Employment and the Structural Funds: Making a Good Job of Making Jobs

IQ-Net Thematic Paper 4(2)

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IQ-Net
Improving the Quality of Structural Fund Programming through Exchange of Experience

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Preface

IQ-Net: Networking to improve the quality of Objective 2 programmes

Launched in early 1996 and managed by the European Policies Research Centre (EPRC) at the University of Strathclyde in Glasgow, the network IQ-Net facilitates exchange of experience in the development, implementation and evaluation of Objective 2 programmes. Funded by a consortium of 13 Objective 2 areas and the European Commission (DG XVI), the network meets twice a year to examine issues of practical relevance to programme-makers and share examples of good, innovative and distinctive practice from across the EU. The first four meetings were held in Glasgow, in association with Strathclyde European Partnership (February 1996), in Cardiff, hosted by the Welsh Office and Welsh Development Agency (September 1996), in Gelsenkirchen, Nordrhein Westfalen, hosted by the Land Government of Nordrhein Westfalen (April 1997), and in Fyrstad, hosted by the Fyrstad Objective 2 secretariat. The fifth and most recent meeting was held in Bordeaux and hosted by the Aquitaine SGAR and regional council. Meetings provide the opportunity to discuss the results of a structured programme of applied research and debate, steered by the network’s partner regions:

- Steiermark and Niederösterreich, Austria
- Nordjylland, Denmark
- Päijät-Häme and South Karelia, Finland
- Aquitaine and Rhône-Alpes, France
- Nordrhein Westfalen and Saarland, Germany
- Ångermanlandsstarken and Fyrstad, Sweden
- Industrial South Wales and Western Scotland, UK

IQ-Net Thematic Papers

This document contains the fourth series of thematic papers, produced by EPRC in spring 1998 as part of IQ-Net’s applied research programme:

- 4.1: The new Structural Fund Regulations - current Debates
- 4.2: Employment and the Structural Funds: Making a good Job of making Jobs
- 4.3: Thinking strategically - RTD and Objective 2 Programmes
- 4.4: Objective 2 Programming in Aquitaine, France

It supplements the following previous IQ-Net papers:

- 1.1: Managing the Structural Funds, Institutionalising Good Practice
- 1.2: RTD/Innovation policies in Objective 2 programmes
- 1.3: Generating Good Projects
- 1.4: Monitoring and Evaluation

- 2.1: Interim Evaluation
- 2.2: Synergy between the ERDF and ESF
- 2.3: The Environment in Objective 2
- 2.4: The Nordrhein Westfalen Objective 2 Programme

- 3.1: The Evolution of Objective 2 Programmes
- 3.2: Integrating Equal Opportunities into Objective 2 Programmes
- 3.3: Meso-Level Partnerships and Structural Fund Implementation
- 3.4: Objective 2 Programming in Fyrstad, Sweden

Focusing on topics selected by the network’s partner regions, each paper places issues in their international context, raises questions for debate and highlights distinctive and innovative
practices. For the convenience of readers, executive summaries are included in French, German and English.

Papers are first drafted on the basis of field research (encompassing interviews with Objective 2 programme managers and partners at regional, Member State and Commission levels) and substantial desk research. They are then modified to reflect the discussions of the IQ-Net meeting and the comments of network sponsors. The papers are distributed to a wide group of people nominated by the sponsors. The EPRC welcomes comment and feedback on them.

Readers are reminded that the content of the papers does not necessarily represent the official position of either the partner regions or the Commission, and that errors of fact or interpretation are the responsibility of the authors alone.

Acknowledgements

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Professor John Bachtler    Ruth Downes    Patricia Noble
Dr Ross Brown             Rona Fitzgerald  Mary Louise Rooney
Charlotte Damborg         Rona Michie     Sandra Taylor

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Translations were carried out by Ingrid Schumacher (German) and Christelle Promé-McKeegan (French).

Further Information

Employment and the Structural Funds: 
Making a Good Job of Making Jobs

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Executive Summaries

Employment and the Structural Funds – Making a Good Job of Making Jobs

 Création d’Emplois et Fonds Structurels

 Beschäftigung und die Strukturfonds
1. **EMPLOYMENT AND THE STRUCTURAL FUNDS - MAKING A GOOD JOB OF MAKING JOBS**

1.1 **Introduction**

Roughly eleven percent of the EU’s working population is unemployed - nearly twenty million people. It is hardly surprising, then, that since the early 1990s, resolving the unemployment problem has become a vital European Commission and EU Member State priority. Pursued through the Essen Track and the provisions of the Amsterdam Treaty, the issue has also been addressed increasingly vigorously by the European Union’s economic and social cohesion programme, implemented through the Structural Funds.

In line with this overall reorientation, underlined by Commission guidance on reprogramming priorities, Objective 2 areas have placed special emphasis on job creation: it was already an important strategic objective in 1994-96 programmes, and this has been continued and in many cases accentuated for the 1997-99 round. In terms of quantifying and delivering employment outcomes, however, Member States and programming authorities are still to an extent feeling their way in a field which has planning, resource, skills and information implications for every stage of programming from initial programme development to final evaluation.

Drawing on interview evidence from IQ-Net partner regions, experts and Commission officials, this paper illustrates that thinking of the programming cycle as a ‘system’ can provide a manageable way to gradually build up the sophisticated, integrated and deeply embedded responses required to the employment challenge. A foundation of robust principles and processes can be established, then progressively applied, extended and refined through every stage of the programming cycle. The main points made by the paper are summarised in the table below, comprising an ‘action plan’ for addressing employment issues and including best practice recommendations for each programming stage.

### 1.2 Action Plan to integrate Job Creation Issues into Structural Fund Programming

<table>
<thead>
<tr>
<th>Programme preparation</th>
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</thead>
<tbody>
<tr>
<td>☐ Establish definitions for employment impacts. Think through how they will be identified and quantified.</td>
</tr>
<tr>
<td>☐ Establish assumptions enabling realistic targets to be calculated by collating existing information about the outputs and impacts of past projects per MECU spent.</td>
</tr>
<tr>
<td>☐ Ensure the programme has the necessary expertise and resources to respond to the implications of pursuing and quantifying job creation.</td>
</tr>
<tr>
<td>Establish definitions and methods early, perhaps bringing in specialists to ensure the quality of frameworks. This will structure subsequent responses, and increase the utility of information generated.</td>
</tr>
<tr>
<td>Assumptions do not have to be based on complex studies. Some programmes have undertaken rapid telephone surveys to compile the necessary data. These assumptions can be refined later on.</td>
</tr>
<tr>
<td>Recruit or train a specialist in employment issues (ideally someone with a wider monitoring or project development role). Expertise can be ‘bought in’ on an ad hoc basis, but in-house expertise integrates the issues more effectively into day-to-day programming.</td>
</tr>
<tr>
<td>Familiarise a wider group of programme actors with employment terms, methods and issues and ensure that they can apply the frameworks.</td>
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</table>
**Programme development**

- Identify how each measure type affects employment to facilitate an informed debate about policy choices. Work from the volume of physical outputs to the numerous likely short and longer term employment effects.
- Consider the likely impact of dead-weight and displacement. These can reduce net impacts, making some measures less good value for money.
- Quantify ex ante employment targets once the programme has been decided.
- Use the definitions from the preparatory stage in setting targets.

Systematic comparisons of the job creation potential of different measures at the programme development stage are rare, yet this could derive a policy mix with greater jobs potential.

Widen the scope of the policy debate to innovative policies which could develop new sources of employment.

There may be good reasons to pursue measures with high displacement - eg entrepreneurship schemes for the long-term unemployed which have a social rationale. However, these trade-offs should be explicit.

During ex ante quantification, focus on deriving reliable gross impact estimates - eg using prior performance information. These are essential, while net predictions are only desirable at this stage.

Specify the assumptions on which targets are based and state the limitations of the data used. This provides a stronger framework for critical monitoring and subsequent evaluation.

**Project generation**

- Inform applicants about the programme’s emphasis on job creation.
- Then provide specific guidance to applicants on identifying and quantifying employment targets for their projects.
- Draw on the standard terminology and approaches developed at the ex ante stage. This will help to generate consistent information.

Promote the jobs message vigorously through the SPD itself, promotional materials, seminars, written guidance, ad hoc advice etc.

Use discussions with applicants to help minimise dead-weight and displacement by establishing that (a) projects are genuinely dependent on Structural Fund support to proceed, and (b) will not displace other activities and so jobs.

The more thoroughly applicants have thought through employment at an early stage, the more likely they are to track progress and report on it accurately.

**Project appraisal and selection**

- Appraise projects in a rounded way for their likely effect on employment. This may require a structured checklist.
- Use the established frameworks to assess the realism of employment targets. If targets are unrealistic, revise them using the agreed assumptions so that projects can be compared fairly.

Applying the job creation selection criteria in a rounded way involves considering the wider implications of each project, and not just the number of jobs they promise. This should

- also take into account the quality of jobs created (sustainability, skills, sectors, appropriateness to target populations),
- recognise projects with modest employment outcomes but which will help realise other programme priorities (eg internationalisation),
- eliminate projects whose employment effects are cancelled out by displacement, except where there are other reasons to pursue them, and
- avoid projects with high dead-weight (which would have been undertaken with less or no Structural Fund support - here, no real employment impacts can be attributed to the Structural Funds).

**Monitoring**

- Establish and maintain a monitoring system to record not only financial but also output and impact data (insofar as this is possible in the timescale available for monitoring).

The ability of monitoring systems to track outputs and impacts can be verified using a basic checklist: Is information requested from project implementers about outputs and immediate impacts? Is it returned consistently? Is it reliable? Can it be manipulated? Is it collected over as long a period as possible?

Good advice to implementers at the application stage prepares them for measuring and reporting back on employment outcomes at the implementation stage, leading to a better quality foundation for evaluation.
Evaluation

- Use the targets set at the ex ante stage, and the assumptions on which they were based, as the framework to assess programme performance. Exploit monitoring information on physical outputs and economic impacts as the starting point for the assessment.
- Use the evaluation to produce insights feeding back into effective programming.

1.3 A Continuum of Programme Responses

Overall, most programmes’ responses to setting and pursuing employment targets have improved in the current programming period. In the SPDs, this is reflected through the more consistent and accurate use of terminology for employment and other outcomes, increased quantification of targets and greater transparency in how these have been derived (including setting out the assumptions on which they are based). Employment is more prominent, both as an overall objective and as a means to justify policies and select projects. However, there is still some way to go. Not all programmes have yet developed their approaches sufficiently. Programmes span a continuum between those where the employment dimension is still an ‘add-on’ to the SPD and is interpreted simplistically, and those which have integrated the issue fully and maturely into programming, establishing robust and comprehensive frameworks encompassing both gross and net outcomes, which guide all programme actors.

Ideally, all programmes should endeavour to progress along the continuum to a point at which they have established a consistent and realistic framework to quantify the gross employment outcomes of different policies and projects. (Net outcomes, of course, can always be quantified at the evaluation stage.) At the same time, programmes are strongly recommended to ensure that programme actors are familiar with the main processes which erode gross employment outcomes. This should help projects to be selected where this erosion is minimal. An estimated third of programme resources are wasted - spent on projects which could have gone ahead anyway with less or no Structural Fund support, or whose net outcomes are limited because they simply displace other economic activities in the eligible area. Minimising this wastage would mean up to a third more resources were available to spend on truly additional projects. Leading commentators believe that making this better use of available resources would be the single most direct way that programmes could increase their overall impacts on employment.

1.4 Conclusion

Progress has been made in the employment field but, to maximise employment impacts, this priority needs to be followed through more strongly - not least because the monitoring and evaluation of programme impacts will take an increasingly high profile in future as the performance of programmes comes under more intense scrutiny. The improved measurement of employment outcomes will be a central concern in the definition of monitoring indicators, annual reporting on implementation and the evaluation of performance. Programme managers and partnerships will therefore have to continue dedicating greater resources to this area of programming. The main paper
shows that systematic, integrated and incremental approaches, enabling skills, information and methods to accumulate, offer among the most effective responses.
2. CRÉATION D’EMPLOIS ET FONDS STRUCTURELS

2.1 Introduction

Environ onze pour cent de la population active de l’Union européenne est sans emploi - cela représente à peu près vingt millions de personnes. Dès lors, il n’est guère surprenant que, depuis le début des années 90, résoudre le problème du chômage soit devenu une des grandes priorités de la Commission Européenne et des États Membres. Lancé à Essen et repris dans les provisions du Traité d’Amsterdam, le problème a aussi été abordé d’une manière de plus en plus vigoureuse par les programmes européens en faveur de la cohésion économique et sociale et mis en œuvre à travers les Fonds Structurels.

En accord avec cette réorientation générale, soulignée par les lignes directrices données par la Commission sur les priorités de la reprogrammation, les zones d’Objectif 2 ont mis un accent particulier sur la création d’emplois. Cet objectif stratégique était déjà important dans les programmes de la période 1994-96 et cela continue et a parfois même été accentué pour la période 1997-99. Toutefois, lorsqu’il s’agit d’évaluer et de produire des résultats en termes de création d’emplois, les États Membres et les autorités chargées de la programmation cherchent encore leurs voies dans un domaine qui a des répercussions au niveau de la planification, des ressources, des connaissances et de l’information à tous les stades de la programmation, de la phase initiale de développement des programmes jusqu’au stade de la dernière évaluation.

Sur la base d’informations obtenues au cours d’entretiens conduits auprès d’experts et des responsables de la Commission mais également dans les régions partenaires d’IQ-Net, cet article montre que considérer le cycle de la programmation comme un ‘système’ peut fournir une manière simple de construire progressivement les réponses sophistiquées, intégrées et profondément ancrées qui sont requises pour relever le défi de l’emploi. Des principes et des procédés solides peuvent être établis puis progressivement appliqués, étendus et redéfinis à chaque étape du cycle de programmation. Les principaux points de l’article sont résumés dans le tableau ci-dessous. Ils comprennent un ‘plan d’actions’ pour traiter des problèmes de l’emploi ainsi que des recommendations de bonnes pratiques pour chaque étape de la programmation.

