) What are the priorities needed to respond to the crisis?

- Almost all respondents agree that the national priorities have to be adapted to the present situation characterised by the economic crisis.

- Both employers and trade unions believe that in these circumstances the ESF should focus on: support to specific sectors and the creation and maintenance of jobs; training measures and professional reorientation; improvement of public employment services; and inclusion of persons at a disadvantage.

- In addition, employers also stressed the need to focus on: self-employment, direct support for young entrepreneurs, adaptability/employability of workers, lifelong learning, territorial employment pacts, and vocational education and training

- For trade unions, the focus should also be on: social and labour market observatories; dialogue and partnership solutions at international, national and regional levels; and better connection between the European Regional Development Fund and the ESF.
f) Follow-up to Joint Recommendations on ESF support for economic recovery

- Social partners in Austria, Finland, France, Malta, Poland, Portugal and Germany (regional level) reported that the joint recommendations were already included in the national operational programmes. In other countries, several recommendations were translated into action, notably training measures for employees in short-time working arrangements. However, in view of the strong increase in youth unemployment, it is noteworthy that social partners from several countries reported that no measures were taken to address the problems of young people.

- However, with respect to the recommendations to improve access to ESF resources, procedures were still considered too complicated and information on funding difficult to find.

g) Good practices regarding ESF support for recovery

- ESF funding for (re-)training of workers on short-time working arrangements was frequently referred to as an example of good practice.

III. The joint seminar

The joint seminar gathered over 50 national and European social partners’ representatives and benefited from the active participation of the European Commission. The results of the survey provided the basis for the discussions in the seminar. Discussions in the seminar focused on two key questions:

- How can the involvement of social partners in the ESF be improved?

- How can the ESF be used more effectively to tackle the consequences of the crisis?

1. How can the involvement of social partners in the ESF be improved?

One of the main conclusions of the seminar was that many obstacles to the participation of social partners in the ESF can be managed by strengthening the capacities of social partners. However, several obstacles also relate to the difficult governance structure in member states and to the fact that the partnership principle is not always well understood or ignored.

Participants insisted that the partnership principle between authorities and social partners needs to be reinforced. National authorities should consider social partners as “core partners”. The upcoming opinion of the ESF committee Ad Hoc group on the future of the ESF should therefore ask for a clear definition of the key role of social partners.
Some other conclusions refer to the need to:

- Involve social partners more strongly in the implementation of the ESF, in particular at regional and local level. Social partners' participation at regional/local level needs to be improved through:
  - Provision of training at these levels regarding the access to funds and participation in governance;
  - Better dissemination of information/knowledge to regional and local levels;
  - Giving priority to joint projects presented by social partners;
- Improve procedures to access ESF funds by reducing red tape and bureaucracy;
- Strengthen the financial capacity of social partners to participate in ESF programmes;
- Assess operational programmes at EU level.

2. How the ESF can be used more effectively to tackle the consequences of the crisis

With respect to the way in and extent to which the ESF should be used to respond to the crisis, participants of the joint seminar recognised the need to reconcile on the one hand the increased flexibility needed to respond to the crisis with on the other hand the long-term needs which are mostly still as relevant as before the crisis. There was agreement that there can be no-one-size-fits-all solution as, for example, the differences in unemployment rates in member states show. Participants stressed that the crisis has bolstered the social dialogue on the ESF. Some other shared conclusions of the seminar stress the need to:

- Focus on support to young people, older workers and the most vulnerable groups
- Re-skill/retrain workers with a focus on innovation and the transition to a low-carbon economy
- Improve support for SMEs
- Define the content of “training in times of crisis” on the basis of discussions on trends in sectors and regions
- Improve the cost-effectiveness of the ESF by reducing bureaucracy
- Better disseminate good practices such as investing in short-time working arrangements coupled with training for workers
- Strengthen the social dialogue through joint trainings for social partners
- Ensure the link between the European Social Fund and the European Regional Development Fund
- Avoid duplication between the European Social Fund and the European Globalisation Fund.

