

New sources for jobs Information note

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Innovative measures: new sources for jobs, particularly local employment initiatives INFORMATION NOTE

I. General context

The main objective of Community structural policies is to strengthen economic and social cohesion in the European Union. This is done, in the case of regional policies, through corrective action on the disparities in income and employment in the different regions of the Union. In these spheres, the key focus is on activities that generate income and, therefore, jobs. Demographic and socio-cultural trends in Europe, as well as changing ways of life, have created new needs which can serve as a source of future jobs. However, so far, a large part of these needs are not being met, despite a certain number of innovative initiatives in Union countries.

The White Paper on Growth, Competitiveness and Employment proposed by the Commission and adopted by heads of state and government in Brussels in December 1993 devotes a great deal of attention to this issue (see Annex 1). On the basis of the White Paper, the Council invited the Commission to assess the potential for job creation, focusing in particular on examples of local initiatives already set up. Subsequently, the European Councils held in Corfu (June 1994), Essen (December 1994) and Cannes (June 1995) stressed the importance they attached to local initiatives because of their contribution to increasing the employment intensity of growth. The study presented by the Commission at the meeting in Essen shows that certain countries in the European Union have already gone a long way in this direction, namely:

- Ireland, through its development of rural-based activities,
- Portugal, through its stress on the revival of traditional activities, linking them with tourism,
- Germany, where the emphasis has been on the development of services for children,
- the Scandinavian countries, where new forms of employment relating to the protection of the environment are developing, and
- France, where a voucher system for job seekers has made it possible to substantially simplify the administration of individual services.

The study also identifies 17 key areas of activity in the services sector in which there is the greatest job-creation potential (cf. Annex 1).

II. Objectives

This set of innovative measures has a double goal: to promote the development of local - or, preferably, supra-local (groups of areas, cf. IV) - strategies and of local initiatives for pilot projects providing support for job-creation. Such measures will be based on an integrated development approach and on the priority areas of activity selected from the 17 key areas listed in the White Paper. At Community level they are supplemented by specific measures designed specifically to assist the long-term unemployed under Budget heading B2-605, introduced in 1995 at the request of the European Parliament.

A. AN INTEGRATED APPROACH TO DEVELOPMENT

The local and regional dimension and the partnership aspect are the decisive factors for success, as compared to the macroeconomic approach which has hitherto been dominant. What is needed is to identify a geographical area which is coherent in socio-economic terms and has sufficient critical mass in which to implement measures that are integrated both in terms of instruments and partners to support local employment initiatives.

In this connection particular attention will be devoted at first to the combination and economies of scale of measures to support the emergence of local high-quality services, such as:

- measures promoting flexible working hours;
- mobilization of local resources to provide unemployment benefit;
- surveys of the geographical area's service needs, which should lead to a full market study;
- activation of demand;
- establishment of training programmes appropriate to these new types of employment.

This integrated approach should have a broad partnership basis involving the main public bodies, but also associations and the private sector.

B. SPHERES OF ACTION

These have been selected on the basis of the White Paper (Measures relating to the information society and the development of the cultural heritage are treated separately and are the subject of separate calls for proposals), and all are concerned with improving the quality of life. They may be broken down into the three following sub-sets:

(1) person-related jobs:

- home-help services, particularly for the elderly
- child care
- help for young people in difficulty and with integration into working life
- local cultural and audiovisual services

(2) jobs related to living conditions:

- improvement and maintenance/repair of housing
- safety in public places and in the home
- local public transport
- revitalisation of urban public areas
- local shops, particularly in difficult areas
- new forms of tourism.

(3) environment-related jobs

- waste management and, in particular, recycling
- prevention and control of pollution
- water management
- protection and maintenance of natural areas.

III. Eligible measures

These must be organized in two continuous stages of 8 months (A) and 16 months (B) respectively. During this period the participants selected must also undertake to develop and disseminate information on their measures (C).

A. DEVELOPING REGIONAL OR LOCAL STRATEGIES TO SUPPORT LOCAL JOB CREATION INITIATIVES

(1) The context

The potential represented by the new sources for jobs (NSJs) is largely dependent on the growth expected in the services sector, which has grown from 49% to 63% of total employment over the last 30 years in the European Union. Against this general background, the NSJs constitute an estimated growth reserve of between 140 000 and 400 000 jobs per year, which can be activated principally by increasing rates of activity (mainly for women) and reducing youth unemployment. The development of the NSJs should, however, because of the nature of such jobs, be clearly differentiated from traditional integration mechanisms. It is aimed at all job seekers whatever their age or level of qualification.

Although these new sources of employment are based on rapid growth areas (the environment), on more traditional trades (living conditions) and on the skills of new entrants to the labour market (relating to people), they will nevertheless be less suitable as retraining schemes than for initial training systems. The NSJs cannot, however, be described as providing make-work or casual jobs since they call for proper professional skills.

(2) The need for public support in stimulating the emergence of such jobs seems evident. In the context of the integrated development approach outlined above (cf. IIA), such assistance will give priority to three aspects:

(a) front-end loading: public subsidies for the start-up of such activities (tax incentives, reduction of social charges, reduction of VAT, allocation of local charges) seem necessary to accompany the marketing of the service products initially;

(b) boosting the status and skills involved in the new activities in order to contribute, as indicated above, to the emergence of **new services in their own right**;

(c) structuring supply: with the ultimate objective of establishing new forms of business both in legal form and as regards financing methods, in particular by developing and using new financial instruments such as "cheques" and "service vouchers".

