



COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION

**Community activities concerning analysis, research and cooperation in the field of
employment - Interim Report**

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In accordance with the provisions of the Council Decision of 23 February 1998 on *Community activities concerning analysis, research, and cooperation in the field of employment and the labour market* (98/171/EC) the Commission is required to draw up an interim report on the activities carried out under the programme.

1. BACKGROUND AND ORIGINS

The Council Decision was adopted in February 1998, very shortly after the Luxembourg European Council, before the ratification of the Amsterdam Treaty, but at a time when the European Employment Strategy was fully in the making. The programme had originally been drafted in the mid-1990s, and was designed to provide a legal base for the activities which had been carried out by the Commission over a period of some 20 years in support of its policy initiatives in the field of employment, which at that time were based on the strategy set out in the White Paper *Growth, Competitiveness, Employment*. As a result of the entry into force of the Amsterdam Treaty, this Decision was overtaken by events, with the provision in Article 129 for the adoption of employment incentive measures. As such, this programme could be seen as an interim measure for carrying out the necessary activities in support of the Employment Strategy, while awaiting the ratification of the Amsterdam Treaty.

In accordance with the Decision, a Committee to oversee the activities of the programme was set up. The tasks of this Committee were to give their approval to the Work Programme proposed by the Commission for the following year, and to be consulted on the individual projects to be carried out in line with this work programme. The first meeting of the Committee was held in March 1998. Representatives of the Member States on this Committee principally come from the research-related departments of the Employment and Labour Ministries.

The Work plan for 1998 was submitted to this meeting and subsequently adopted on 30 April 1998. The first consultations were submitted in June 1998. Because of the time required to set up the Committee and complete the consultation procedures, the activities carried out in 1998 therefore relate to less than half of a year.

The Work Programme for 1999 was adopted in January 1999 and the activities were carried out throughout that year.

The purpose of this programme has developed over the period into an essential supporting role for the Employment Strategy. Initially, it contained three elements:

- Fostering cooperation in analysis, research and monitoring
- Identifying best practice and promoting exchanges and transfers of information and experience
- Developing an active information policy

Over the three years of the programme, the supporting role for the strategy has developed and projects have become more specifically aimed at the needs of supporting and developing the strategy.

2. PROCEDURES

The financial procedures which are used in carrying out this programme are those which govern all such activities. In particular this involves:

- Open tenders for all major projects (over €100 000) with a timescale in excess of 6 months from publication to award of contract; this timescale is determined by the rules set out in the Directives on public procurement
- Calls for expression of interest for the award of subsidies to interesting and innovative projects in Member States, particularly those which contribute to the exchange of good practice and experience. This technique is, however, also very lengthy and demanding on resources (some 8 months from start to finish)
- Limitations on the number and amount of ad hoc subsidies, which are effectively limited to events which have a high policy link with the priorities of the incumbent Council Presidency

3. THE ACTIVITIES

The Work Programmes for the three years in question were structured in line with the three areas of activity originally defined in the Council Decision. However, for the purposes of this report it is considered more useful to analyse the activities actually carried out under four headings:

- Statistics related work
- Analysis and studies
- Observation and transfer of good practice
- Mainstreaming of employment

4. STATISTICS RELATED ACTIVITIES (WORK PROGRAMME CODE 1.2)

With the encouragement of the Committee, considerable importance has been placed on statistics related activities in the programme. This has two aims: firstly, to improve the reliability and comparability of statistics in the field of employment which are used for analysis, for measuring performance, and for the further development of the employment strategy. Secondly, to develop appropriate tools and methodology to improve the measurement of policy indicators in connection with the employment strategy. At one level, this has involved the granting of financial assistance to Eurostat for the development and improvement of the comparable statistics required for the other elements of the programme, and for the analysis and policy support for the employment strategy. This financial assistance has not been used for the regular collection of data by Eurostat, but for the development of new projects which improve the reliability and comparability of the statistics. In particular,

emphasis has been placed on the development of the continuous labour force survey, which will supply the necessary data for an up-to-date and accurate analysis of employment trends in the Member States based on the agreed list of performance indicators. Funding was also used for the series of ad hoc modules of the Labour Force Survey, which are designed to provide information on specific topics which are not (or no longer) covered by the regular survey. These included the module on working time and one on the transition from school to work.