2.2 Plan d’Actions pour intégrer le Problème de la Création d’Emplois dans la Programmation des Fonds Structurels

<table>
<thead>
<tr>
<th>Préparation du programme</th>
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<tbody>
<tr>
<td>Établir des définitions pour les impacts sur l’emploi. Penser comment ils vont être identifiés et quantifiés.</td>
</tr>
<tr>
<td>Établir des présomptions qui permettent d’établir de façon réaliste les buts à atteindre en réunissant des informations existantes sur les résultats et l’impact - par million d’ECUS dépensé - de projets antérieurs.</td>
</tr>
<tr>
<td>S’assurer que le programme a l’expertise et les ressources requises pour répondre aux conséquences possibles qu’impliquent la poursuite</td>
</tr>
<tr>
<td>Établir les définitions et les méthodes dès que possible. Éventuellement impliquer des spécialistes afin d’assurer la qualité des cadres généraux. Cela structurera les réponses à venir et améliorera l’utilité de l’information générée.</td>
</tr>
<tr>
<td>Recruter ou former un spécialiste de l’emploi (l’idéal serait que cette personne ait un rôle plus large, dans le suivi ou le développement de projets). Une expertise peut être amenée au coup</td>
</tr>
</tbody>
</table>
et l’évaluation de la création d’emplois. par coup mais disposer d’un expert ‘dans la maison’ permet d’intégrer, plus efficacement et au jour le jour, les problèmes à la programmation.

Familiariser un groupe plus large d’acteurs prenant part au programme avec les termes, les méthodes et les problèmes liés à l’emploi et être sur qu’ils peuvent appliquer les cadres généraux.

**Développement du programme**

- Identifier comment chaque mesure affecte l’emploi afin de faciliter le débat autour des politiques à choisir. Travailler à partir du volume de résultats physiques jusqu’aux effets probables sur l’emploi à long ou à court terme.


- Une fois que le programme a été décidé, évaluer les objectifs _ex-ante_ en terme d’emplois.

- Utiliser les définitions établies au stade préparatoire pour définir les objectifs.

Des comparaisons systématiques des possibilités qu’offrent différentes mesures pour la création d’emplois au stade de la préparation du programme sont rares, toutefois ceci pourrait aboutir à des politiques variées avec une grande possibilité d’emplois.

Élargir le champ du débat à des politiques plus innovantes qui pourraient offrir de nouvelles sources d’emplois.

Il peut y avoir de bonnes raisons pour poursuivre avec des actions qui ont un effet de déplacement - par exemple la création d’entreprise par les chômeurs de longue durée qui a une logique sociale. Toutefois de telles concessions mutuelles devraient être explicites.

- Pendant l’évaluation _ex-ante_, concentrer sur des estimations plausibles de l’impact brut - par exemple en utilisant des informations sur les performances passées. Celles-ci sont essentielles, alors que des prédictions nettes sont seulement désirables à ce stade.

- Préciser les présomptions sur lesquelles les objectifs sont basés et préciser les limitations des données utilisées. Cela fournit un cadre plus solide pour le suivi et l’évaluation ultérieure.

**Générer des projets**

- Informer les porteurs de projets que le programme met l’accent sur la création d’emplois.

- Ensuite fournir des conseils spécifiques aux porteurs de projets sur la façon d’identifier et évaluer les buts de leurs projets en termes d’emplois.

- Utiliser la terminologie et les approches développées au stade de l’évaluation _ex-ante_. Ceci permettra de générer des informations homogènes.

Promouvant vigoureusement le message de la création d’emplois à travers le DOCUP, des brochures d’information sur le programme, des séminaires, des conseils donnés au cas par cas, des recommandations écrites etc.

- Discuter avec les porteurs de projets et utiliser ce moyen pour minimiser les effets d’aubaine et les effets de déplacement en s’assurant que les projets (a) ne pourront réellement être réalisés qu’avec l’aide des Fonds Structurels, et (b) ne déplaceront pas d’autres activités et dès lors des emplois.

Si les porteurs de projets envisagent sérieusement la question de l’emploi dès le départ, ils seront plus à même de suivre les progrès et de fournir des informations correctes à ce sujet à un stade ultérieur.

**Appréciation et sélection des projets**

- Évaluer les projets d’une façon détaillée pour définir leur effet potentiel sur l’emploi. Ceci peut requérir d’établir une liste structurée.

- Utiliser les cadres généraux qui ont été établis afin d’évaluer le réalisme des objectifs fixés en termes d’emplois. Si ces objectifs ne sont pas réalisistes, les réviser en utilisant les présomptions qui ont été décidées de façon à ce que les projets puissent être comparés avec impartialité.

Appliquer le critère de sélection relatif à la création d’emplois d’une façon détaillée implique de considérer les répercussions plus vastes de chaque projet, et non pas uniquement le seul nombre d’emplois promis. Ceci devrait aussi:

- prendre en considération la qualité des emplois créés (durée, compétences, secteurs, leur opportunité pour la population),

- permettre de reconnaître des projets dont les répercussions en termes d’emplois sont modestes mais qui permettront de mener à bien d’autres priorités du programme (par exemple, l’internationalisation),

- éliminer les projets dont les effets sur l’emploi sont compensés par les effets de déplacement, sauf lorsqu’il existe d’autres raisons pour les mener à bien, et
• éviter les projets ayant un grand effet d’aubaine (c’est à dire qui auraient été entrepris avec moins ou pas du tout d’assistance des Fonds Structurels) car ici aucun impact réel sur l’emploi ne peut être attribué aux Fonds Structurels.

Suivi

☐ Établir et maintenir un système de suivi pour enregistrer non seulement les données financières mais également les données relatives aux résultats et à l’impact du programme (si cela est possible au vue du temps imparti pour le suivi).


Donner de bons conseils aux porteurs de projets au stade de la demande de subvention les prépare à mesurer et à noter les résultats obtenus en termes d’emplois au stade de la mise en oeuvre. Ceci permet de poser de bonnes fondations pour l’évaluation.

Évaluation


Des comités d’évaluation bien informés sur l’évaluation de l’impact sur l’emploi sont mieux à même d’assurer la qualité et la pertinence des études entreprises.

☐ Utiliser l’évaluation pour produire des informations sur ce qu’est une programmation efficace.

Pour être sûr d’avoir une contribution spécialisée et de qualité suffisante, il est recommandé de faire procéder à des évaluations générales contenant des éléments spécialisés par plusieurs évaluateurs qui ont tous des compétences appropriées dans des domaines spécifiques.

2.3 Une Gamme de Solutions dans les Programmes

En règle générale, la plupart des solutions offertes dans les programmes pour définir et atteindre les objectifs fixés en termes d’emploi ont progressé au cours de la période de programmation en cours. Cela est reflété dans les DOCUP par l’utilisation plus régulière et plus précise de la terminologie liée à l’emploi et à d’autres résultats, par une intensification de l’évaluation quantitative des objectifs et par une plus grande transparence dans la façon dont les objectifs sont définis (y compris la définition des présomptions sur lesquelles ils sont basés). L’emploi figure de façon plus importante dans les programmes, à la fois en tant qu’objectif général et en tant que moyen pour justifier les choix des politiques poursuivies et pour sélectionner les projets. Cependant, il reste encore du chemin à parcourir. Tous les programmes n’ont encore pas suffisamment développé leur approche. Le spectre des programmes s’étend de ceux dans lesquels l’emploi est encore accessoire au DOCUP et est interprété de façon simple jusqu’aux programmes qui ont complètement et de manière élaborée intégré le problème dans la programmation, ce qui crée des cadres solides et complets comprenant à la fois des résultats bruts et nets qui servent de guide aux acteurs du programme.

De manière idéale, tous les programmes devraient essayer de progresser sur le spectre jusqu’au point où est établi un cadre logique et réaliste qui permette d’évaluer de manière quantitative les résultats bruts en termes d’emploi des différentes politiques menées et des projets. (Les résultats nets peuvent bien
sur toujours être évalués au stade de l’évaluation.) En même temps, il est fortement recommandé que les programmes s’assurent que les acteurs du programme soient familier avec les principaux processus qui érodent les résultats bruts sur l’emploi. Lorsque cette érosion est minime, cela devrait favoriser la sélection des projets. Il est estimé qu’un tiers des ressources des programmes est gaspillé - dépensé sur des projets qui auraient eu lieu sans aucune ou avec une aide réduite des Fonds Structurels ou dont les résultats nets sont limités parce qu’ils déplacent tout simplement d’autres activités économiques dans la zone éligible. Minimiser ce gaspillage signifierait qu’un tiers de ressources de plus pourrait être disponible pour des projets réellement supplémentaires. Des commentateurs de premier plan ont le sentiment qu’arriver à ce meilleur usage des fonds disponibles serait la façon la plus directe d’augmenter l’impact des programmes sur l’emploi.

2.4 Conclusion

Des progrès ont été faits dans le domaine de l’emploi mais, pour maximiser l’impact, cette priorité a besoin d’être suivie plus fortement - entre autres parce que le suivi et l’évaluation de l’impact des programmes deviendront à l’avenir de plus en plus important étant donné que la performance des programmes fait l’objet d’un examen minutieux de plus en plus intense. La mesure améliorée des résultats en termes d’emploi sera un problème central dans la définition des indicateurs de suivi, dans le rapport annuel sur la mise en œuvre et pour l’évaluation de la performance. Les directeurs de programme et les partenariats devront dès lors continuer à allouer de plus en plus de ressources à cet aspect de la programmation. La version intégrale de cet article montre que des approches systématiques, intégrées et progressives permettant aux connaissances, à l’information et aux méthodes de s’accumuler, offrent des solutions parmi les plus efficaces.
3. **BESCHÄFTIGUNG UND DIE STRUKTURFONDS**

3.1 **Einführung**


3.2 **Aktionsplan zur Integration des Themas Arbeitsplatzschaffung in Programmen der Strukturfonds**

<table>
<thead>
<tr>
<th>Programmvorbereitung</th>
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<tbody>
<tr>
<td>☐ Definitionen festlegen für die Wirkung auf Arbeitsplätze. Durchdenken, wie sie identifiziert und quantifiziert werden.</td>
</tr>
<tr>
<td>☐ Annahmen festlegen, damit durch Zusammenfragen bestehender Informationen über Leistungen und Wirkungen vergangener Projekte realistische Ziele pro ausgegebener MECU berechnet werden können.</td>
</tr>
<tr>
<td>☐ Definitionen und Methoden frühzeitig festlegen, eventuell Sachverständige hinzuziehen, um die Qualität der Grundlage zu gewährleisten. Dies wird die nachfolgenden Aktionen strukturieren und die Nützlichkeit der gewonnenen Informationen erhöhen.</td>
</tr>
<tr>
<td>☐ Annahmen brauchen nicht auf komplexen Studien zu beruhen. Einige Programme haben kurze telefonische Umfragen unternommen, um die notwendigen Daten zu erhalten. Diese Annahmen können später verfeinert werden.</td>
</tr>
</tbody>
</table>
Sicherstellen, daß das Programm die notwendige Expertise und Ressourcen hat, um den Implikationen der Verfolgung und Quantifizierung von Arbeitsplatzschaffung gerecht zu werden. Spezialisten in Arbeitsplatzfragen anstellen oder ausbilden (am besten jemand, der allgemein in der Projektbegleitung oder -förderung involviert ist). Die Expertise kann auch ad hoc ‘eingekauft’ werden, doch integriert innerbetriebliche Expertise die Themen effektiver in die tägliche Programmarbeit.

Eine größere Gruppe von Programmakteuren mit Arbeitsplatzbedingungen, -methoden und -fragen vertraut machen, und dafür sorgen, daß sie die Rahmen verwenden können.

Programmentwicklung

Identifizieren, wie sich jede Art von Maßnahme auf die Arbeitsplätze auswirkt, um eine informierte Debatte über die Maßnahmewahl zu erleichtern. Vom Volumen physischen Outputs zu den zahlreichen wahrscheinlichen kurz- und langfristigen Effekten auf die Arbeitsplätze hin arbeiten.

Die wahrscheinliche Wirkung von Mitnahmeeffekten und Verdrängungseffekten berücksichtigen. Diese können die Nettowirkungen reduzieren und einige Maßnahmen weniger effektiv machen.

Ex ante Arbeitsplatzziele quantifizieren sobald das Programm entschieden worden ist.

Definitionen aus der Vorbereitungsphase bei der Zielselbstsetzung verwenden.

Systematische Vergleiche verschiedener Maßnahmen hinsichtlich des Potentials für Arbeitsplatzschaffung sind in der Phase der Programmentwicklung bisher eher selten. Dennoch könnte sich daraus eine gemischte Maßnahme mit größerem Arbeitspotenzial ergeben.

Den Umfang der maßnahmepolitischen Debatte auf innovative Maßnahmen ausweiten, die neue Quellen für Arbeitsplätze entwickeln könnten.


Während der Ex ante Quantifizierung kann man sich auf die Ableitung zuverlässiger Brutto-Wirkungsschätzungen konzentrieren - z.B. unter Verwendung von Informationen über frühere Leistungen. Diese sind wesentlich, während in dieser Phase nur Netto-Vorhersagen erwünscht sind.

Die Annahmen spezifizieren, auf denen die Ziele basieren, und die Grenzen der verwendeten Daten erläutern. Dies liefert einen stärkeren Rahmen für kritische Begleitung und anschließende Evaluierung.

Projektentwicklung

Antragsteller informieren, daß das Programm die Schaffung von Arbeitsplätzen betont.

Dann spezielle Richtlinien für Antragsteller geben, wie sie die Arbeitsplatzziele für ihre Projekte identifizieren und quantifizieren.