*****
Joint recommendations on support to economic recovery by the European Social Fund

The European social partners have agreed on a series of joint recommendations on how to optimise the role of the European Social Fund in times of crisis. The European Social Fund represents the EU’s main financial instrument for investing in people by supporting the implementation of active inclusion measures, activation measures, re-training and skills upgrading. The European Economic Recovery Plan rightly highlighted the important role of the ESF for supporting economic recovery.

In order to ensure maximum impact, part of the resources of the ESF should be redirected to priority areas with immediate relevance to the crisis. Social Partners are in the front line when it comes to tackling the impact of the crisis on employment. They therefore need to play a vital role in shaping the ESF, for example by helping to better match skills and labour market needs. The European Social Partners should be involved in decision-making and implementation processes regarding the ESF at all levels. Furthermore, it should be ensured that there is no duplication between structural funds, such as the ESF, and the European Globalisation Fund.

1 Measures to improve ACCESS to ESF resources:

To ensure the full and timely absorption of ESF funds and their effective use, European Social Partners deem that there is still room for improvement with regard to practical measures in member states:

- It is vital to boost the visibility of the fund and to improve knowledge about it. In particular, it is necessary to enhance the provision and distribution of information with regard to funding opportunities and formalities.

- It is necessary to further optimise the way the ESF operates through the reduction and simplification of procedures. Member States should speed up national procedures to enable rapid accessibility to ESF resources, particularly for SMEs.

- ESF rules should allow for more flexibility within existing operational programmes to allow them to respond swiftly to changing circumstances and implement the above-mentioned proposals.

- More ESF resources should be used to support social partners.
Measures that maximise the IMPACT of ESF on labour markets:

ESF support to maintain employment

In order to maintain employment, Member States should consider using the Fund to support working time arrangements linked to training/re-training. This will enable employers to upskill their workforce and allows both employers and workers to be better prepared for the future economic upswing.

Generally, the provisions on the ESF should be flexible enough in order to allow for support to workers in up-skilling before they become redundant. If needed, these measures should continue beyond redundancy.

ESF support to encourage entrepreneurship and new jobs

The European Social Fund can also contribute to job creation by supporting:

- start-up of new businesses and hand-over of small existing businesses;
- programmes aimed at stimulating employment in the low-carbon economy, renewable energy sector and other environment-friendly activities;
- disadvantaged workers to improve work-related skills and experience, including at the local level, which may help them to seize further opportunities to progress on the labour market.

ESF support for young people in particular

As a result of the economic crisis, school and university leavers and young people will experience more difficulties in finding a job. As evidence for this, the unemployment rate for young people has increased more strongly than the overall rate, rising to 17.5% by February 2009.

In order to help address this situation, the ESF should be used to:

- improve the guidance of young people and to provide them with better information about skills needs and job opportunities;
- increase the availability of training opportunities for young people;
- finance mentoring or support programmes including internships and apprenticeships facilitating the transition between education and work;
- develop measures to reduce early school-leaving in line with Lisbon objectives.

7 May 2009
Pedagogical Material
# Training on Trade Union Involvement in the implementation of the ESF 2007-20013: ESF support to social partners

