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## Appraisal of "Plan for the European Social Fund Objective 3" submitted by the Kingdom of Sweden. June 1995

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Appraisal of "Plan for the European Social  
Fund Objective 3"  
submitted by the Kingdom of Sweden.

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June 1995

## INTRODUCTION

The baseline for our ex ante appraisal of the Plan submitted by the Kingdom of Sweden to the European Commission for funds from the European Social Fund, regarding objective 3, can be summarised in the following way.

The aim of the ESF is to support new and innovative policies, concrete action plans etc, that fulfil the following criteria:

The *aim* is to counteract the process of social exclusion of groups that are especially threatened, e.g by having a high proportion of long-term unemployment or having difficulties in entering the labour market at all.

The focus of the ESF contributions are policies and action programmes that aim at increasing human resources, by raising the level of qualifications and competence of individuals in these groups. By increasing their competence these individuals - and groups of persons - will be more able to adapt to changing and flexible demands, and hence have greater chances of becoming employed.

The diagnosis of the exclusion problems on the European level is that the problems of the threatened groups are due to major, ongoing and perhaps accelerating structural changes in production systems and work organisations. Thus the contributions from the Structural funds are by their very definition *aimed at structural problems*, having to do with competence profiles and human resource development. They should not, as we understand the goals of these funds, be devoted to solve conjunctural problems, or be oriented towards equalising the conjunctural ups and downs in labour market activity.

The focus should be on innovative solutions, that could serve as examples for a given country and for other countries in the EU. This criterion should be taken seriously. That is, the focus should be on qualifications and hence competence that will be added to individuals in risk groups, new forms of projects, new forms of organising such projects, and new forms of assessment and evaluation.

The ESF funds should not be used for co-financing already ongoing or planned activities. The criteria of complementarity and additionality should be taken seriously. A possible interpretation of complementarity and additionality is that ESF funds should be channelled to local and regional variations and alternatives to existing programmes in Sweden.

The strategy and philosophy of bottom-up projects and the extended role given to partnership in the realm of decisions, initiatives, etc should be taken seriously. Which new forms of partnerships are envisaged? Which new forms of decision-making are opened up?

## APPRAISAL OF INFORMATION AND ANALYSIS CONCERNING THE SOCIO-ECONOMIC SITUATION PRESENTED IN THE PLAN FOR OBJECTIVE 3

Following the "terms of reference" for the ex ante appraisal of the programming documents for the ESF interventions for the new Member States we will focus on the *following aspects in the Swedish "Plan for European Social Fund Objective 3, 1995-1999"*.

The Swedish Government defines the aim of this plan in accordance with the ESF objective 3 as

- combatting long term unemployment,
- facilitating the entry, and hence the integration in the labour market of young persons (especially those between 20-24),
- the inclusion of immigrants and refugees in the labour market,
- the inclusion of occupationally handicapped persons in work.

The priorities of the Swedish Government are the following:

1. Training, especially focusing on a broad and introductory competence in information technology.
2. Job-seeking activities.

These two priorities are to be organised through the organisation of a combined training and education programme running for three months, the so-called computer and activity centres (CAC). Within this framework jobless youngsters will half of the time receive an introduction to basic IT knowledge (word processing, database management etc), while half of the time is devoted to jobseeking activities. Here extra emphasis will be laid on the more vulnerable of the jobseekers (i.e. those who have had the least formal training in their nine school years).

3. Counselling and guidance is a third priority. This is a traditional and well established Swedish activity.

4. A fourth priority is support for persons that want to start their own business, i.e. the programme for entrepreneurial startups. This will according to the plan be of special importance for immigrants and the occupationally handicapped. The policy instruments are here training, mentorship, testing of business ideas.

### *A comment on the analysis of the economic and social situation of Sweden*

In our evaluation of the analysis given we will focus on the employment and unemployment consequences of the economic downturn in the early 1990s. We will not comment on the description of the causes and character of the Swedish crisis in the early 1990's given in the Plan. There is an extensive scientific as well as public debate on the diagnosis of the economic recession. We will, as the programme itself, focus on the labour supply aspects.

Restructuring and rationalisation measures have been salient in Sweden during the downturn - productivity has increased while the numbers of persons employed have diminished radically in industry.

The structure of the Swedish economy is correctly stated as similar to other modern

economies, somewhat less service oriented than the US. The growing social service production has been publicly organised in Sweden.