At another level, contracts were granted to outside researchers to develop methodologies which could be tested in collaboration with Eurostat. In terms of policy indicators, a major project was launched which was carried out throughout the life of the programme to develop a labour market policies database which is crucial for the evaluation of the National Action Plans. This work was developed in collaboration with Eurostat in the context of the ESSPROS database.

In 1999 the programme was adapted to include a contribution to the ad hoc labour market survey of employees organised by DG ECFIN. This survey had originally been carried out in 1985 and repeated in 1989 and 1994.

Other projects under this heading included the study to develop the diamond charts approach which was included in the Joint Employment Report 1998 and a project which was launched in 2000 to develop a range of indicators of labour market flexibility including the following elements: labour supply availability, health situation of the labour force, level of education and training, capacity to utilise new technology, working time flexibility, industrial relations at both the micro and macro level, labour cost flexibility, labour taxation, contract flexibility, and labour mobility. The study should collect already existing data as well as additional data for a statistically robust indicator. All of these should cover all 15 EU Member States, the US and Japan.

A summary table of budgetary allocations and expenditure is provided in the annex.

5. ANALYSIS AND STUDIES (WORK PROGRAMME CODE 1.3)

The activities carried out under this heading of the programme are designed to support the assessment and further development of the employment strategy. To this end, they fall into two main categories:

- Specific support for the implementation of the Employment Guidelines
- Research into labour market issues which relate to the further development of the employment strategy

5.1. Specific support

The first years of the implementation of the Employment Guidelines demonstrated that all Member States are continually launching innovative policies. Analytical support is necessary in order to give concrete substance to the recommendations implicit in the Guidelines. Among the projects carried out in this area was work on the early identification of the unemployed and a study on unemployment benefit systems and active labour market policies in relation to the preventive approach, and a series of projects related to the Entrepreneurship pillar.

5.2. Analytical research

Prospective analysis and studies are needed in order to advance our understanding of the functioning of the European labour market and to underpin the long-term development of the Employment Strategy by identifying potential new issues and challenges in advance. Throughout the period of the programme, the Employment in Europe report has continued to present a quantitative analysis of employment trends and policies in the Union, providing the essential background analysis on which the remaining analytical work could build. The other issues for which major studies were launched included:

- Restructuring public expenditure (report to EMCO)
- Labour Supply (Publication)
- Patterns of employment-enhancing growth (finalised in February 2001)
- Wages and job quality
- Employment in the Services sector (publication)
- Globalisation, Trade flows and outward direct investment (3 studies)
- A series of studies on older workers

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Observation and transfer of good practice (Work Programme codes 1.1 and 2)

This heading of the programme was based on the earlier work done in the Commission in developing the concept of Action-Research Programmes and the exchange of information and good practice, with particular emphasis on the ability to replicate successful policy approaches and projects. This work had resulted in the establishment of the MISEP and SYSDem programmes relating to labour market policies and documentation respectively, and the LEDA (Local Employment Development) and ERGO (long-term unemployment) programmes.

With the adoption of the Employment Guidelines and the implementation of the National Action Plans, this part of the ARC programme gained a new importance in supporting the activities carried out jointly by the Commission and the Member States in monitoring the way in which the Guidelines are translated into national policies and actions.

A key element in the Luxembourg process consists in the identification and evaluation of employment and labour market policies which have produced good results in originating countries. The Peer Review method, which has been supported throughout the life of the programme, aims at evaluating the transferability of employment and labour market policies through multilateral and independent expert assessment. A first round of reviews was carried out in 1998-99. In 1999 a further two-year programme was launched with a view to providing a more regular and solid information base for supporting the employment strategy. Furthermore, the results of the peer reviews will henceforth be included in the Joint Employment Report.

A major role is played by the Public Employment Services in delivering the policy measures arising from the Employment Guidelines, and this is reflected in the activities which have

been supported financially. Apart from the regular twice-yearly meetings of the Heads of PES, these have included:

- modernisation of the PES
- analysis of self-service systems
- support for organisation of events leading to a better understanding of employment services delivery systems
- involvement of the social partners in PES
- regionalisation of PES
- study on the social consequences of large-scale adjustments

While the Joint Employment Report is the main instrument for assessing the implementation of the Employment Guidelines in national policies, more in-depth studies of the National Action Programmes for Employment are going to be carried out. The aim is to study certain policy initiatives which occupy a central place in the NAPs in more depth, with a view to assessing their impact on the employment situation as well as the interaction with other social policies, and subsequently to draw possible conclusions for dissemination of best practice.

Also at the end of 2000, a pilot survey of the unemployed was launched with voluntary participation of ten Member States in order to monitor Guidelines on activation and prevention. The expected outcomes are improved comparability of data and additional insights in national administrative and statistical systems. The results will be useful for the policy impact evaluation of the Employment Strategy.

6. MAINSTREAMING OF EMPLOYMENT POLICIES (WORK PROGRAMME CODE 2.2)

Employment in other Community policies is a major element in the Employment Title of the Treaty (Art 127) and has thus been integrated into the ARC programme under the overall activity of identification and transfer of best practice.

Among the issues for which activities have been launched during the programme are:

- sustainable development and employment
- the employment potential of culture
- Unemployment and public health
- New areas of employment growth
- Entrepreneurship and employment

At the end of 2000, a major study was also launched on the potential of Community policies for employment promotion. The aim of this study is to identify the policy orientations/actions which are likely to play a key role in support of employment at Community level and their interactions with national actions for promoting employment. The studies should aim to assess, qualitatively if necessary, the extent to which these policies will influence employment

developments and how they are likely to do so. The results will be included in the next major report to be drawn up by the Commission in accordance with the provisions of Article 127.

A summary table of budgetary allocations and expenditure is provided in the annex.

7. DIFFUSION AND DISSEMINATION

Throughout the period of the programme, the Commission has pursued an active publication and dissemination policy. Apart from the Employment in Europe report and the Joint Employment Report, all those studies with a wider application have been published either in printed form or, increasingly, on the internet.

Furthermore, the Commission considers that an active exploitation of the results of studies and research projects can often best be effected through the organisation of seminars and workshops. The organisation of a workshop to discuss and assess the results of studies is therefore an integral part of each contract, with the onus on the contractor to assemble an appropriate audience of academics and policy makers. Such seminars have already been held on Restructuring public expenditure, Services sector employment, entrepreneurship and employment, concepts and measurement of European labour market flexibility/adaptability indices" and undeclared work . Further seminars will be organised as more studies launched in 1999 and 2000 are completed.

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Conferences and subsidies

In 1999 a call for proposals for innovative projects in support of the employment strategy was launched. As a result 7 projects were granted subsidies for a total of €784.000. Projects were required to be linked to the Employment strategy, innovative and trans-national. Most focussed on methodology, such as one to promote the benchmarking process, one on learning from neighbours in the South Baltic Region, one developing regional learning networks and the annual conference of European Labour Economists which looked at mobility and migration, occupational choice and income distribution. Others focussed on specific policy areas such as employment in cities, arts graduates and the sports sector.

Additionally, throughout the life of the programme, Conferences held in the context of the current Presidencies were regularly supported. These included:

- Social policy and the Amsterdam Treaty (DE Presidency)
- A Working Culture II (DE Presidency)
- Culture, new technology and employment (AU Presidency)
- Jobs Conference – EU/OECD employment strategies (FIN Presidency)

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8. CONCLUSION

The programme on Commission activities in the field of Analysis, Research and Cooperation in employment was conceived in the aftermath of the White Paper on Growth, Competitiveness, Employment and came into being just after the adoption of the first Employment Guidelines. While not specifically designed as such, it has become an essential tool in support of the European Employment Strategy, used by the Commission, the Member States, social partners and other actors. Each of its constituent parts has contributed to its monitoring and development, from the underlying analysis of current and prospective issues, the assessment of the impact of Community policies to the interactive process represented by the peer reviews process and the evaluation of the National Action Plans.

This interim report represents a view of the programme at the end of the period in which activities are launched (the last commitments were made in December 2000). The nature of some of the major studies launched particularly in the later part of the programme, however, means that many will only be completed during the course of 2001 and some in early 2002. A full evaluation of the programme will therefore need to wait until that time.

Nevertheless, some preliminary conclusions can already be drawn. The financial support for Eurostat has led to considerable improvements in the statistical monitoring systems in the field of employment, and particularly the comparability and timeliness of the data. Further improvements will occur in the near future as the continuous labour force survey comes into effect in all Member States – a development for which this programme has supported much of the preparatory work.

In the policy area, the introduction of the Peer Review process and cross-country studies have been major contributors to improvements in the Employment Guidelines, while the joint project between DG EMPL, Eurostat and OECD to develop appropriate monitoring systems for the guidelines has begun to produce useful results.

An implication which has already become clear, however, is that such a programme of activities is very dependent on adequate in-house resources in order not only to design and launch projects, but even more so to exploit the results and draw meaningful policy conclusions from them.

Budget Line B5-5020 Expenditure 1998-2000 (1)

Commitment appropriations

(1) Council Decision of 23 February 1998 on Community activities concerning analysis, research and cooperation in the field of employment and the labour market

Work Programme	Activity	1998	1999	2000
	Overall Budget Allocation - B5-5020	8.000.000	8.550.000	11.693.000
	- B5-5020A			1.800.000
1.	<i>Analysis of labour market & employment policies</i>	3.573.127	2.609.303	7.549.963
	<i>% total</i>	44,66	30,52	55,95
1.1	Observation	0		1.098.906
	<i>% BA total</i>			61,05
1.1.1	European Employment Observatory	0		1.098.906
1.2	Development of comparable statistics and indicators	2.290.092	673.184	3.796.918
1.2.1	Development of database on employment policies	598.150		94.039
1.2.2	Contribution to Eurostat	1.500.000	673.184	2.681.650
1.2.3	Comparative analysis of employment and unemployment by different measurement concepts	0	0	128.280
1.2.4	Comparative analysis of labour market performance: explanatory factors, indicators	191.942		892.949
1.3	Analysis and studies	1.283.035	1.936.119	2.654.139
1.3.1	Employment impact studies	638.660	1.936.119	2.136.449
1.3.2	<i>Employment in Europe</i> Report	644.375		517.690
2.	<i>Identification and transfer of good practices</i>	1.763.995	1.943.783	137.185
	<i>% total</i>	22,05	22,73	1,17
2.1	Peer review of best practices (JER 1997)	688.000	1.500.041	
2.2	New areas of employment growth, entrepreneurship, sustainable development, culture	393.324		
2.3	Social consequences of large scale structural adjustment. Network: Management of change and human resources	394.865		
2.4	Public Employment Services	39.924	443.742	137.185
2.5	Cooperation with OECD (LEED Programme)	247.882		
3.	<i>Diffusion</i>	1.620.369	1.521.797	679.162
	<i>% total</i>	20,25	17,80	5,81
3.1	Grants to seminars, workshops, etc.: Mainstreaming. Globalisation. New Employment opportunities. Sustainable development. Active labour market policies. Vulnerable groups	1.254.369	1.151.297	425.899
3.2	Publication production costs: printing and publication, preparation of translation and summaries, desk-top publishing of studies	366.000	370.500	253.263
	TOTAL	6.957.491	6.074.883	8.366.310