

THE ROLE OF EUROPEAN FUNDS IN SUPPORTING TRAINING: RESPONSE TO THE CRISIS

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EU's response to the crisis

- 29 October 2008 - Communication of the Commission – action plan to address the financial crisis
- **26 November 2008 - the European Economic Recovery Plan**
- 16 December 2008 – 4 March 2009 - set of measures leading to the Communication of the Commission “Driving European Recovery”
- 19-20 March 2009 – recommendations of the European Council on economical and employment policies
- 7 May 2009 – EU summit in Prague – measures to address the consequences of crisis for employment in Europe
- **3 June 2009 - Communication of the Commission - “EU Shared Commitment for Employment”**



European Economic Recovery Plan (EERP)

- Member States implemented EERP via National Economic Recovery Plans (NERPs):
 - Measures already put in place help to alleviate the adverse effect of the slump
 - State actions focus on:
 - Addressing labour markets needs
 - Supporting household income
 - Supporting business confidence and boosting investment
- NERPs are lacking 'smart' investment in R&D, innovation, clean technologies



National Economic Recovery Plans

- Main challenges and short-run rescue measures:
 - Fixing financial sector problems
 - Addressing risk of unemployment
 - Limiting prolongation of the crisis
 - Restoring confidence in public finance

- Long-term policies to be established:
 - Structural reforms
 - Improved public finances
 - Investment in R&D and green, knowledge economy
 - More consistency and better coordination of actions across EU



3 June 2009 Communication of the Commission

“EU Shared Commitment for Employment”

« Skills are critically important for Europe’s future growth and productivity, its capacity to adapt to change and create quality jobs; and the crisis now provides an opportunity to invest in skills via education and training.

Young people, given their lack of work experience and being at the early stages of skills development, are critically affected by the current crisis.

Skills matching and upgrading is essential in the short term, and it is also the best way to address structural changes and exploit new opportunities for sustainable jobs, such as the shift to a low-carbon economy, green jobs and the development of new technologies.

Training and retraining are essential to occupational/professional mobility in mid to longer term perspectives, as many people who lose their job now will not be able to get back into their old job, occupation, or industry after the crisis.

Indeed, the crisis may be an opportunity for people to change professional track and move into more promising occupations.

Moreover, in the long run, Member States will need to have a highly skilled and educated workforce to ensure that the EU continues to compete on the quality of its products and services »



3 June 2009 Communication of the Commission “EU Shared Commitment for Employment”

- **Three priorities of Communication:**
 - Maintaining employment, creating jobs and promoting mobility
 - Upgrading skills and matching labour market needs
 - Increasing access to employment
- Main financial instrument - European Social Fund (ESF)



Maintaining employment, creating jobs and promoting mobility

- ESF supports effective schemes developed by Member States to maintain viable employment and optimise the impact of temporary short-time working arrangements and training
- Member States, Social Partners, Commission (through ESF support) assist unemployed and young people in starting new business by providing start-up capital and business training
- Commission encourages an exchange of experiences between all stakeholders to develop the best practice catalogue
- Commission establishes practical Toolkit to facilitate anticipation and management of business restructuring
- Commission EURES network and the new on-line tool «match and map» serves as a tool to streamline mobility of workers



Upgrading skills and matching labour market needs

- ESF support to be used urgently by Member States:
 - To strengthen capacity in better matching skills demand and supply in sectors and industries most affected by the crisis
 - To anticipate and forecast future skills needs
- Commission proposes ESF support to be used:
 - To enrol 5 million young Europeans in a high quality apprenticeship in 2009 and 2010



Increasing access to employment

- Member States to use ESF significant resources to:
 - Improve the efficiency of national employment systems
 - Activate labour market policies
 - Help each unemployed person to find work as soon as possible
 - Provide incentives to establish new business or become self-employed
- Member States to intensify experience sharing between public employment services to:
 - Cope with recent increase in unemployment
 - Facilitate return of unemployed to work force within the first three months
- Commission proposes action for long-term unemployed:
 - Companies employing unemployed people to:
 - Be exonerated from social security contributions during the first 6 months
 - Pay reduced contributions thereafter