The regional character of the Swedish economy is similar to those of other countries; i.e. the growth of knowledge intensive services are concentrated in the metropolitan regions, especially Stockholm, while the peripheral regions are dominated by industrial labour-intensive production in small to medium-sized firms.

## Education

The Swedish labour force has a comparatively small proportion with university degrees, especially in the age-group below -35. There is on the other hand a relatively high proportion having secondary education in the younger generations. The educational level is relatively low in Swedish enterprises - there are few employees with university degrees, and there are also relatively few skilled workers (with polyvalent training). More than one third of the labour force have only had the compulsory schooling. About a fifth of each cohort does not complete a post-primary education programme.

Beginning in the 1980s and sharply accentuated in the economic downturn, those with low formal education have had higher than average unemployment rates. Some large occupational groups in the public sector, dominated by women, such as childminders, nursing assistants, and routine office workers are rapidly disappearing.

Sweden has a remarkably low percentage of persons with long-term higher education, amounting to only 11% of the age classes 19-30, which should be compared with a figure of over 20% in the other Nordic countries and 25% in the US. The number of engineers is proportionately very low in Sweden

## *The analysis of the distinctive traits of the Swedish labour market*

The high employment rate in Sweden as well as the high labour force participation rate of women, and the dramatic downturn in the early 1990s are all well described in the Plan. The explanation of the increase in unemployment is balanced. The analysis also points to the development of the labour force participation rate in the 16-19 and to the 55-65 age groups, which have been falling from an internationally very high figure.

Summing up, the labour force participation rate has fallen during the last four years from 85% to 78%, and the employment rate even more. The labour force participation rate for 16-19 fell 19 percentage points (partly explained by prolonged education, which in its turn developed as a response to the unemployment situation, and labour market policy measures undertaken for this age group.)

The low value of the Swedish krona has meant a prolonged life - or a comeback - of certain forms of industrial production.

In four years about every fourth job in the industrial sector disappeared. Public sector employment fell by 6%. In both the private and the public sectors employers, as the plan states it, became "...more choosy". Together with changes in organisation this has led to "...heavier demands on the labour force as regards training, competence and adaptability." (p.27).

The report argues convincingly that some specific groups are especially hit by the economic downturn. In all cases the targeted groups were experiencing growing labour market difficulties even in the 1980s, due to lack of training and competence and threshold

effects for entering the labour market:

- young persons (especially those with low formal education),
- immigrants, especially non-European nationals who have arrived as refugees,
- those with a low level of education in all age groups ("under-educated" with the terminology used in the Plan).

The difficulties experienced by these groups - their difficulties in entering or remaining in the labour market - are explained by an increasing gap between the demands by the production system and the available competence and qualifications in these groups.

Almost 40% of those registered as unemployed have been unemployed for more than 6 months. The analysis also highlights the gendered character of employment in Sweden. 58% of all employed women in Sweden are working in the public sector, while this applies to only 21% of the men.

Given the bleak future for public sector jobs depicted in the Plan, especially in hospitals and the caring services, the future labour market prospects for older women in the workforce is de facto (implicitly) viewed very pessimistic. However there are few new (or old) initiatives and policy measures that are directed to the problems of this group. This is one of the missing elements in the Plan, a gap in its analysis as well as in its discussion of priorities, which should be corrected.

*The prognosis of the Government for the period until 1999.*

Total unemployment in 1994 reached 13 percent, including those that are involved in labour market policy programmes. Until the end of the decade the government has set their target to a total unemployment rate not higher than 9%, of which the open unemployment is calculated to be between 5 and 6%. This is an unemployment figure which was more or less normal before the Second World War but which has not been reached in the fifty years from 1940 to 1990. This situation underlines the need for strong growth and an efficient labour market.

The structural changes in the economy is according to the government first of all the tendency towards a less labour intensive production in industry and an increasingly cyclically sensitive demand for labour. To this should be added the reduction of public sector employment, especially pronounced in the counties (which are responsible for hospitals and other care facilities).

There is a clear tendency towards a greater share of casual and temporary employees (in part a result of a large pool of unemployed). This also decreases the pressure on the employers to take on responsibilities for developing or at least keeping up the competence level of their employees.

#### Groups under threat

The plan emphasizes "under-educated" women as especially vulnerable since the demand for persons with low formal education are rapidly diminishing within the caring services, as well as in traditional office jobs.