In the light of these guidelines, local or supra-local strategies should be proposed for supporting the NSJs which integrate the above three aspects with particular emphasis on the last-mentioned. The strategies submitted, in the form of a feasibility study, should include an examination of the following:

- analysis of strengths, weaknesses, opportunities and threats of local job creation carried out by local agents, in particular from the non-profit and business sectors;
- integrated schemes proposed as responses to the analysis after consultation with all local parties concerned in order to foster the exchange of experience, networking and the spread of the changes in local culture necessary for the emergence of NSJs;
- programme of technical and financial work for launching a pilot project aimed at improving **the structure of supply**;
- analysis of expected social benefits and economic viability of the pilot project with special emphasis on impact indicators and assessment methods. Particular attention should be devoted to ensuring, in association with the local and regional authorities concerned, an accurate assessment of the pilot project in terms of job creation.

Finally, in accordance with the general guidelines for implementing Article 10 of the ERDF Regulation, the participants should submit proposals for supporting the long-term survival of the measures by integration with the corresponding instruments of Community or national policy.

All this information will be collated in an interim report the acceptance of which by the Commission will allow a second advance to be paid out (cf. VI - Financial Conditions). **B.**

PILOT PROJECTS FOR STRUCTURING THE SUPPLY OF SERVICES

(1) The context Of the three priorities for public assistance listed under III.A.2, the ERDF must, in view of its tasks, confine itself to **the organization of the supply of services**, i.e. the creation of structures within which the new sources of employment may be created, for example associations (both merchant and non-merchant services) or businesses specializing in the market in new services (merchant services). The projects should be designed to maintain a good balance between the market and non-market sectors and in particular not to create conditions of unfair competition between the two sectors. **They should promote equal opportunities between men and women.**

On the other hand, front-end loading to activate demand for the new services is the responsibility of the national and regional authorities, while ensuring the status and skill levels of the new jobs could benefit from a European Social Fund contribution.

(2) Measures for organizing supply will concentrate principally on:

- diversification of existing structures of information in order to reach potential candidates for the new types of job, counselling (non-profit associations, social insurance companies and cooperatives, business service centres, development agencies etc.) and financial engineering (start-up venture capital, guarantee funds, etc.);
- supporting the creation of "intermediary structures", the role of which will be to mobilize a combination of market, public and voluntary resources in order to:
- contribute to the launching of new forms of services with attractive pricing;
- provide advice and support structures for new entrants to the labour market or the previously self-employed;
- set up a temporary bridging structure to ease the transition to commercial enterprises;

- actively supporting the setting-up of businesses in new areas of activity, in particular through measures relating to:

- financing, by mobilizing local savings and activating passive resources allocated to unemployment compensation;

- hiving-off of new businesses and outsourcing by major economic operators.

Where this last point is concerned, particular effort should be devoted to:

- systematically approaching major businesses and public administrations and their staff committees to identify which new services they would be prepared to:
 - * develop either by internal restructuring or by hiving-off parts of their existing business;
 - * contract out business to firms that exist or are to be created for the purpose;
- targeting major infrastructure works in order to incorporate services relating to people, living conditions or the environment during the installation stage;
- measures to boost the supply of services such as financing or national incentives; information and promotion, market research, pooling of supply; <
- An interim report (16th month) and a final report will describe the progress of the measures and final assessment of them respectively, which will trigger the next payments (cf. VI, Financial Conditions).

C. ENHANCEMENT AND DISSEMINATION OF MEASURES

The participants selected will also undertake to participate, throughout the lifetime of their pilot project, in a series of information measures, exchanges of experience and transfers of expertise in the sphere of new sources of employment on the basis of the work they are carrying out in that area.

These measures, to be carried out jointly by those running the projects and an outside body and experts provided by the Commission, will enable them to:

- keep each other informed of developments in ideas, techniques and applications associated with new sources of employment and local job creation;
- conduct discussions on an international basis;
- compare their methods;
- develop a body of good practice for those who, from 1997 onwards, will be undertaking the same type of measures in the context of inter-regional cooperation;
- build up methodologies and expertise which - if they wish - they can use to assist other regions and bodies to participate in the types of measures they are carrying out from 1997 onwards;
- investigate whether networking in the sphere of new sources of employment will be relevant beyond the period of implementation of the measures part-financed by the Community.

For this purpose, the participants will define jointly with the Commission the methods and organization needed to implement the measures indicated above and will provide the Commission with all information concerning their projects. They will reserve a sufficient proportion of the planned pilot project budget for participating in this networking (which will include, in particular: drawing up information papers, participating in seminars, consulting outside experts and bodies, setting up a data-transmission network that can be accessed by the appropriate servers).

To implement these network measures and to assist those running projects in their interaction with Commission staff, in particular in the administrative and financial management of the pilot projects, the Commission will provide an external support unit responsible, among other things, for secretarial work for the network, preparing and organizing seminars, circulating information, monitoring pilot projects and identifying which experts are needed.

IV. Eligibility criteria for participants

Priority for participating in projects will be given to local authorities and the socio-economic actors in Objective 1, 2, 5(b) and 6 areas. Local authorities and other bodies not located in those areas are also eligible to the extent that their presence represents value added for the networking of the projects. The public authorities and other organizations must cover a **coherent** geographical area which should have, other than in exceptional cases with properly demonstrated justification, (Especially in the case of Objective 6 areas (areas with low population density)) a population of **at least 200,000**. They must undertake to work in partnership, with particular attention paid to the participation in the project of associations (non-profit-making organizations), social and health insurance companies ("mutuelles") and cooperatives, socio-economic bodies and the private sector (in particular, the major companies present in the area).

V. Selection criteria

The Commission, assisted by a group of independent experts, will select the projects on the basis of the following criteria:

- employment situation in the area: **priority will be given to areas with unemployment rates higher than the Community average;**
- the organizational nature of the partnership referred to in IV above. **Priority will be given to groups of employment schemes involving all the partners** and headed by a person or legal person in full-time charge;
- the relevance and innovative nature of the proposed strategy for dealing with the area's unemployment problems;
- the level of detail with which the proposed methodologies and assessment indicators are specified;
- commitment to further developing and disseminating the results through a network;
- the measures' potential for being sustained in the long term, if successful, through integration with the corresponding instruments of Community or national policy.