**ETUC and ETUI Education**

**Dates:** 26 -30.10.2009

**Venue:** Berlin- Wannsee

**Working languages:** English, French, German

<table>
<thead>
<tr>
<th>Wednesday 28 October</th>
<th>Thursday 29 October</th>
<th>Friday 30 October</th>
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<tbody>
<tr>
<td>08.00</td>
<td>Breakfast</td>
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<tr>
<td>09.00</td>
<td><strong>ARRIVAL</strong></td>
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|                     | • First results of the joint European social partners survey on the participation of social partners in the current ESF  
• C. Denagtergal, ETUC  
• Exchange of good practices and experiences in the use of ESF for strategical aims  
• Trade Union experts |
| 13.00                | Lunch               | Lunch             |
| 14.30                | • Welcome VERDI  
• Presentations:  
  • ETUC and ETUI Education  
  • Participants + course  
  • Information Service EU Programmes  
• Trade Union education in VERDI,  
  Andreas Michelsbrink |
|                     | **Coffee Break**    |                   |
|                     | • ESF and its contribution to the economical recovery, - D. BE, DG Empl. EC  
• ETUC position, Claude Denagtergal, ETUC  
• Discussion and debate |
| 20.00                | Dinner              |                   |

**Friday 30 October**

• Continuation of working groups  
• Reports back, comments and discussion  

**Final Evaluation**

**DEPART**
Objective

Enable the participants to become acquainted.

Tasks

Please reply to the following questions:

- Surname
- First name
- Organisation / country
- Position (what is your job?)
- Have you been involved – as a representative of your organisation – in the consultation and implementation of the Operational Programmes of the ESF 2007-2013, at national, regional, European, or sectoral level?
- Have you participated in the design and implementation of any ESF funded activity/project at sectoral, regional, national level?
- Have you any specific questions on the ESF you would like to be addressed during the course?
Trade union strategy and the ESF

➤ Objectives

- Allow the participants to use their experience to identify and develop a trade union strategy for using the ESF on the following subjects:
  - training and re-training
  - new jobs
  - support for young workers
- To identify the essential elements of a project

➤ Tasks

1. Based on the information received, explain how you are thinking of putting together your project linked to the related subject

2. Identify a joint project idea for the whole of your group

3. Within your project idea, draw up a list of the elements that form an essential part of a project proposal:
   - title,
   - objectives and content of the initiative,
   - timetable,
   - partners and their tasks,
   - results and dissemination strategy of those results,
   - evaluation strategy

➤ Resources:

- Joint recommendations on support to economic recovery by the European Social Fund (document ETUC, Business Europe, UEAPME)
- Communication of European Commission – annexes
- Presentations from experts

➤ Report

Choose 1 person from the group to report to the plenary meeting. Write the elements on a flip chart.
© 15 minutes per presentation
Cohesion policy 2007-2013

ESF CONTRIBUTION TO THE ECONOMIC RECOVERY

Dominique Bé, European Commission
ETUC & ETUI education “Training on TU involvement in the implementation of ESF 2007-2013: ESF support to social partners”
28 October 2009, Berlin-Wannsee

“I'm trained, yes, but not highly trained.”
ESF in a nutshell

- 1957: restructuring | Common Market
- today: financial arm of EU employment policy
- shared management
  - EU level / national-regional level
- partnership principle
  - tripartite management

Facts & Figures
ESF share of EU budget

share of EU budget (2007-13)

- ESF 8%
- ERDF + Cohesion fund 28%
- other EU exp. 64%
The European Social Fund 2007-2013: a handbook for trade unions

### Architecture

#### Objectives & Funds

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Convergence</strong></td>
<td>ERDF</td>
</tr>
<tr>
<td><strong>Regional Competitiveness &amp; Employment</strong></td>
<td>ERDF</td>
</tr>
<tr>
<td><strong>European Territorial Cooperation</strong></td>
<td>ERDF</td>
</tr>
</tbody>
</table>

**Infrastructure, innovation, investments**
- Vocal training, employment aids
- Environment, transport, renewable energy
- All Member States & regions
- Member States CHICAP < 90%

![Image](image1.png)

---

**Architecture

#### Objectives & Funds**

- **Convergence**
  - ERDF: 161 bn€
  - ESF: 52 bn€
  - Cohesion Fund: 70 bn€
  - 81%

- **Regional Competitiveness & Employment**
  - ERDF: 31 bn€
  - ESF: 24 bn€
  - 16%

- **European Territorial Cooperation**
  - 3%

- **Total**: 351 bn€
Facts & Figures
ESF supports ...