Examples of good practices:

- On-the-job training is increasingly recognised as a key tool for improving employability of employed workers
- Training opportunities and incentives have been expanded in most Member States facing the crisis:
 - AT, BG, EL, FI, FR, HU, PT, RO, SI, SE, UK
- RO introduced a 50% support for costs of continuous vocational training for both employees and unemployed
- DE established a new programme to support further vocational training for temporary workers, through a system of training vouchers
- PT expanded the provision of job training to beneficiaries of minimum income
- AT, PT, SE enhanced financial support for access to education



European Globalisation Adjustment Fund-EGF: General overview

■ What is the EGF?

- Instrument established by Reg. (EC) 1927/2006 and revised by Reg. (EC) 546/2009
- A Community Fund (€ 500 Mo/year) co-financing active labour market measures aiming at re-integration into employment

■ What is the EGF for?

- Show solidarity with workers facing mass redundancies due to changing world trade patterns and global economic crisis
- Contribute to the European competitiveness through improved skills and employability



EGF: General overview

■ How does the EGF work?

- Applicant?
 - Member State (s); (not companies or individuals)
- Amount available?
 - € 500 Mo/year max
- Co-financing rate?
 - Up to 65% (until 31.12.2011)
- Co-funders?
 - Member States, regions, companies
- Implementation period?
 - 24 months



EGF: Intervention criteria

- Art.2 of Reg. (EC) 1927/2006:
 - Serious economic disruption due to major structural changes in world trade patterns or the financial and economic crisis
 - A least 500 redundancies:
 - Over 4 months in a enterprise and its suppliers/downstream producers
 - Over 9 months in 1 or 2 contiguous NUTS II regions and a same NACE sector
 - Smaller cases eligible under exceptional circumstances or for small labour markets



EGF: Eligible Measures

- Art.3 of Reg. (EC) 1927/2006:
- The EGF only co-finances active labour market measures:
 - Training
 - Job-search assistance
 - Counselling and guidance
 - Employment and recruitment incentives
 - Mobility allowances
 - Micro-credit and Entrepreneurship promotion
 - ...
- The EGF co-finances neither passive measures nor companies restructuring



EGF: General overview

- Affected Member States, sectors and workers
 - 30 applications from 14 Member States so far
 - Automotive, textiles, mobile phones, computer...
 - 35,400 workers assisted to find another job
- Amount of EGF contributions
 - More than € 70 Mo granted since 2007
 - Average contribution granted: +/- € 5.8 Mo

A comprehensive ESF and EGF approach for employment to boost economy

- The ESF and EGF and their measures to play a relevant role in difficult time of global crisis
- Keeping people in employment and upgrading their skills to boost the economy and help facing the crisis
- Investing in human capital, improving and modernising abilities and skills for a more competitive, knowledge-based society
- Nobody shall be left behind



New initiative: The Progress microfinance facility

■ Loans under € 25,000

- Micro-enterprises employing less than 10 people (91% of EU enterprises)
- Unemployed or inactive people without access to traditional banking services to become self-employment

■ Main objective

- To increase access to micro-credit for: unemployed or at risk of losing the job; disadvantaged people, including new/first starters; self-employed to establish or further develop micro-enterprises active in social inclusion

■ Budget

- Financial contribution of € 100-150 million over 4 years (2010-2013)
- 1% maximum for support measures
- Re-investment within 6 years
- Surpluses back to Community budget at the end of the Facility

■ Main products under discussion with EIF:

- guarantees and risk-sharing instruments
- debt instruments
- equity instruments

New initiative: The Progress microfinance facility

■ Indicative method of implementation

- Centralized, Decentralized/shared, Joint management international organizations (i.e. EIF together with DG ECFIN)
- EIF will conclude agreements with micro-finance providers in Member States, under the conditions of mandate
- No management burden on MS. Additionality with national scheme

■ Complimentarity

- CIP Microfinance window: focus on competitiveness and innovation
- JASMINE: strengthening non-bank intermediaries
- EIB pilot: EUR 20 million
- JEREMIE: funding from ERDF/ESF funding

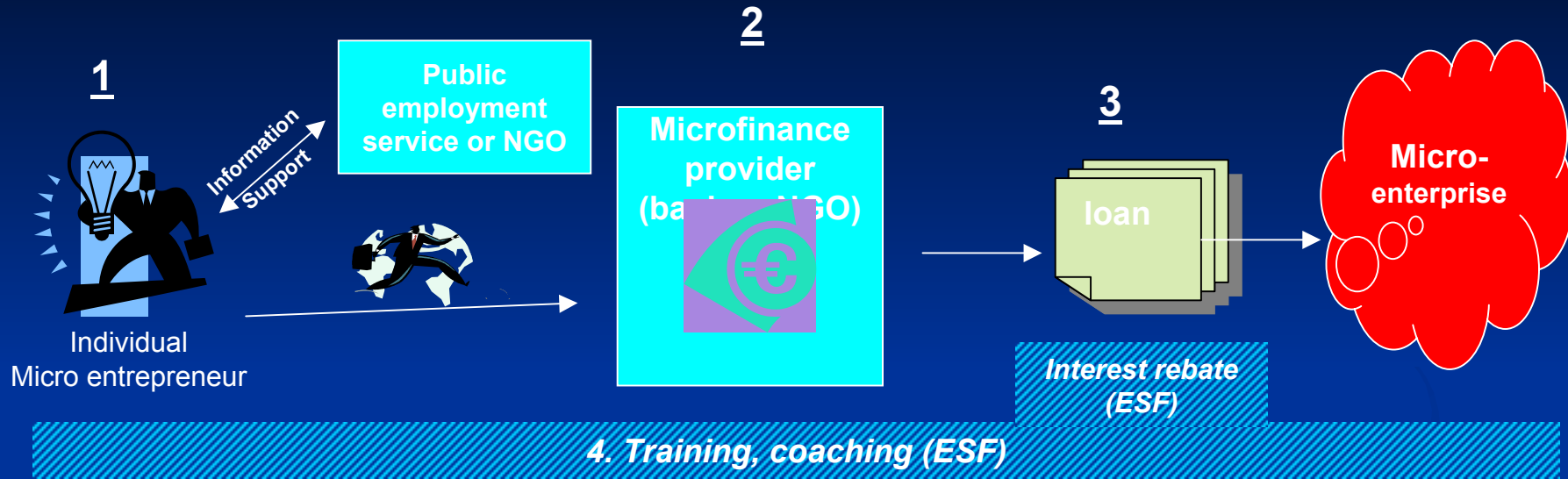
■ Commission's management of support measures: communication, evaluation, monitoring, fraud prevention

- Annual report to EC and EP starting in 2011
- Ex-ante, interim and final evaluations
- Effective checks, recovery of amounts unduly paid, proportional and dissuasive penalties in case of irregularities detected

ESF support to the Facility

- Mobilising and supporting Managing Authorities and Public Employment Services
- Providing loan interest-rate support
- Mentoring, training, coaching and capacity building for the individual entrepreneurs and founders of microenterprises
- Promoting exchange of good practices

How can the individual benefit from the Facility?



1 The unemployed or disadvantaged person is informed about the possibilities offered by the Facility through the public employment service or by NGOs. He/she is directed towards a micro-finance provider

2 The application is made to the microfinance provider (bank or NGO)

3 A contract is signed between the beneficiary and the provider. The individual can benefit from the interest rebate offered by the ESF

4 From the information phase until the actual running of the business the beneficiary is supported by the ESF through training and coaching, guidance and mentoring



Thank you for your attention!

DG EMPL website

<http://ec.europa.eu/social/>