Die normale Terminologie und Ansätze verwenden, die in der Ex-ante Phase entwickelt wurden. Dadurch wird es leichter sein, konstante Informationen zu schaffen.

Das Thema Arbeitsplatz offensiv durch das EPPD selbst, durch Werbungs- und Seminare, schriftliche Richtlinien, ad hoc Beratung usw. verbreiten.

Diskussionen mit Antragstellern dazu verwenden, Verluste und Verdrängungen minimal zu halten durch Sicherstellung, daß (a) die Projekte für ihre Weiterführung tatsächlich von der Unterstützung der Strukturfonds abhängig sind und (b) andere Aktivitäten und Arbeitsplätze nicht verdrängt werden.

Je gründlicher die Antragsteller ihre Arbeitsplatzsituation schon in einem frühen Stadium durchdacht haben, desto eher können sie Fortschritte genau verfolgen und darüber berichten.
Projektbewertung und -wahl

- Projekte insgesamt bezüglich ihrer wahrscheinlichen Wirkung auf Arbeitsplätze bewerten. Dazu ist eventuell eine strukturierte Checkliste notwendig.
- Mit Hilfe der aufgestellten Rahmen den Realitätsgrad der Arbeitsplatzziele bewerten. Unrealistische Ziele mit Hilfe der vereinbarten Annahmen revidieren, so daß die Projekte fair verglichen werden können.

Zur abgerundeten Verwendung der Arbeitsplatzschaffungskriterien gehören die allgemeineren Implikationen eines Projekts, nicht nur die Zahl der versprochenen Arbeitsplätze. Dabei sollte(n):
- auch die Qualität der geschaffenen Arbeitsplätze berücksichtigt werden (Nachhaltigkeit, Fachkenntnisse, Branchen),
- Projekte erkannt werden, die bescheidene Ergebnisse bezüglich der Arbeitsplätze bringen, aber andere Programmprioritäten (z.B: Internationalisierung) unterstützen,
- Projekte eliminiert werden, deren Arbeitsplatzeffekte durch Verdrängung aufgehoben werden, außer es gibt andere Gründe zu ihrer Verfolgung.
- Projekte mit großen Mitnahmeeffekten vermieden werden (die mit wenig oder gar keiner Unterstützung durch die Strukturfonds unternommen worden wären - hier können den Strukturfonds keine realen Arbeitsplatzwirkungen angerechnet werden).

Begleitung

- Ein Begleitsystem einrichten und betreuen, um nicht nur finanzielle Daten sondern auch Leistungs- und Wirkungswerte zu verzeichnen (insofern als dies innerhalb des für die Begleitung verfügbaren zeitlichen Rahmens möglich ist).


- Gute Beratung der Umsetzer in der Anwendungsphase bereitet sie auf die Messung der Arbeitsplatzergebnisse und entsprechende Berichterstattung in der Umsetzungsphase vor, was zu einer besseren Basis für die Bewertung führt.

Evaluierung

- Die in der Ex ante Phase gesetzten Ziele und die Annahmen, auf denen sie basieren, als Rahmen zur Bewertung der Programmleistung verwenden.
- Begleitinformationen über den physischen Output und wirtschaftliche Wirkung als Ansatzpunkt der Bewertung nutzen.
- Mit Hilfe der Evaluierung Erkenntnisse gewinnen, die in die effektive Programmerstellung zurückfließen.

Evaluierungsgremien, die über die Evaluierung von Arbeitsplatzwirkungen gut informiert sind, sind eher in der Lage, die Qualität und Relevanz unternommener Studien zu gewährleisten.

Um Spezialisteninput von genügender Qualität zu gewährleisten, ist es eventuell ratsam, großangelegte Evaluierungen mit spezialisierten Komponenten an eine Reihe von Evaluierern zu vergeben, die die entsprechenden Fähigkeiten auf den jeweiligen spezifischen Gebieten haben.

3.3 Ein Kontinuum von Programmreaktionen

ganz in die Programmgestaltung integriert und somit robuste umfassende Rahmen für Brutto- und Nettoergebnisse geschaffen haben, die alle Programmakteure leiten.

Im Idealfalle sollten alle Programme danach streben, dieses Kontinuum so weit zu durchlaufen, bis sie einen steten und realistischen Rahmen zur Quantifizierung der Brutto-Arbeitsplatzergebnisse verschiedener Maßnahmen und Projekte aufgestellt haben. (Nettoergebnisse können natürlich im Rahmen der Evaluierung quantifiziert werden). Gleichzeitig wird empfohlen, die Programmakteure mit den Prozessen vertraut zu machen, die dazu führen, das Brutto-Arbeitsplatzergebnisse ausgehöhlt werden. Dies sollte dabei helfen, Projekte zu wählen, bei denen diese Aushöhlung minimal ist. Schätzungen zufolge wird etwa ein Drittel der Programmressourcen verschwendet - auf Projekte, die mit weniger oder gar keinen Strukturfondsmitteln durchgeführt werden könnten oder deren Nettoergebnisse begrenzt sind, da sie andere Wirtschaftsaktivitäten in dem förderfähigen Gebiet einfach verdrängen. Durch eine Reduzierung dieser Verschwendung auf ein Minimum könnte bis zu einem Drittel mehr Mittel für wirklich zusätzliche Projekte ausgegeben werden. Führende Beobachter glauben, daß eine bessere Verwendung verfügbarer Mittel der direkteste Weg sei, wie Programme ihre Gesamtwirkung auf Arbeitsplätze verbessern könnten.

3.4 Schlußfolgerung

Thematic Paper

Employment and the Structural Funds –
Making a Good Job of Making Jobs
Employment and the Structural Funds –
Making a Good Job of Making Jobs

1. INTRODUCTION

The achievement of an acceptable level of employment and its counterpart, a low level of unemployment, is among the most important objectives of economic and social policy across the European Union. Roughly eleven percent of the working population of the EU is unemployed - a total of nearly twenty million people. Long-term unemployment is a cause for particular concern - one in two jobless people in the EU have been out of work for more than a year. The longer unemployment continues, the more difficult it is for those concerned to re-enter the active labour market. A further concern is the pattern of unemployment amongst young people: more than twenty percent of the workforce under 25 years old is unemployed.

While it remains the responsibility of individual Member States to address unemployment, there has been growing awareness of the value in developing common strategies, given the similarities between the economic problems facing many European governments, the high degree of interdependence between national economies and the need for innovative solutions. Many policy initiatives have been mobilised to respond more strongly to the job creation challenge. Prominent among them are the EC’s co-financed economic and social cohesion programmes - including Objective 2 strategies for industrial reconversion.

This paper briefly reviews the rise of employment generation as an EU policy objective, and its resulting influence on Structural Fund programming. It then goes on to explore its impact on Objective 2 programmes in terms of their strategic direction and policy content (including the quantification of employment-related impact targets), and the approaches taken to implementation, monitoring and evaluation.

The paper works from the principle that to follow the employment imperative through effectively, it has to be addressed in a systematic and thorough way, deeply integrated into all the stages of Structural Fund programming. Strategic orientations and policy frameworks need to be selected in the context of an explicit debate about employment generation, and then the diversity of anticipated employment effects identified and quantified in advance at the most detailed ‘measure’ level. Programmes’ emphasis on employment then needs to be followed through into project generation and selection, ideally capitalising on the frameworks set out during the target setting stage. In a systems-based approach, as programmes are implemented, monitoring information should enable the critical assessment of targets, and systems to be improved accordingly. While a great deal of progress has been made in these directions, it is clear that Member States and programming authorities are to an extent still feeling their way in a complex and relatively new field which poses considerable planning, information, resource and skills implications.
2. THE EU AND EMPLOYMENT

In 1989, when the most recent major reform of the Structural Funds took place, employment was not yet a strong focus of European economic policies since, at that point, many Member States’ economies were performing well and enjoying their lowest unemployment rates for a decade. However, by 1993, an economic crisis had begun which reoriented attention towards unemployment as a pressing social and economic priority.

This led in turn to the issue being taken to the heart of EC debate. The 1993 European Commission White Paper ‘Growth, Competitiveness, Employment’ provided a European perspective on employment, giving a detailed analysis of unemployment in the EU and setting out the Commission's current thinking on possible solutions. The White Paper was further developed by the European Council during its meetings in Essen, Cannes and Madrid. The Essen European Council in December 1994 was the most important meeting in this series (hence the name "The Essen Track" for the proposals which resulted). This meeting promoted the idea that all social and economic policies intervene in employment outcomes, including not just labour and industrial policies, but also regional, welfare, fiscal, local development and income policies, and that there was a need for the employment impacts and potential of each to be actively taken into consideration. The resulting ‘Essen Track’ called on Member States to take action on five fronts:

- raising employability by increasing investment in vocational education and training;
- boosting the effects of economic growth through reorganised working time, moderate wage growth and the opening of new areas of employment;
- lowering indirect labour costs in order to encourage demand for labour;
- enhancing the effectiveness of labour market policy, for example by means of activation policies which prompt the unemployed to look for work; and
- intensifying measures to benefit underprivileged groups in the labour market.

As part of the policy of giving priority to employment generation, Member States undertook to develop multi-annual employment programmes, setting out the measures which were planned or in place.

The commitment to employment was further reinforced in the Amsterdam Treaty, in which the policy agenda of the Union expanded and a further commitment was made to co-ordinate policies to create employment. Specifically, a major new treaty chapter entitled ‘An Effective Europe: Jobs’ was agreed, whose overall aim is ‘a high level of employment’ in the EU. Employment has also been made a horizontal policy objective so that the impact of all EU policies on jobs is taken into account.

EU action will be structured around the annual production and review of national employment reports. An Employment Committee has been set up at EU level to support this initiative, advising on and reviewing national employment strategies and possibly deriving recommendations from Member State experiences on how to increase employment levels. Following extensive
consultation, guidelines will be issued to all member states on measures to maximise employment. Member States will then submit their employment reports, which the EC will review in the light of its guidelines. Recommendations will then be made and a report presented to the European Council on the EU's progress towards its employment objectives. The Member States are in the process of finalising their national employment plans, which will be reviewed at the European summit in Cardiff in June 1998.

Achieving the Maastricht conditions for monetary union (low inflation, financial stability and reduced or contained budget deficits), has restricted public expenditure in the Member States, which in turn limits what approaches can be taken. Within this broad context, however, the plans will demonstrate that, while greater emphasis is being placed on resolving the unemployment problem, this is being tackled by individual Member States in different ways. A number of distinct factors pertain in each country which explain these differences. In the first place, the rate of unemployment varies between Member States, with the lowest rates in Luxembourg and Austria (at 3.4 and 4.4 percent), followed by Denmark (at 5.5 percent) and the UK and Portugal (at 6.6 percent). Sweden and Germany are next at 9.0 and 9.7 percent respectively, the Member States with the highest rates of unemployment being France (12.1 percent), Finland (12.5 percent) and Spain (20 percent). Second, major differences exist between the type of joblessness in each country. For example, unemployment amongst young people is much more acute in Spain than in the Netherlands. Third, the stage of economic development attained by Member States differs, as do their social, cultural and institutional characteristics, and their systems of social security and labour regulation. Fourth, the ideological basis shaping policy varies between countries. In the UK, flexibilisation and deregulation of the labour market has been prioritised, and is cited as one of the reasons why unemployment in the UK is currently almost half that in France (6.6 compared with 12.1 percent). The French approach, in contrast, focuses on generating employment opportunities by reducing the working week to 35 hours.

2.1 The Structural Funds and Employment

While the Essen Track and Amsterdam Treaty emphasised the relevance of a wide range of policy areas to employment generation, considerable expectations have been focused on the potential of the Structural Funds to contribute to this objective. This is a result of both the nature of the Funds’ interventions, in particular in regional and human resource development, and the considerable volume of funding available. The emphasis on employment has become such that the Commission’s guidance on drafting the 1997-99 revised Objective 2 programmes presented job creation as the ‘paramount priority’. This reflects Commission and Member State preoccupations, and but also the gravity of the employment problem in Objective 2 areas.
themselves (see Table 1.1), mainly defined, after all, on the basis of three employment-based core eligibility criteria.

One of the results of the intensified focus has been increased pressure at an overall level for more information on the employment impacts of both current and past Structural Funds programmes. At the individual programme level, and in order both to enhance these effects and generate this information, individual Structural Fund programmes are being asked to undertake the more rigorous prior quantification, monitoring and evaluation of employment impacts. They are also being encouraged to do ‘more for employment within existing programming and (do) it better’. The Commission Communication on ‘Community Structural Assistance and Employment’ emphasised four areas for improvement: providing the conditions for long-term economic growth; increasing the job intensity of economic growth; promoting more active approaches to economic and social solidarity, including equal opportunities; and developing and enriching partnerships. Programming authorities themselves have been responding by flagging their employment-related objectives more prominently, giving a greater priority to this objective in determining policies, using employment as a primary project selection criteria and monitoring projects’ performance more closely.