9 million people trained per year of which ...

- Unemployed or inactive: 5.0
- Women: 4.7
- Younger than 25: 3.2
- Older than 54: 1.4
- Ethnic minority or migrant: 0.6
- Disabled: 0.3

€1,200 (€1,850) per trainee

ESF and the social partners

- triple role
  - partners
  - beneficiaries
  - specific support
1. Social partners as ... partners

1. (...) Each Member State shall organise (...) a partnership with (...) public authorities, economic & social partners & NGOs.

3. The partnership shall cover the preparation, implementation, monitoring & evaluation of operational programmes.

Art. 11 GR

---

2. The Member States shall ensure the involvement of the social partners & adequate consultation & participation of other stakeholders, at the appropriate territorial level, in the preparation, implementation & monitoring of ESF support.

Art. 5 ESF

→ monitoring committees
2. Social partners as ... beneficiaries

- The managing authority of each operational programme shall encourage adequate participation of the social partners in actions funded under Art. 3.

- Within the framework of the Convergence & Regional competitiveness & employment objectives, the ESF shall support actions (…) promoting partnerships, pacts & initiatives through networking of relevant stakeholders, such as the social partners & NGOs, (…) ESF 3.1.e.

3. Capacity building for social partners

3. Under the Convergence objective, an appropriate amount of ESF resources shall be allocated to capacity-building, which shall include:

- training
- networking measures
- strengthening the social dialogue
- activities jointly undertaken by the social partners, in particular as regards adaptability of workers & enterprises

Art. 5 ESF
3. Capacity building for administrative efficiency

Within the framework of the Convergence objective, the ESF shall support actions (...) (b) strengthening institutional capacity & the efficiency of public administrations & public services at national, regional & local level and, where relevant, of the social partners & NGOs, with a view to reforms, better regulation & good governance especially in the economic, employment, education, social, environmental & judicial fields

Art. 3 §2.b ESF

---

3. Capacity building for administrative efficiency

in particular by promoting:

(i) mechanisms to improve good policy & programme design, monitoring & evaluation, including through studies, statistics & expert advice, support for interdepartmental coordination & dialogue between relevant public & private bodies;

(ii) capacity building in the delivery of policies & programmes in the relevant fields, including with regard to the enforcement of legislation, especially through continuous managerial & staff training & specific support to key services, inspectorates & socio-economic actors including social & environmental partners, relevant NGOs & representative professional organisations.

Art. 3 §2.b ESF
EU funds supporting the European recovery plan

- simplified EU funds management
- improved European Globalisation Adjustment Fund (EGF)
- new EU microfinance facility
Driving European recovery
(04/03/2009)

- restore & maintain stable & reliable financial system
- support the real economy
- support people through the crisis
- promote global recovery

A Shared Commitment for Employment
(03/06/2009)

- priorities & actions
  - maintain employment, create jobs & promote mobility
  - upgrade skills, match labour market needs
  - increase access to employment
- make better use of EU funds
  - mobilise all available funds
  - accelerate funding
- prepare the future
Better use of EU funds
€347 billion (2007-2013)

- **Flexibility**: accelerate funding
  - fast-track procedure to adapt ESF OPs
  - simplify financial management
- **Liquidity**: mobilise all available funds
  - increase advance payments
  - 100% EU funding in 2009-10
  - EU microfinance facility (€100 mio)
  - ESF interest-rate support

ESF & crisis
How does it work?