VI. Financial Conditions

Community financial contributions towards the implementation of projects may not exceed:

- 75% in Objective 1 and 6 areas
- 50% in Objective 2 and 5(b) areas
- 30% in areas not included under any of the regional policy Objectives.

Generally, Community part-financing should be between ECU 250 000 and ECU 1 000 000 per project.

A first advance of 30% will be paid the month after the project is selected. After the Commission has accepted each of the two interim reports, further advances of 30% and 20% respectively will be paid out. Payment of the balance is conditional upon the Commission's acceptance of the final report.

VII. Submission procedure

The proposals should reach the Commission by 31 January 1996. An original and three copies should be sent to:

The European Commission
DG XVI - Regional Policies and Cohesion
Unit A.2 - projects for new sources of employment CSM 1 7/43
rue de la Loi, 200
B-1049 Brussels

A Commission communication on local development and employment initiatives and a bibliography clarifying the context of these pilot projects are appended to this note, as is an application form, which must be attached, properly completed, to the proposal.

The final selection of projects will take place in March 1996 and all applicants will be informed of what action has been taken on their proposal.

Apart from information given during the "Directoria" event (to be held in Brussels, 4 to 6 December 1995), no further information or advice other than that contained in this information pack can be supplied to the applicants.

Annex I

What the White Paper says:

"Many needs are still waiting to be satisfied. They correspond to changes in lifestyles, the transformation of family structures, the increase in the number of working women, and the new aspirations of the elderly and of very old people. They also stem from the need to repair damage to the environment and to renovate the most disadvantaged urban areas.

The objection will be voiced that if such needs exist, the market should rapidly provide for them. In fact, the development of both the supply of and demand for such new services comes up against barriers:

- on the demand side there is the problem of price, already referred to in connection with the costs of employment;

- on the supply side there is reticence to take jobs which are perceived as being degrading..."

The 17 key areas:

- home help
- child care
- new information and communications technologies
- assisting the integration of young people in difficulty
- housing improvements
- safety
- local public transport
- revitalisation of urban public areas
- local shops
- tourism
- audiovisual sector
- developing the cultural heritage
- developing local culture
- waste management

- water management
- protection and maintenance of natural areas
- regulation and monitoring of pollution and appropriate facilities.

New sources for jobs Communication of the Commission com(95)273 on local employment and development initiatives

contents:

- Boosting the employment intensity growth
- General guidelines for encouraging local development and employment initiatives
- Renewed support from the European Union for local development and employment initiatives
- Annex I: putting administrative changes at the service of local initiatives
- Annex II: complementarity between national policies and European Union action on local initiatives: examples from selected fields.
- Bibliography

A EUROPEAN STRATEGY FOR ENCOURAGING LOCAL DEVELOPMENT AND EMPLOYMENT INITIATIVES

(Communication from the Commission of the European Communities to the Council of Ministers and the European Parliament, presented by the President of the Commission in agreement with Mr. Flynn, Mrs. Cresson, Mrs Bjerregaard, Mrs Wulf-Mathies, Mr. Fischler, Mr. De Silguy and Mr. Papoutsis)

1 BOOSTING THE EMPLOYMENT INTENSITY OF GROWTH

The White Paper on growth, competitiveness and employment, published in December 1993, set out a medium-term strategy for creating more jobs and adopting a more vigorous approach to tackling unemployment. At its last meeting in Essen, the European Council decided on five priority fields of action under this strategy. Against this background, local development and employment initiatives have come to be seen as a means of boosting the employment intensity of growth. The Commission's macroeconomic outlook for 1995 and 1996 confirms the need to improve the employment intensity of growth in Europe. Hence the importance now being placed on local development and employment initiatives.

Local development and employment initiatives are a new approach to the creation of work and are spreading throughout the Member States of the European Union, as they are found to provide a genuine response to current aspirations. On the one hand, they meet growing needs in terms of improving standards of living or changing behavioural patterns, which are still poorly catered for by firms or by traditional administrations. On the other, they offer enthusiasts the opportunity, whether in town or country, to put their creativity and dynamism to a good use in a broader local development project.

Based on the experience of a number of Member States and a wide range of local organisations, the Commission pinpointed **17 fields with potential for meeting the new needs of Europeans and offering substantial employment prospects**: home help services, child care, new information and communication technologies, assistance to young people facing difficulties, better housing, security, local public transport services, revitalisation of urban public areas, local shops, tourism, audiovisual services, the cultural heritage, local cultural development, waste management, water services, protection and conservation of natural areas, and the control of pollution. The exercise showed that, nowadays, local initiatives are best placed to create jobs geared to these needs, being better placed to take account of the diversity of cultures and forms of socio-economic organisation.

In the context of the "active employment policies" advocated by the White Paper on growth, competitiveness and employment, encouragement for local initiatives undoubtedly constitutes an interesting element from the point of view of the cost-effective use of budgetary resources. On the one hand, on the basis of the macroeconomic evaluation of the job-creation potential in three Member States (France, the United Kingdom and Germany), such encouragement could give, annually, an extra 140 000 to 400 000 jobs in Europe (See document SEC 95/564, macro-economic evaluation carried out by Commission departments on the basis of data given by Cambridge Econometrics, Wirtschaftszentrum Berlin et INSEE-BIPE Conseil). This alone would bring us nearly halfway to the increase in the job-intensity of growth that we would need if, as proposed in that White Paper, we were to halve unemployment by the year 2000 (See White paper, Part B - I -Chapter 1.3 b) "For instance, if from 1995 onwards the Community could achieve an increase in the employment intensity of growth of between half and one percentage point combined with a sustained rate of growth of at least 3% a year, then the employment target for the year 2000 would also be achieved."). On the other hand, by satisfying a latent demand and remedying market imperfections and market failures, local initiatives do not harm international competitiveness; indeed, they open up new avenues for innovation by businesses and "social entrepreneurs".

In other words, we now have a transferable approach to job creation, which is compatible both with competitiveness and with people's aspirations for better living and working conditions. Local initiatives are not the only way to create jobs in the future; **but they complement others ways of increasing the employment intensity of growth as such, they feature among the "five points" of the conclusions to the Essen European Council.**

But if we are to get the full potential of job creation and spread the effect to neighbouring sectors, we cannot just rely on demonstration. What is needed is a more coherent national and European framework whose initial role will be to do away with the numerous obstacles to the development of the new activities.

As asked by the European Council when it met in Brussels, the Commission prepared two working documents on new jobs, a summarised version of which was presented at the Essen summit:

The first of these (SEC 95/564) dealt with **local development and employment initiatives** and sought to clarify and to verify the idea that European economies harbour "new sources of employment" arising from unmet needs in the services sector.

The second document (SEC 94/2199) presented **an inventory of Community action to support local development and employment**, which took stock of what use has been made, over the past ten years, of the European Union's instruments for local development. It proposed a number of measures to make them more effective.

Given the Member States' interest (The Portuguese government presented a memorandum on local development at the Corfu European Council and enlarged on this in a second memorandum in september 1994. The Irish government distributed, during the run-up to the Essen European Council, a working paper which gives a picture of what is done in the area of partnerships, and the Danish government, also at Essen, supported the local development and employment initiative approach) in this approach to local development and employment initiatives, the Commission's own accumulated experience, and the public response to these papers, it is worth drawing some conclusions now. This Communication is to be seen in the context of the multilateral monitoring process on growth, competitiveness and employment which was recently submitted to the Council (Commission Communication to the Council COM(95) 74 final, 8 March 1995).

This Communication seeks to show:

what measures Member States can take to encourage local initiatives, as part of their "multi-annual employment programmes" on Essen follow-up;

what measures the European Union undertakes to implement to use Community instruments better for encouraging local development and employment initiatives.

2 General guidelines for encouraging local development and employment initiatives

There are more and more local initiatives in the Member States of the European Union, but often they tend to be short-lived. This fragility is due to a variety of obstacles which hamper their growth and which can usually be traced back to an inappropriate national environment (2.1). So there are some propositions; they may involve new instruments or decentralised administration (2.2). These lines of action are essentially drawn from success stories from among the Member States, which could work in others as well in the full respect of the traditions and the national legal, economic, and social backgrounds of each of them.

2.1 Local initiatives come up against a variety of structural obstacles

Practical experience shows that, all too often, the conditions for the healthy development of local initiatives are simply not met. Some obstacles do concern all of the labour-intensive activities (the excessive non-wage labour costs in the case of the least qualified workers), but most of them are specific to our 17 fields of investigation. The main problems are financial, technical, legal and institutional.

The financial obstacles have mainly to do with:

Excessive direct and indirect labour costs, even where labour is low-skilled ;
poor value-for-money for customers where suppliers are out of touch with new technology
the cost of venture and working capital for micro-enterprises, for individuals who want to set up on their own, or for associations without collateral.
The low purchasing power of the poorest individual households and the unattractive level of return for certain types of services;

The training and technical problems arise from:

inappropriate initial training, given that what's needed nowadays is adaptability, and interpersonal skills;
sectoral arrangements for vocational training; and retraining in certain sectors with lots of small or badly organised businesses;
outdated skills and working conditions in certain traditional sectors (brute force, long hours, stress...).
- lack of training in new technologies, and in the transfer of new technologies to enterprises, particularly to SMEs

The legal and regulatory obstacles stem from:

rigid systems which discourage holding down more than one job, or secondary incomes for independents or for the unemployed;
the (occasional) absence of a proper legal status for public/private partnership, with the result that their employees can be in a very insecure situation;
- the frequent absence of a proper legal status for the spouse who helps;
outdated regulations and systems which can often be restricting and not even effective (e.g. numerus clausus systems);
strict demarcation which makes it difficult if not impossible to create new combined jobs;
outdated accreditation systems for specialists, which are barriers to entry for newcomers;
the absence of quality standards in the service sector, which can encourage job creation.
- Unadapted public and consumer safety regulations, and property rights in the new media.

The institutional obstacles arise from:

a failure to appreciate job-creating local development processes ;

sectorally and hierarchically compartmentalised public administration, which prevents authorities from keeping local players, politicians, businesses, associations and the public at large decently informed;

excessive short-termness of financial support, which doesn't make for the long-term survival of initiatives.

2.2 The main horizontal instruments for overcoming financial, technical, legal and administrative obstacles

It follows, then, that national policies on local initiatives must concentrate on removing these structural obstacles and setting up a stable and coherent framework, and using horizontal measures for a start. **Setting up a different range of financial instruments** Seen from the cost-benefit point of view, local initiatives undoubtedly constitute one of the most promising options among the various employment policies. As they respond to new needs, the substitution effect which could be caused by granting financial advantages to certain sectors or categories of workers is limited. A comparison of a number of measures indicates, for France, that an active employment policy for meeting new needs would be something like five times more effective than measures which simply set out to increase staffing levels in the public sector, and some ten times more effective than the "Keynesian" technique of pump-priming by way of infrastructure work.

But the local initiative approach needs a suitable framework and suitable financial instruments (see Annex 1):

- Service vouchers. These are payment instruments which can be predestined for certain services; they may have considerable advantages to offer in putting some structure into their supply and in stimulating demand.
- Joint local investment funds for a particular urban or rural area. With special venture-capital schemes, and collateral their job is to bring savers into touch with project organisers and to stimulate local initiative.
- A review of the treatment of operational expenditure vis-à-vis capital expenditure in public accounting procedures. This would facilitate the requisite investment in human resources thanks to long-term public-private contractual commitments, under partnership arrangements.

Improving training and qualifications to make the new activities more long-lasting

What is needed is an occupational framework which is geared to improving skills and making the new trades better known. What this means, in turn, is adding to conventional forms of training such elements as communication, listening and counselling skills; familiarising young people, women and workers undergoing retraining with the use of telematics; or protection of the environment. At national level, there should be diplomas to certify successful completion of such training courses, and where appropriate, new qualifications or methods of rewarding new skills, should be developed.

Recognition by society also takes the form of a system of social guarantees. It is also up to the social partners to extend the habitual scope of collective bargaining so as to take in (and keep) young professionals in such new jobs by showing appreciation for this adaptability, better suited to new technologies and customer's needs.

Revamping the legal framework

The barriers which still separate the private from the public, the agricultural from non-agricultural, and paid from unpaid activities may have been useful in the past. Now, though, they have to be remodelled, simplifying here, and relaxing there, to fit the new situation as revealed by local initiatives: more variety within careers; complementary public and private-sector services; multiple skills for farmers and craftsmen. Depending on the traditions specific to each country, various forms of legal innovation are possible, such as:

legal arrangements which facilitate pluriactivity, particularly in the country, or which give a proper legal status to a spouse who helps. This should go hand in hand with a wider role for representative organisations (craftsmen's guilds, chambers of commerce, farm unions, business councils, etc.); occupational reintegration systems which allow for a combination of paid work and unemployment benefit; tax and social conditions similar to those of paid employees for partner-entrepreneurs in non-profit organisations.

- updating labour law and social security regimes, to suit the new ways of working made possible by information and communication technologies.

In similar vein public service concessions and delegated management deserve wider application for the kind of locally useful activities which are not foreseen by public-sector rules, and to facilitate public-private partnership.

Making provision for adequate administrative decentralisation

A partnership arrangement between, on the one hand, the local public authorities and the promoters of initiatives and, on the other, officials from national administrations can only work if administrative action itself is sufficiently decentralised. This is particularly true of the administration of various kinds of social assistance, vocational training and of management of the local labour market. It can also require the intervention of local development agencies, who would identify, train, and give a helping hand to the promoters of initiatives.

By the same token, the creation of local interactive communications networks between local authorities, administrations and local players is one of the most promising innovations offered by the information society.

3 Renewed support from the European Union for local development and employment initiatives

"Local initiatives" and "new sources of employment" are now part of the public debate in a growing number of Member States. However, not all the social, economic and political players have really woken up to what is at stake and what local initiatives have to offer. The European Union and the Member States have to join their efforts to raise awareness of the opportunities, difficulties and solutions of the new approach. In that respect, the added-value of the Union will be shown particularly in:

More support for really innovative work in new fields, and systematic European evaluation, which is useful in any case to start-up experiments. Dissemination and promotion of "good practice" in terms of development and job creation, via information and cooperation in transnational networks.

Furthermore, many of the Union's policies and instruments can add strength to the national measures which favour this approach, in particular the structural policies.

3.1 Helping experiments and their evaluation

The first tentative trials and new ideas are still young, delicate, and scattered; this is what justifies encouragement given at Community level for starting new activity, in the business and in the "social economy" sectors, in the 17 areas which have been identified.

It is necessary to strengthen the work of the Structural Funds in this field by favouring first of all experiments and innovations, but also carrying out a systematic evaluation as to how to develop better the potential of local development and employment initiatives (For example with effect from 1995, the priority objectives for Article 10 of the ERDF Regulation will refer to this approach. More particularly, support for the regional diffusion of technological innovation and innovative measures will concentrate on initiatives concerned with the information society, local jobs and the cultural heritage. For those, actions will be founded on the development of local strategies including concrete measures, preconditions, financing and the partnership of the pilot demonstration projects which are involved) Other existing actions could contribute to local development and employment initiatives, like the draft decision submitted to the Council "Community actions in the field of analysis, research, cooperation and action, for employment", which makes provision for the Union in particular to support local initiatives. The new budget heading B 2-605 (pilot measures for the long-term unemployed) can also be used to experiment with certain local initiatives. Also, the LEONARDO training programme helps to develop the wherewithal for handling startups, and for stimulating regional development. The targeted socio-economic research programme, which includes research on education and training as well as on social integration and social exclusion, will contribute to a better understanding of what to do.

The evaluation, which is only partial so far, must be extended to all the experimental programmes. Then, all Community measures concerned with local development, including those outside the Structural Funds, will have been subject to final assessment and to a tailor-made monitoring procedure.

Periodical Reports on lessons learnt from local development and employment initiatives will be published by the Commission on the basis of the assessments for the various instruments. This will highlight transferable forms of "good practice".

3.2 Circulating examples of good practice and encouraging European information and cooperation networks

Community initiative programmes and other help has already meant that a projects have joined up in information and cooperation networks. Nonetheless, many project promoters still remain isolated and poorly informed. The Commission intends to step up aid for the constitution of networks between local development and employment initiative centres; it will supply them with the information on good practice which comes from the evaluation process.

As regards the Union's direct partners and the Community fund managers, in addition to the publication of the annual report on the local initiatives, the Commission will ensure that there is a regular exchange of internal information on programme content and results, and that there is quantitative and qualitative information on the local initiatives receiving support. It would also be advisable to bring together the various actors and networks periodically so as to encourage the exchange of the good practices and raise awareness about local development and employment initiatives, thus getting a multiplier effect. The national administrations, the evaluation experts and the members of observatories set up on specific themes (e.g. rural development) will be invited to take part in regular meetings. The monitoring committees in the Member States, along with the specialised committees (e.g. the STAR Committee on Agricultural Structures and Rural Development, the Advisory Committee on the Development and Conversion of Regions, the social partners' advisory committees on agriculture, commerce and distribution, transport, the cooperatives/mutuals/associations) will be regularly informed of progress made on the local initiatives.

To improve the flow of information to project organisers and applicants for Community support, the Commission will look into the practicalities of using computers to make the information more widely available. The Commission will include other networks in the Community schemes (e.g. the rural forums ("carrefours ruraux"), the Euro-Info Centres, the European centres for enterprise and innovation, the LEADER, RECITE, LEDA, ERGO, ADAPT and EMPLOYMENT, OPET, ENERGIE-CITf, FEDARENE, ILNET, ECOS and OUVERTURE networks, the relay centres and regional infrastructures for innovation and technology transfer, and the ARIES network for the "social economy"), for example the Member States' information channels and local authorities' own, along with the circuits run by non-governmental, associative and consultative organisations. This will make for better use of existing circuits.

Over and above the exchange of information, certain trans-European networks have already set up systematic forms of cooperation. For instance, the network set up for the LEADER programme has led to European cooperation between the organisers of the rural development initiatives and the national administrations. This cooperation model warrants extension to the local urban initiatives which deal with the risk of the breakup of society in some places.

Starting with this example, the Commission will make a handbook on successes in the renewal of the urban fabric. The Commission will then propose that project managers exchange information on Community-funded projects in urban deprived areas.

The European networks set up for the exchange of information will be encouraged to cooperate directly with a view to exchanging experience on the most tricky aspects of local initiatives (the installation of regional development agencies, services to SMEs, inter-regional cooperation, financial engineering mechanisms, the use of global grants and access to other Community policies)

Finally, there will be a continuing exchange of experience between local and regional operators under DIRECTORIA, with emphasis on the new Member States and the Associated Countries. An exchange/training scheme for local and regional authority civil servants might be added, as under the KAROLUS programme.

3.3 Supporting national policies to the benefit of local initiatives

Finally, the European Union can support national policies for encouraging the local initiative approach, both via the Structural Funds - in particular under the appropriations for experimental measures - and by way of other more sectoral, financial or regulatory policies, with a view to creating a common European frame of reference. The complementarity of national frameworks and Union-level provisions comes to light in specific fields, such as at-home services and childcare, better housing, security, the new information technologies at the service of local development, management of local public transport services, local shops, the cultural heritage, waste management and nature conservation and improvement (Annex 2).

The Structural Funds

Thanks to promotion and the development of projects for the diffusion and the exchange of good practices drawn from the evaluation, local development and employment initiatives, made more visible, should be included more often when the Member States prepare and revise their Community co-financed structural programmes.

The point is not to initiate a new set of reforms, but rather to make more effective and dynamic use of the available resources and the existing instruments to create jobs and underpin a development process based on local initiatives. This effort covers training and recruitment, tangible and intangible investment.

More specifically, it may require full and regular participation on the part of local development players in the monitoring committees of the programmes and/or of the preparatory technical committees on the local initiatives, a stronger private-public sector partnership arrangement and systematic accompaniment for all major infrastructure operations under local initiatives.

The Commission will ensure that there are more systematic links between the assessments arising from the experimentation programmes and the management of operational programmes under the structural policies, including actions run within the framework of the Community initiatives. It will keep the national administrations regularly informed of best practices on local development, more particularly in the context of CSF and SPD monitoring operations.

The other policies Other instruments offer possible means of supplementing or stimulating national initiatives.

Horizontal measures are the first step in helping to improve the general environment for businesses and job-creating activities. They help a more coordinated approach on the part of national policies. *Such is the case, for instance, with efforts being made at Union level to coordinate our approach to environmental tax schemes and the corresponding relief of non-wage labour costs for the least skilled. Community financial instruments such as those run by the EIB and the EIF to assist SMEs also follow the horizontal approach; thought could be given here to extending these arrangements to new service and commercial sectors.*

Consideration can also be given to meeting specific local needs in particular areas: *Community support may thus take the form of encouraging the changes to the legal status and to quality standards applying to the new professions. Through its sectoral policies, the Union could also help the pooling of the technical know-how which is needed to develop one or another of the different fields. As for the adoption of new technologies, the Commission could encourage and support pilot projects which will show the contribution of the information society to job creation and which will, through training, help people to get the most out of the new jobs opportunities. Putting it broadly, the Commission is ready to strengthen the way it use the various instruments to help local initiatives, for better effectiveness.*

At any rate, though, Community support will only be fully effective if it dovetails with national strategies as set out in the "multi-annual employment programmes".

Local development and employment initiatives offer an original way of creating new activities which correspond to the changing demands of our society. They can release a good part of the job potential evoked in the White Paper "Growth, Competitiveness, Employment". This is why they were highlighted the European Council of Essen, as a way of increasing the employment content of growth. They must take an important place in the multiannual employment programmes to be drawn up by each Member State.

Community action will have to be supplemented and refined on the basis of national guidelines for local development and employment initiatives, used in the national multi-annual programmes. As with the Union's social action programme, doing this will encourage cooperation between the Union and the Member States. This cooperation, once it has been learned for the sake of local initiatives, should come to characterise all of the follow-up to the Essen European Council.

ANNEX 1:

PUTTING ADMINISTRATIVE CHANGES AT THE SERVICE OF LOCAL INITIATIVES

Type	Characteristics	Anticipated advantages
Service vouchers	<ul style="list-style-type: none">- Payment voucher issued locally and made available to individuals or distributed as equivalent to social benefits.- Vouchers are exchanged for particular services.- The issuing authority selects the service providers (who may be firms, associations, cooperatives and the like) on the basis of a set of specifications.	<ul style="list-style-type: none">- Creation of a reference price for new services.- Makes services more affordable for modest households.- Encourages the provision of regular, high-quality services.- No discrimination between different types of service providers.- Combatting black-market labour.- Cutting down on red tape.
Local savings instruments	<ul style="list-style-type: none">- Constitution of venture-capital funds, compulsory monitoring and training, replacing expert consultancy- Authorisation of investment funds for geographically small areas.	<ul style="list-style-type: none">- Household saving is encouraged, while helping to solve local employment and development problems.- The know-how of former entrepreneurs and managers get used.- New activities come from financial establishments collecting people's savings.
Changes to tax rules	<ul style="list-style-type: none">- Redistribution of tax or social security contributions to favour the lowest earners.- Housing aid redirected to the renovation of older housing stock.- Reduced tax treatment differences between the various forms of transport.	<ul style="list-style-type: none">- General measure, which is particularly interesting for local initiatives.- Boost for labour-intensive renovation work.- Incentive for diversified forms of transport combining public and private modes.

Changes to the way public expenditure is managed and classified

- Temporary freedom to mix unemployment benefit and part-time work.
- Possibility of giving unemployment benefit to starting firms.
- Longer duration and degressive scheme of benefits to people making their way into the labour market.
- Operational expenditure for local initiative start-ups to be classified as capital investment expenditure (for two years).

- More opportunity for local employment agencies to enter into a partnership arrangement with local initiatives.
- New arrangements for local authorities and groups to favour local initiatives.

Annex 2:

Complementarity between national policies and European Union action on local initiatives: examples from selected fields

National policies have already sought, in certain specific fields, to encourage local development and employment initiatives, e.g. in Germany and Denmark (environmental management and conservation) Portugal (revitalisation of traditional local trades), Ireland (integrated rural development), and Belgium and France (local jobs), to cite a few recent examples. By following this field-by-field approach, we can highlight the complementarity between the national framework and European Union action. In the following examples, a distinction can be made between:

- fields in which support from the Union is primarily by way of the existing structural policies (section I). In other words, the support principally takes the form of exchanges of information, experimentation, and support for innovative initiatives, and making decision-support tools for the Member States and local authorities;
- fields in which Union action could also take on a legislative form, so as to help the national and local authorities in their tasks, whilst respecting the principle of subsidiarity (section II)..

I. Complementarity in the case of structural policies

Home help services and child care

For personal services, such as child care or home help services, the financial obstacle posed by people's inability to pay can be partly overcome by three things:

- helping create private or "social economy" firms which offer a full range of services, so that the relative lack of profitability of one of these can be balanced out by others, and yet the firms are better able to respond to clients' or subscribers' needs;
- trying out new scales of charges, with the price of a service being varied as a function of the household's purchasing power;
- local cooperation between major businesses and neighbouring small firms to provide joint services for their employees (e.g. nurseries, occasional child-care services and administrative assistance). Creation of such services might be a matter of collective bargaining.

Housing improvements

The creation of jobs which meet the need for renovating the housing stock for maintenance and for caretaking is facilitated by national policies combining the following aspects:

- organisation of a "one-stop housing assistance system", dealing with the full range of housing problems from financing and construction up to and including maintenance, cleaning and services to residents;
- guaranteed stability over time of financial and legal arrangements, given that building firms are very sensitive to this aspect in the light of long repayment periods;
- diversification of public aid for both supply and demand to take into account all sub-sectors of the construction business. This improvement should be accompanied by an information and counselling policy (e.g. approval of advisers who have contracted to observe a code of professional ethics, and collaboration between different welfare workers);
- promotion of integrated neighbourhood renovation projects, bringing in multi-trade partnerships (incorporating various skills) and multi-sector partnerships (small businesses, starter enterprises, NGOs, local authorities, etc.), the idea being to promote a better relationship between residents and suppliers.

Security

The organisation of this new profession and the creation of lasting jobs depends, at national level, on:

- starting a social dialogue with partners in associated sectors (e.g. transport and commerce);
- adapting the legislation and regulations to the new technologies, to ensure protection of personal privacy. This might include the need for a professional code of ethics.

These policies are all the more effective if followed up at local level by measures designed to:

- promote preventive behaviour by residents, e.g. improving information on the real risks and providing financial incentives for certain forms of security equipment (for each specific need, a solution is suggested in a kind of explanatory catalogue);
- make provision for integrated security policies, with coordination between the various departments or services concerned (justice, police, housing, health) and a partnership with private or semi-private small firms providing a service for the general good and receiving start-up aid or job creation assistance on a decreasing scale (e.g. 50% public funding in the first year, 20% in the second year, 0% in the third year).

Local public transport The creation of new jobs in this field depends very largely on the national context, with less discrimination against public forms of transport. More particularly, the internalisation of external costs (e.g. pollution and road and track maintenance) for all forms of transport would place public transport on an equal footing, economically speaking. The social partners should start discussing duration of work regulations and adapt them to the need for multiple skills; this would do away with a number of structural obstacles, along with the adoption of new legal instruments intended to encourage delegated and integrated management of all forms of transport in urban and rural areas.

An integrated approach to the various forms of transport (involving investment costs, the consequences for urban development, maintenance and management costs) based on objective technical information is generally lacking in European towns and cities (especially the medium-sized ones). On the basis of exchange of "good practice" at the European level, help in decision-making and negotiations with specialised large industrialised groups could be provided to cities. This assistance could take the form of a standard "tool box" of decision-support tools prepared at Community level for these types of installations (e.g. standard specifications, prototype financial packages, etc.).

II. Examples of complementarity via a common European reference frame The new information and communication technologies

At national level, for speeding up the creation of an environment which is conducive to the expansion of new activities, it is useful to:

- anticipate and fend off the negative effects which the changing structure of our economies may have on the less-skilled, through a series of measures (e.g. information, awareness-raising, ongoing training and vocational retraining, boosting the creation of local jobs, etc.);
- adapt the legislative and regulatory framework ensuring protection of data, consumers and individuals (especially minors) to the new media;
- improve the access of SMEs to teleservices and distance training with the assistance of "intermediaries" who would analyze needs, identify demand and advise on suitable services.

The European Union can support Member States' policies by:

- ensuring, via liberalisation combined with universal access guarantees, the availability of effective high-quality telecommunications infrastructures, at the least possible cost;
- harmonising and guaranteeing the protection of personal data and privacy, and proper rewards for authors (intellectual property rights);

- promoting large-scale experiments at national and Community level on the basis of partnerships between businesses, universities, research centres and local bodies, with public authorities acting as a catalyst for private initiatives. The "TŽIŽcitŽs" network, covering more than 50 European towns and cities, aims to define urban needs in this field. A "regional initiative" launched at the end of November 1994 by six European regions is intended to enable them jointly to develop telematics applications. Under the ERDF, pilot actions, running from 1995, will stimulate demonstration projects designed to enhance the awareness level of local and regional actors in the most disadvantaged regions, to enable them to face the technological challenge of the information society and to show the social uses to which the new technologies can be put, with special emphasis on the latest opportunities to emerge.

Local shops

At Member State level, the situation of shops in difficult areas, or in rural areas or urban problem areas might be improved by:

- developing services for advice and technical assistance to those who might need it;
- tailoring the regulations to these businesses which are often very like micro-enterprises and could enjoy the same advantages;
- revaluing the whole image of this sector, more particularly by vocational training for applicants and tradespeople, but also by a better targeted use of the new information technologies.

The Union can therefore support innovative projects of Community-wide interest which form part of overall strategies for the economic and social revival of problem areas (both rural and urban). Other approaches are conceivable, e.g.

- targeting of Structural Funds and Community initiatives to allow joint financing of tangible and intangible investments to foster the preservation or creation of neighbourhood businesses that are more competitive and give better service (i.e. better value for money);
- the possibility of investment by the EIB in the commercial sector;
- setting up a forum of informal exchanges under the "Commerce 2000" programme to publicise "good practices" among representatives of regional and local authorities, traders' associations and the Commission;
- initiating discussion on the legal problems and commercial development in towns and cities with the group of national experts and the distributive trades committee.

The cultural heritage

An effective and innovative national employment policy in this field would cover:

- a fiscal policy giving the sector financial autonomy, like the tourist taxes in certain countries which allocate the money obtained from visits, copyrights or intellectual property rights, to the expenditure necessary to enhance the value of the cultural heritage;
- a legal and professional framework to encourage development of the "para-cultural" sector which the major European museums are starting to develop (e.g. book and print shops, sales of works of art or of copies, culture clubs suited to different categories of people). It would then be possible to envisage providing incentives of a financial, information or technical nature, encouraging project organizers to make more intensive use of labour;
- adaptation of legal and financial regulations in order to guarantee proper remuneration for authors (intellectual property rights).

European Union support is conceived, then, in the form of a European code of conduct stressing the damage-prone nature of the cultural heritage (as of the natural heritage) and the need to maintain it. Owners and managers of sites of interest will need to be encouraged with advice and technical assistance. In terms of regional policy, this particular source of new jobs will attract special support for inter-regional cooperation and innovative pilot-projects.

Waste management

The role of the Member States is essential for the stability or development of a propitious economic context, which basically means taxation. For example, if landfill development costs and landfill charges in a Member State are both low, firms will have little incentive to use and manage waste products in the best possible manner.

The national level may also be appropriate for the introduction and trial of waste recovery schemes. One example of this is the experimental use of old refrigerators or similar household appliances in Denmark. The establishment of such waste recovery schemes can have significant long-term effects, not only on the market and on job creation, but also on the behaviour of manufacturers, who will be encouraged to produce longer-lasting or recoverable products. The viability of a number of waste management projects involves going outside a particular local authority area and developing inter-communal projects as well as partnership projects between the public and private sectors.

At another level, the European Union must continue its action to introduce a taxation scheme which is more conducive to the conservation of natural and human resources. Likewise, the Union can help the education of young people and increase awareness of the importance of waste management and the protection of natural resources.

The management and improvement of natural areas

The Community dimension is of particular importance in this field in that the common agricultural policy and agri-environmental measures can have a major impact, and the management of natural areas will often require inter-regional not to say trans-frontier cooperation.

However, the creation of lasting employment depends largely on the innovative nature of national policies designed to:

- promote quality in agricultural products, primarily to underpin farming in difficult areas; encourage the creation of marketing channels; contribute technical and financial support for the development of local products (e.g. training and schemes for people who will do more than one type of job);
- draw up regulations geared to the present situation of natural areas in Europe and ensure compliance so that they genuinely deter unsound practice (e.g. by penalties) or encourage

- (with financial or material assistance for clearing and thinning, mowing, maintenance, etc. on condition that such activities would not already have been carried out anyway);
- encourage local projects which fit their logical geographical or social boundaries, rather than being forced to fit pre-existing administrative ones, and which involve private-sector players (both individuals and companies);
 - diversify the legal status of people who do this or that, to make marginalised groups more employable (e.g. The "green jobs" scheme in France) and subsequently find ways of making such jobs more like professions;
 - explore innovative ways of divvying up public finances, and twinning schemes between rural and urban authorities;
 - show the public how much cheaper prevention is, than cure.

Bibliography

Applicants' attention is drawn to the following publications which may be of major assistance to them in drawing up their applications

General background on the implementation of ERDF innovative measures:

European Commission

Guide to innovative actions for regional development (Article 10 of the ERDF Regulation)

- inter-regional cooperation and regional economic innovation.
- actions in spatial planning
- urban pilot actions

Luxembourg, Office for Official Publications of the European Communities

1995 - 61 pp. - 21x29.7 cm

Languages: EN, FR, DE, ES, IT

ISBN 92-827-4871-5

Price excl. VAT in Luxembourg: ECU 7

Particularly relevant to the subject of the call for proposals, includes examples of good practice:

European Commission

Local development and employment initiatives : an investigation in the E.U.

Luxembourg, Office for Official Publications of the European Communities

1995 - 122 pp. - 21x29.7 cm

Languages: EN, FR, DE, ES, IT

ISBN 92-827-4208-3

Price excl. VAT in Luxembourg: ECU 11

European Commission

Valeur ajoutée et ingénierie du développement local (summary in English)

Luxembourg, Office for Official Publications of the European Communities

1994 - 233 pp. - 21x29.7 cm

Languages: EN, FR

ISBN 92-826-8752-X

Price excl. VAT in Luxembourg: ECU 16

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