Table 1.1: Unemployment rates in IQ-Net partner regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Unemployment</th>
<th>Year</th>
<th>Rank (irrespective of year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland: Päijät-Häme</td>
<td>22.6 percent</td>
<td>1996</td>
<td>1</td>
</tr>
<tr>
<td>Finland: South Karelia</td>
<td>21.6 percent</td>
<td>1996</td>
<td>2</td>
</tr>
<tr>
<td>Germany: NRW</td>
<td>13.6 percent</td>
<td>1996</td>
<td>3</td>
</tr>
<tr>
<td>France: Aquitaine</td>
<td>13.4 percent</td>
<td>1994</td>
<td>4</td>
</tr>
<tr>
<td>Sweden: Fyrstad</td>
<td>12.7 percent</td>
<td>1994</td>
<td>5</td>
</tr>
<tr>
<td>Germany: Saarland</td>
<td>11.7 percent</td>
<td>1996</td>
<td>6</td>
</tr>
<tr>
<td>Sweden: Ångermanlandskusten</td>
<td>11.4 percent</td>
<td>1994</td>
<td>7</td>
</tr>
<tr>
<td>Denmark: North Jutland</td>
<td>11.0 percent</td>
<td>1996</td>
<td>8</td>
</tr>
<tr>
<td>Austria: Steiermark</td>
<td>10.3 percent</td>
<td>1993</td>
<td>9</td>
</tr>
<tr>
<td>UK: West of Scotland</td>
<td>9.5 percent</td>
<td>1996</td>
<td>10</td>
</tr>
<tr>
<td>UK: Industrial South Wales</td>
<td>8.8 percent</td>
<td>1995</td>
<td>11</td>
</tr>
<tr>
<td>Austria: Niederösterreich</td>
<td>8.6 percent</td>
<td>1993</td>
<td>12</td>
</tr>
</tbody>
</table>


In recognition of the complexities involved at the programme level in responding to promoting and then quantifying job creation under Structural Fund programmes, the Commission has accelerated its endeavours to provide technical guidance in this field, principally calling on the MEANS programme (Methods for Evaluating Actions of a Structural Nature), which prepares handbooks on monitoring and evaluation issues, and also regularly organising exchange seminars across Europe.

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As well as refocusing mainstream policies, the Commission has encouraged reflection on innovative ways to generate jobs using the Structural Funds, and so implement the Essen commitment to ‘boosting the effects of economic growth through...the opening of new areas of employment’. The Territorial Employment Pacts, which were given official recognition by the European Commission on the eve of the European Council in Amsterdam, are a vehicle for developing such innovative actions. They consist of integrated projects whose objectives are first to attack the roots of unemployment by creating real employment opportunities at the local level, and second, to generate new ideas by sharing experience. Employment Pacts work from the bottom up, mobilising enlarged partnerships of local actors with a role in employment generation to develop new and integrated approaches based on a detailed analysis of local situations. Best practice is actively circulated through conferences, Web pages and publications.

The present 89 Territorial Employment Pacts, which will qualify for support from the Structural Funds until the end of 1999, cover a total population of 35 million. For the most part, they are centred in areas particularly affected by unemployment. Examples include the Pays de La Loire TEP which involves personalised service provision, environment-related jobs, job-sharing, micro-companies and new occupations, and that in Bremen, involving reorganisation of working hours.

2.2 Employment and Objective 2

It has already been mentioned that the Commission’s guidelines for Objective 2 reprogramming placed employment generation as the primary objective. This note emphasised that whilst these programmes had been generating employment opportunities for those in declining industries since 1989, these efforts had to be intensified.

Member States were encouraged to favour several interventions in particular ‘within the paramount aim of increased employment’. These included SME development and, following the Essen principle, ‘developing new sources of employment...to meet new needs not yet having found an adequate response’. Specifically, the guidance explained that these might cover ‘cultural aspects, where linked to tourism, and local services, together with aspects relating to the management of scarce resources (cultural heritage, management and protection of the environment, alternative sources of energy)’. In addition, the guidance emphasised the importance of investment raising innovation and technology levels - policy areas whose employment impacts tend to be modest in the short term, but promise growth and therefore also job creation in the longer term.

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6For example, Commission of the European Communities (1997) Territorial Employment Pacts - Examples of Good Practice, Luxembourg.
7Commission of the European Communities (1994) Note for Guidance concerning operations in the declining industrial areas (Objective 2) for the second programming period 1997-1999, CEC, Belgium.
3. **THE OBJECTIVE 2 RESPONSE TO THE EMPLOYMENT IMPERATIVE**

Analysis of 1997-99 Objective 2 SPDs demonstrates that in the current round, few if any have failed to highlight job creation as a visible strategic preoccupation. In illustration, Table 1.2 shows that three out of four IQ-Net regions have given it prominence as an explicit strategic aim, the rest pursuing objectives in which it is at least implicit, for example new firm formation and SME development in Saarland. Note that the other two IQ-Net programmes in which job creation is only implicit are new Member State SPDs drafted in 1994/5, before the Commission’s recent drive to prioritise this objective.

*Table 1.2: Employment generation in the strategic objectives of IQ-Net partner programmes*

<table>
<thead>
<tr>
<th>Programme</th>
<th>Prominence of Job Creation Objective</th>
<th>Overall objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria: Niederösterreich</td>
<td>Implicit</td>
<td>Two general regional economic development goals and four strategies to achieve them. Job creation is implicit rather than explicit.</td>
</tr>
<tr>
<td>Austria: Steiermark</td>
<td>Explicit</td>
<td>The objective 2 programme should ‘contribute...to the creation of long-term jobs.’</td>
</tr>
<tr>
<td>Denmark: North Jutland</td>
<td>Explicit (but less than in 1994-96)</td>
<td>‘To strengthen the conditions for growth in the region’s firms and thereby safeguard and increase the number of jobs in the Objective 2 area.’</td>
</tr>
<tr>
<td>Finland: national SPD</td>
<td>Explicit</td>
<td>‘To create and upgrade jobs and diversify the structure of the economy’</td>
</tr>
<tr>
<td>Finland: Päijät-Häme</td>
<td>Explicit</td>
<td>‘To increase the number of jobs by renewing the production structure, raising expertise, increasing employment and strengthening competitiveness’</td>
</tr>
<tr>
<td>Finland: South Karelia</td>
<td>Explicit</td>
<td>‘To create new jobs and reduce unemployment through modernisation, diversification and general economic growth’</td>
</tr>
<tr>
<td>France: Aquitaine</td>
<td>Explicit - and increased since 1997-99</td>
<td>‘To enable the preservation and creation of durable employment’</td>
</tr>
<tr>
<td>Germany: NRW</td>
<td>Explicit</td>
<td>‘To create new jobs and improve the employment situation’ (echoes the Land economic development objective).</td>
</tr>
<tr>
<td>Germany: Saarland</td>
<td>Implicit</td>
<td>Implicit in the priorities of: improving competitiveness, encouraging start-ups and SMEs, promoting technological development and technology transfer.</td>
</tr>
<tr>
<td>Sweden: Angermanlands-kusten</td>
<td>Implicit</td>
<td>‘To strengthen, diversify and revitalise the economy through a comprehensive and integrated package of measures’</td>
</tr>
<tr>
<td>Sweden: Fyrstad</td>
<td>Explicit</td>
<td>‘To contribute to the creation of a robust region with strong competitive capacity and a higher level of employment in an integrated and efficient labour market.’</td>
</tr>
<tr>
<td>UK: Industrial South Wales</td>
<td>Explicit</td>
<td>‘To maximise balanced and sustainable economic growth and job creation which increases equality of opportunity through the creation of a diversified industrial base and the successful exploitation of innovation taking full account of environmental considerations.’</td>
</tr>
<tr>
<td>UK: West of Scotland</td>
<td>Explicit</td>
<td>To enhance the competitiveness of the …economy in order to improve economic growth, job prospects and the quality of life. To improve economic and social cohesion within the region to increase…opportunities for excluded individuals and communities.</td>
</tr>
</tbody>
</table>
In fact, while many strategic statements of IQ-Net members and others give employment creation primary importance, much of it arises as a secondary result of interventions, usually as a consequence of business growth instigated by processes raising competitiveness (including modernisation, diversification and human resource development). Many objectives take into account this wider view. North Jutland’s programme focuses on job creation to be achieved by strengthening business. Part of the overall objective of Industrial South Wales, in turn, is to ‘maximise…job creation…through the creation of a diversified industrial base and the successful exploitation of innovation’.

While some policies contribute both to raising economic competitiveness and creating jobs, some influence only one of these objectives. This establishes a certain tension, which is managed in some programmes by the parallel expression of objectives, as in the Finnish national SPD which aims ‘to create and upgrade jobs and diversify the structure of the economy’. Industrial South Wales also has a parallel approach, aiming to maximise not only job creation but also ‘balanced and sustainable economic growth’. While many programmes have raised the prominence of employment creation, there is limited evidence that their policies have actually been reoriented in line with this. Instead, programmes largely remain driven by objectives of competitiveness.

3.1 Policy Choices for Employment Generation

3.1.1 The potential of different policy types to affect employment

Different economic development interventions vary in their potential for direct and/or indirect, immediate or delayed, and temporary or ‘permanent’ employment effects. The balance of policies contained in an SPD is therefore important in determining what combination of employment effects will be brought about, how, and over what timescale. Not enough is actually known about the exact relationship between different policy mixes and their employment impacts, although some commentators believe that the variations in ‘cost per job’ between programmes may indicate that some patterns could be derived.8

The policy mix is, of course, not fashioned solely to maximise employment generation, but rather emerges from a complex of influences, including the overall regeneration needs of the area in question, the priorities and available policy instruments of individual co-financing partners, parallel objectives of the SPD, and the wider policy context. Nonetheless, a structured debate about employment impacts can help to inform the choices made and the exact allocation of resources between different headings. In some cases, this means not only making the case for support to job-rich interventions, but also enabling an explicit debate about interventions which, while they may not have major net employment impacts are important for other reasons. An


example is entrepreneurship schemes targeting the unemployed. While such schemes do create gross jobs, their medium term net impacts are likely to be limited for two reasons. First, (and unless ‘new sources of employment’ are in question) the displacement effect is likely to be high as most firms created by this population will probably target already saturated local markets. Second, the failure rate of these firms over their first three years is likely to be high. In spite of this prognosis, however, such policies are pursued because of their social importance.

In order to inform the debate, a helpful approach is to identify, for each type of intervention, the physical outputs which can be obtained per MECU of Structural Funds expenditure, and to use accumulated monitoring information, previous studies and experience to derive from this the likely type and quantity of employment impacts. Many interventions have several employment effects, and these have to be disaggregated to compile a full picture (see box). As the example of entrepreneurship schemes above illustrates, it is useful if the exercise goes beyond gross impacts to include net impact estimates, taking into account the negative effects of dead-weight\(^{10}\) and displacement\(^{11}\) (which vary between measure type), as these can radically affect which policies offer the best value for money in employment terms. A further useful addition is to find some means of assessing and comparing the quality of jobs likely to derive from different interventions (in terms of skill levels, value added entailed, the degree of permanence, or the populations which will be affected by them). In practice, such systematic exercises are frequently only undertaken when the policy mix and resource allocations have already been decided, in order to establish the monitoring and evaluation framework.

### Policy Types and their Employment Impacts

Different Structural Fund interventions have different potential to create employment, and often do so by more than one process. In analysing these impacts, MEANS have made the useful distinction between employment effects which are generated in a straightforward causal way (eg. by employment subsidies or the construction and implementation phase of projects), and those which are generated in more complex and indirect ways and over the longer term, and whose cause and effect relationships are more difficult to identify (eg. through increased demand for goods or services, training or the exploitation of infrastructure). The ways in which several types of intervention can affect employment are illustrated in simplified form below.

#### Support for the Productive Sector

Direct business development measures, comprising both non-material interventions such as advice and support and material investment, eg. in new manufacturing equipment, either establish new firms or enable the development of existing ones. Such interventions would be expected to result in some combination of:

- Direct quasi-immediate job creation (eg. in new firm formation or the recruitment of workers to implement development projects in a firm).
- Induced employment, where the intervention makes a company more competitive, and activity is increased, so creating (or maintaining) jobs.

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\(^{10}\) Dead-weight is the term used when the effects or impacts of Structural Fund interventions would have been realised even if the intervention had not received Structural Funds support.
• Demand induced effects, resulting from the additional turnover in other companies which is induced by growth in the beneficiary firm.

**Economic and Basic Infrastructure**

The employment impacts of infrastructure are as follows:

• Employment effects which are entailed in project implementation, including ‘temporary’ construction jobs, and also, if appropriate, personnel to operate the new facilities established (e.g. a technology resource centre).

• Demand induced employment during construction and implementation - resulting from the additional demand for goods and services which this entails (supplier effects) and the increased purchasing power of those employed in construction (income multipliers).

• Employment resulting in the longer term from the effect of the new or improved infrastructure on the competitiveness of the assisted economy. This could range from growth in a distribution firm because of new transport links, to growth in manufacturing firms due to a new or improved product range being developed with the support of a technology centre.

Once basic infrastructure has reached a certain ‘critical mass’, enormous investment is required to make an appreciable difference to the functioning of the regional economy. At this stage, which characterises most Objective 2 areas, this becomes the least cost-effective use of resources. In the case of a new technology transfer facility, employment creation in the construction and implementation phases may be very modest. However, such a facility would be hoped to bring significant competitiveness benefits through its exploitation by firms in the longer term.

**Human resource development**

Training rarely actually creates jobs, and the indication in SPDs that it does can create unrealistic expectations. The exceptions are where trainees are being prepared for business start-up, or trainers are recruited to deliver courses or vocational counselling.

The principal value of training to the overall employment generation effort is as a parallel supporting measure, adapting human resources to the new employment opportunities created by the rest of a programme, and raising the employability of those currently excluded from the labour market. This is particularly important as, unless those in the eligible area are trained to take up the employment opportunities created by a programme, numbers employed in that area can rise, but unemployment fail to fall, as appropriately qualified people from outside the area move into the jobs created. A further benefit is enabling the parallel evolution of firms and their existing personnel.

Training impacts on employment can often best be captured with the terms ‘job obtained’ (for those enabled to enter the workforce) and ‘job transformed’ (for employees whose jobs have changed materially as a result of training).

3.1.2 Policy choice and the employment debate

The note on *Community Structural Assistance and Employment* (COM(96) 109 final) describes Objective 2 programmes as ‘seeking the most immediate possible impact on employment’, but this view fails to reflect the broader base

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11 Displacement occurs when the employment effects of Structural Fund interventions displace employment elsewhere in the programme area. This reduces the gross employment effect.
and longer term horizon of Objective 2 programmes, as illustrated by their typical policy mix which encompasses interventions whose impacts will emerge over varying timescales.  

Encouraged by Commission priorities, programmes have universally given increased priority to direct support to the productive sector, which tends to have significant, fairly easily measurable and often quasi-immediate durable employment effects, and results in favourable ‘cost-per-job’ ratios. The Nordrhein Westfalen programme, for instance, has moved in this direction only fairly recently. Having addressed the principal physical deficits which resulted from the decline of heavy industry, the region is now building on this foundation and shifting the emphasis towards measures which will create more numerous jobs in a more direct way (eg start-ups and business development). At an earlier stage of reconverting away from heavy industry, the programme placed a heavier accent on infrastructure projects which were not ‘employment-rich’, but were designed to create the conditions for later employment generation.

Business development measures, whilst job rich, present specific limitations. First, they fail to enhance the collective business environment. Second, without their implementation being extremely rigorous, these measures tend to comprise a high proportion of dead-weight as the most job-rich projects are the most likely to have gone ahead anyway. Third, unless firms are targeted whose markets are predominantly outside the regional economic space, they can have high displacement, as growth in one firm frequently leads to the contraction of another within the same region. For these reasons, focusing a large proportion of programme resources into individual firms is arguably both a relatively short-term and iniquitous use of resources, helping specific parts of the private sector only, and leaving no structures which are able to support businesses more broadly in the long term to diversify, innovate, enter new markets, etc.

It is for this reason that investment in the collective business environment remains a strong focus of Objective 2 programmes, although it is less employment rich in the short term than direct interventions. Among the primary examples is business-oriented RTD and innovation facilities, which will raise regional competitiveness in the longer term, but have limited ‘value’ in the short term if the only measure of quality is employment impacts. Such projects entail a degree of risk and represent a high cost per job over the programme implementation period. However, they do promise to make a region more competitive on a medium to long term basis, and, in the short term, the few jobs they generate directly tend to be of high quality. Aquitaine is among the programmes which have placed significant emphasis on structuring the business environment, and in particular raising regional technology and innovation levels. In South Karelia, too, the Structural Funds are being focused on ‘smoothing the process’ of regeneration by removing

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bottlenecks. ‘Drivers for growth’ have become the focus, which should lead to solid new jobs in the longer term.

A further suite of policies being pursued in spite of their apparently poor employment performance - in the short or longer term - are community economic development interventions, justified by the need to counter economic and social exclusion. Measures including training to improve the employability of the long-term unemployed or to develop businesses in zones of high urban deprivation tend to have extremely high displacement effects. However, if social and economic cohesion is a programme priority, then the quality and distribution of impacts should in some cases be as important as their quantity.

Overall, two types of policy have been marginalised in Objective 2 programmes by the increased demand for employment (and indeed other economic) impacts: first, those which promise limited economic effects of any sort, over any timescale (eg. purely cosmetic environmental improvements and physical infrastructure where this has already reached a ‘critical mass’, beyond which enormous investment is required to make an appreciable difference to the functioning of the regional economy); and second, interventions which will actually bring about negative employment change (job losses) eg. through automation. Although the latter type of policy may enhance competitiveness through modernisation, and eventually bring about employment growth, it has become politically increasingly difficult to support.

4. QUANTIFYING EMPLOYMENT TARGETS IN OBJECTIVE 2

4.1 Objective 2 Strategies: Target Setting

Objective 2 programmes are implemented across zones which are significantly smaller than those for Objective 1. They are sometimes very fragmented, and rarely coincide with standard statistical areas. ‘Top-down’ macroeconomic evaluations based on change from baselines tend to be unfeasible or to generate results which pose significant limitations. The need has increased for SPDs to shift the focus from relying on baselines for the ex post quantification of impacts, to establishing ‘bottom-up’ frameworks, consisting of quantified output and impact targets at the level of individual measures, working up from these to setting out targets for each priority and then for the programme as a whole.

As discussed above, different policy types in Objective 2 programmes trigger different employment generation processes, and most trigger more than one. It is therefore essential to examine each in turn in order to be able to work out how potential employment effects will take place and what numbers are likely to be involved. The stage of ex ante quantification usually relies on establishing likely physical outputs first (eg. business units, numbers of consultancy projects, type and size of investment projects), then relating possible employment impacts to the volume of outputs which can be purchased. Once targets have been set for each activity, and then revised down according to likely displacement and dead-weight effects, they can be
aggregated to priority and then to programme level - taking into account synergy effects and multipliers at these final stages.

Considerable progress has been made between the 1994-96 programmes and those for 1997-99, in setting and quantifying employment targets. A comprehensive review of 1994-96 SPDs and those approved in 1995 for the new Member States\(^\text{15}\), found that while most made reference to the envisaged positive employment effects, just under half had absent, unquantified or obviously incomplete employment indicators. Where targets were set, programmes usually failed to specify the type of impacts (eg. direct permanent jobs only or also indirect jobs and temporary employment generated in implementing measures) and their timescale, preventing future evaluators from comparing performance meaningfully with the targets. There was also a lack of precision and consistency in the terminology used to refer to the main types of possible outcome. Where employment indicators were in place, there was little evidence of a ‘scientific’ approach being taken to quantification. Only one programme explicitly stated the assumptions on which targets were set, and only then for construction jobs. Given the lack of explicit methodologies in use, it was clear that some programmes had set ambitious targets and others chosen to be more conservative. There was little or no attempt to go beyond gross figures to indicate what net outcomes might be when the negative impact of displacement and dead-weight and the positive impact of multiplier effects had been taken into account. The result of the above factors was that when programmes were compared for the promised ‘cost per job’, the variations were considerable, not only between countries, but also between ostensibly similar programmes in the same Member States.

A recent review of the 1997-99 programmes carried out by the Commission\(^\text{16}\), found that quantification of employment effects for the 1997-99 programmes had improved significantly, 55 of the new SPDs giving detailed measure-level information. Several increasingly common good practice features can be highlighted.

First, more programmes are specifying what is included in employment targets, detailing some of the assumptions on which these targets are based, and indicating the timescales over which they should be realised.

Second, the type and quality of jobs created is being specified with increasing care:

- differentiating between ‘temporary’ employment generated by implementing projects (eg. in construction, often referred to in terms of ‘person years of work generated’) and ‘permanent’ posts (eg. created in the longer term by the use of infrastructure)\(^\text{17}\);
- specifying the nature of the jobs created (full-time, part-time, seasonal, etc).

Third, there has been increasing precision in the use of employment-related terminology and concepts, indicating greater familiarisation with the field and


\(^{17}\) The terms temporary and permanent are problematic generally, as all jobs are in reality temporary.
increased reflection. Definitions are being used which more accurately reflect the true nature of employment impacts:

- no longer describing people entering employment as a result of enhanced skills as ‘jobs created’ (except where they are entering self-employment). A more appropriate term for those entering employment is ‘jobs obtained’, while a useful term for those who were already employed, but whose jobs have changed materially because of training is ‘jobs transformed or upgraded’.

- distinguishing between new and safeguarded jobs, and quantifying each type separately. (The setting of targets for jobs ‘created or safeguarded’ is unhelpful for predicting a programme’s net effect on employment levels.)

- not defining every job in every firm directly affected by an intervention as safeguarded/maintained. This definition is only appropriate when a job would otherwise have been lost. This is often difficult to demonstrate (and, indeed, not often the case). A preferable approach is either to state that a set percentage of the jobs touched have been safeguarded (eg. in the case of a town centre regeneration project), or to choose a more accurate description, such as ‘jobs transformed or upgraded’. This definition is a valuable addition, bringing value to some important employment impacts of Objective 2 programmes which might before have gone unmeasured, or been measured misleadingly. It also recognises the impact of projects in companies which were not necessarily threatened with closure, but which have become more competitive as a result of an intervention (eg. through technology or new management approaches).

In spite of improvements, employment targets still often only encompass direct effects, and are expressed in gross terms, the negative effects of dead-weight and displacement and positive multiplier effects not yet being taken sufficiently into account. In addition, the assumptions on which targets are based are still not consistently set out. These features are symptomatic of the virtual absence in many cases of robust methodological approaches to quantifying programme outputs and impacts. This is in spite of Commission attempts to disseminate guidance in this area, for example, through the work of the MEANS project (including the leaflet Counting the Jobs) and major conferences where more direct exchange has been facilitated between Structural Fund-related evaluation practitioners (Berlin in 1995 and Seville in

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Table 1.3 gives an overview of the responses of IQ-Net regions to quantifying employment impacts.
### Table 1.3: Provision of employment indicators

<table>
<thead>
<tr>
<th>Programme</th>
<th>Programme level</th>
<th>Priority level</th>
<th>Measure level</th>
<th>Gross or net</th>
<th>Gender differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria: Niederösterreich</td>
<td>Yes</td>
<td>Partial</td>
<td>Partial - focused where direct, immediate impacts are expected</td>
<td>Gross</td>
<td>No</td>
</tr>
<tr>
<td>Austria: Steiermark</td>
<td>Yes</td>
<td>Partial</td>
<td>Partial - focused where direct, immediate impacts are expected</td>
<td>Gross</td>
<td>No</td>
</tr>
<tr>
<td>Denmark: North Jutland</td>
<td>Yes - includes direct short and medium term.</td>
<td>Partial</td>
<td>Partial</td>
<td>Gross</td>
<td>No</td>
</tr>
<tr>
<td>Finland - national SPD</td>
<td>Yes. Specifies numbers of new and upgraded jobs across Finland.</td>
<td>No</td>
<td>No - although the importance of employment impacts is explicit</td>
<td>Gross</td>
<td>One measure. To encourage female entrepreneurs, the SPD sets targets for numbers of new firms established by women.</td>
</tr>
<tr>
<td>Finland: Päijät-Häme</td>
<td>Yes - new and upgraded jobs</td>
<td>No</td>
<td>No - although the importance of employment impacts is explicit</td>
<td>Gross</td>
<td>No</td>
</tr>
<tr>
<td>Finland: South Karelia</td>
<td>Yes - new and upgraded jobs</td>
<td>No</td>
<td>No - although the importance of employment impacts is explicit</td>
<td>Gross</td>
<td>No</td>
</tr>
<tr>
<td>France: Aquitaine</td>
<td>Yes. After SPD was produced.</td>
<td>Yes. After SPD was produced</td>
<td>Yes. After SPD was produced</td>
<td>Gross and net in programme’s internal <em>ex ante</em> of employment impacts</td>
<td>Yes - but set 50% targets in the absence of previous gender differentiated monitoring information</td>
</tr>
<tr>
<td>Germany: NRW</td>
<td>Yes</td>
<td>Yes</td>
<td>Partial - most measures</td>
<td>Gross</td>
<td>No - except for measure promoting new firm formation among women</td>
</tr>
<tr>
<td>Germany: Saarland</td>
<td>No</td>
<td>No</td>
<td>Partial - no information on how they were derived</td>
<td>Gross</td>
<td>No</td>
</tr>
<tr>
<td>Sweden: Ångermanlandskusten</td>
<td></td>
<td></td>
<td></td>
<td>Gross</td>
<td>No</td>
</tr>
<tr>
<td>Sweden: Fyrstad</td>
<td></td>
<td></td>
<td></td>
<td>Gross</td>
<td>Yes</td>
</tr>
<tr>
<td>UK: Industrial South Wales</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes. Qualified, subject to a review by the Monitoring Committee when baselines are established</td>
<td>Gross and net</td>
<td>No</td>
</tr>
</tbody>
</table>
The Table shows that, in terms of the targets set, most programmes give an overall quantified programme target, and then quantify direct, short term, and gross employment outcomes at measure level. Often this only encompasses selected measures, usually those with the most easily predictable and quantifiable employment outcomes.

In terms of method, few if any programmes appear at this stage to have no basis for the targets set. The predominant current approach involves the exploitation of previous experience. This ranges from informal methods, which rely on economic developers having a ‘feel’ for realistic figures (although this in fact represents a complex processing of experience, combined with detailed local or regional knowledge), to more formal approaches, using quantitative and sometimes qualitative data generated from previous interventions to establish gross and often only direct targets. Clearly, the more formal, evidence-based approaches are to be preferred, but these depend on data being available. Among their advantages is that they avoid overestimates being set which are driven by political priorities (as in Ångermanlandskusten, in establishing the 1995-99 programme). Programmes with an existing bank of monitoring data on employment impacts are in a better position to temper such ambitions.

Among the programmes which pursued the employment question further by calling on more involved methodologies were the UK eligible areas, Aquitaine and, outside IQ-Net, Basse Normandie. These programmes have derived not only likely gross effects of interventions across every measure, but also their potential net effects, by adjusting targets to take into account dead-weight, displacement and, in some cases, multipliers (see case studies below). Counting the Jobs, the MEANS publication which set out the (pre-existing) methodology used by these programmes, was generally viewed positively by those who had seen it, even if they did not implement it fully. The most frequent view, held, for example, by North Jutland, was that it provided useful advice, but was difficult to implement.

There are many reasons why programmes have responded differently to the task of employment target setting. The approach taken to quantification depends in part on the time available; the availability or otherwise of research resources, data on previous performances and methodological guidance; and, on the skills and experience and, indeed, the general philosophy of those responsible for undertaking the exercise.

In understanding the various responses, a useful distinction can be drawn between programmes which, while they recognise that every measure may have employment impacts, have deliberately chosen to limit the scope of their quantification to what can most reliably be counted and verified (eg. Austria), and those which have sought to establish universal coverage of targets, even where the cause-effect relationships are more complex and impacts more difficult to quantify reliably.

Greater quantification (both in terms of the measures covered and the range of types of employment impacts taken into account) generates targets which cannot be measured by monitoring and may never be measured at all.

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However, it does enable the employment impacts of programmes and their constituent projects to be thought through more fully, and this in turn may have an impact on how programmes are implemented, and what impacts are actually achieved and detected. Whether an elaborate or more restricted approach is taken, the core requirement has to be to go as far as possible to establish realistic and transparent gross targets. The actual quantification of deadweight and displacement, in particular, is less important than ensuring that those implementing the programme are alert to these effects and can work to minimise them, both in project design and appraisal.

4.2 Quantification Case Studies

4.2.1 Exploiting past experience to establish the cost per job of interventions: North Jutland

In order to be able to discuss potential employment impacts of proposed measures for the 1997-99 programme at the strategy drafting stage, and then to set realistic employment targets, the North Jutland programme supplemented the instinctive feel for realistic targets which had been gained from previous programming experience with a modest quantitative evaluation.

This study, carried out by the programme secretariat, worked out the cost per job of 285 projects across three broad types of intervention (investment, knowledge and infrastructure), based on information supplied by implementers at the close of projects. Partly involving the analysis of information which the secretariat already had, this analysis generated cost per job information in a cost-effective and rapid way. The results were then adapted using multipliers to show potential medium and longer term employment impacts, on the basis that the number of jobs created at project end could be expected to have doubled 1-2 years later. In this way, the relative effectiveness of different measure types could be compared.

In the programme development stage, this information (combined with the EC’s own emphasis on job creation) enabled the North Jutland secretariat to negotiate effectively with national level for its own policy priorities. Central government has been pushing for a reduction in investment and knowledge projects in private firms, in favour of ‘framework’ projects which enhance the wider business environment. The secretariat was able to minimise this reorientation to ten percent of the programme by demonstrating that investment and knowledge projects were actually more ‘job rich’, and so gave more cost-effective employment impacts.

Limitations of the North Jutland exercise related first to the reliability of the information supplied by project implementers which is not formally verified by the secretariat, and to certain categories of information which were not collected in previous programming periods, including data on jobs maintained and a gender breakdown of the job creation figures.

Generally, while their results should be treated with some caution, such exercises do give a firm foundation, supplying assumptions on which transparent direct job creation targets can be set and both policies and projects

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realistically appraised. Quantification in the Finnish programmes was also informed through a study on the employment impacts of the first 1995-96 Objective 2 programme. In addition, the Fyrstad programme will be assisted by an evaluation of selected major projects which will show how they performed on a number of efficiency measures including employment generation.

4.2.2 Systematic ex ante appraisal of employment effects: Aquitaine and Basse Normandie

The Basse Normandie and Aquitaine programmes have both undertaken a systematic ex ante impact evaluation exercise based on Commission methodologies. The programmes worked on a measure by measure basis, drawing on the knowledge and expertise of their partnerships, to derive assumptions from which gross and then net output and impact targets could be set (broadly, the methodology set out in ‘Counting the Jobs’).

In the case of Aquitaine, a sub-group of the Evaluation Committee (which in turn is a sub-group of the Monitoring Committee) worked together, drawing on their respective data sources, to go as far as possible towards developing output and impact targets on a measure by measure basis which they could agree were realistic.

The exercise began by defining terms, explaining the key definitions used in employment monitoring, and then explaining the methodology with which employment targets would be calculated under the various headings. For each measure, a two stage process was then used. The following flow chart summarises the broad sequence which was used to establish output and impact targets for each measure:

Source: ‘Counting the Jobs’, and the Scottish Enterprise ‘Output Measurement Framework’

Those measures which had the most indirect or long term employment impacts, including ESF actions and RTD interventions, were the most problematic to set targets for. Where there was doubt, modest targets were set, and an explanatory text provided, giving the assumptions on which targets
were based and explaining that the value of such measures lay in their ability to support the success of other actions, or to have longer term structuring effects.

The study did not calculate multiplier effects of the programme as a whole, but did give a realistic appreciation of how and on what scale employment would be affected. In addition, it enabled a priority-based summary of expected programme impacts to be written. Priority 1, affecting business development directly, would have the main direct impacts on permanent employment. Priority 3, which is largely infrastructure based would create many, but temporary jobs, associated with construction. Priority 2, the business environment, might have limited short term employment effects but was justified (a) as an important complement to Priority 1 and (b) in terms of its longer term structuring effects on the eligible economies.

The exercise presents some limitations, but will provide a useful framework for future monitoring and evaluation, which will be revised at regular intervals as the available information improves.

4.2.3 Quantification in the UK - investing in a systematic, national framework

A national exercise is underway in the UK to improve the quality of employment targets and their subsequent monitoring. This was driven initially by the DG XVI desk officers responsible for UK regions, who wanted a consistent approach to be taken to setting targets for the UK programmes which are each broadly similar. A Glasgow company, Ekos, first conducted a review and critique of the indicator information contained within the English and Welsh SPDs. Second, it designed a standard set of output and impact indicators for all the types of activity being supported by programmes. Third, it sought to provide methodologies to quantify output and impact targets for these activities, based on widely available data and previous experience, as measured in monitoring and evaluation materials.

The Ekos approach has drawn strongly on DG XVI approaches and on the similar Scottish Enterprise ‘Output Measurement Framework’ designed, published, applied and subsequently revised and improved for the benefit of the Scottish network of Local Enterprise Companies (or LECs - semi-public institutions involved in training and economic development). The strong evaluation culture in the LEC network, which was encouraged by a proportion of their annual funding being based on relative performance indicators, helped to embed the approach.

Introducing a national standard for target setting in English and Welsh SPDs is hoped to have the following benefits.

- At programme level: improving the skills and knowledge of programme personnel responsible for monitoring and target setting, and thus improving the quality, rigour and likely accuracy of the targets set; assisting applicants in setting targets; enabling effective monitoring.

- At national level: enabling the performance of programmes to be compared on a consistent basis - an important function in light of the proposed ‘Performance Reserve Fund’.
The approach taken is comprehensive, structured and methodical, but also pragmatic: it is accepted that perfect quantification of outcomes and impacts is not possible nor even necessary. Rather than being put off by the most difficult issues of impact target setting, the view is that programmes can focus on those areas where impacts are most quantifiable. Less than a fifth of actions have, on average, been estimated as extremely problematic. This still leaves four fifths of actions whose employment impacts can be predicted with reasonable certainty, given sufficient background information.

5. IMPLEMENTING JOB CREATION STRATEGIES

5.1 Programme Management Issues

Whether the employment impacts sought by SPDs are achieved in practice can only be determined at the programme implementation stage. The pressure from the EC, Member States and elected local and regional representatives to address employment issues effectively means that programmes are addressing these issues ever more systematically, and devoting increased resources to them. The proposed introduction of a Performance Reserve Fund in the year 2000, to reward the most efficient and effective programmes, has given additional urgency to this.

The most highly evolved reaction to the employment issue is to integrate it as a continuous process relevant to all programming stages from strategy development to final evaluation, and to all actors from the programme manager to final beneficiaries. Success here requires practical approaches to be designed and pursued in partnership.

The study of the employment effects of Structural Fund interventions is complex and technical, requiring specific skills and knowledge. The more programme actors who understand the terminology and methods of calculating employment effects, the better equipped a programme will be to respond. The following are some of the most important tasks which will face programme secretariats and other key agencies:

- assessing the employment implications of the proposed policy mix at the programme development stage;
- undertaking an ex ante evaluation of anticipated employment effects which will provide the framework for future assessment of projects and for programme evaluation;
- applying a recognised terminology for employment effects (see below), and ensuring this is well known among relevant actors;
- providing frameworks which can be used to assess how realistic applicants’ predictions of employment impacts are;
- ensuring the monitoring system is sufficient to track employment outcomes and to feed this information back into the programming process;
- liaising with specialist evaluators on measuring employment impacts.

Expertise in predicting and tracking employment generation effects can be bought in as and when required (eg. in the context of interim or ex ante
evaluations), but the ideal situation is to have expertise in the concepts and methodologies within the programme secretariat or at the very least ‘on call’ on an ongoing basis (Table 1.4).

Table 1.4: Employment Monitoring and Evaluation Skills needed by different Structural Fund Actors

<table>
<thead>
<tr>
<th>Active/passive knowledge</th>
<th>Active knowledge imperative</th>
<th>Passive knowledge &amp; ability to apply frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme secretariat</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Committee/decision-making structures</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Partners/applicants</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>(x)</td>
<td></td>
</tr>
</tbody>
</table>

In order to build up in-house expertise, a programme can draw on external sources of guidance, including the Commission and specialist evaluators, recruit specialists themselves, or train existing personnel. DG XVI of the European Commission has focused significant attention on providing targeted and practical advice and support. Guidance has been developed in several fields through the MEANS programme (led by C3E in Lyon), including the 

ante estimation of the employment effects of programmes (through Counting the Jobs),

23 and quantification of employment effects in interim or ex post evaluations.24 In some cases, national ministries have also worked to provide effective support to programmes. The publications series of the Finnish Ministry of Labour, for example, has featured occasional guidance on both the ESF and the ERDF.

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Table 1.4: Employment Monitoring and Evaluation Skills needed by different Structural Fund Actors

In addition to having a core of expertise, it is desirable that a wider population of partners has a broad knowledge of the terms and issues, and sufficient familiarity to understand and apply frameworks prepared on their behalf. These public sector actors can then use their knowledge at all the stages of programming in which they are involved - in particular, in preparing their own applications for funding, in advising other applicants on how to optimise and realistically estimate the employment effects of their proposals and in assisting programme decision-making. At a further level, final beneficiaries also need to be clear about the processes through which their project will affect employment, so that they are alert to these effects as they happen and are thereby able to supply better monitoring information.

There are clear benefits from involving the partnership actively in employment issues. If the employment effects of any single measure have been thought through once, and this information is disseminated, this provides a framework of reference which is useful to many organisations at every stage of the programme implementation cycle which they are involved in. It is important,

though, not just to quantify impacts but to ensure that the processes by which they will emerge are understood. In particular, identifying the circumstances in which dead-weight and displacement are highest can help avoid projects being funded which have minimal net impacts.

5.2 Marketing and Project Generation

To be followed through effectively into programme implementation, the job creation imperative has to be made explicit to applicants. The first task is to raise awareness and set out expectations, and the second to enable applicants to respond consistently and effectively to them. Many channels are used to achieve these objectives. The Commission itself has undertaken a variety of initiatives in this regard, but the primary responsibility lies with individual programmes.

5.2.1 The EC’s role in promoting employment creation by Objective 2 programmes

There has been considerable publicity for the job creation priority, the ‘Jobs Challenge’, launched in 1997 by the Evaluation Unit of DG XVI, promoting this message still further. This competition, aimed at Objective 2 programmes, invited the submission of projects which had been particularly successful in employment generation, with the aim of distilling lessons from these to inform and enhance job creation practice elsewhere. A shortlist of Challenge projects was announced in March 1998, and an international conference held in April to discuss the lessons learned. The Jobs Challenge has been interpreted by many as a public relations exercise - both for the Commission, which has raised its profile as a creator of employment, and for successful regions and project sponsors, which have gained recognition for their employment generating efforts.

5.2.2 Communicating the job creation message at programme level

There are several channels through which the employment message can be passed on to applicants, including the programming document itself, other publicity materials and client-based pre-application advice services. In most cases, the prominence given to the employment problem and to anticipated employment impacts through each of these channels has increased over successive programming periods. Table 1.5 summarises the channels currently used by IQ-Net partner regions.

In many cases, the SPD is a core document guiding Objective 2 implementation. Several sections of these documents help to raise applicants’ awareness:
### Table 1.5: Information channels for the employment creation message

<table>
<thead>
<tr>
<th>Programme</th>
<th>SPD - including overall objective and project selection criteria</th>
<th>Publicity materials</th>
<th>Pre-application advice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria: Niederösterreich</td>
<td>Yes</td>
<td>(SPD not very relevant).</td>
<td>The regional managers promote job creation in discussions.</td>
</tr>
<tr>
<td>Austria: Steiermark</td>
<td>Yes</td>
<td>Regional managers’ materials. (SPD not very relevant)</td>
<td>The regional managers promote job creation in discussions.</td>
</tr>
<tr>
<td>Denmark: North Jutland</td>
<td>Yes. Through the overall objective and then measure level selection criteria. The strategy section actually focuses on the processes enabling company growth, which in turn create jobs.</td>
<td>A brochure summarising the SPD emphasises job creation, equal opportunities and the environment as horizontal priorities of the SPD (more strongly than the SPD does).</td>
<td>Yes. Applicants are told they may receive a higher rate of co-financing for job creation projects. Advisors also ensure their estimates are realistic and thought through.</td>
</tr>
<tr>
<td>Finland: Päijät-Häme</td>
<td>Yes</td>
<td>Yes. Documentation targets job creation directly and indirectly.</td>
<td>Yes. Explain job creation goals.</td>
</tr>
<tr>
<td>Finland: South Karelia</td>
<td>Yes</td>
<td>Yes. - flagged as the overall objective in the SPD summary distributed to potential applicants. The SGAR also makes active use of the press to gain publicity for positive outcomes.</td>
<td>Yes. The fact that the ex ante target setting exercise was undertaken in partnership means that many of those submitting or helping prepare applications are now more aware of the importance of employment creation.</td>
</tr>
<tr>
<td>France: Aquitaine</td>
<td>Yes</td>
<td>Yes. Every project sponsor knows job creation is an objective of the programme.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Germany: NRW</td>
<td>Selection criteria for projects include an increasingly prominent requirement for job creation under a number of measures.</td>
<td>Yes. Every project sponsor knows job creation is an objective of the programme.</td>
<td>Yes.</td>
</tr>
<tr>
<td>Germany: Saarland</td>
<td>Not very prominent.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Sweden: Angermanlandskusten</td>
<td>Yes</td>
<td>Yes</td>
<td>Collaborative dialogue with programme officials</td>
</tr>
<tr>
<td>Sweden: Fyrsad</td>
<td>Yes. Especially the strategy section. Region is very conscious of huge recent job losses.</td>
<td>Yes</td>
<td>Yes - emphasises the importance of job creation</td>
</tr>
<tr>
<td>UK: Industrial South Wales</td>
<td>Yes, underlines the overall objective to maximise balanced and sustainable economic growth and job creation.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>UK: West of Scotland</td>
<td>Yes, sets it in context of improving competitiveness in order to improve economic growth, job prospects and the quality of life.</td>
<td>Yes. Use the press, for example, to publicise job creation successes. Also publish their own regular newsletter.</td>
<td>Yes. The ‘Manual’ distributed to Structural Fund applicants to guide them provides useful advice. Helped by the strength of the evaluation culture among Scottish economic development actors.</td>
</tr>
</tbody>
</table>
• the regional profile, where the dimensions and character of the employment problem (including any gender differentiation) are described;
• the strategy section, which sets out programme objectives and the rationale behind them; and
• the measure descriptions - which detail what actions will be supported and why, what impacts are expected and the way individual proposals will be assessed.