There is a good description on youth unemployment and its dramatic growth since 1990. What has happened at the same time is a division of institutional responsibility between different actors for different age groups:

- schools and local school authorities up till age 18,

- local government and social services (18-20),
- employment offices up till 20-24.

We should also note that among those youths that are employed about 40% have temporary jobs. That is, many of these youths that statistically are employed should more realistically be seen as taking part in the circulation of a labour force, rotating between spells of unemployment, a period in labour market education, participation in labour market policy measures, and having temporary employment.

The plan also points, correctly, to the impending problems of the older work force (who cannot get back to work if they are laid off or fired) and whose qualifications are left behind by technological progress. They also have serious problems with long-term unemployment for the same reason - being without qualifications adapted to today's labour market as well as being sorted out in the employment decisions, where employers and personnel managers have increasingly greater discretionary power.

There are very serious risks that the recently immigrated refugee groups will be left outside the labour market.

Persons with functional impairments have an obvious risk of increased exclusion.

The present government views its labour market policy as closely related to its "working life policy", and its emphasis on the inclusion aspect and the reforms necessary to avoid exclusion from the labour market.

# THE RELEVANCE OF THE PRIORITIES IN THE PROGRAMME IN RELATION TO THE ANALYSES GIVEN IN THE SAME PROGRAMME.

With regard to target groups and priorities, the Plan of the Swedish Government seems to follow the ESF priorities and target groups quite closely.

The analysis of the employment and unemployment situation, especially of the target groups, are convincing. When read together with other official documents they are based on reliable data. The long term trends regarding the employment problems of the target groups - the rapid restructuring of production and organisation in private enterprises as well as in the public sector - are well in line with existing interpretations by social scientists.

The government and the labour market authorities have the clear intention of opening up for other social actors to influence the direction of the programme as well as the concrete actions and projects that are to be financed by ESF. Here, local groups, organisations, co-operatives are referred to, and the hope is that these groups will be willing to do their share within the framework already decided upon. Basically, initiatives are expected in the field of application and implementation and responsibility, but the goals, priorities, and the policy measures and instruments chosen are predefined.

The funds are basically to be used as a *topping up of schemes and policy measures already set in motion*. This applies to the CACs, the start-up programmes for entrepreneurs and self-employed, including those for immigrants.

The information given about the specific contributions of the ESF funds makes it clear that they add to ongoing unemployment and education programmes. Due to the breadth of policy measures already tested and in operation in the implementation of Swedish labour market policy, it is of course more difficult for Sweden to be innovative than most other countries.

One of the suggested policy instruments - the creation of Computer and Activity Centres ("datortek") on a large scale - is a new way of organising the training of basic computer and IT literacy to new groups, mainly the unemployed youth. This solution is now being thrust upon the local authorities as a standard package, where the labour market authorities provide the initiative, the technical setup, etc.

If these Centres will be able to reach the goal, that is helping youths and other target groups to acquire those qualifications that will make it easier for them to compete for jobs, by making them "computer literate", depends very much, as is correctly stated in the Plan, upon the motivation of the youths themselves and the appropriate learning situation. For a closer critical look at the CAC measure, see below.



## THE PLAN AND THE ESF REGULATIONS

How do the measures that are being suggested comply with the objectives of the government's own analysis of the situation and its overall programme, with the EU objectives and especially with the ESF goals?

In some important aspects the measures suggested in the Plan do not comply with the Governments own explicit objectives nor with those of the ESF programme. To illustrate this we will discuss two major and principal problems in the Plan, the "timing paradox" and the "training paradox".

### *A paradox in the budgeting of the ESF funds for the 1995-1999 period?*

The time dimension of the proposed budget for Sweden's use of ESF funds points to a paradox. Why are the ESF funds, which are expressly designed to make innovative measures and policies possible, measures that might be of relevance for the experiences of other countries as well, spent according to a conjunctural logic? The Swedish government has planned to use the major part of the ESF funds for 1995-1999 in the beginning of the period. As can be seen from table 1, more than half of the ESF funds are spent in the first two years (24 months) of the programme. In order to discuss this budget priority we can compare this budget with two alternatives. In the first, the baseline is a proportional division of the ESF funds between the years. The second alternative is a spending pattern where less money is spent during the first, perhaps more experimental build-up phase, followed by an expansion of the programmes.

Table 1. Three ways of budgeting the ESF Funds 1995-1999.

	1995 (half year)	1996	1997	1998	1999
The Plan	14	28	20	20	18
Alternative 1	11	22	22	22	22
Alternative 2	6	14	30	30	20

What is the explanation for the chosen distribution of the funds? In the Plan submitted to the Commission it is stated clearly that this way of distributing the funds is due to the unemployment problem. The unemployment rates for the target groups is calculated to be higher in the first phase of the period, and to drop a bit over time. The unemployment rate will, according to the Plan, drop from about 9 percent to about 6%, between 1995 and 1999. The distribution of the ESF funds for the years 1995-99 seems to follow exactly the distribution of the planned expenditures for the national labour market policy including the costs for unemployment benefits. The argument in the Plan is very explicit here: "Distribution over the years then emphasizes the first years, *as the labour market situation is expected to improve during the period.*" (Plan for Objective 3, section 11.3, p. 79, our italics.)

This indicates that the conjunctural considerations have more weight in the Swedish Plan for Objective 3, than the structural considerations which have been analyzed in the

background part of the Plan. The national labour market policy priority is very clear about this - trying to lower the unemployment rate is one among the major political priorities of the Government. In relation to the Social Fund regulations it is problematic to subordinate the structural element and considerations - which are central for the Objective 3 programmes - to the conjunctural emphasis of the Swedish labour market policy aims.

The distribution of the planned uses of ESF funds over the programme period is yet another indication that the Plan has not managed to translate the ESF aims, the Government's own analysis in the Plan, and the general intentions as they are expressed in the Plan, which all stress the structural problems in relation to competence and training, into operational criteria for the labour market programmes when put into work in organisational practice.

*From a locally initiated initiative to nationally implemented policy: the career of the Computer & Activity Centres (CAC).*

In Malmö, the third metropolitan region in Sweden, a local initiative began a new training and education scheme, teaching unemployed youths basic computer skills. This initiative was built up through cooperation between a private foundation (employers and managers from the IT sector), the local authority and the County Labour Market Board. In Malmö the programme was built up as a course over five months. The first part (two months) was devoted to basic training in computing, including word processing, spreadsheet and database management. The second part was devoted to an intensified training in one specific area (network management, economic calculations etc), based on material from firms, etc. During this part of the programme, students were encouraged to look for jobs. Within this initiative it is the second part of the programme that is regarded as especially valuable for the IT competence of the students. In this original version of the Computer training initiative, there was fulltime training for 22 weeks.

#### A New National Crisis Programme

This Malmö initiative is referred to as an example in the discussion about the new formula Computer & Activity Centres (CAC) that is an important part of the unemployment policy of the Swedish government and the CACs also play an important role in the Plan for Objective 3 (ESF). The CACs however, are characterised by a different focus, context and length, compared with the original version. As is clear from the Swedish Budget 1995/96, as well as the Objective 3 Plan, the characteristics of the CACs are:

- they are to be directed towards unemployed youths, primarily between 20-24, but also affecting other groups,
- the participants are directed to these programmes by the County Labour Market Board
- the programme is divided in two equal parts; one half of the time is devoted to learning basic computer skills (word processing, spreadsheet, database management); the second half is devoted to jobseeking etc.,
- the participants in the programme are obliged to leave the programme immediately, if they get a job; they are obliged to be actively looking for jobs, and to be at the disposal of the labour market.

## Strengths and weaknesses

The CACs will in principle have the same character in all local authorities. The Labour Market Board has produced a standard agreement to be used as the legal framework for the cooperation between the County Labour Market Board and the Local authorities. In this contract it is made clear that not only the students but also the teachers/tutors are unemployed persons. On the one hand this is one of the imaginative aspects of this scheme, letting the qualified unemployed teach some of the less qualified unemployed, with both groups already financed by unemployment benefits. Thus the *net cost* for the training is very low, covering the unemployment benefit, the salary for a coordinating officer and the costs for offices, hardware and software.

On the other hand this way of organising the scheme also makes it vulnerable. Students and even the tutors/teachers are expected to take up a job at any moment. Thus the training and qualification aspect by necessity becomes secondary. If the success of a training scheme is defined in such a way that leaving the scheme at any time for a new job is regarded as superior to a situation of completed training and a lower percentage getting a job while in the programme, then the value of the training and the upgrading in competence is institutionally devalued. This "training paradox" is an aspect of the otherwise successful Swedish labour market education schemes that might become more of a problem in a situation where the education and training problems are seen as structural rather than as conjunctural. When there is a "competence lag" or competence gap to be overcome, the incentives for persons participating in labour market education should reflect this new situation. If the participants of the programme are expected (and in fact institutionally forced) to leave the programme for any job offered them, then having finished a full course or programme will, in such a context, not be only a merit.

## Suggestions and recommendations

In this context we would suggest that the Plan for the use of ESF funds in relation to the CACs should not just have the character of external co-financing of a basically conjuncturally oriented policy. Why not allow students to complete the programme without being expected to be constantly looking for jobs, as is the case for those who are participating in other ongoing programmes (e.g. ALU and youth practice periods)?

Given the decision to implement a uniform structure, policy, goal, etc. for the CACs in Sweden, the ESF funds ought to be used to open possibilities for local variations, local enlargements of the training period, possibilities to hire teachers that will be employed for longer periods on a regular basis, possibilities to link a programme of "IT literacy" with more specific training schemes, job offers etc. Accepting a co-financing status of the ESF funds are not in line with the ESF regulations. In this case the ESF funds should be devoted to emphasize the more structural possibilities that exists within the CAC formula.

Taking the requirement of the structural measures seriously, together with the emphasis on innovation and additionality, the active involvement of the social and economic partners in the initiatives, programming and monitoring, including possible reorientations of actions, presuppose a partly different mode of budgeting (a different way of distributing funds over the period). Opening up for new initiatives, as well as diminishing the present institutional pressure to co-finance already ongoing projects would be more realistic to envisage, if the bodies where decisions in practice are taken, were much more independent of the labour market authorities.

ARE THE COST/EFFICIENCY CALCULATIONS UPON WHICH THE DIFFERENT MEASURES WITHIN THE PROGRAMME IS BASED REALISTIC?

When the policies suggested in the application for ESF funds are read together with the white paper for labour market policy in the budget of the Swedish government for 1995/96 there is a good fit between the costs and efficiency rates of different measures and programmes already being tried and evaluated and the programmes suggested in the ESF programme.

There are some minor inconsistencies or questionable calculations in the tables. For further details see appendix 2 where we have summarised the costs and suggested efficiency rates for a series of programmes and their "fit" with earlier experiences, as these are reported by the Swedish government itself.

The *consistency of the proposals in relation to economic and social impact*, especially in terms of employment gained and unemployment reduced as an effect of the programme has been discussed in its principal aspects on pp. 8-10 on the timing and training paradoxes.

## COMMENTS ON IMPLEMENTATION, EVALUATION AND MONITORING OF THE PLAN

To assure that the Monitoring Committee receives continuous information regarding the development of the different programmes, we think it is important to put more emphasis on evaluation. We will suggest that evaluation studies are initiated already in the initial phase when the programme is implemented.

In order to get information on the effects of different programmes/projects, some form of *process evaluation* is necessary. Information on actual implementation and the content of the programmes are essential for evaluating the effects of a particular programme. We need to know *what* it is in a specific programme that leads to certain results.

Quantitative indicators like those suggested in the plan (number of participants, expenditure and number of persons obtaining work or training) are not very suitable for evaluating what impact a training programme has for future employment. The proposed indicator "number of persons obtaining work" is simply measured as the proportion of participants who are in employment six months after a course. It is obviously not possible with this measurement to calculate how many were employed due to the training scheme and how many would have been employed anyway.

An additional problem with this indicator is that it may deflect the objectives of the programme and the target group. The background of the participants, for instance, has to be investigated in order to separate selection effects when measuring employment effects for different programmes.

There is a more fundamental problem with the proposed indicator. If the degree of success for a programme is defined as the number of persons that have obtained work, the best results are reached in those cases where participants leave the programme before it is finished. This problem is particularly evident in the Swedish case as the participants even during training must be available for job offers - otherwise they will risk losing their unemployment benefits. This "training paradox" is evident in the assessments of efficiency that the National Labour Market Board does in their own evaluations.

As an alternative, we would suggest an approach where panel data from unemployment registers in combination with survey data from follow-up studies among the participants are used to measure the employment effect. Follow-up surveys would be used to investigate the importance of a training programme for the participants' employment, with questions like:

- has the programme been helpful in obtaining a job,
- to what extent and in what way has the content of the programme been relevant for the job.

For a more elaborate proposal concerning this type of evaluation, summing up the ex post evaluation of the Danish programmes for the previous period, see Anders Rosdahl's paper "Ex post evaluation of co-financed programmes under the European Social Fund. Summary of the preparatory work" (September 1993).

With the approach suggested here, together with process evaluations, it is possible to give continuous information regarding employment effects as well as knowledge about which mechanisms in different programmes that produce certain results.

Process evaluation is particularly important in cases where the aim is to stimulate innovations and diversity of projects and organisational forms and to disseminate knowledge regarding different programmes.

It should also be emphasized in this context that the form of evaluation should be adapted to the programmes that are being launched. Emphasis on structural aspects,

innovation in organisational forms taken by different initiatives, as well as shifting emphasis in the cognitive content and pedagogical forms, would require process evaluations, preferably to be undertaken by different independent groups of scholars and other experts in different regions of Sweden.

In this connection we think it is important to *evaluate the new forms of partnership* that will be implemented, as it may be assumed that the organisation of partnership will affect the possibilities for local initiatives and innovations to get support from ESF-funding. We think a process evaluation on this subject to be particularly important as the suggested decision structure on the local and regional level is identical with the present one. That is, an evaluation that considers in what way the different partners are involved and how they can influence policy and programmes.

### *Knowledge dissemination*

The information strategy suggested in the plan consists of a news bulletin from the National Labour Market Board ("EU-nytt"), press releases and reports documenting experiences from different projects. In order to stimulate new initiatives we think that dissemination of information regarding the programme and ongoing projects is of crucial importance. From what we know the proposed dissemination strategy is not the best way of transferring knowledge that may inspire new local initiatives. Research about knowledge dissemination have shown that this kind of written information and knowledge in itself rarely is disseminated in the sense that it is also *utilised*.

If knowledge and experiences from projects is to be disseminated it is done more efficiently via personal contacts with programme managers or "project makers", which could be established through conferences and seminars etc. It is normally first after such initial contacts that those whose interest in a project is awakened will try to get hold of the written documentation for reading.

In Scandinavia there exist good examples of knowledge dissemination through counselling to potential project initiators. An example from Denmark during the 1980s is the distribution of funds to local projects and experiments within the social sector (the so-called SUM-funding for social development). Here the funding agency provided potential projects with free counselling and organized conferences where different groups could meet and exchange experiences. In Sweden the "Working Life Fund" (Arbetslivsfonden) has provided similar services for those interested in applying for financing from the fund. The experiences from these kinds of dissemination activities have generally been positive, and often of crucial importance for untraditional and local initiatives with limited resources. If the aim is to support and make these innovative measures known, this way of organising the dissemination of knowledge is even more crucial.

### *The importance of independent evaluation*

It is essential that evaluations of the programme are carried out by external evaluators that are institutionally as well as financially independent from those agencies governing the programme. Independent evaluation is especially important for new and local initiatives and innovations, whose future funding to a greater extent is dependent on the evaluation results.

We also think it is important to involve different evaluation groups that are independent of each other, who can illuminate different aspects of programmes and projects as well as conduct evaluations from different perspectives.

As one of the objectives is to promote and disseminate experiences from new and innovative programmes we suggest that a larger share of the evaluation studies are directed towards these initiatives and a smaller share towards evaluating routine operations. If the external evaluations are to be based on research, at least one percent of the total programme budget should be devoted to evaluation activities.

## PARTNERSHIP

There has been wide participation by social and economic actors and organisations (in the form of consultations) in developing the Plan. The amount of involvement of different groups seems reasonable in view of the short time in which the Plan has been prepared. Serious doubts have been raised concerning the role of the social partners in implementation and decision-making in the coming years of the programme. Will they be accorded a real influence on the priorities, and in the selection of projects to be funded, or will they just be formally involved in the procedure?

## SOME OTHER COMMENTS

We will also suggest that some other forms of implementation could be discussed. Here we are thinking of different innovative local employment programmes, of which there exist quite a few in Sweden, many with the involvement of trade unions; the interesting role of employment guarantees as a framework for retraining and competence upgrading in the context of restructuring, etc.

We find it striking that one of the more innovative forms of handling the unemployment and competence problems of white collar employees, the Employment Security Funds, especially those run and financed by the employers and the white collar unions, are not discussed at all in the plan.

In the proposed Plan the funds are distributed in fixed quotas to target groups, regions, as well as to a fixed set of measures. Would it not have been possible to open some space for variation in the ways the targets are to be attained, i.e. by accepting a different mix of measures in different regions or even allowing a greater variety in terms of measures that could be financed by ESF funds? This would be consistent with the emphasis on innovation in terms of measures as well as in implementation.

#### A SHORT SUMMARY OF OUR MAIN COMMENTS

- the analysis of the employment and unemployment situation in the Plan is a fairly accurate description.
- we find that the Plan, in relation to the ESF priorities is too focused on conjunctural solutions; this is reflected in the frontloading of the five year budget in the Plan.
- the training programmes should to a higher degree be a response to structural problems rather than being seen as a temporary activity while waiting for a job offer.
- that too much of the funds in the Plan are devoted to "topping up" already existing and ongoing activities instead of promoting innovative and locally adapted solutions.
- the role of the social partners should be made more precise and wider in terms of decision-making and initiatives if the Plan is to comply with the ESF rules.
- the evaluation and dissemination activities should be elaborated much more in the plan; the evaluation should be organised independent of the authority administering the programmes; and there should be more than one team or group involved.



## APPENDIX 1

We have based our appraisals on the following sources:

- "Community Structural funds 1994-99: Regulations and commentary",
- the document "Preparation of Programming for Human Resources through the ESF from 1.1. 1994",
- Kingdom of Sweden: "Plan for the European Social Fund Objective 3 (1995-1999)"; we have also taken the partly different Swedish version of the document into account,
- the labour market policy proposal for the year 1994/95, published in January 1995 [Regeringens proposition 1994/95:100, bilaga 11 (Arbetsmarknadsdepartementet)],
- the labour market policy part of the proposal for the revised budget 1995/95, published in April 1995,
- available and recent reports as well as published statistics on Swedish labour market policies and,
- reports, statistics, evaluations and instructions issued by the Labour Market Board,
- the series of information pamphlets issued by the Department of Labour regarding the ESF and EU themes ("EU-nytt"),
- written material from the Swedish Employers Federation as well as from the trade unions
- material from the Association of Local Authorities,
- interviews with officials within regional authorities, regional labour market boards as well as from some local authorities, representatives from trade unions and employers federations.

## APPENDIX 2

The cost/efficiency calculation is based on the figures reported in the Swedish Plan. Those figures will be compared with costs and results for vocational training in 1993/94 according to the annual report of the National Labour Market Board and a follow-up study, made by the same authority, of participants in vocational training programmes during April-June 1994. The follow-ups were made six months after the end of the training programmes.

*Cost/participant according to Plan (KECU)*

	1995	1996	1997	1998	1999	1995-99
Computer centres	2	2	2	2	2	2
Training	7	7	11	11	11	11
Counselling	4	4	4	4	4	4
Start-ups	6,5	6,5	6,5	6,5	6,5	6,5

The costs for the *computer centre programme* is very low. This is also the case for the same national programme. The major part of the costs calculated consists of unemployment support for the participants, which is relatively low for most young persons.

The estimated costs for *training* the last three years is the same as the Government is calculating with in the national programmes. But we have not found any explanation why the training programmes are considered to be 50% cheaper in the first one and a half years.

*Calculated share of participants going into employment/education according to the Plan (in percent)*

	1995	1996	1997	1998	1999	1995-99
Computer centres	41	41	36	36	36	38
Training	24	24	26	26	26	25
Counselling	45	45	48	48	48	47
Start-ups	73	73	78	78	78	76

In the Plan it is estimated that a smaller part of those participating in the *Computer centre programmes* will get jobs or further education the last three years compared to the first one and a half years. We have not found any evidence for this.

The "employment effect" of *training* is estimated to be around 25% in the Plan. This figure is taken from the result from 1993/94 annual report from the National Labour Market Board. Since then this ratio has increased for those in training April-June 1994 to 38%.

*Cost per person getting employment/education according to Plan (TECU)*

	1995	1996	1997	1998	1999	1995-99
Computer centres	4,5	4,5	5	5	5	5
Training	29,5	29,5	42	42	42	42
Counselling	9	9	8,75	8,75	8,75	9
Start-ups	8,75	8,75	8	8	8	8,5