- restructuring → regular ESF measures
- regular ESF measures → ex: in-house training
- ex: in-house training → employment service
- employment service → trade union
- trade union → ESF managing authority
- ESF managing authority → adhoc ESF measures
- adhoc ESF measures → worker
EGF regulation

- European Globalisation Adjustment Fund (2007)
  - to retain in or reintegrate into the labour market
  - workers made redundant due to changing global
  - trade patterns
  - up to € 500 million each year
- 2007-2008
  - € 67 million
  - 12 restructuring cases
  - >15,000 redundant workers
  - 8 Member States: FI, FR, DE, IT, LT, MT, PT, SP

Improved EGF
06/05/2009

<table>
<thead>
<tr>
<th></th>
<th>before</th>
<th>now (until end 2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>redundancy cause</td>
<td></td>
<td></td>
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<tr>
<td>trade patterns</td>
<td></td>
<td></td>
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<tr>
<td>crisis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>min. redundant workers</td>
<td>1,000</td>
<td>500</td>
</tr>
<tr>
<td>EGF funding rate</td>
<td>50%</td>
<td>65%</td>
</tr>
<tr>
<td>EGF support duration</td>
<td>1 year</td>
<td>2 year</td>
</tr>
</tbody>
</table>
Micro-finance facility
(02/07/2009)

- microcredit to small businesses & unemployed
- micro-enterprises (<10 people)
- €100 mio > leverage: €500 mio (EIB Group)
- +/- 45,000 loans (< €25K) over up to 8 years financing
- support measures (mentoring, training, coaching, guarantees, assistance in preparing a business plan, etc.)
- ESF interest rate rebates
- operational in 2010

Supporting people
Available EU funds

- microfinance: 0.1
- EGF: 0.5
- ESF: 11.0

in bn €/year
“The bell with the past—I’d like to put the future behind us.”
Future of Cohesion Policy
What about the ESF ...

- more strategic?
  - less priorities?
- more focused on less developed regions?
- better link with climate change?
- more focus on results?
- more integrated with policies?
- more territorial co-operation?
- less administrative burden but accountability?

Future of Cohesion Policy
What about the ESF ...

- substantial self-standing ESF?
- more autonomous ESF?
- which objectives? which priorities?
- which geographical coverage?
- which scope?
- which delivery mode and instruments?
More Info
http://ec.europa.eu/esf
ESF 2007-2013 and trade unions

Roberto Pettenello
CGIL, Italy

Main characteristics of the ESF 2007-2013
main characteristics:
— greater integration with the European priorities in the field of employment and social inclusion;
— greater integration with the ERDF objectives;
— mainstreaming of innovative actions and transnational cooperation

NB: From the point of view of the trade unions, the ESF must be used in synergy with:
— the new LLL programme 2007-2013;
— the 7th Research and Development Framework programme;
— national, regional and local European policies.

The mission of the ESF
— to strengthen the economic and social cohesion by boosting employment and employment possibilities (quantity and quality);
— to contribute to the achievement of the full employment;
— to improve the labour quality and productivity;
— to progress on the social inclusion;
— to reduce the national, regional and local disparities in the field of employment.

The education and training objectives 2010
The “quantitative” objectives
— to reduce the early school dropout rate to no more than 10%;
— to increase by 15% the number of students enrolling in mathematics, science and technology courses;
— to increase up to 85% the percentage of young people aged 22 having completed at least higher secondary studies,
— to reduce by 20% the percentage of pupils with skills equal or lower than the level 1 PISA reading standard;
— to increase to 12.5% the percentage of the population between 25 and 64 having participated in an education and training measures in the 4 weeks preceding the survey.

The “political” objectives

— to draw up and test a European certification framework, founded on learning outcomes;
— to draw up and test a system of learning credits;
— to step up the cooperation in the field of quality by the European network on quality assurance in education and vocational training;
— to promote the use of Europass.