In some cases, for example Austria and, to an extent, Germany, the SPD and related materials are not central to the implementation process for all applicants. In Austria, in particular, few private sector applicants refer to the SPD, instead accessing existing company development schemes through established channels, but then receiving a proportion of their support from European Funds if this is appropriate. In these cases, the materials produced for each scheme and the professionals managing them are entrusted to pass on the message to applicants. This is frequently unproblematic as many of the relevant schemes are co-financed by the Structural Funds precisely because they place job creation among their primary objectives.

In addition to the SPD, there are several other publicity channels available. Many programmes use their promotional summaries of the SPD to emphasise the employment message. In fact, in order to communicate this priority effectively to their target audience, the summary brochure of the North Jutland 1997-99 SPD gives more prominence to job creation than either the previous programme’s brochure and the current SPD itself. Other sources of effective publicity for programme priorities are programme newsletters (eg. in the West of Scotland, Industrial South Wales and Arnhem-Nijmegen) and the wider media. The potential of targeted and effective programme marketing is such that Industrial South Wales has recruited a dedicated publicity officer, who is currently identifying the main areas in which additional effort is needed. Many programmes also supplement written forms of publicity by ensuring that any advisors who might be approached also emphasise the job creation theme. Less directly, other ad hoc information channels which are used include the publicity materials of a variety of agencies involved with Objective 2 programmes. For example, the Styrian regional managers publicise job creating projects through their own agency’s literature and using the local press.

5.2.3 Equipping applicants to respond

Once awareness has been raised, the second stage is to provide effective guidance to applicants. Those who are best equipped to think through and quantify the employment impacts of project proposals tend to be public sector organisations, already aware of the EU’s priority of job creation and the methodologies required to estimate targets. However, it is not the case that all such organisations have robust methodologies systematically in place. Indeed, even if the performance of applicants in setting realistic targets is reportedly improving as they become more familiar with the techniques

involved, there are three reasons why it remains worthwhile for programmes to supply guidance.

- If applicants use a methodology known to the programme, this will be consistent between projects and enable applications to be compared, and reliable information to be gathered for the programme as a whole.

- It can counter applicants’ tendency to overestimate the employment effects of their projects. Timely advice in this case reduces the chances of unrealistic project targets having to be referred back to the applicant at the initial project appraisal stage, or causing problems when they are not finally realised.

- Encouraging applicants to think through their employment targets and how they will be produced makes them active rather than passive observers, alert to the direct impacts of their project as they happen.

There are several ways in which guidance can be provided. In some cases, the SPD provides a consistent framework helping applicants to think through their projects. In Finland, for example, where employment impacts are now the main selection criteria, projects are informed that they have to fulfil at least one of five specified employment-related criteria to be eligible:

1. Significant direct effects on employment at start-up stage.
2. Indirect effects at start-up stage.
3. Jobs created during the operating stage.
4. Corporate investment creating new jobs or maintaining existing ones.
5. Training, research or development projects improving the employment potential of participants.

The selection criteria in the North Jutland programme also flesh out what is sought from projects in terms of employment. In the SPD, the employment-related selection criteria states that while projects should at the very least safeguard jobs, the highest priority will be given to job creation (in the short, medium and/or long term). It also stipulates that the jobs created should be ‘real’ new jobs and not just posts which have been relocated - i.e. there should be a net increase in local employment.27

Some programmes go beyond the contents of the SPD, offering individual technical support to applicants filling in target information. This support (available in Fyrstad and Ångermanlandskusten, for example) can help applicants to think through why and how their project might impact on employment, and thereby to generate targets which are realistic and transparent. Austria provides a further well-developed example. Here, many applicants first approach the regional managers when considering making an application under Objective 2. The Styrian regional management office sees job creation as a key part of its economic development role and this is therefore central to its discussions. Following their initial consultation with potential applicants, they give them a form to fill in which helps to develop their ideas further. The form collects information on the nature of the project,

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the financial framework, goals, timeplan and jobs to be created. When the form is returned, the employment-related issues are explored in more detailed discussions to ensure that employment outcomes will be positive, or at the very least neutral. Where jobs could be lost through an investment, a rethink of the project plan is encouraged.

North Jutland provides a further good practice example. During the advice phase, this programme’s secretariat informs applicants that a higher percentage of funding might be made available to particularly good job creation projects (rising from 18 to 20 percent for investment projects and from 40-45 to 50 percent for knowledge projects). At the same time, they avoid exaggerated targets by verifying that they have been thought through in detail - for example, ensuring that the additional employment costs of job creation have been taken into account in budget forecasts. If the final presentation which is submitted is too shallow, then the programme secretariat asks for further details. This reflects practice in several other eligible areas including the Finnish regions, where applicants are asked not only to quantify potential employment impacts, but also to substantiate them. Transparency in the assumptions from which targets are derived is extremely important, enabling divergences between targets and actual outcomes to be explained by a discussion of the accuracy of the assumptions.

Where Structural Funds are being used to supplement existing national and regional business aid schemes, these often themselves offer robust mechanisms for promoting and then following through employment creation impacts. For example, in Austria, the Regional Innovation Premium (RIP) and the ERP Regional Programme, both of which absorb an important proportion of Objective 2 Structural Funds (23.3 percent in Steiermark and 16 percent in Niederösterreich), both place job creation high among their own project selection criteria. This priority is followed through into the design of the schemes, which in turn brings considerable positive benefits for the Objective 2 programme’s employment impact. The RIP, in particular, offers an additional jobs premium which can double the award rate. The ERP Regional Programme, in turn, introduced a new job incentive in 1997, whereby firms increasing employment by ten percent or more, and maintaining this over three years, receive an additional interest rate reduction of one percent over this period. A further means to ensure quality job creation under the ERP Regional Programme has been to raise award rates by ten percent for firms undertaking training and employing apprentices. The schemes also apply a quality screen, not counting new seasonal jobs for example.

5.3 Project Appraisal and Decision-making

Employment impacts are prominently advertised in most SPDs as important selection criteria on which the merit of project applications will be assessed (Table 1.6). Actually following this through in a systematic way into appraisal and selection processes poses specific difficulties.

For the job creation potential of projects to be taken into account systematically in the selection process, consistent approaches are required. However, the difficulties involved in comparing different types of project or, indeed, projects of the same type, according to their potential for job creation
are considerable. As described above, projects produce varying employment impacts, through a diversity of processes, and over different timescales. Their potential is also affected by the exact combination of circumstances in which they are implemented. The difficulties are compounded as applicants themselves tend to derive their own employment impact targets in different ways, frequently unscientifically. Psychological factors also play a part as many applicants tend to overestimate their expected job creation effects in order to raise their chances of receiving Structural Fund support.

Table 1.6: Use of employment impacts as a project selection criteria in IQ-Net regions

<table>
<thead>
<tr>
<th>Programme</th>
<th>Employment selection criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria: Niederösterreich</td>
<td>Yes, but they are very general and broadly reflect criteria already in use by individual funding agencies.</td>
</tr>
<tr>
<td>Austria: Steiermark</td>
<td>Number and quality of jobs created is a selection criteria of most measures.</td>
</tr>
<tr>
<td>Denmark: North Jutland</td>
<td>Number and quality of jobs created is a selection criteria of most measures.</td>
</tr>
<tr>
<td>Finland: Päijät-Häme</td>
<td>Every project must fulfil at least one of five job creation criteria. The required employment effects must also be measurable in advance.</td>
</tr>
<tr>
<td>Finland: South Karelia</td>
<td>Every project must fulfil at least one of five job creation criteria. The required employment effects must also be measurable in advance.</td>
</tr>
<tr>
<td>France: Aquitaine</td>
<td>Yes. An explicit selection criteria.</td>
</tr>
<tr>
<td>Germany: NRW</td>
<td>Has become increasingly important, in line with an evolution in the programme itself, moving on from physical structuring to ‘soft’ measures.</td>
</tr>
<tr>
<td>Germany: Saarland</td>
<td>Yes, stated for measures.</td>
</tr>
<tr>
<td>Sweden: Angermanlandskusten</td>
<td>Currently the most important criteria. Some would like to see it reduced to allow a more complex view to be taken of what constitutes a good project. Quality of jobs is also taken into account.</td>
</tr>
<tr>
<td>Sweden: Fyrstad</td>
<td>Important, but in equal measure to the contribution to three other regional objectives: SME networking and internationalisation, and reduction in dependency on large firms.</td>
</tr>
<tr>
<td>UK: Industrial South Wales</td>
<td>One of six ‘priority considerations’ - job creation or attainment of other specified relevant output.</td>
</tr>
<tr>
<td>UK: West of Scotland</td>
<td>One of six ‘priority considerations’ - job creation or attainment of other specified relevant output.</td>
</tr>
</tbody>
</table>

Ideally, a systematic and user-friendly framework is required, which mirrors that used in the target-setting exercise undertaken for the whole programme, and which:

- provides a framework to help applicants think through and then quantify the employment effects of different types of project; and,
- enables the internal appraisal and, if necessary, adjustment of applicants’ estimates, so that projects can meaningfully be compared at the selection stage, and their implementation monitored against realistic targets.

Internally, at their most basic level, systems should provide a framework which enables appraisers to assess whether the cost per job which applicants predict is within a range which previous experience suggests is realistic. In Finland, applicants’ estimates of employment impacts are assessed, and, if they are judged to be too high, then the authorities dealing with the application make their own estimate of growth effects so that the proposal can be properly
assessed alongside others. The Industrial South Wales appraisal process relies more on applicants, who are asked to justify their targets by specifying the assumptions on which they have been calculated. The targets can then be assessed meaningfully, further information or revision being requested if necessary.

A useful nuance of appraisal systems is for them to take into account the quality as well as quantity of jobs being affected/created by given projects (as in Ångermanlandskusten and Steiermark). There are several ways by which this can be measured, including using broad categorisations of employment status (permanent, temporary, seasonal, part-time, full-time), the grade of position (unskilled, skilled, technical, professional, managerial), or the sector in which employment will be created.

Rather than every individual programme creating systems, it can be effective to work at national level. In Finland, national ministries have taken the lead in developing methodologies and handbooks to pass on to their regional offices to use when appraising projects. The Ministry of Labour (which is involved in central administration of the ESF and some large ERDF projects) has been particularly active, developing the ‘TVA model’ for assessing the employment impact of investment projects (see box). Co-ordinated exercises which also involved the regional councils (providing the Objective 2 secretariat) could bring further benefits to all programme participants.

Naturally, systems appraising projects contributing to industrial reconversion should take a wider view of projects than their potential employment impacts alone. Some programmes (eg. Ångermanlandskusten) have sought to revise down the current degree of emphasis placed on employment impacts, in recognition of the fact that the projects creating jobs are not necessarily those which contribute most to long-term regional development. Over-reliance on employment targets as indicators of project quality can have some perverse effects: projects of dubious quality but which promise significant employment impacts can in some cases be politically difficult to refuse, while essential modernisation projects which will lead to rationalisation can be difficult to justify. At the same time, it is also becoming increasingly difficult in some cases to fund projects which, whilst worthwhile, are unlikely to have employment impacts (Päijät-Häme).

One appraisal system which is able to bring out the value of projects with limited direct employment impacts but which strengthen other employment-generating actions, is that which is being introduced under the new English ‘action plan’ and ‘package’ approach to programme implementation. Groups of projects under the same priority heading and targeted at the same part of the eligible area are appraised together by sub-groups of partners, at the early stages of programme implementation. This enables potential synergies between projects to be demonstrated, and thus the value of individual projects to be assessed in a more rounded way than if they were submitted individually, over a longer time period and on a more ad hoc basis, to the programme-wide appraisal process.

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Two further issues which project appraisal systems need to be able to take into account are dead-weight and displacement. These are much more than peripheral concerns: some commentators argue that robust approaches to project selection which minimise dead-weight and displacement are critical to raising the potential employment impact of Structural Funds interventions. This was highlighted, for example, in the recent Yorkshire and Humberside interim evaluation. Minimising dead-weight and displacement maximises the resources spent on projects which are truly additional to the regional economy, and would not otherwise have been undertaken. Failing to do this means that with a displacement and dead-weight effect of, for example, 30 percent, three

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ECU in every ten have no net impact and so are wasted. To spend these three ECU on genuinely additional projects would ensure more additional economic impacts immediately - and would effectively expand the programme’s available resources for job creation by almost a third. Appropriate information, including a clear understanding of the circumstances in which displacement and dead-weight effects are likely to be strong, is required to enable them to be identified.

5.4 Monitoring and Evaluation

5.4.1 Employment monitoring

The primary function of monitoring systems tends to be as financial management mechanisms, pacing the release of tranches of project funding, and ensuring projects are on track, usually in terms of their anticipated timetable and physical outputs, as these are generally the first to be produced. It does not make sense to focus monitoring systems on employment impacts because these for the most part emerge over a longer period than the duration of project implementation. Nonetheless, monitoring systems are increasingly used to gather information on the most immediate employment outcomes, and thus provide information which, whilst imperfect, can be important in helping to inform ongoing processes of programme implementation. Less reliably, but still usefully, monitoring can also provide information on volumes of physical outputs, from which approximate likely employment impacts achieved can be calculated.

In order for monitoring information to be useful, the following is necessary or at least desirable:

1. That both physical output and economic impact monitoring information is actually requested from project implementers and then collated. This in part depends on the design and clarity of monitoring return forms, and the capacity of the monitoring database.

2. That monitoring information is submitted regularly by all project implementers. Usually, the fact that payments are triggered by the submission of monitoring information ensures that implementers make regular returns.

3. That monitoring information is reliable. This depends in part on implementers having sufficient familiarity with the definitions used in employment monitoring to return the information expected. Discussions at the project development phase and guidance provided following project selection can help here.

To be entirely valid, the reliability of monitoring data has to be verified. Without programmes of inspection visits, it is difficult to ensure that the project level monitoring information which is supplied by implementers is a true reflection of reality. Ideally, all projects would be visited to ensure that they were on track and meeting their targets. However, this is never feasible. Even in a modest programme like Ångermanlandskusten, there are insufficient resources to ensure comprehensive monitoring visits. The West of Scotland programme aims to visit ten percent of projects a year, and that in Industrial South Wales five percent. However, it is difficult for
them, too, to meet these targets because of resource constraints. Where resources are limited, attention is better focused on assisting projects which are clearly not going to plan, rather than verifying the returns of those which are running to time and returning information.

In some cases, programme monitoring systems are supplemented by the systems in place for pre-existing business aid schemes, for example. Not being time limited in the way Objective 2 programmes are, these can have better prospects of monitoring projects more closely and over a longer period. In follow-up, some Austrian and Finnish business aid schemes, for example, have robust mechanisms for validating the employment impact information supplied by the firms assisted. The ERP in Austria demands confirmation from the Gebietskrankenkasse (heath insurance organisation) that social security payments are being made for the additional employees firms claim to have recruited. The durability of impacts is also verified: if new jobs do not last for the specified period, then assistance can be stopped or clawed back.

4. That the information can be manipulated easily. Monitoring information can most easily inform ongoing programming if systems are computerised and the information they contain is easily manipulated. This has been the case in Aquitaine, for example, where employment-related data is provided regularly to the Monitoring Committee, and can be analysed according to a range of variables including the measure type which has generated it or the geographic area in which relevant projects have been implemented.

5. That monitoring information is collected over as long a period as possible. The timeframes over which programmes are monitored are too short to encompass projects’ medium and longer term impacts. Employment monitoring usually stops when the last report is submitted at the end of a project’s lifespan. Then, it is necessary to wait until the ex post evaluation stage to find out what additional impacts took place once the project had been implemented. North Jutland has implemented a straightforward follow-up mechanism to partially address this latter deficit at least, requesting an additional return one year after project termination (a type of informal ex post).

6. That monitoring captures as many of the direct and short term employment impacts as possible. As monitoring is only able to capture the most direct employment impacts (eg construction jobs and other recruitment directly related to project implementation), it is useful if all of these are captured.

The Austrian monitoring system, for example, only requests employment indicators for industry/commerce and tourism projects, and not for environmental, RTD, consultancy and infrastructure projects. This is because the former have the quickest and most direct and therefore most accurately and demonstrably quantifiable employment outcomes. Some direct employment impacts could be identified for the projects which are excluded, however, eg. staff recruited for new technology transfer centres or temporary construction jobs generated through infrastructure construction. Encompassing these would give a fuller (although still incomplete) picture of impacts.
While monitoring often collects employment impact data, it is important to note that projects not achieving their employment targets are generally not penalised either by the withholding of tranches of funding during project implementation or by claw-back at project end, although divergences would usually be investigated. First, as in the case of Ångermanlandskusten, the success of projects is measured across a range of indicators, of which employment is just one. Second, in most cases, reasonable explanations can usually be given for the divergence between anticipated and actual outcomes. In North Jutland the focus of monitoring ERDF projects during implementation is not on job creation - indeed, this is not even measured until the end point. Instead, it is on possible changes in the project and ensuring it runs to time.

5.4.2 Evaluation of employment outcomes

It is not the intention of this report to address the evaluation of the employment outcomes of Structural Fund programmes in detail. Instead, a brief series of comments is made about the role of evaluation. The most important is that while evaluation is the last stage of programming addressed here, it is in fact an integral part of the programming cycle, generating information which in many cases feeds back into informing the programming process.

The usual menu of Structural Fund programme evaluations comprises ex ante, in itinere and ex post studies. In addition, some programmes have chosen to undertake narrower thematically or geographically defined evaluations to inform specific aspects of programme management.

Ex post studies are the most important in revealing what the overall gross and also net impacts of programmes are likely to have been on employment. They are limited in this by some inevitable methodological problems (eg. separating the impact of the programme itself from the effect of the wider policy environment and other influential factors), but nonetheless are able to indicate in broad terms what outcomes have been, and at a sufficient distance in time for more impacts to have been manifested than monitoring could capture.

‘Top-down’ approaches dominated the evaluation of European Structural Fund interventions until the late 1980s, assessing the aggregate effects of expenditure on the regional economy, in comparison with the counterfactual (what would have happened in the absence of intervention). Progressively, however, these evaluations have been supplemented or superseded by ‘bottom-up’ studies, often based on individual project data, supplemented by interview evidence and economic analyses. This has taken place as ‘top down’ studies have become more complex and smaller programming areas have made such studies less feasible. The ‘bottom-up’ approach aims to build up a picture of programme impacts from the micro level. Many bottom-up evaluations have also taken place in the course of interim or thematic evaluations. One of their most valuable aspects is that, in investigating employment impacts on a project by project basis, they can also generate qualitative insights into the reasons for any patterns observed.

The ability of any evaluation study to answer employment-related questions depends in part on the skills of the chosen evaluator. The better informed
those commissioning evaluation studies are about the practice of evaluation, the better able they are to ensure that robust and useful information is generated by it. In some cases, appropriate specialised input across a range of fields can best be ensured by awarding broad-based evaluations to a series of evaluators, each with appropriate skills in specific tasks. There are several examples where this has happened.

A second factor helping to ensure that employment impacts can effectively be evaluated is if programmes have taken a systems approach from the beginning, thinking the impacts of measures through from the programme design stage onwards, undertaking a careful and transparent target setting exercise based on standard definitions and as many solid assumptions as possible, and following this through into the generation, appraisal and then monitoring of projects.

6. SUMMARY AND CONCLUSIONS

This paper has demonstrated how resolving the European unemployment problem has moved up the policy agenda of the EU and its constituent Member States since the recession of the early 1990s. The issue has, as a result, been addressed more vigorously by a range of policy areas, not least the Union’s economic and social cohesion policies, implemented through the Structural Funds. In line with this overall shift, as expressed in the Essen Track and the provisions of the Amsterdam Treaty, Objective 2 programming areas, which after all gained eligibility for Structural Funds support based on negative changes in their overall and industrial employment situation, have been encouraged to reorient their priorities, bringing employment generation more explicitly to the fore.

In four main sections, the paper has explored how the priority of job creation has been addressed in every stage of the Objective 2 programming cycle, from (i) programme development, (ii) target setting, (iii) through project generation, appraisal and decision-making (iv) to monitoring and, finally, evaluation. In order to design and implement programmes with the maximum potential impact on employment, a range of specialised but inter-related information requirements arises at every programming stage (Table 1.7). Fortunately, a systems approach can be taken to respond to these information needs and integrate the employment priority deeply into the programming process and thus its outcomes. Under such an approach, frameworks generated to inform one stage of programming are exploited on an ongoing basis to guide and support others.

A review of practice among IQ-Net partners found that there has been considerable recent progress in terms of regions’ responses to enhancing their employment impacts and predicting and quantifying these effectively. Job creation was already an important strategic objective in 1994-96 programmes, and this has been continued and in some cases accentuated in the 1997-99 round. In terms of the policy mix chosen to pursue job creation (in parallel still with competitiveness goals), interventions have tended to be chosen whose impacts will emerge over varying timescales. Employment-rich direct business development measures became much more prominent in 1994, and this trend has been continued. In addition, however, enhancing the business environment (eg through technology transfer centres and services) also
remains a significant focus, these measures providing modest short-term employment outcomes but promising considerable gains in the longer term through their ability to support the competitiveness of regional firms on a sustainable basis.

**Table 1.7: The Stages of Programming and their related Employment Quantification Tasks**

<table>
<thead>
<tr>
<th>Programming Stage</th>
<th>Tasks Relating to Achieving and/or Measuring Employment Effects</th>
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| Preliminary tasks | • Establish clear and consistent definitions to describe employment impacts, and think through a framework with which they will be identified and quantified.  
• Collate relevant existing information on which assumptions can be based and realistic targets set. |
| Programme development and *ex ante* quantification of employment targets | • For each measure type, identify how interventions will affect employment. This exercise can be done by working logically from physical outputs through to the likely volume of resulting short and longer term employment effects. Draw on the information collected and definitions decided at the preliminary stage.  
• Supplement potential gross employment effects by a consideration of the likely effect of dead-weight and displacement as these can significantly reduce the net impact of some measures.  
• Use this information to compare policy options objectively at the programme development stage. Then, once the policy mix has been decided, use the same framework to quantify *ex ante* employment targets.  
• In the *ex ante* quantification stage, the most important issue is to derive reliable gross impact estimates from prior performance information. Supplement this if possible with a preliminary assessment of the likely effects of dead-weight, etc, or at least identify the circumstances in which these effects are likely to be strongest. |
| Programme marketing and project generation | • Use all available channels to make applicants aware of the importance of job creation to the programme.  
• Follow this up with guidance for applicants on thinking through and quantifying the potential employment impacts of their projects. Draw on the standard terminology and approaches developed for *ex ante* programme-level quantification.  
• Use discussions with applicants to help minimise dead-weight and displacement by establishing that (a) projects which are approved are genuinely dependent on Structural Fund support to go ahead and (b) they will not just displace other activities. |
| Project appraisal and selection | • Use the frameworks already established to assess whether proposals have set realistic employment targets. If not, revise targets using standard assumptions so projects can be compared.  
• Endeavour to assess projects in a rounded way, for the quantity and quality of their employment impacts, and with a view to eliminating projects whose employment effects are cancelled out by displacement or which would be implemented even without Structural Funds support. |
| Implementation/monitoring | • Establish monitoring information systems which gather not only financial but, insofar as possible, regular output and impact data from project implementers, including on immediate employment outcomes.  
• The support given to implementers at the application stage now prepares them for measuring and reporting back in a consistent way on the employment effects of their projects. |
| Evaluation (*ex post* and in some cases interim and thematic) | • Use the evaluation process to produce results feeding back into effective programming. The familiarity with employment impact issues gained during the stages above helps to manage the evaluation well.  
• Use the targets set at the *ex ante* stage, and the assumptions on which they are based, as the framework against which to assess programme performance. Exploit information gathered by the monitoring system on physical outputs and economic impacts as the starting point for the assessment. |
In terms of target setting, *ex ante* quantification of the potential employment effects of policies improved significantly between the 1994-96 and 1997-99 programmes, with more consistent and accurate use of terminology to describe employment outcomes, and greater transparency, the assumptions on which targets are based being set out more frequently. Key innovations have included the use of the terms ‘jobs transformed’ and ‘obtained’ to better describe the impact of training, and the more selective and accurate use of the term ‘jobs maintained’. In spite of improvements, there are still weaknesses, with employment targets still tending only to encompass direct, gross employment effects, for example.

The predominant approach to target setting has been the exploitation of previous programming experience, but a few programmes have gone further, employing more highly developed methodologies such as those promoted by the Commission. A contrast can be drawn between programmes which have deliberately limited the scope of their quantification to what can most reliably be counted and verified and programmes which have pushed the exercise further.

Having been put in place, the successful realisation of the employment potential of programmes depends in part at least on how they are implemented. Several programme management issues have to be addressed for effective responses, including the acquisition of appropriate expertise in this field within programme management structures, and the dissemination of the employment message to both the partnership and programme applicants, through programming documents, the press and other channels. Once awareness has been raised among applicants it is also necessary to provide them with appropriate guidance on quantifying their projects’ potential employment effects. The paper highlights several examples where this is being managed well, including North Jutland, and Finland where standard national systems are gradually being developed. Project appraisal and selection systems are also evolving in light of the employment imperative, with employment effects becoming an increasingly important selection criteria, although increasingly appraised not just in terms of the quantity of employment impacts but also their quality.

Monitoring and evaluation of employment impacts were the final stages of programming discussed. Monitoring systems have a primary function of financial monitoring but can also help to collate physical output information from which employment outcomes can be deducted and to record the most immediate direct employment impacts. The potential of monitoring systems to fulfil these roles is not yet being fully exploited and the paper highlights ways in which they can be oriented to provide more useful employment-related information.

To conclude, it is clear that if employment impacts are to be maximised, this priority needs to be followed through into all stages of programming from initial development to final evaluation. Much progress has been made, but most Member States and programming authorities are still just getting to grips with the field, which poses considerable planning, information, resource and skills implications. It is evident from Agenda 2000 and the proposed new regulations that the monitoring and evaluation of the impact of programmes
will continue to take an increasingly high profile\textsuperscript{30} and that the performance of programmes will come under more intense scrutiny. The Commission will be emphasising the importance of employment creation, among other strategic priorities, during the programme design phase and supervising compliance more closely. It is inevitable that the improved quantification and measurement of jobs will be central concerns in the definition of monitoring indicators, annual reporting on implementation and the evaluation of performance. Programme managers and partnerships will therefore have to continue dedicating greater resources to this area of programming.