The scope of application

For “Convergence” and “Competitiveness” Objectives:

a) Adaptability of workers and companies
1. Life long learning, access to training, in particular of low-qualified and elderly workers, development of qualifications and skills, dissemination of ITCs;
2. Dissemination of innovative methods of work organisation, health and safety, identification of professional needs (including during re-structuring exercises).

b) Access to employment
1. Employment services;
2. Active and preventive measures to identify needs: made-to-measure training, job-seeking, setting up in business, elderly workers, work-life balance;
3. Actions to improve access to employment, long-term employment and prospects of working women suffering less segregation and removing pay inequity;
4. Actions to encourage the participation of migrants in employment and their integration and to facilitate worker mobility.

c) Social inclusion and the fight against discrimination
1. Insertion programme for the employment, education and training of underprivileged groups;
2. Combating discrimination on the labour market.

d) Human capital
1. Reforms of the education and training systems (employability, adaptation to the labour needs, innovation);
2. Networking of higher education establishments, research and technology centres and companies.

e) Partnerships and agreements with social partners and NGOs at national, regional, local and transnational level
The scope of application

Only for the “Convergence” Objective

a) Investment in human capital, through
1. reforms of the education and training system for the knowledge society and LLL;
2. participation in education and LLL (school dropout rate, sexual segregation, quality);
3. human capital in research and innovation (universities and researchers).

b) Reinforce the capacity and efficiency of the authorities, the social partners and NGOs to ensure good governance, through:
1. studies, statistics and experts to improve the design, monitoring and evaluation of the policies and programmes;
2. specific training for the staff of the relevant authorities, social partners and NGOs.

NB1: the authority in charge of managing each Operational Programme shall encourage the appropriate participation of the social partners in the actions financed by the ESF.
NB2: art. 5p3 of the ESF regulation: an appropriate volume of the resources of the ESF is allocated to the development of the capacities of the social partners (training, networking, social dialogue, in particular for the adaptation of workers and companies).
NB3: the ESF can support transnational and interregional actions (sharing of information, good practices, etc.)

Programming tools

1. Community strategic guidelines promoting cohesion
2. National Strategic Reference Frameworks (NSRFs) (a single overview and a single strategy for the objectives and the funds)
3. Operational Programmes (OP) of the Member State or region

what is the role of the trade unions?

1. To focus the objectives of the trade unions relating to the application of the ESF missions at the (sectoral and cross-sectoral) transnational, national, regional and local levels, with special attention on the effects of the economic and employment crisis,
2. To use the exchange forums and opportunities offered by the ESF,
3. To ensure broader dissemination of this knowledge (training/information) among trade unions and workers

1) To focus the objectives relating to the application of ESF missions
   — access to education and to Life Long Learning;
   — investments;
   — the organisation of work and training time;
— analysis of vocational and training needs;
— validation and recognition of skills;
— innovation in education and training;
— links with the world of work (traineeships, sandwich courses, apprenticeships);
— equal opportunities;
— the social dialogue;
— broad partnership at local level, in particular;
— negotiation of training.

2) To use the exchange forums and the opportunities offered by the ESF
a. The monitoring committees
— preparation;
— implementation of the Operational Programmes (OP);
— follow-through (in accordance with national standards);
— evaluation;
b. Article 5.3 of the ESF regulation [Appendices]

3) Disseminate knowledge among the trade unions
— synergies between the different departments;
— use ICTs;
— training module on the Structural Funds 2007-2013 into existing (or “standard”) trade union training programmes;
— strengthening the potential for transnational activities, by using the ETUC/ETUI networks

The background papers that the trade union decision-makers need to be familiar with:
— the community strategic guidelines in favour of cohesion 2007-2013;
— the guidelines in the 2007-2013 ESF regulations;
— the National Strategic Framework (summary) 2007-2013;
— the national or regional OP;
— other national, regional, local programming documents (Pact, Agreement, etc.);
— the Driving European Recovery (Communication from E.U. Commission, 4.3.09);
— Europe 2020.
Useful websites
Useful websites

ESF: http://ec.europa.eu/employment_social/esf/

SET-UP (ex EUIS): http://www.etui.org/education/EU-Information-Service

PROGRESS: http://ec.europa.eu/social/main.jsp?catId=327&langId=en

European Globalisation Adjustment Fund: