

# **OPERATIONAL PROGRAMME**

## **The Netherlands**

**ESF 2007-2013**

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### ***Foreword***

The Operational Programme ESF2 comprises the policy framework for the new programme period of the European Social Fund. The programme period for this programme runs from 1 January 2007 to 31 December 2013. This policy framework differs to a substantial degree from the policy framework that was included in the Sole Programme Document 2000-2006. Along with the immediately obvious changes in terminology, the new ESF programme for the Netherlands has been made more succinct and concise than the previous programme. This is in part an effect of the European regulations, on which the new programme is based. But much more than that, the conciseness is a consequence of the limited budget extended to the Netherlands for the new programme period. In order to achieve the maximum returns from this budget, a decision has been made to concentrate the resources on those key focus areas of the labour market policy in which the ESF can actually make a contribution and provide real added value.

In view of the nature of the European Social Fund, which is focused on nonmaterial measures related to the development of human capital, in this OP no framework is set out for measures that will presumably have environmental impact, such as infrastructure projects, and specifically measures as listed in Annexes I and II of the amended Directive 85/337/EEC. Should infrastructure projects nonetheless be provided for, specifically by virtue of the flexibility clause under Article 34.2 of Regulation (EC) 1083/2006, then the need for a Strategic Environmental Evaluation would have to be revisited.

The Managing authority and the national authorities that have consented thereto state that at present there is no need for a Strategic Environmental Evaluation of this OP under Directive 2001/42/EC. This applies despite any provision necessary on the basis of national legislation or other measures for the implementation of Directive 2001/42/EC.

**The Hague, May 2007**

# 1. ANALYSIS

The National Strategic Reference Framework (NSR) includes the SWOT analysis presented below, outlining the strengths, weaknesses, opportunities and threats for the Dutch labour market, where relevant for the determination of the application of ESF funding. The objective of this analysis is to determine the areas that will require extra governmental involvement. The results will be used as input for the determination of the major objectives. The items marked with an asterisk (\*) were previously also identified in the country-specific recommendations to the Netherlands and in the evaluation of the National Reform Programme by the Council and the Commission of the European Communities.

## a. Strengths

- decrease in number of people on disability through absenteeism policy and prevention
- relatively high labour participation, measured in jobs
- high quantities of flexible labour (part-time, temporary)
- fairly high labour market dynamics (job innovation)
- present labour force well-educated on average
- high labour productivity

## b. Weaknesses

- Low average number of hours worked \*
- mismatch between education and industry, shortage on technical (hard science) side
- educational level of 22-year-olds below EU target
- many early school-leavers without starting qualification (of which, high rate of ethnic minorities) \*
- participation in Life Long Learning among low-skilled, inactive and older employees relatively meagre \*
- poor positions for persons with lower educational level
- low increase in labour productivity in comparison to other member states
- stagnation in participation of women, in terms of both numbers of women and FTEs \*
- high unemployment among ethnic minorities \*
- relatively large file of employees on disability benefits\*
- scant growth in number and proportion of highly educated
- low number of starters in entrepreneurship
- low labour participation of elderly \*

## c. Opportunities

- Internationalisation/technological development
- increase in skilled labour
- increase in labour supply as a result of a more activating social security
- upturn in economic growth

## d. Threats

- labour migration (increase in low-skilled)

- aging population/declining birth rates
- shortage of skilled personnel
- pressure on low-skilled labour from technological developments

The link between the elements of this SWOT analysis can be further illuminated by viewing them in the broader context of three significant trends that are strong determinants for the present policy challenges: the aging population, knowledge economy and globalisation.

### **1.1 Aging population**

The effect of the declining birth rate and aging of the Dutch population will be that the "grey wave" (the ratio between the number of over-65's and the population in the 20-64 age bracket) will rise sharply, from approximately 23% today to around 44% in 2040. To bear the burden of an aging population, the cabinet is making efforts to activate the currently untapped labour potential. Groups that can still make significant contributions to increasing labour participation are women, the elderly and ethnic minorities. Measured in individuals, labour participation of women is 66.4%, above the EU average of 56.3% in 2005 and above the EU target of 60% for 2010.<sup>1</sup> This high participation rate is based on all working women, regardless of number of hours worked.

**Table 1.1: part-time and temporary labour in the Netherlands (2005)**

	Part-time work	Temp work
Netherlands	37.0%	5.4%
<i>NL men</i>	15.5%	6.9%
<i>NL women</i>	62.3%	3.6%
EU-25	15.2%	10.5%

*Source: EU-LFS (key indicator 21.2)*

With conversion to FTEs, participation by women drops to 41.7%, making the Netherlands third-worst in the EU.

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<sup>1</sup> Figures Eurostat, 2005.

**Table 1.2: Employment level of women in FTEs, 1995-2005**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU-25	...	...	...	...	...	46.0	46.7	47.1	47.3	47.2	47.6
EU-15	42.3	42.5	42.8	43.2	44.3	45.4	46.2	46.8	47.1	47.1	47.4
Belgium	39.6	39.7	40.5	40.9	45.3	46.6	43.0	43.2	42.9	44.3	45.5
Czech Rep.	...	...	58.5	55.7	54.5	53.9	54.2	55.6	55.1	54.6	54.6
Denmark	57.3	58.0	59.7	59.8	62.1	62.2	63.0	63.1	61.8	61.9	61.1
Germany	46.1	45.8	45.2	45.0	45.8	46.1	46.5	46.4	46.2	45.5	45.2
Estonia	...	...	59.5	59.6	57.3	55.7	55.2	55.9	57.0	58.3	61.2
<b>Greece</b>	36.9	37.4	37.8	38.9	<b>39.3</b>	40.5	<b>40.5</b>	<b>41.7</b>	43.2	43.8	44.5
<b>Spain</b>	<b>28.9</b>	<b>29.8</b>	<b>31.2</b>	<b>32.2</b>	<b>34.6</b>	<b>37.5</b>	<b>38.9</b>	<b>40.3</b>	41.9	43.5	44.9
France	46.2	46.5	46.2	46.7	47.2	48.7	50.0	50.9	50.9	50.6	50.8
<b>Ireland</b>	36.4	37.8	39.3	41.0	43.5	45.1	45.7	47.0	46.7	47.1	49.0
<b>Italy</b>	33.8	<b>34.3</b>	<b>34.5</b>	<b>35.0</b>	<b>35.7</b>	<b>36.7</b>	<b>38.1</b>	<b>39.2</b>	<b>39.9</b>	<b>40.2</b>	<b>40.3</b>
Cyprus	...	...	...	...	48.0	50.2	54.1	56.3	57.2	56.6	55.0
Latvia	...	...	...	53.8	52.0	51.6	54.1	56.7	56.5	55.2	58.1
Lithuania	...	...	...	...	...	57.3	56.2	56.5	58.4	56.1	58.1
<b>Luxembourg</b>	38.1	39.9	41.3	41.2	43.5	44.6	45.1	45.7	43.7	43.3	44.4
Hungary	...	44.5	43.9	46.0	47.9	48.7	48.8	49.1	50.0	49.5	49.9
Malta	...	...	...	...	...	<b>31.7</b>	<b>30.4</b>	<b>31.7</b>	<b>30.6</b>	<b>29.7</b>	<b>30.1</b>
<b>Netherlands</b>	<b>33.8</b>	<b>34.5</b>	<b>36.6</b>	<b>38.3</b>	<b>40.0</b>	<b>40.5</b>	<b>41.6</b>	<b>42.0</b>	<b>41.7</b>	<b>41.5</b>	<b>41.7</b>
Austria	53.4	51.2	51.3	51.3	51.0	51.0	50.9	51.2	51.7	49.0	50.0
Poland	...	...	...	...	...	...	46.7	44.9	44.7	44.2	44.5
Portugal	52.3	52.2	53.1	54.5	56.0	57.3	57.9	58.4	57.9	58.5	58.5
Slovenia	...	55.6	55.9	57.2	56.1	56.8	56.9	57.6	55.5	58.1	58.9
Slovakia	...	...	...	52.4	51.0	50.2	50.1	50.0	50.9	49.1	49.6
Finland	53.8	54.3	55.5	56.4	60.2	60.5	61.8	62.4	62.0	61.3	62.3
Sweden	58.5	57.8	56.7	56.4	58.5	60.2	63.3	63.4	63.0	61.6	60.8
Great Britain	47.0	47.4	48.1	48.3	49.2	49.7	50.2	50.7	50.7	50.8	51.5

Source: Eurostat, *Employment in Europe 2006*, November 2006

Participation of elderly employees from ages 55-64 was 46.9% in 2006. At the European level, an agreement has been made to strive for participation of 50% EU-wide in 2010. Looking at certain other countries, Sweden for example, which exhibited a participation rate of 69.1% for this group even in 2004, it is apparent that there is still significant room to exceed the European objective of 50% by 2010. A third group that can make a major contribution is the ethnic minorities. Measured according to the national definition (by which only jobs of 12 hours or more are counted), labour participation for this group rose rapidly between 1995 and 2001, from 37% in 1995 to 50% in 2001. Since then, the participation rate has fallen to 46.5% in 2004, and in 2006 was 46.7%.

**Table 1.3: Net participation rate of groups with a deficit on the labour market, in %**

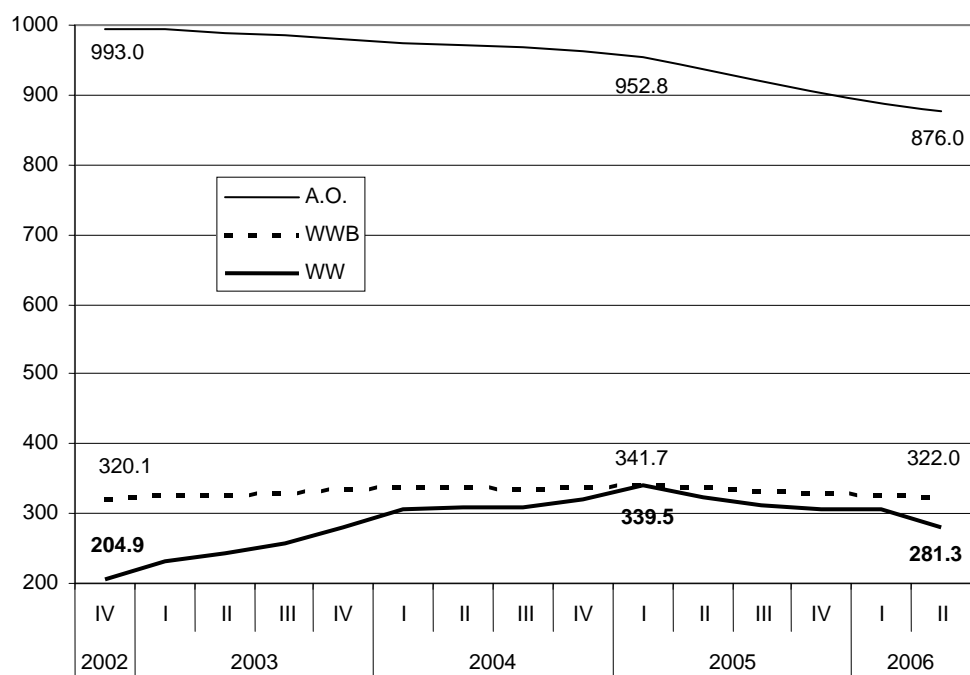
	2004	2005	2006
Participation overall	63.3	63.2	64.5
Young people (15-24)	39.3	38.3	38.9
Elderly (55-64)	39.2	39.7	41.7
Women	53.6	54.1	55.8
Ethnic minorities	46.5	46.9	46.7
Low educational level	45.8	44.4	45.5
On disability	41.4	39.5	.

Source: CBS, *Enquête beroepsbevolking* ("Working Population Survey") (single job  $\geq$  12 hours per week)

Alongside these three groups, a fourth group of extra labour supply can be identified as a result of a more activating social security due to the introduction of the Work and Income according to Labour Capacity Act (WIA), the Act on Employment and Social Assistance (WWB) and the amendment of the Unemployment Insurance Act (WW). A more activating social security is a key focus area of the cabinet policy, and is wholly devoted to groups that

remain at a disadvantage on the labour market. Figure 1 shows the decline of the number of disability and unemployment benefits, which began in earnest in 2005.

**Figure 1: Number of disability (AO), WW and WWB benefits (x 1,000)**



Source: *Uitvoeringsinstituut Werknemers Verzekeringen (UWV), (A.O. & WW), CBS (WWB)*

Generic labour market policy is required for problem areas that apply to multiple groups simultaneously. The lack of financial incentives, for example, impedes the labour participation not only of low-skilled workers, but also of ‘mother returners’, the elderly and ethnic minorities. With generic policy, labour participation impediments can be dealt with systematically and for as many people as possible at the same time.

**Table 1.4: Demographics of WWB population in comparison with total population demographics, 2005**

	WWB	Population
Total 15-64	328,000	10,943,000
<i>Of which:</i>		
Female	57%	50%
>45 years of age	43%	39%
>55 years of age	20%	18%
Ethnic Minorities	49%	20%
- Non-western	38%	11%
- Western	11%	9%

Source: SZW, “*WWB van vliegende start naar blijvend succes*” (WWB from flying start to permanent success)

The recovery following from the economic upturn remains an important opportunity to promote labour participation across the board.



## 1.2 Knowledge economy

Rapidly advancing technology sets high requirements on both companies and employees. Labour productivity in the Netherlands is indeed at a high level, but for a long time has exhibited only scant growth. The only exception was 2004. Education and social innovation are significant factors for bringing productivity growth to a higher level.

**Table 1.5: Growth in labour productivity (per employee)**

	2000	2001	2002	2003	2004
Netherlands	1,6%	0,1%	0,3%	0,7%	3,4%
EU-25	2,2%	0,9%	0,8%	0,9%	1,9%

*Source: ESA 95 & DG ECFIN (key indicator 17.9)*

An initial consequence of the increasing knowledge intensification of the economy is a rising demand for more highly educated labour. Although the Netherlands does have a highly educated working population (see figure 2), there are developments that give cause for concern. Although the numbers of the more highly skilled are still growing, the expectation is that the demand for the more highly skilled will grow faster, and as a result the shortage of highly skilled will further increase.

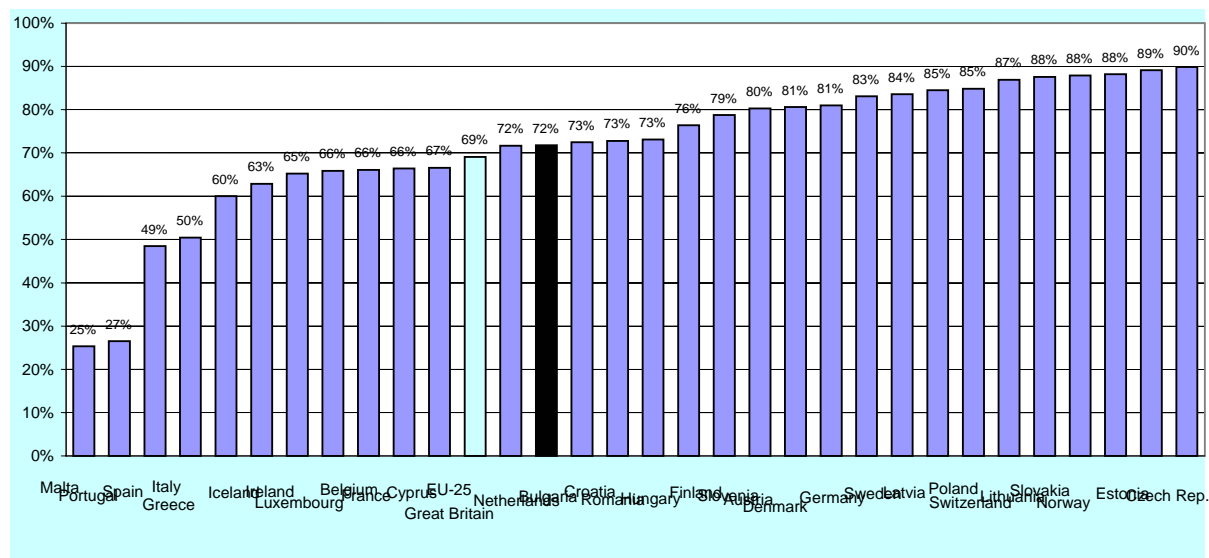
**Table 1.6: Employed persons by educational level, 2001-2006 (% distribution)**

	2001	2002	2003	2004	2005	2006
Primary	6.6	6.4	5.8	5.0	4.8	4.8
Prep. Sec. Voc.	21.6	20.6	20.1	19.7	18.7	18.6
HGSE/Pre-Un	9.2	9.2	9.1	9.3	8.8	8.7
Sec. Voc.	35.7	35.5	35.4	33.8	35.6	35.9
High. Voc.	17.2	18.3	19.4	20.5	19.9	20.0
Uni	9.7	10.0	10.3	11.8	12.2	12.0

Source: CBS, *Enquête beroepsbevolking* (“Working Population Survey”) (single job  $\geq$  12 hours per week)

Table 1.6 shows that in the 2001-2006 period, the percentage of skilled personnel employed rose from 26.9% to 32.0%. For the years 2005-2010, growth in the demand for both higher vocational education diplomas and university degree holders is estimated at 3.8%, while intake at these educational levels is 3.5% and 3.4%, respectively. An additional problem here is the low interest in hard science studies in the Netherlands in the face of a sharp rise in the demand for technical personnel, especially in information science fields.

**Figure 2: Educational level in the Netherlands in comparison to other European countries: percentage of population 25-64 with at least starting qualification (2005)**



Source: Eurostat

**Table 1.7: Working population by ethnic group, % distribution by educational level (2006)**

	Dutch	Western non-Dutch	Non-Western non-Dutch	Total
Primary	4.5	4.3	13.2	5.2
Prep. Sec. Voc.	19.2	15.0	20.9	19.0
HAVO/VWO/MBO	44.1	45.7	47.2	44.5
High Voc.	21.0	16.1	8.8	19.5
Uni	11.2	18.9	9.9	11.8
With starting qualification	76.3	80.6	65.9	75.9

Source: CBS, *Enquête beroepsbevolking* (“Working Population Survey”) (single job  $\geq$  12 hours per week)

Additionally, the high rate of early school drop-out is worrying. The target the EU member states have chosen is directed towards early school-leavers ages 18-24. In 2006, the percentage of persons in the total age bracket of 18-24 leaving school early without a starting qualification was 12.9%. In 2000, that figure was 15.5%. That decline is not enough to make the Lisbon goal (halving the number of early school-leavers in the 18-24 age bracket from its 2000 level) by 2010. Supplementary to the European objective, the Dutch policy objective is to reduce the annual early drop-out by 50% between 2002 and 2010. This objective refers to all students from 12-22 leaving education without a starting qualification in a given year for a period of at least one month.<sup>2</sup> This annual early school leaving has dropped from 71,000 in 2002 to 57,000 in 2006.

**Table 1.8: Number of new early school-leavers ages 12-23 (2002-2006)**

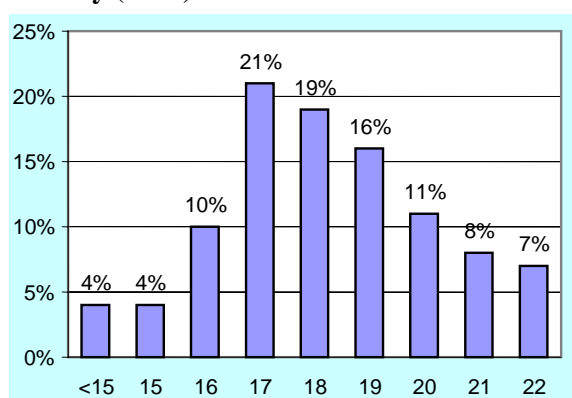
	2002	2003	2004	2005	2006	2010 (target)
New early school leavers according to RMC registration	71,000	64,000	64,000	57,000	56,000	35,000
New early school leavers according to base register				63,000	57,000	35,000

Source: Lower House of Parliament 2006-2007, 26695, no. 37, 13 February 2007

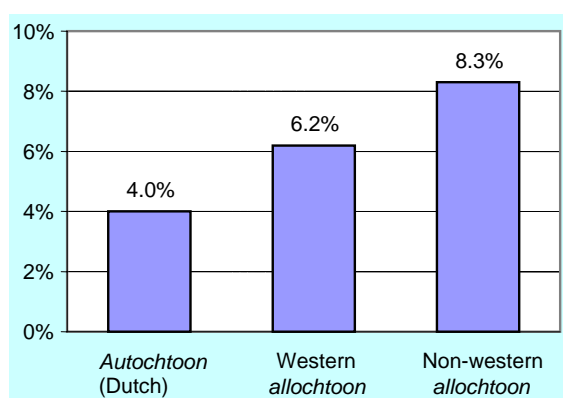
Early school-leavers have different individual characteristics compared to the total group of young people in the same age bracket (15-23). A few characterisations:

- Boys/young men are the majority (60%) of all early school-leavers. In the total population of young people, the number of males is virtually equal (51%) to the number of females.
- The rate of early school leaving among non-western ethnic groups (*allochtonen*, see section 4.4.2.1) is twice as high as that of Dutch. The rate of early school leaving among western ethnic groups lies in between the two.
- The 17 and 18-year-olds account for the largest share of new leavers; see figure 3a.

**Figure 3a: New early school-leavers by age (2006)**



**3b: New early school-leavers by ethnicity (2006)**



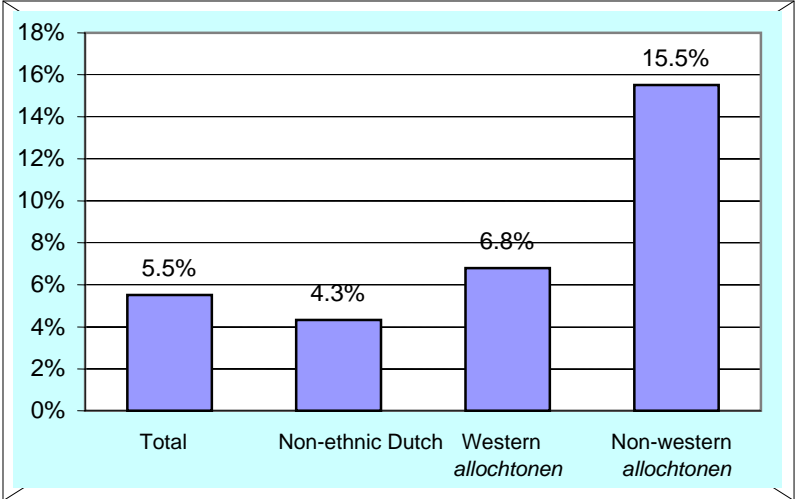
Source: Ministry of Education, Culture & Science, *Fact Sheets on Early School-leaving*, February 2007

<sup>2</sup> See Ministry of Education, Culture & Science, *Fact Sheets on Early School-leaving*, February 2007.

Recently, the cabinet decided to raise the age of compulsory education to 18 because of the high rate of early drop-out from school among 17-year-olds. This has been in effect since August 2007 and should lead to a significant drop in the number of early school-leavers. Combating and preventing early school drop-out has been given such a priority in the cabinet policy that in the years from now until 2010, a wide variety of policy measures will be deployed with substantial extra funding from the national budget, under the slogan *Aanval op de uitval* (which could perhaps be loosely translated as "The War on Dropping Out"). In keeping with the first Lisbon goal of attaining at least an 85% rate of all young people earning a starting qualification, at-risk groups within secondary vocational education (MBO) are receiving intensive counselling. The number of employees with an education of at least starting qualification level in the Netherlands is approximately 75%. Note that young people's earning a starting qualification is not regulated via the educational system alone, but also via on-the-job training and dual learning tracks. Recently, tripartite arrangements in this area have been made between cabinet and social partners.

Young people of ethnic minorities are over-represented in the group of early school-leavers, and this is in part the reason for the high unemployment rate among ethnic minorities. Figure 4 is a graph of unemployment by ethnic group.

**Figure 4: Unemployment by ethnic group (2006)**



Source: CBS, *Enquête beroepsbevolking* ("Working Population Survey") (only jobs  $\geq$  12 hours per week)

**Table 1.9: Number of people with a higher secondary education diploma as % of 20-24 year olds (2005)**

	starting qualification
Netherlands	75.6%
EU-25	77.5%
EU target 2010	85.0%

Source: LFS Eurostat (indicator 23.2)

On the issue of in-service training, the Netherlands rates well at the European level. One problem is that people with a lower educational level, older employees and the inactive are rarely eligible for such training and education, while these are in fact the exact groups that are most vulnerable. Technological innovation can render professional qualifications out-of-date, which can be a contributing factor to unemployment. Although low-skilled workers still do

receive a relatively high amount of training in the Netherlands in comparison to other countries, it must be kept in mind that the Netherlands' percentage of low-skilled workers is comparatively high (partly due to the high rate of early school drop-out).

**Table 1.10: Participation in life-long learning (2005)**

	Netherlands	EU-25
Overall	16.6%	10.8%
Low-skilled	8.6%	3.6%
Elderly employees (55-64)	7.5%	5.1%
Inactive	10.7%	7.9%
Target 2010	20%	12.5%

Source: EU LFS (indicator 23.4)

### 1.3 Globalisation

The growth of international trade flows and the related rapid rise of low-wage economies in Asia are exposing major portions of the economy to increasing, and severe, competition. This poses a particularly significant risk to low-skilled labour in export sectors. Globalisation and the development towards a knowledge economy are gradually leading to a shift in the Netherlands from the demand for labour to the demand for higher-skilled, and away from lower-skilled, workers ("skill-based technological change").<sup>3</sup> And both these trends are also having the effect of making changes in the labour market happen faster, placing increasing demands on employees in the area of adaptability. It is the people at the lower end of the educational scale who are at the most risk from these developments of failing to keep up with qualifications, and thus at risk of unemployment, due to their significantly lower participation in education than those at the higher end of the educational scale.

Although on the one hand, low-skilled labour is under pressure from these forces, on the other hand there are emerging shortages all over the labour market, including in the low-skilled sector. A large and growing demand for professionals is difficult to answer. In this regard, the subject of labour migration must also be examined. In recent years, the Netherlands has seen a comparatively high number of work permit applications from workers from the Central and Eastern European countries (see table 1.11).

**Table 1.11: Total number of work permits granted (2000-2005)**

	Issued work permits for employees from Central/Eastern Europe
2000	5,487
2001	7,031
2002	10,563
2003	12,540
2004	24,728
2005	29,444

Source: Centre for Work and Income (CWI)

<sup>3</sup> J. Theeuwes, *Epur si muove. En toch beweegt het*. Utrecht 2003.

Of all employees from Central and Eastern Europe, 56% fill low-skilled positions; meanwhile, half of the people in the Netherlands receiving unemployment benefits are low-skilled workers. This development demonstrates that municipalities and employers are still not succeeding in motivating those entitled to unemployment benefits (or others outside of the labour process, such as detainees/ex-detainees or occupationally disabled young people) to accept low-skilled jobs. The present municipal policy is primarily oriented towards counteracting the intake into the Act on Employment and Social Assistance (intake prevention) on the one hand, and reintegration of high-potentials (short-term unemployed) and young people on the other.

## 2. STRATEGY

The strategy that the Netherlands chooses for the European Social Fund (ESF) for the 2007-2013 period is based on the European and Dutch analyses and policy lines in the socio-economic area. The strategy is explicitly directed towards supporting the European Union's push for a cohesive, consistent policy within Europe. This chapter explains the choices made in the composition of the ESF programme 2007-2013 and why these choices were made. First, this chapter addresses the European and national policy analyses that make up the basis of the programme. Next, an analysis is made of how financial and implementation frameworks impact the choices for the ESF. Following this, for each main priority an explanation is given of what the overall Dutch objectives are and which of them are not supported by the ESF, and argumentation of the financial distribution over the priorities and activities is given.

### **2.1 European and national policy framework**

On 6 October 2006, the Council of the EC set out the community strategy guidelines for economic, social and territorial cohesion (CSG). These guidelines serve, in part, as a framework for the National Strategic Reference Framework Structural Funds (NSR), which is the basis for the Operational Programmes 2007-2013. This Operational Programme (OP) also takes into account the ESF Regulation<sup>4</sup> and General Regulation<sup>5</sup> as adopted on 5 and 11 July 2006.

#### *Main points of CSG*

Guideline 1.3 of the CSG, which unifies several previous guidelines, makes recommendations for “more and better jobs.” Three priorities are formulated for the development of human capital:

- attract and retain more people in employment and modernise social security systems;
- improve adaptability of workers and enterprises and the flexibility of the labour market;
- increase investment in human capital through better education and skills improvement.

The explanation to these priorities notes that employment programmes and programmes for development of human capital should take into account the country-specific challenges and priorities as highlighted in the Employment Recommendations and the National Reform Programmes.

#### *Main points of NHP*

The Netherlands National Reform Programme 2005-2008 (NHP) is based on the integrated EU guidelines for growth and employment. The details of the NHP follow the strengths and weaknesses of the Dutch economy, giving an overview of the measures the cabinet plans for the coming years to augment the Netherlands' competitiveness. The NHP underscores the challenges identified by the European Commission as the most significant for the

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<sup>4</sup> Regulation (EC) 1081/2006 of the European Parliament and the Council of the European Union of 5 July 2006 on the European Social Fund and repealing Regulation (EC) 1784/1999, OJ L 210 of 31 July 2006, pp. 12-18

<sup>5</sup> Regulation (EC) 1083/2006 of the Council of the European Union of 11 July 2006 laying down the general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999, OJ L 210 of 31.7.2006, pp. 25-78

Netherlands: increasing the labour supply and increasing capacity for innovation.<sup>6</sup> On the subject of increasing the labour supply, the NHP notes that there is untapped potential among women, the elderly and ethnic minorities, and there is room to increase the number of hours worked. Similarly, in March 2007, the EU Council recommended that the Netherlands elevate increasing the labour supply to a priority while taking measures leading to an improvement of the labour supply of older employees, women and disadvantaged groups in particular.

#### *Main points of NSR*

Following on from the NHP, the National Strategic Reference Framework Structural funds (NSR) sets out how in the period of 2007-2013 the structural funds can contribute to improving competitiveness and employment. The NSR is also based on the European guidelines and National Reform Programme as referred to above. Along with the subjects of “human capital” or “more and better jobs,” the NSR focuses on the priorities of innovation and the knowledge economy.

#### *Earmarking*

In December, the Council of Europe determined that for all member states that were members of the EU prior to 1 May 2004, for Objective 2 at least 75% of the resources must be devoted to the Lisbon goals directly contributing to economic growth and employment. This was also included in the general regulation. The Netherlands opted to devote 96% of the ESF resources to the Lisbon goals. Action A (see below), which has the object of increasing the supply of labour, Action D, which augments the employability of the labour force, and Action E, which concerns social innovation in enterprises, are direct answers to the NHP. Annex 1 includes a table<sup>7</sup> showing how the ESF is distributed over the categories of expenditure.

## **2.2 Institutional and financial frameworks**

Alongside the above-referenced policy-based frameworks, the OP must also address the limitations of an institutional and financial nature. Institutional limitations are due to taking the position that selected priorities must follow Dutch governmental policy and the Dutch implementation structure and administration. For example, while the “standard” policy offers no special measures relating to individual target groups, it would not be appropriate to reverse this via ESF. Because implementers enjoy a great deal of freedom to tackle these problems that are specific to their sector, branch or region, the ESF programme must follow this as closely as possible.

The financial limitation is caused by the considerable drop in budget in relation to the present programme period. This drop is as follows<sup>8</sup>:

<b>Budget</b>	<b>Allotted 2000-2006 (indexed price level 2004)</b>	<b>Allotted 2007-2013</b>
ESF	1,940,000,000	736,439,750
EQUAL	212,080,000	0
<b>TOTAL</b>	<b>2,152,080,000</b>	<b>736,439,750</b>
Per year	307,440,000	105,205,678.50

<sup>6</sup> Increasing innovative capacity is one of the main priorities for the EFRO programmes.

<sup>7</sup> Annex IV, Regulation (EC) no. 1083/2006.

<sup>8</sup> To allow comparison with the preceding period, this OP assumes the 2004 price level. The official tables of chapter 5 use the running annual prices.



The ESF budget for the 2007-2013 period is 38% of the ESF budget of 2000-2006.<sup>9</sup> If EQUAL is included in these calculations, then only 34% of the 2000-2006 budget is available-- a drop of over 60%. This calls for, and indeed demands, a shift in focus in the new programme period in relation to the objectives and target groups.

Along with limiting the number of objectives and target groups, other means of “doing more with less money” have been investigated. For this reason, with the exception of one action the ESF financing percentage has been reduced to 40% (see also chapter 5), and additionally the eligibility for subsidy of certain costs, such as overhead, work absence costs during training, etc., have been lowered, restricted or eliminated. These last measures will be worked out in detail within the national legal framework.

## **2.3 The choices for ESF2**

### *National programme*

The NSR observes that one of the characteristics of the Dutch economy is that regional differences in economic performances are low. The regional spread of unemployment is the very lowest in Europe, and in an absolute sense, all Dutch regions rate well at the European Union level. Even the regions that are slightly worse off than the rest of the Netherlands are at the lower range of the top segment. All Dutch provinces are among the top 25% of the regions in the EU15. As such, the cabinet chooses to increase the economic growth in all regions, and not to reduce the economic differences between the regions. The structural funds are applied towards augmenting the growth capacity of all Dutch regions. For the 2007-2013 period, ESF qualifies as a national programme.

### *Objectives*

To determine where the use of ESF resources can be most effective, we assumed the country-specific recommendations to the Netherlands, the observed weaknesses of the Dutch labour market emerging from the SWOT analysis and the policy challenges identified in the areas of an aging population, the knowledge economy and globalisation, as set out in chapter 1. The experiences of the 2000-2006 period also played a role. Where the priorities identified have a direct relationship with the guidelines given in the NHP, a reference is given in parenthesis. Set against the background of the cabinet policy, the focus and choices for the use of ESF are argued below.

### **1. Increasing the labour supply (guidelines 17 to 20, NHP)**

The SWOT analysis reveals weaknesses in areas such as the average period of work, stagnation in women’s labour participation, very low participation of the elderly, high unemployment among ethnic minorities and a relatively large body of occupationally disabled. Opportunities from the SWOT analysis are the increase of the labour supply as a result of a more activating system of social security and an upturn in economic growth.

### *National policy*

With the goal of broadening the basis of support for the impending costs of an aging population, the cabinet strives for the highest possible degree of labour participation. In line with this, the cabinet has implemented a broad spectrum of major reforms in social security.

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<sup>9</sup> In programme period 2000-2006, the resources were referred to as “ESF3,” and those for 2007-2013 are referred to as “ESF2.”

The reforms are primarily oriented towards improving the incentivising function of social security. Essential elements are activation, avoiding drop-out, improved opportunities for reintegration and striking a balance between work and care tasks. Reforms have been implemented in the Disablement Insurance Act/Work and Income according to Labour Capacity Act, the Unemployment Insurance Act and in early retirement/pre-pension. Additionally, the 2004 introduction of the Act on Employment and Social Assistance has transferred considerably both the budgetary and policy responsibilities from the national government to the municipalities. Because of the financing system, it is financially attractive for municipalities to lead benefit recipients who are farther removed from the labour market into (sustainable) jobs, in order to prevent them drawing on municipal support resources for an extended period.

The cabinet follows a generic labour market policy, based on the idea that vulnerable groups, such as ethnic minorities, are reached most effectively via generic measures. Only where specific obstacles for certain groups are readily apparent these are tackled directly. For combating unemployment among young people, for example, the Youth Unemployment Task Force has been set up to enact structural solutions alongside the conduct of temporary actions.

#### *ESF contribution*

The ESF can make a contribution to increasing the labour supply by equipping the unemployed and partially unemployed who are having difficulty finding paid work with extra skills to improve their chances on finding a sustainable job in the labour market. The cabinet intends this to serve unemployed persons who, under the existing system, are less of a priority for the institutions with responsibility for work and income. Both persons who are and who are not entitled to unemployment benefits are included. In the cabinet's vision, this is to primarily serve those unemployed who are less represented on the labour market: women, the elderly, and the partially occupationally disabled. These groups include many persons of ethnic minorities.

## **2. Promoting inclusion on the labour market of underprivileged**

#### *National policy*

To promote social integration or inclusion, in 2006 the cabinet released a National Action Plan (NAP) to fight poverty and promote participation. This action plan is a component of the National Strategic Report for Social Protection and Social Inclusion. The focus of the action plan is on promoting participation of people (usually people entitled to unemployment benefits) who have a long way to go re-entering the labour market, fighting poverty among children and young people, preventing the non-use of income facilities and tackling problematic debts. The priorities for social inclusion or integration from the NAP 2006 are a good fit with guidelines 17 to 20 of the NHP Lisbon.

#### *ESF contribution*

For persons who are hard to reach by standard reintegration institutions and for whom mediation to work is not yet an option, ESF subsidies can be used to provide a procedure to connect participants with the labour market. One example of a group that is not reached by a municipality's standard integration channel is detainees, because this group is normally held in a custodial institution outside of their city of residence. In the 2000-2006 period, ESF resources were used to allow detainees to participate in a reintegration programme even before the end of their detention, so as to enable them to be mediated into paid work

immediately following their release. In an effort to promote social inclusion of the disadvantaged on the labour market, the cabinet wishes to continue the use of ESF for this group.

The availability of an ESF budget to schools for secondary special education and practical training for disabled students must also be seen in the same context. The national budget does not provide for resources to support students of these schools to move into paid work immediately following their school period. This is another area in which the use of ESF resources has proven to be a good source of contributions in recent years. Schools work in partnerships with labour market institutions to enable their students to flow into the labour market as smoothly as possible.

### **3. Increasing adaptability and investing in human capital (guidelines 21 to 24, NHP)**

Weaknesses revealed by the SWOT analysis relate to the educational level of 22-year-olds below the EU target (starting qualification), with many early school-leavers (primarily ethnic minorities), the relatively insignificant participation in life-long learning among low-skilled and older employees, the relatively poor positions for people with lower educational levels and the relatively small increase in labour productivity. There is also a small number of starters in entrepreneurship.

#### *National policy*

In order to attain a knowledge economy and achieve sufficient competitiveness for sustainable economic growth, the cabinet considers qualified employees, with special attention to the lower end of the labour market, of vital importance. This position is also the motivation behind the extra resources and measures applied by the cabinet (and the social partners) to combat and prevent early school drop-out, a problem that occurs disproportionately among ethnic minority youth.

”Training up” the professional population is an ongoing key focus area of Dutch labour market policy. Education of employees is primarily the responsibility of the social partners. In addition to “training up,” the cabinet attaches a great deal of importance to education geared towards intra-sector and inter-sector mobility. This takes the form of re-education of (often older) employees who face falling out of the labour market due to physical or mental problems. Timely re-education for a broader employability within the sector or mobility in a different industry or sector keeps them in the labour process. The cabinet subsidises a broad pilot programme in this area that is designed to provide concrete starting points for further implementation.

The very low growth of labour productivity in the Netherlands can be given a strong impulse through social innovation. Here, social innovation refers to innovation of the labour organisation and maximum utilisation of competence, with the goal of improving business performance and the development of talent. The cabinet has identified the need to stimulate social innovation, and has requested the Social and Economic Council (SER) to issue recommendations on how social partners can promote social innovation and how the government can contribute. A Social Innovation Task Force founded by the cabinet concluded in its final report<sup>10</sup> that the government has a facilitating role in social innovation.

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<sup>10</sup> Parliamentary documents 27406, no. 55.

### *ESF contribution*

Alongside generic (tax-based) measures to stimulate learning for working people, subsidies specific for education up to MBO-4 level are another resource. Given the drop in ESF budget, priority in educating working people is given to the teaching of people with low qualifications. By electing the Education and Development Funds (E&D Funds) as applicant for these grants, the social partners are also directly involved in implementing the employment policy. The E&D funds are expected to play a coordinating and leading role: they must ensure that all companies in their sector benefit from the allocation of these grants instead of favouring specific companies. The administrators of these funds also have insight into the educational needs of low skilled employees within their sector. Furthermore, E&D funds also dispose of resources for co-financing, since companies do pay into the E&D funds via deductions.

The education grants for working people allow in-service training up to and including MBO-4 (and equivalent industry level). Although normally in the Netherlands, the government undertakes the responsibility for education up to the starting qualification level and the industry and private education providers take on everything that comes after that, in proper consultation with the social partners it was decided to utilise ESF for education up to and including MBO-4 level. Of the working people with a starting qualification, 42% are in mid-range positions.

It became clear in the 2000-2006 ESF period that some of the grants were used for the benefit of the target group "workers without starting qualification." Thirty-two percent of the intended participants of the E&D funds were employees without a starting qualification.<sup>11</sup> Of the total labour force, 24% lack a qualification. Finally, there is a further group that has participated in education, but has not obtained a starting qualification. Alongside in-service training, education is intended to bring about intra-sector and inter-sector mobility.

The determination that the government has a facilitating role in social innovation makes this area ideally suited for ESF funding: using the grants to facilitate social innovation. Along with innovation projects directed towards improving the labour process, working conditions and attention to entrepreneurship in education, as propounded by the cabinet, the Lower House of Parliament states that social innovation, in parallel with technical innovation, is an essential factor in improving the Netherlands' competitiveness.<sup>12</sup> The analysis of the Social Innovation Task Force, the draft SER recommendations<sup>13</sup> and the National Reform Programme were the framework for the structuring of the ESF action for social innovation.

For the new programme period, the considerations above dictate the following choices in priorities, actions and availability of resources under the ESF framework:

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<sup>11</sup> Reference date 16 November 2005. Regional plan policy investigation, *De scholing voor werkenden zonder startkwalificatie* ("Education for working people without starting qualification"), February 2006.

<sup>12</sup> Lower House of Parliament, 2005-2006, 27 406, no. 91, General Consultation on social innovation, 14 June 2006.

<sup>13</sup> Commission for Socio-Economic Policy, 30 May 2006.

Prio	Action	Description	Percentage	Amount per year (million)	Applicant
<b>1</b>		<b>Increase labour supply</b>	<b>24%</b>	<b>28.5</b>	
1	A	Additional equipping and mediation of unemployed at a distance from/with a disadvantage on the labour market.	24%	28.5	Implementing bodies for work & income
<b>2</b>		<b>Promoting inclusion into labour market for underprivileged</b>	<b>22%</b>	<b>26.1</b>	
2	B	Re-integration of detainees, forensic patients and youth in juvenile custodial institutions	8%	9.5	Justice, Health Welfare & Sport
2	C	Practical labourmarket training in secondary special education for disabled students	14%	16.6	Practical schools and special education
<b>3</b>		<b>Increasing adaptability and investing in human capital</b>	<b>50%</b>	<b>59.3</b>	
3	D	Projects focused on improving the labour market position of low-skilled workers or workers without a starting qualification (education up to and including MBO-4 or equivalent)	45%	53.4	E&D funds
3	E	Social innovation (focused on increasing labour productivity)	5%	5.9	Open
<b>4</b>		<b>Technical assistance</b>	<b>4%</b>	<b>4.7</b>	
4	F	Administration costs	4%	4.7	n/a
<b>Total</b>			<b>100%</b>	<b>118.6</b>	

(amounts given in 2006 prices, and indicative, rounded to nearest hundred thousand)

#### *Budget apportionment considerations*

The criteria selected for the apportionment of the ESF resources are: the available national resources, experiences from the 2000-2006 period and the expected absorption capacity. Apportionment over the priorities is approximately 25/25/50, because the cabinet assigns approximately the same importance to incentivising labour supply and improvement of the connection with the labour market as to improving the qualifications of the existing labour supply.

24% is allocated to **Action A** (further equipping unemployed). This portion of the ESF resources can be annually invested in the additional equipment and mediation of unemployed persons removed from or at a disadvantage on the labour market.

8% is allocated to **Action B** (reintegration of detainees). This will allow the activities for this group to remain at the same level as under ESF3 and EQUAL, which corresponds to the expected absorption capacity. A reduction of the budget would make the options for the application of ESF resources marginal.

14% is reserved for **Action C** (Practical labourmarket training in secondary special education). In light of previous experiences, the amount is adequate to pursue the desired activities at a proportionate or even higher level.

45% is reserved for **Action D** (education/training of low-skilled employees). This substantial reservation is based on the importance attributed to improvement of the qualifications of these employees and the intensive and successful use of the measure in the previous period.

An annual budget of 5% is assigned to **Action E** (social innovation). Although social innovation is considered to be of major importance, only a small fraction of the ESF budget is

earmarked for this goal. Its innovative character entails many uncertainties on the absorption capacity and options for implementation. Additionally, a small number of projects can have a major impact or multiplier effect.

## ***2.4 Transnationality***

The Operational Programme ESF is a national programme focusing on the Dutch labour market. But prior ESF periods, and in particular the experiences with the community initiative EQUAL, have taught that exchanging experience and expertise with other EU member states can produce good results and new insights. In view of the relatively limited budget and the need for focus, it has been decided not to set a separate priority for trans-national projects. In this ESF period, the Managing authority will have an important role to play in achieving trans-nationality. By exchanging information on projects submitted under the monicker of all priorities and actions, the Managing authority will contribute to the transfer of ESF results outside of our borders. Cooperation in a trans-national framework will take two forms.

Firstly, with the experiences gained in the 2000-2006 programme period, there will be an active knowledge exchange on the Dutch implementation of the ESF programme. In the 2000-2006 programme period, our counterparts in a number of member states (particularly the new member states) made multi-day visits to the SZW Agency and the office of European Subsidies and Netherlands ESF projects. These visits included expertise exchanges on the communication with applicants, the methods of evaluation and selection of projects and the performance of project monitoring. This form of cooperation will be actively continued.

Secondly, the Managing authority's goal is to organise substantive policy-based cooperation on specific themes. One possibility to be considered is establishing a cooperation with other member states devoting ESF resources to the innovative power of enterprises, but also to employee training and education, where there is interesting potential for the exchange of expertise on themes such as Accreditation of Prior Learning (APL) and life-long learning. Projects can be a part of this cooperation.

In regard to transnational cooperation on Action E, an exchange event on specific themes in the area of social innovation could be organised with member states. Prospective participants of such an event would be "promising practice" projects, experts, social partners and policy makers. This type of event should be used to discuss concrete examples and establish an active information exchange between the participants. The lessons learned from the event can be compiled into a report to be distributed among the participants and placed on the web site.

In addition to such a social innovation session, we will actively participate in international conferences for the exchange of information and experiences across the whole spectrum of priorities and actions. In so doing we will draw on the expertise gained with EQUAL. Not all projects present opportunities for transnational cooperation.

We will also review whether the themes selected for cooperation and the format of cooperation will achieve the desired effect. Where necessary, the focus (both thematically and in terms of format) can be adapted.

The Managing authority will make a substantial portion of the information on ESF in the Netherlands available in English. Results (including a project bundle) will be published on the English-language pages of the web site to allow information exchange on all Dutch projects under the individual priorities and actions with other member states.

## **2.5 Innovation**

Innovation is seen as a major element of the present ESF programme. The regulation stipulates that the Managing authority will select the themes for innovation financing and determine them in partnership. In consultation with the social partners, a decision was made to reserve a small portion of the ESF budget for social innovation-oriented activities (see elsewhere in this chapter).

Experience with EQUAL shows that it is important to find broader applications of successful new methods. For the mainstreaming of the project results, the EQUAL mainstreaming toolkit can be used, a collection of documentation of the learning experiences from EQUAL drafted for the policymakers and policy implementers.

## **2.6 Gender mainstreaming, equal opportunity and non-discrimination**

Both the SWOT analysis and the European recommendations reveal a relatively low average period of work of women and stagnation in the increase of women's labour participation. In light of the first paragraph of Article 16 of EC Regulation 1083/2006, on equality of the sexes and equal opportunity, a decision was made to address gender inequality by letting the gender dimension play a role in both the evaluation and completion of projects focusing on the education of working people. The focus of this effort is to give a boost to the number of women receiving education, and to do so specifically in the sectors where women are under-represented or in fields that are not traditionally professions held by women. Both positive and negative stimuli will be employed. For the purposes of Action D, education of low-skilled employees, in sectors where the number of working women is lower than 50% a project requirement will be that the number of female participants in the project must be 5% higher than the percentage of women in the sector.

Under the priority "Increasing labour supply," subsidies may be applied specifically with the focus of supporting women in the search for paid work.

The second paragraph of Article 16 calls on member states to take appropriate measures to fight discrimination on a variety of grounds. The Netherlands has fully implemented all European regulations on equal treatment, and as such offers the required legal structure to protest any allegations of discrimination.

For the occupationally disabled, participation in ESF projects is promoted by giving projects with participants from this group priority over projects that do not include the occupationally disabled.

Interest groups for the handicapped or occupationally disabled, minorities and gender equality will be invited to participate in a sounding board group for the monitoring and evaluation of the implementation of the OP. Using their specific expertise and drawing upon their respective bases, these organisations can advise in periodic meetings on the implementation of the OP and, if desired, bring improvements to the table to benefit the people they represent.

## **2.7 Ex-ante evaluation**

The prescribed ex-ante evaluation consists of the following survey questions:

- (1) Does the OP comprise a strategy adequate to utilise the opportunities for a region or sector?
- (2) Does the strategy have clear objectives and priorities, can the objectives be achieved with the financial resources being made available?
- (3) Is the strategy coherent with regional, national and European policy? How does the strategy contribute to the realisation of the Lisbon goals?
- (4) Have the right indicators for the objectives been chosen, and can these indicators and their goals be the basis for a future evaluation of the performance?
- (5) What will the effect of the strategy be, in quantitative terms?
- (6) Are the implementation systems capable of achieving the objectives of the programme? Are there obstacles that can be identified in advance?

In this OP, the interim findings and recommendations of the evaluators are set out in chapter 4. Below, this document provides a summary of the evaluators' commentary relating to the strategy (as set out more extensively in chapter 4, and also addressing the commentary of the evaluators on the proposed priorities/actions and the implementation).

The ex-ante evaluators endorse the importance of a concentrated detailing of the strategy (in the face of a shrinking budget), focusing on addressing the gaps in the current policy. The resources will be applied at the points of greatest weaknesses of the labour market and where the Dutch government is not focusing its efforts in national measures:

- For target groups that are at risk of being victimised by the two-tier labour market, including unemployed persons of certain groups, detainees/ex-detainees and students in practical education and secondary special education,
- For groups of working people the education level of which leaves the most to be desired, and who as such are making the least contribution to the development of the knowledge economy,
- And in innovations in the HRM toolkit, which fails to meet the needs of many labour organisations in addressing knowledge economy and issues of an aging society; through social innovation.

The vast majority of the measures will be measures that contribute to the achievement of the Lisbon strategy. The evaluators point out that in the choice and performance of the projects, care must be taken to ensure that the measures genuinely reach those who are farthest removed from the labour market.

## ***2.8 Consultation with partners***

This Operational Programme came about in consultation with the relevant partners in the areas of labour market and social policy. As from 2004, the main outlines of the problem issues pertaining to competitive strength and employment have been discussed in the context of the NSR. The NSR involved intensive discussions with representatives of all relevant departments, and with IPO and VNG (the Association of Netherlands Municipalities).

Specifically for the OP ESF, a series of meetings was held with the social partners (the Confederation of Netherlands Industry & Employers, the Dutch Trade Union Federation, the National Federation of Christian Trade Unions and the Dutch Federation of Small & Medium-Sized Enterprises), the four major cities (G4) and the North Netherlands Cooperation Association (SSN). Additionally, on 22 May 2006, the Ministry of Social Affairs & Employment gave a presentation to the educational sector (ROCs, AOCs, schools for practical education) and conducted technical consultations with a number of sectoral funds and the



Centre for Work and Income. An ESF working group has been established for streamlining the interdepartmental contribution, and this working group has met five times.

In order to give all relevant parties sufficient opportunity to have an input, a work conference was held on 5 April 2006. Invitees were: sectoral funds, social partners, Municipalities (VNG and G4), the Vocational and Adult Education Council and representatives of the ministries of Education, Culture & Science, the Interior, Justice, Health, Welfare & Sport, Economic Affairs and Social Affairs & Employment. Subjects covered in this meeting were of a policy-oriented and technical nature, with themes such as “easing administrative burdens,” “programme-based approach,” and “focus and the lower budget.” Ideas were also discussed on how to satisfy the objectives of “gender mainstreaming” and “innovation”.

The discussions prior to the work conference of 5 April consisted of open communication, requesting the input and opinions of all the partners specified. Thereafter, in the period up to 30 June, specific discussions were held on testing the ideas of the Ministry of Social Affairs and Employment, after which a decision was made on the main priorities. Next, in the months of July and August 2006, there were (more) discussions with the Centre for Work and Income, the social partners, the Association of municipalities (VNG) and the 4 major cities and representatives from Secondary Special Education schools and Practical training schools for disabled pupils..

The final choices in priorities, actions and apportionment of resources were met with the overall consensus of the social partners and other ministries involved. VNG argued strongly against the intention to not allow municipalities to apply directly for grants for Action A. On 18 October 2006, the OP was discussed with the Dutch parliament. In general, the parliament supported the new programme, with one exception: the exclusion of direct application from municipalities. In response to two amendments on this subject and a new debate, the State Secretary of Social Affairs and Employment conceded to parliament’s wishes and opened Action A for applications from all municipalities, in cooperation with chain partners in relation to the target groups. A letter to that effect was delivered to parliament on 19 December 2006, and was accepted for notification by parliament at the end of January 2007. In the OP, Action A was re-worded in accordance with the proposal in the letter to parliament.

## ***2.9 Partnership in performance, supervision and evaluation***

For the performance of the OP, the Managing authority will set up an individual user consultation group with applicants for each Action. This group will periodically meet to discuss the course of the applications, and evaluate the process and discuss any problems. In the case of Action A, the obvious choice would seem to be to recruit representatives from among municipalities, the Centre for Work and Income (CWI), the Social Security Agency (UWV) and the municipalities (VNG). For Action B, where the ministries of Justice and Health, Welfare & Sport are listed as applicants, it has been agreed between these ministries in mutual consent that the Ministry of Justice will maintain contact with the Management authority for both ministries. For Action C, a user consultation group will be set up, consisting of representatives from the schools for secondary special education and practical training, and/or their national organisations. For Action D, a user consultation group will be set up with participants from the applying E&D funds and their national organisations. Representatives of the user consultation groups and representatives of the organisations with seats on the sounding board group referred to above will be invited to participate in the support committee for the evaluation of the OP.

As in the previous period, special interest representatives of potential applicants and directly responsible parties for the direction and administration of the programme are represented in the Monitoring Committee. For the new period, this committee consists of representatives of the Ministry of Home affairs, the employer organisations the Confederation of Netherlands Industry and Employers and the Dutch Federation of Small & Medium-Sized Enterprises, employee organisations the Dutch Trade Union Federation, the National Federation of Christian Trade Unions, the National Practical Education Working Association, the VNG, the European Commission and the Managing Authority (SZW Agency). The Committee is chaired by the Ministry of Social Affairs & Employment's Labour Market Director.

## **2.10 State Aid**

ESF resources can be considered state resources within the definition of Article 87, EC Treaty. As such, the provision of ESF resources can only be considered aid within the definition of Article 87, EC Treaty, if all conditions of that article are met, and these include:

- that the measure is of a selective nature, and
- the aid goes to the benefit, directly or indirectly, of *certain* enterprises.

If that is the case, the aid must be reported to the Committee, or the standards of an exempting regulation must be met.

All state support under this programme must be in accordance with both the procedural and material rules of state support as applicable at the moment that the aid is allocated.

## **2.11 Interplay with other European programmes**

With ESF's focus on increasing the labour supply, the social inclusion of the disadvantaged on the labour market, the increase of the adaptability of working people and the investment in human capital, ESF has an interplay with other European programmes, such as the European Fund for Regional Development (EFRO), the European Agricultural Fund for Rural Development (ELFPO) and the European Fisheries Fund (EVF).

The first EFRO priority (Innovation, enterprise and knowledge economy) is a good fit with ESF priority 3 (increasing adaptability and investing in human capital), because, to name one example, the ESF education procedures and the promotion of social innovation can contribute to regional actions for stimulating innovation and the knowledge economy. The third EFRO priority (attractive cities) intersects with the first ESF priority (increasing the labour supply), particularly when it comes to stimulating enterprise, the neighbourhood economy and economic participation. At the start of the programme, no actions are foreseen that will require an appeal to the flexibility scheme (Article 34, paragraph 2 of Regulation 1083/2006), that is that no more than 10% of ESF funding for a priority will be used for measures under EFRO, because these are necessary for the performance of a concrete action and are directly related thereto. The Netherlands, however, leaves the option open for ESF to invoke the flexibility scheme.

The first axis of the ELFPO is oriented towards the improvement of the competitive strength of the agriculture and forestry sector. Within this axis, possible measures include activities in the areas of professional training, public relations and knowledge distribution. No ESF funding will be extended to these areas. On the other hand, ESF can support projects that also relate to persons belonging to the target groups agriculture, food and forestry, but the object of which is different than that described above (and, of course, also fit within the ESF

regulations). Finally, there is an option to educate employees in the fisheries sector, by which ESF could make a contribution to the objectives of the European Fisheries Fund (EVF).

Finally, activities that can be financed from the European Integration Fund and the European Refugee Fund (EVF-II) can contribute to the realisation of ESF objectives, with activities falling under the measure "Integration" being one example. This EVF-II measure is intended to support people admitted to the Netherlands as refugees in their integration into Dutch society.

## **2.12 Steps to prevent double subsidies**

To prevent ESF from financing projects that fall under EVF II and the Integration Fund, the following steps have been taken. In the subsidy scheme, the requirements for every action include a paragraph stating that projects are only eligible for subsidy if they are not co-financed from other structural funds, the EVF or community initiatives.

It is also stated that a subsidy application will be rejected if the project is already financed under another title from the European subsidy programmes (Subsidy Scheme ESF 2007-2013, Article 6.1 (i)).

By signing the electronic application form, the applicant declares that the project has no other financing from European subsidy programmes. This will be verified during the Managing authority's audit visits.

### 3. PRIORITIES AND ACTIONS

For the new ESF period, the Netherlands is focusing on three priorities and five actions (independently of the fourth priority "technical assistance").

This chapter provides a description of the nature of the activities for which ESF is available. The quantified objectives and indicators associated with these activities are given in Chapter 4. The Netherlands assumes that if societal or institutional changes so dictate at any time during the programme period, the programme may be adjusted in the short term following EC approval (as happened during the 2000-2006 period as well). For this reason, when the details of the OP are fixed, for the first year the duration of projects will be maximised at one year.

#### 3.1 Priority 1. increasing labour supply

**Action A: Giving additional tools to persons at a distance from/with a disadvantage on the labour market**

Total available amount over 7 years: € **199,200,657**

Co-financing: municipalities

Applicant: Implementing bodies for work & income (municipalities, Centre for Work & Income (CWI), Employee insurance schemes implementing body (UWV))

Target group: unemployed, with the following priority target groups: seniors, women, and the partially occupationally disabled.

Seniors, women and the partially occupationally disabled represent a potential of untapped labour supply that often cannot be immediately mediated or is difficult to place. They are less successful in finding work on their own. They often are "removed" from the labour market--certainly in the case of women who have been out of the labour market for some time and who wish to go back (generally not benefit-entitled) or if there are other specific impediments. With the help of ESF resources that can better equip these groups for the labour market and through cooperation in the chain of institutions for work and income, these unemployed persons (some of them partially unemployed) can be helped to find sustainable work and, in the right circumstances, to become fully benefit-independent.

The decision has been made to, for the time being, open the ESF subsidies to a few sub-groups within the priority groups for whom obtaining a sustainable place in the labour market is the most problematic. In most cases these will be Dutch people of ethnic minorities.

The sub-groups are:

- A. Non-benefit-entitled unemployed job-seekers
- B. Seniors (55+) with benefits under the Act on Employment and Social Assistance
- C. Partially occupationally disabled persons who, along with a benefit from the UWV, also receive a supplemental benefit under the Act on Employment and Social Assistance, or persons with a medical impediment who are entitled only to a benefit under the Act on Employment and Social Assistance (employment-disabled).

To give these persons from these groups extra support in their reintegration and opportunities to find sustainable work, and where necessary to increase benefit-independence, applications can be submitted for projects with an initial term of a maximum of one year. To ensure that an

acceptable balance is established between costs and benefits of a project, it is determined that the minimum total project costs must be € 250,000, which works out to a minimum of € 100,000 in subsidy per project. This may mean that for some smaller municipalities, submitting an independent project application may not be worthwhile, but submitting a joint application with other municipalities may be. For the selection of applications eligible for subsidy, a ranking system will be applied for the categories of non-benefit-entitled persons and seniors (55+) with benefits.

For group (A), official responsibility for reintegration lies with the municipality. Municipalities have less of a picture of this group, however, due to the efforts devoted to reintegration of those with benefit entitlement. But when persons without benefit entitlement report to the Centre for Work and Income, they often prove to be not immediately placeable. This is particularly true of women who wish to re-enter the labour market and have fallen behind in knowledge and work experience. In many cases, an APL (accreditation of prior learning) programme or short training or education can quickly bridge the gap to a job. Cooperation between municipality and CWI to get employers interested in them would seem to be called for. Subsidy applications for this group are subject to the condition that the project application is for a joint local or regional project of one or more municipalities and the CWI. The parties involved may determine in consultation with each other which party will act as project applicant.

Seniors (55+) with benefits under the Act on Employment and Social Assistance have extremely varying degrees of distance from the labour market. The duration of unemployment also differs greatly, but certainly very many of them have been dependent on a benefit payment for a long time, and for these a return to the labour market will demand the most intensive process. Meaningful cooperation between the municipality/municipalities and the CWI to support seniors on the way will vary considerably. The work here must be largely tailored to the individual. Obviously, municipalities should submit project applications in this area. In view of the individualised work required, mandated cooperation with a chain partner would seem less advisable.

Many partially occupationally disabled with a supplemental benefit under the Act on Employment and Social Assistance have also been on benefits for an extended period. Some work very small jobs or have a partial benefit from the UWV. By and large, municipalities have a poor perspective on this group, because many of them receive limited benefits. There is some overlap with the group of seniors on benefits. Here again, within this group of partially occupationally disabled the distance to the labour market varies widely, and as a result individualised work is required. For those entitled to benefits partly from the UWV and partly under the Act on Employment and Social Assistance, cooperation between municipality and UWV is an absolute must if the subject is to become benefit-independent. Consequently, a condition for projects for this group is a joint project from both institutions, with the role of project applicant to be decided between the two.

Recipients of a benefit under the Act on Employment and Social Assistance with a medical-structural handicap documented in a doctor's declaration (the occupationally disabled) are the most clear-cut cases of where individual, customised work is required to reduce the distance to the labour market. Municipalities may submit stand-alone project applications for this group.

## 3.2 Priority 2. promoting inclusion into the labour market of underprivileged

### *Action B: Re-integration of detainees, forensic patients and youth in juvenile custodial institutions*

Total available amount over 7 years:	€ 66,400,219
Co-financing:	Ministry of Justice, Ministry of Health, Welfare & Sport
Applicant:	Ministry of Justice, Ministry of Health, Welfare & Sport
Target group:	detainees/ex-detainees, forensic patients and youth in juvenile custodial institutions

The labour market position of detainees and ex-detainees is poor in the Netherlands. As generally long-term unemployed, lacking starting qualifications, and with the stigma of being a detainee, are practically unplaceable. Consequently, they run a very high risk of social exclusion. Upon their return to free society, former detainees often appeal to the Act on Employment and Social Assistance. Activity B is intended to improve the labour market position of detainees and former detainees in the Netherlands to the point at which they are ultimately placeable for work or after detention can be immediately worked into a labour market-related programme, thus avoiding intake into the Act on Employment and Social Assistance. The positive experiences in relation to “labour market inclusion” gained with this group in the preceding programme period can be continued in this way on the same scale.

Detainees rarely do prison time in the city where they are registered as a resident, and as a result this group does not always have access to the municipal facilities for the long-term unemployed. This justifies drawing on additional ESF funding. With these resources, via the methodology of individual program counselling (ITB), the detention period can be used to follow an individualised educational programme and, where allowed, gain work experience with employers "on the outside." Additionally, via ITB, early registration is sought in the municipality where the detainee will be registered after detention (for the purposes of the Work and Income according to Labour Capacity Act), to allow the ex-detainee to complete the labour market-related programme, if necessary, after release. After release, the “ITBer” will be actively mediated into paid work via the social network. In the period immediately following the detention, the ex-detainee will be offered after-care in these areas. After-care reduces the risk of the ex-detainee dropping out of the programme. All this will allow us to build on and continue the positive experiences of the preceding ESF period.

The activity will serve four groups:

- Adult detainees in the final phases of detention. They must be motivated, have valid residence status (where applicable) and any addiction problems must be controllable.
- Forensic detainees for whom full reintegration into society is achievable within a foreseeable time frame.
- Young people in juvenile detention facilities for criminal law violations
- Young people in juvenile detention facilities for civil law violations. The responsibility for this target group will be officially transferred from the Ministry of Justice to the Ministry of Health, Welfare and Sport effective from 1 January 2008.

Because the methodology and programmes set up for this target group continue after this transfer, the Ministry of Health, Welfare and Sport is co-applicant for this activity.

***Action C: Practical training (PRO) and secondary special education (VSO)***

Total available amount over 7 years:	<b>€ 116,200,383</b>
Co-financing:	Practical training schools and secondary special education schools
Applicant:	Practical training schools and secondary special education schools
Target group:	Students of practical training schools and secondary special education schools

The target group consists of students with learning deficiencies, including those with learning deficiencies in combination with physical handicaps. These students are not in a position to qualify for a secondary or continuing educational programme, and as such will usually not be able to obtain a starting qualification; however, a simple, standard job in the labour market is within the possibilities. This student group is characterised by a deficiency in a variety of areas and with systematic problems. Without permanent care, many students will never be placed, or only with the greatest of difficulty, or will be pushed out of the labour process again after a certain time. When placement is slow, these students are disadvantaged, because among these students what was difficult to learn in school disappears very quickly if not used. These, then, are students who as a rule cannot earn a diploma, but who could potentially be prepared directly for work and channelled into (simple) specific positions on the labour market.

In practical and secondary special education, the ESF resources could be used for specially designed sector-oriented courses or specialised job-oriented programmes to be offered to the students in preparation for the individual job, setting up a labour-technical exam, setting up a practical experience/sheltered workshop, and/or network-building for internship and job placement.

In secondary special education (VSO), a further objective is to help a difficult category of handicapped children with behavioural issues towards an ultimate transition to the labour market by developing and offering a package of work skills preparations and training adequate for them, and mediating them towards the labour market (in part through the use of practice-oriented internships). This approach goes as far as possible towards preventing these students from leaving school to end up in a situation of unemployment and on benefits, a place from which they can only escape with great effort and expense.

Types of activities for practical training and secondary special education:

1. Labour-technical exam

A labour-technical exam can be conducted by certified technicians from the labour-technical sector within the school itself. The object of the exam is to determine the labour capacity in relation to the type of labour that the subject can perform and obtain information that can assist in finding a suitable work placement.

2. Student work placement in direct cooperation with sectors and companies

The student work placement is concerned with labour simulation and analysis. Labour simulation is the structuring of educational work environments within the education. The object is to create work that is as “real” as possible. Labour market analysis

makes clear what the work consists of and what the required skills are. Methodology analysis is also an important part of labour simulation and analysis, because this activity is still in its infancy.

3. Sector-oriented courses for students, with a focus on civil effect.  
The students are trained for participation in the labour process through sector-oriented courses developed and conducted in cooperation with industry.
4. Structuring and intensification of supervision after leaving school (not being internship supervision) on a contractual basis.  
Students and former students still in need of supervision will be supervised after leaving school for a period of a maximum of one year. At present, this is being done only minimally, by tracking the student through the Early School Leaver's Regulation (RMC). For ESF, this will be an expansion of the role of the education in the form of carrying out substantive supervision and career counselling, this in collaboration with the employer on a contractual basis.

All these types of activities can be supported through network-building in an employment integration context. Many institutions are involved in the employment integration of the student, and in the interest of a good and long-term placement on the labour market, care must be taken to establish a good, functional and open cooperation between them. The experiences with the entire approach in the prior ESF period were more than good enough to justify continuation in the 2007-2013 period.

### **3.3 Priority 3. Increasing adaptability and investing in human capital**

#### ***Action D: improving labour market position of working people***

Total available amount over 7 years:	€ 373,501,232
Co-financing:	E&D funds and/or companies
Applicant:	E&D funds
Target group:	low-skilled employees

#### ***Working people without starting qualification***

This activity strives to bring in-service training to the potentially vulnerable group of working people without a starting qualification. Having this group follow qualification-oriented education is supported with ESF resources, with an express stimulus towards utilising the Accreditation of Prior Learning (APL) tool. Organisations still swear by the absolute level of the starting qualification (WEB-2); there are, however, ongoing developments towards identifying the actual starting level within sectors. This "sector starting level" may differ (either up or down) from the starting qualification level, and will be based in the current identified demand of the labour market. Although this development is relevant and reflects a fact of life of the labour market, it will not be translated into differentiated rules for the category of working people without a starting qualification, reason being that for a working person in a sector with a sector starting level lower than WEB-2, from a macro-perspective schooling at WEB-2 level remains an important factor for the required employability outside of the (employee's own) sector as well. Working people with a sector starting level that is actually higher than WEB-2 can make use of the in-service training component within this activity.

Concentrating the application of ESF subsidy on low-skilled workers implies a focus on improving the qualifications of Dutch people of ethnic minorities and single parents



(generally women), because they are disproportionately represented in this segment of the working population.

#### *In-service training of employees with a secondary professional training*

At the level of secondary professional training, shortages can be seen in certain sectors of the labour market. To increase mobility and allow the level of training to match the increased requirements, ESF resources could also be applied for the purposes of schooling of employees to higher levels, up to a maximum of MBO-4 level (WEB-4 level, to stay within the same terminology). The necessary in-service training of current employees has an updraft effect on the lower end of the labour market. “Training up” to the next whole level is not a necessary precondition. Sub-certification is another possibility.

#### *Cross-sector training*

Finally, ESF resources will be used to promote cross-sector training. Although some improvement has recently begun to emerge, E&D sectoral funds must be further encouraged to boost employee mobility through a more active training policy. Often, the added value that a sectoral fund can have in supporting a cohesive employability policy from the existing organisation, structure and financial resources is never fully utilised. ESF resources can be drawn on with a particular view to promoting cross-sector or inter-sector mobility, with specifically emphasised added attention to promoting cooperation between funds from a variety of business sectors.

#### **Action E: Social innovation**

Total available amount over 7 years:	€ 41,500,137
Co-financing:	Applicants or participating labour organisations
Applicant:	Legal person maintaining a labour organisation
Target group:	Supervisors and employees within labour organisations

#### **Definition of social innovation:**

Social innovation is the modernisation of the labour organisation (by means of innovation in working methods, processes and labour relationships) and the maximum utilisation of competencies, with a focus on improving business performance and developing talent, with the goal of increasing labour productivity.

#### **Basic premises**

The government plays a facilitating role. ESF funding is applied towards creating implementation plans for social innovation. The implementation plans are drafted and tested in every participating labour organisation.

#### **Themes and activities**

The choice of themes and activities has drawn on the draft Social and Economic Council recommendations and the analysis of the Social Innovation Task Force of why social innovation in the Netherlands is still not getting off the ground as might be hoped for, and the described action points to eliminate problem areas for social innovation. The themes and activities will serve as a guide for those submitting projects.

In its final report, the Task Force presents different examples of successful activities, varying from simple initiatives such as a smarter break schedule or labour flexibility to productivity-increasing measures such as the introduction of profit-sharing as a rewards instrument and

other organisational changes.<sup>14</sup> Organisations that redesign their work processes work more productively. Profit-sharing also has a positive impact on productivity, as well as the influence of employees on business operations, especially when the employees (or some of them) are organised in trade unions. The latter shows that consultation between employers and employees on productivity is a meaningful activity. Flexibility is essential to the organisation of working processes. Flexible organisations are better equipped to move with changes. As such, social innovation in light of the traditional labour market also offers opportunities to link flexibility and security at the organisational level (from job security to employment security). Social innovation also requires room for individual employees to develop and to make the best possible use of their talents. Additionally, social innovation also calls for a culture in which a desire to excel is the norm, which appreciates initiative and in which there is no stigma attached to failure. Thus, there are positive effects on labour productivity to be expected from many of the activities falling under the monicker of social innovation. From this perspective, a meaningful step can be to support projects with the goal of promoting social innovation within companies via the ESF programme.

The action points described above are grouped into three themes for ESF Action E:

1. Working smarter: organising work processes and conditions more intelligently, so that a better result can be reached with the same input (people, resources and materials).
2. Creating more flexible labour organisations and better organising work.
3. New relationships in labour organisations (optimal utilisation of talents, task rotation, new consultation forms, etc.)

These themes are worked out in more detail in the ESF subsidy scheme.

The subsidy scheme explicitly names a number of activities that are not eligible for subsidy under Action E. The reason for this may be that these activities are already included in other ESF activities, other institutions already devote attention to them, the ESF system may be less appropriate for them or there is currently no need for government stimulation of these activities.

#### *Organisational structure*

For the social innovation activity, 75% of funding is ESF subsidy and 25% is co-financing. The assumption is that this funding will become available via subsidy applications. It is important that projects can be actually carried out in labour organisations. The reasons for this are:

1. to prevent “paper tigers” from getting subsidised.
2. without concrete performance in a company or sector, the spread of good practices will not happen.
3. without actual performance, the increase in labour productivity will not happen.

For these reasons, the intended projects include a test phase so the implementation plans for social innovation in the participating labour organisations can be tested.

#### ***Performance***

The SZW Agency will be the Managing authority for ESF 2007-2013. This means that the Agency (AG) will oversee the performance of ESF in the Netherlands. It is important to have external expertise support the AG in the evaluation of project proposals.

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<sup>14</sup> Here, see the example from the USA: Black and Lynch, “What’s driving the New Economy? The Benefits of Workplace Innovation.” FRBSF Working Paper 2003, 23 October 2003.

Requirements for the performance are that concrete products be delivered, that they be applicable in specified sectors and that they can be expected to increase labour productivity. The products must be distributable as good practice among other companies, either in or outside of the relevant sector.

### **3.4 Priority 4: technical assistance**

#### *Activity: implementation costs*

Total available amount over 7 years:	33,200,109
Co-financing:	SZW budget
Applicant:	n/a
Target group:	n/a

The priority technical assistance comprises implementation expenses, as well as expenses for the development and installation of monitoring systems, external evaluation and publicity. As stated in the financial table, the amount in question is 4% of the total amount received from the EC.

The technical assistance will primarily be used for defraying the costs of the Managing authority. Its primary tasks are broken down into two categories:

1. tasks relating to the allocation of subsidies to the applying institutions and the verification of proper performance by applying institutions and project implementers;
2. tasks in relation to the information supply to and support of the client/owner and European institutions relating to the performance of the ESF.

In addition, there are also a number of supporting activities in the area of personnel policy, setup of the workspaces, financial administration and the like. The costs of the audit and certifying authorities will also be paid from the technical assistance. **For the coverage of the activities in the area of transnationality as referred to in section 2.4, an indicative budget of €600,000 is set aside for the programme period.**

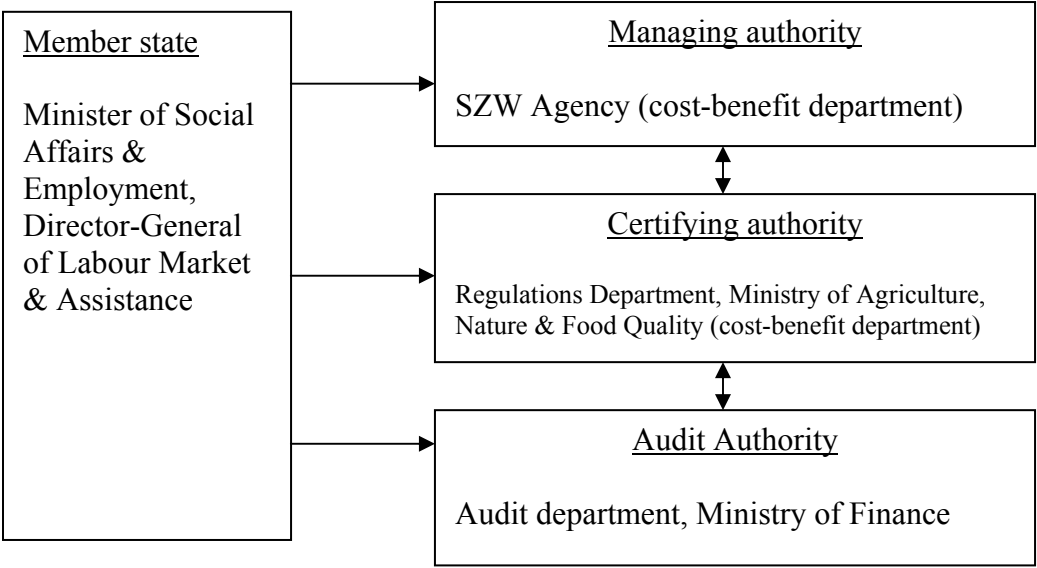
## 4. IMPLEMENTATION ORGANISATION

In the area of monitoring and administration of ESF, the cabinet is introducing a number of improvements over the previous period. The assumptions are:

- clear separation of functions/jobs
- more clarity in form of control
- increase of efficiency through better cooperation
- single audit

This has resulted in the following construction.

In the setup of the administration for the new structural fund period, according to the European regulation alongside the Managing authority two other, separate authorities must be distinguished. It is important to keep adequate separation between the three authorities that fulfil a function in each programme. For the new period (2007-2013), various different types of studies have been performed to examine how these authorities within the Netherlands can best be structured and whether there are grounds to make any changes from the previous period. An interdepartmental working group with representatives from the region has also considered this question.



### 4.1 Managing authority

The functions of the Managing authority correspond with Article 60 of EC Regulation 1083/2006. The Managing authority has the full responsibility for the acquisition of projects and the allocation of subsidies. The Managing authority is also responsible for the setup and proper functioning of a financial management system that will allow the Audit Authority and Certifying authority to perform their respective functions. The Managing authority is also responsible for the payments to the final beneficiaries. These requirements are further detailed in the regulation. For the ESF, the SZW Agency is designated as Managing authority. The SZW Agency performs this function on the instruction of the Director-General of Labour Market Policy and Assistance (DG AMB), who is mandated thereto by the Minister of Social Affairs & Employment.

For the release and transfer of the financial resources, the administrative organisation and financial administration within the Managing authority is set up so as to provide the resources to the applicants in a fair manner. There will be functional separation, an adequate registration of data and monitoring during the term of the project. Systems are set up to maximally support this working process. For the current programme period, the administrative organisation is described in the "Financial Management Concept" (FBC). This FBC will also be the basis for the responsibility delegation for the 2007-2013 period. The Managing authority does not expect to delegate any tasks.

The electronic obligation system "Bones" comprises a workflow application (ESF) and a document management system (DMS). Both are built in the application Filenet P8/BPF. Filenet P8 has been proclaimed as the standard within the Dutch government. Within the Member State, the Managing authority is in the vanguard of the implementation of applications developed within Filenet P8.

In the new period, applications will be received via an electronic application form (e-form). The information the applicant enters is automatically saved in the system after the application is sent. The data are then frozen, and cannot be modified in any way. Next, the system initiates a workflow. The application is evaluated from within this workflow. This process is based on the assumption of a separation of functions and/or roles. In the workflow, all steps of the subsidy process are recorded by project; this process guarantees the audit trail of the individual steps. "ESF Bones" is primarily oriented towards the management of the workflow. Using the powerful and flexible Crystal Reports reporting instrument, any data entered into the database can be retrieved at any time.

For the important steering and reporting information, standard reports are available in Crystal Reports.

The document management system within Bones provides the Managing authority with a professional system for logging and archiving all incoming and outgoing documents. Linking between ESF Bones and DMS Bones creates an electronic file in which all correspondence concerning a project is available electronically.

The bookkeeping, in which the actual payments made to the end recipients are conducted and registered, is done in Exact Globe for Windows. Exact Globe 2003 Enterprise is used for the administration funds. The obligations undertaken and payments made for each project are booked in the Exact project module. Wherever possible, this is done by means of a direct link with Bones. The balances and payments from the Exact project administration are coordinated with the data in Bones on a monthly basis.

The various systems and links between them are subjected to EDP audits by the Audit Authority, and to operational audits by the Internal Audit department and the in-house auditor of the SZW Agency, the Departmental Audit Service (DAD) of the Ministry of Social Affairs & Employment. As such, the electronic system meets the requirements set in Article 19 of EC Regulation 1828/2006.

## **4.2 Certifying authority**

In accordance with Article 61 of EC Regulation 1083/2006, the Certifying authority is a body designated by the member state with the function of certifying expense statements before they are submitted to the commission. This authority oversees the accuracy, completeness and legality of the expenses declared to the European Commission. The certification of the

Objective 2 programmes (EFRO and ESF) is placed with a single organisation: the National Regulations Agency of the Ministry of Agriculture, Nature Management & Food Quality (LNV). Setting the independent position of certifier apart from the organisation of the Managing authority that has evaluated the eligibility of the projects for subsidy creates a decidedly more rigid separation of functions than before. The EC called for this type of separation of functions in its best practice memorandum. This also creates a system in which the expense statements to the EC are evaluated in a uniform and verified manner. The Certifying authority is authorised to receive the payments disbursed by the Commission. After receiving these funds, the Certifying authority forwards them on to the account of the SWZ budget holder, immediately and unconditionally. The Certifying authority does not expect to delegate any tasks, but cannot rule this out.

### **4.3 Audit Authority**

The cabinet has adopted the initiative<sup>15</sup> for the introduction of a national declaration for the accounting of expenditures of EU funds under shared administration in the Netherlands (structural funds and agricultural funds). The premise for the national declaration is to provide accounting, on equal footing, of the spending of EU funds in the Netherlands in relation to the national budget. Both types of spending are, in the end, citizen's tax money. For this European funding, on the behalf of the cabinet the Minister of Finance will provide an annual accounting on the functioning of the financial systems in the Netherlands and the legitimacy of expenditures and contributions. This annual accounting is the national declaration.

Pursuant to Article 62 of the EC Regulation 1083/2006, the Audit Authority (AA) is a body designated by the member state, in any event independent of the Managing authority and Certifying authority (MA and CA), with the task of verification of the effective functioning of the management and audit system of the programme. The Ministry of Finance's Audit Department is officially appointed as Audit Authority for ESF. In the event of a capacity shortage, the Audit Authority will consider engaging external auditors or delegating audit tasks to external auditing firms on contract, but in that event the Audit authority remains unconditionally responsible for the activities performed by third parties.

In accordance with Article 71, paragraph 3, EC Regulation 1083/2006, the Audit Authority will issue a report and recommendations setting out the results of an evaluation of the setup of the systems and giving recommendations on the extent to which those systems conform to Articles 58 to 62 of the specified regulation.

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<sup>15</sup> 19 January 2006 letter from the cabinet on the EU trend report 2006, to the Netherlands Court of Audit.

## **4.4 Monitoring and evaluation**

### **4.4.1 Chapter overview**

The process of data collection is described in section 4.4.2. Via the data collection and via the monitoring, a quantitative data file is collected that also serves as input for evaluation purposes (see section 4.4.3) and which is also the basis for the annual report to the European Commission. The bulk of the data collection goes through the Central Bureau for Statistics CBS (linking at individual level via civil service number or national insurance number). Where this is not possible, information is requested from the projects. The goal is to keep the administrative burden on the projects to a minimum. Section 4.4.3 describes the evaluation that the Netherlands expects to conduct. The effort in the evaluation of the total ESF programme 2007-2013 is to try to establish, to the maximum extent possible, the effectiveness and impact of the programme. This will draw on existing data files (see also section 4.4.2 at data collection) to the maximum possible extent. Section 4.4.4 explains the indicators selected upon the commencement of the programme. The objectives to be reached are measured based on the OP-specific indicators. Finally, in section 4.4.5, the results of ex ante evaluation are reported. The ex-ante evaluation (to be conducted at the behest of the member state)<sup>16</sup> was conducted in the period of May 2006-September 2006.

### **4.4.2 Data collection**

Good data collection is an indispensable part of the monitoring described here. Data registration is required from a variety of perspectives:

1. Annex 23 of the implementing regulation describes the output data the member state must collect for monitoring purposes. This refers to the characteristics of participants such as gender, age, labour market situation, time frame of unemployment (long-term/short-term). These characteristics must be saved in an annual report to the EC, and be delivered to the EC electronically via the SFC system. This is explained further in section 4.4.2.1 below.
2. Based on Article 66, paragraph 2 of EC Regulation 1083/2006, the monitoring must be carried out based on the financial indicators and output and result indicators adopted in the OP. This is explained in detail in section 4.4.4.
3. In conjunction with 1 and 2, data will have to be obtained in order to make any judgments on the effectiveness and impact of the ESF. This is, in part, at the request of the Lower House of Parliament.
4. Finally, the data entry must be suitable for use towards compliance with the "categorisation" of projects. Based on the implementing regulation (Article 11 plus Annexes II, IIa and IIb), projects must be classified into categories on the basis of which the EC intends to deliver more substantive information to the European Parliament. Part of the process of each year involves projects being indexed by project type, i.e., projects for independent enterprise, projects relating to improvement of women's access to the labour market, etc. The member state must also indicate the desired amount of expenditures, indexed by type of project. In view of the link to the financial flows, this is a completely different level from the data collection described under 1.

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<sup>16</sup> Regulation (EC) 1083/2006, Article 48, paragraph 2

#### **4.4.2.1 Intended process for collection of the participant demographics**

Annex 23 of the implementing regulation describes the output data the member state must collect from a monitoring perspective. The data in question concerns the characteristics of the participants in ESF projects. These characteristics will be included as part of an annual report to the EC. Along with the report to the EC, the data must also be used for internal monitoring and evaluation of the Netherlands (see also 4.4.3).

The intention is to relieve the project applicants from as much of the collection of participant demographics required for the annual generation of the aggregate data reports as possible. Consequently, the intention is to have this data collection conducted largely by the Central Bureau for Statistics (CBS). To generate data in answer to policy questions, the CBS can link to a wide range of databases, such as:

- The Municipal Personal Records Database (various demographic data such as gender, age, city of residence);
- Benefit files for the Unemployment Insurance Act and the government benefits system, and the job seeker files of the Centre for Work and Income (e.g. in relation to duration of period of unemployment);
- Policyholder administration/policy administration (various data on working people via UWV in relation to employee insurance premiums);
- Files of education records (data on students).

Using these databases offers significant advantages, because these are databases that can give a good cross-section of all residents of the Netherlands on a range of aspects.

At the time of drafting of the OP, a pilot is being conducted with the CBS to gain experience with generating aggregate participant data via the CBS. This is the first time that this system is being used to collect the participant data in ESF. Further experience is to be gained in 2008.

The intention is to collect the participant data required by Annex 23 as follows:

*Step 1: supply of national insurance numbers/civilian service numbers and other data of the participants via the applicants*

At the end of the calendar year each project applicant supplies the civilian service numbers or, if no civilian service number is available, the tax and social insurance numbers, of all participants who have participated in the applicant's projects in the year in question, to the SZW Agency. The Agency will provide the applicants with an electronic format for this submission. Additionally, the project applicants will also have to supply, in the same electronic format, the educational level of the participants upon start of participation in the project. For the purposes of uniformity, this will be pre-coded. The agency collects the formats by action/sub-action and delivers the electronic files for all projects to the CBS.

*Step 2: CBS generates participant data*

For each action the CBS generates the participant demographics by looking up the national insurance numbers/civilian service numbers in the various databases. In order to be able to also use the aggregate data for evaluation purposes, a breakdown by action/sub-action will also be maintained. This breakdown can be further broken down by priority level: priority 1



(increase labour supply) = Action A; priority 2 (promoting inclusion on the labour market of disadvantaged) = Actions B and C; priority 3 (increase adaptability and invest in human capital) = Action D and E.

*Step 3: The Agency sends the aggregated participant data to the EC*

The CBS supplies the aggregate data for Annex 23 ready to be entered by the Agency into the SFC system for forwarding to the EC. Data and documentation for evaluations and reporting to the European Commission, as set out in Article 40 of Regulation 1828/2006, will be entered by the MA via the web application of the computer system provided by the EC for the purpose, SFC2007. Exchange of data will use the electronic signature, as prescribed in regulation 1999/93EC. The data entered into the SFC system will be drawn directly from the electronic obligation system wherever possible.

### **Definitions used**

For the collection of the participant data, the following definitions will be used:

#### Working population, Dutch definition

For information relating to the labour market, the Netherlands assumes the population aged 15-64 (inclusive), sometimes also referred to as the "potential working population."

The potential working population consists of:

- Employed working population (employed persons)

Working people with a work week of at least 1 hour: Working people can be broken down between the self-employed and employees.

#### Self-employed

Persons who earn an income by performing work on their own account or at their own risk, in their own company or in an independently practiced profession, or by working in the business of a family member.<sup>17</sup>

#### Unemployed working population (unemployed)

Here we follow the definition used in the framework of the Dutch monitoring "Sound Approach". The first thing looked at is whether or not the person receives an unemployment benefit, and the second is whether the person is registered with the CWI as a non-working job seeker (NWW).

The target group sound approach consists of all persons with an unemployment benefit or a government benefit (periodic general assistance or IOAW/IOAZ (see Annex 3)) and persons without benefit entitlement (NUGs) or ANWers<sup>18</sup> registered with the CWI as non-working job seekers, but excluding the occupationally disabled.

#### Long-term job seekers

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<sup>17</sup> Family members working in a business are counted as self-employed unless working under an explicit employment contract.

<sup>18</sup> Persons with a benefit under the ANW, the *Algemene Nabestaandenwet* (General Surviving Relatives Act).

"Long-term" is defined as a period of 12 months. For young people<sup>19</sup> a period of 6 months applies. For the purposes of the monitoring "sound approach", the "period of unemployment" is measured on the period of registration, that is, the period that persons from the sound approach target group are registered uninterruptedly as on unemployment, benefit-entitled or as a NUG/ANWer.

- Inactive (non-working population)

Other persons aged 15-64 not belonging to the working population. The participants of Action C (students of the practical schools and secondary special schools) are counted as the sub-group "inactives of which in education and training".

#### Educational level

The Dutch educational levels will be translated into the ISCED levels as closely as possible. The level considered will be the highest level completed upon start of the project.

#### Ethnic minorities and migrants

The Netherlands distinguishes between *autochtonen* and *allochtonen*. *Autochtonen* are persons both of whose parents were born in the Netherlands. *Allochtonen* are persons one or both of whose parents were born abroad.

In the Netherlands, the target group of ethnic minorities is defined as the non-western *allochtonen*, that is, persons with one or both parents born in Africa, Latin America, Asia (excluding Indonesia and Japan<sup>20</sup>) or Turkey.

In regard to the term "migrant", a further distinction may be made within the total ethnic (*allochtone*) population (including western ethnic groups) by generation. First-generation *allochtonen* are considered "migrants". **First-generation migrants (*allochtonen*)** are grouped by their own countries of birth. Second-generation *allochtonen* are grouped by the country of birth of the mother, unless the mother's country of birth is the Netherlands, in which case they are grouped by the father's country of birth. Within second-generation *allochtonen*, a further distinction can be made between people with one and with two foreign-born parents.

#### Occupationally disabled

Persons with an occupational disability are not assisted under the "sound approach" in the Dutch reintegration policy, but (up to 2005) by the Act on the Reintegration of Labour Handicapped Persons in Employment (REA). Since the REA was revoked (as of 29 December 2005), excepting transitional rights of persons with a disability benefit (WAO, WAZ, WAJONG), the term "occupationally disabled" is no longer used, in favour of "partially occupationally abled." Under the new Work and Income according to Labour Capacity Act (WIA), persons who are less than 35% occupationally disabled do not receive a WIA benefit but are, to the extent possible, treated as normal unemployed. If such a person has no work with the employer from which they have ceased working, they are eligible for a no-risk policy upon entering the employment with an employer within five years after the end of the qualifying period.

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<sup>19</sup> In the Netherlands, for the purposes of reintegration policy "young persons" are defined as persons aged 15-22 (15 to 23 years of age).

<sup>20</sup> *Allochtonen* of Indonesian or Japanese extraction are defined as Western *allochtonen* by virtue of their socio-economic/socio-cultural position. Most are either people born in the former Dutch East Indies or employees of Japanese companies and their families.

#### 4.4.3 Monitoring and evaluation

Throughout the entire programme period, the Netherlands will monitor the programme in terms of achieving the set goals (for example, the number of projects applied for and granted, participant numbers) and the utilisation of the budget (per Action). The Agency will report the results of the monitoring to the client<sup>21</sup> on a monthly basis and to the Monitoring Committee at periodic intervals. Insofar as data on output and results from the projects are available, they will be included in the reports to the client and Monitoring Committee. Nonetheless, the data from the final reports are required for a more complete picture. Progress will be discussed within the Monitoring Committee. The Monitoring Committee may recommend that an evaluation be conducted. In that event, the client will decide whether or not to conduct an evaluation. The Agency may also make its own proposal for an evaluation. In that case the Agency will conduct the evaluation itself or instruct that an evaluation be conducted.

If this supervision of the programme reveals substantial deviation from the originally set goals, or if proposals for revising the Operational Programme are made, the Netherlands may therefore decide to conduct "ongoing" evaluations of specific areas. The idea is that any such evaluations or any mid-term evaluation not be conducted before 2010 (since before then there will be insufficient information to determine whether this is necessary; only after two full years of performance will there be enough information to evaluate). If the monitoring reveals that an evaluation of a specific subject area (for example, the new elements such as social innovation or the performance of gender mainstreaming) is desired earlier, a decision may be made to conduct such an evaluation.

In summary, throughout the entire programme period 2007-2013 there will be a number of evaluation moments that will be performed by or at the behest of the managing authority:

- (1) Ongoing (to be performed at the instruction of the member state)<sup>22</sup>. Only required upon major changes to the OP, such as changes in the objectives or modifications to the financial table. Note that the EC reserves the right to conduct such ongoing evaluations itself if it observes significant divergence from the originally set goals.
- (2) Evaluation on transparency and effect of communication measures (to be performed at the instruction of the member state)<sup>23</sup>.
- (3) *Ex post* evaluation (to be performed at the instruction of the EC)<sup>24</sup>. Must be complete as of 31 December 2015. The EC will collaborate with the member state on this.

Examples of specific subjects that may be raised in an ongoing evaluation are:

- Progress in gender mainstreaming. Article 6 of the ESF Regulation stipulates that gender equality and equal opportunity will be promoted by ESF. There must also be incentives for balanced participation of women and men in the administration and performance of the OP. The Netherlands has chosen to promote the participation of women by setting requirements on projects in sectors with fewer working women. Projects in sectors with a low (less than 50%) rate of female employees must have a disproportionately high participation rate of women; this

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<sup>21</sup> For the ESF, the SZW Agency is designated as managing authority. The SZW Agency performs this function on the instruction of the Director-General of Labour Market Policy and Assistance (DG AMB), who is mandated thereto by the Minister of Social Affairs & Employment. Thus, the DG AMB is client of the SZW Agency.

<sup>22</sup> Regulation (EC) 1083/2006, Article 48, paragraph 3

<sup>23</sup> Implementing regulation, Article 2, paragraph 2(e)

<sup>24</sup> Regulation (EC) 1083/2006, Article 49, paragraph 3

rule may only be departed from in exceptional circumstances. The degree to which the target rate of female participants is met in projects subject to the gender requirement will be monitored. Broadly, the evaluation asks the questions: is the instrument working, and what are the effects of the instrument?

- Progress in trans-nationality. Evaluation question: what results have been achieved? The results of the ongoing evaluation will be used to review whether the selected themes for cooperation and the form of cooperation (see trans-nationality) are having the desired effect. If necessary, the focus (thematic or structural) can be adjusted.
- The ranking methodology and correction reduction.<sup>25</sup> Evaluation question: how well has this method worked?
- Social Innovation. Article 7 of the ESF Regulation stipulates that special attention will be devoted to the promotion and integration of innovative activities. The social innovation measure provides for this. Given the content aspect of this measure, and because this measure differs from the other measures, a specific evaluation action at the project level would appear to be required. Evaluation questions could be: how many companies have been reached and how many implementation plans have been drafted, and how many actually implemented?
- Evaluation in relation to change of the financial table. To be determined.
- Evaluation in relation to specific informative questions from Lower House of Parliament, etc. To be determined.

#### **4.4.4 Indicators**

The indicators follow those of the 2000-2006 period, so as to allow comparisons with the evaluation of that period.

The indicators are determined for each Action individually.

An explanation of the most significant indicators is given in Annex 2, and these indicators will be used as a starting point for the monitoring and evaluation of the ESF programme 2007-2013 (file comparison or qualitative evaluation). A good deal of information for this will be available from the final reports submitted by the project applicants (the accounting information the project applicants must submit). This refers primarily to information on the project results.

It should be noted in this regard that projects in the individual actions may start on different dates, and that even though projects have a maximum duration of one year, they may run over two calendar years. Consequently, it may be more sensible to base assessment of results and impact on cumulative data.

#### *Baseline data*

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<sup>25</sup> In the application phase for Action D, if the resources applied for exceed the available resources, the applications are ranked according to a ranking methodology. If projects in the final report phase differ significantly in terms of demographics of the actual participants or in terms of type of project activities relevant to the ranking, then a correction reduction will be applied against the final report. The ranking methodology is further detailed in Annex 2 of the ESF 2007-2013 Subsidy Scheme.

The ex-ante evaluation ESF 2007-2013 shows that baseline data from the programme period ESF 2000-2006 is not available for all five Actions (due to the new/specific nature). In addition, the following supplemental comments must be made. Firstly, in the new programme period, after the release of the ex-ante evaluation, Action A was ultimately structured differently in response to two motions in the Lower House of Parliament. Secondly, as compared to the previous programme period Actions A and D are now focused on vulnerable target groups. Thirdly, in the new period the project term is shorter than in the previous period, which allowed for multi-year projects.

The production of an estimate of the dropout rate involved an examination in Action A of the final reports from 2004 for measure A (ESF 2000-2006), in which applicants were asked to indicate the drop-out rate. The resulting picture was a mixed bag.<sup>26</sup> Based on this picture, it was decided to estimate the drop-out rate in Action A at approximately 25% for the new period. Making an estimate remains difficult, however, in view of the fact that here again, the target group is farther removed from the labour market than in the previous programme period.

The estimate for the drop-out rate in Action B is based on a statement from the Ministry of Justice on the projects in the programme period 2002-2006 (the figures for 2006 are preliminary figures).<sup>27</sup> Based on figures from the previous programme period, it was decided to estimate the drop-out rate in Action B at approximately 20% for the new period.

For Action C, the estimate of the drop-out percentage was based on a statement on the projects of the 2000-2006 programme period given on behalf of the Ministry of Education, Culture & Science.<sup>28</sup> Based on this statement, it was decided to estimate the drop-out rate in Action C at approximately 6% for the new period.

The final evaluation of ESF 2000-2006 includes the statement that based on interviews with project applicants, the estimated drop-out percentage in the projects was 5-10%.<sup>29</sup> The estimate of 5-10% from the final evaluation is based on data from Measure C (Education for working people), and as such is usable for the 2007-2013 period for estimating the drop-out rate for Action D.<sup>30</sup> In consideration of the more vulnerable target group in the new ESF period, it would be realistic to expect the actual drop-out rate to be higher than 5-10%.

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<sup>26</sup> Only a third of the final reports were available for this, and the drop-out rate differed considerably from project to project. Many projects had a drop-out rate of 0%. At the other extreme, there were projects with very high drop-out rates, up to 77.3%. If in the course of the programme, a better picture of the drop-out rate in the 2000-2006 period arises (if, for example, all final reports are received), this may constitute grounds to adjust the quantitative objective on this point.

<sup>27</sup> The drop-out rate for Action B is based on the percentage of participants that do not complete the programme components planned for the participant.

<sup>28</sup> The drop-out rate for action C was calculated by as precise an approximation as possible of the participants at intake set off against the participants at completion. For the cluster period 2005-2007, the participants achieved are based on cluster interim reports and not on the final report, because the latter is not yet available at the time of writing the OP.

<sup>29</sup> ESF 3 Final evaluation, Regioplan, December 2005, page 111.

<sup>30</sup> Note that the estimated drop-out rate of 5-10% is based on a very small sampling.

The intended mid-term evaluation of ongoing evaluations may be grounds to adjust the quantitative objectives.

#### 4.4.4.1 Coverage ratios

Coverage ratios were selected as a means of further revealing the quantified ESF objectives to be achieved. In most cases, this is an estimate of the results of the activities set against the total target group of these activities.

		Goal to be achieved:
Action A	Percentage of participants in ESF Action A projects in relation to the total number of projects initiated for the Action A target groups annually	30%
Action B	Percentage of ESF projects in detention population eligible for a labour market programme	23%
Action C	Percentage of ESF projects in output of practical education/secondary special education	11.5%
Action D	Increased attention of E&D funds for participants without starting qualification, percentage of participants obtaining a starting qualification against total percentage of participants.	26%

No coverage ratio is identified for Action E, for the reason that the concept here is new, and so the effect is difficult to predict. There has been very little research conducted in this area, and the research that there has been has not looked into effects. As stated above, qualitative research will be conducted into social innovation.

The ex-ante evaluation ESF 2007-2013 will detail the coverage ratio/the structure of the coverage ratio for each action, and also explain the underlying figures. See part 5.3 of the ex-ante evaluation.

#### 4.4.5 Results of ex-ante evaluation

The research agency Research for Policy was engaged to conduct the ex-ante evaluation, which that agency is doing in collaboration with research agency EIM. The research assignment was carried out between May and November 2006. The supervisory committee met five times in that period. In August, the reviewers issued an initial written response to the then-draft OP. SZW responded to that document in writing. Subsequent exchanges on the OP took place face-to-face. The total ex-ante report was completed in 2006 and is available from the ESM department.

In summary:

- The evaluators endorse the content of the SWOT analysis. They indicate that it reflects the dominant themes in the current Dutch labour market. They also indicate that more attention could be given to future developments in the areas of the aging society and the social divide. For more information, see the ex-ante report.

- The ex-ante evaluators feel that the strategy (taking into account a shrinking budget) is a good fit with the premises for the structural funds. The measures are largely things that contribute to the realisation of the Lisbon strategy. For more information, see the ex-ante report.

In short: it can be deduced from the ex-ante report that in the opinion of the reviewers, the OP ESF for 2007-2013, on the basis of a correct labour market analysis and a strategy following on from and supplementing the national policy, offers five measures that will contribute to achieving the Lisbon goals and the further improvement of the effect of the Dutch labour market.

### ***Chapter 1: The Dutch Labour Market***

The ex-ante evaluators endorse the content of the SWOT analysis. It gives a good indication of the dominant themes in the current Dutch labour market. It does this by analysing the central themes of aging, the knowledge economy and the specific problems with the low educational level of ethnic minorities, and globalisation. The evaluators do believe that the future developments to be expected in the areas of the aging society and the social divide could be addressed in more detail. This might have led to the conclusion that with an unchanged policy, the aging of society will not only lead to a shortage of labour but may also have consequences within employment organisations. The selected strategy of increasing labour participation, educating working people and social innovation is otherwise a very good response to these potential consequences of an aging society. Another prediction is that the shortages caused by the aging society, the strong economy and the traditionally better work opportunities of second and third-generation ethnic Dutch will reduce unemployment among these target groups. Experts emphasise, however, that it would be prudent to develop a policy for low-skilled ethnic Dutch and new immigrants. The programme's strategy is a good approach. Additionally, some institutions, such as the CPB, estimate the consequences of globalisation as less serious than depicted in this labour market analysis. But the challenges surrounding the development of the knowledge economy do need to be taken up. This will also be followed up in the strategy and measures of the programme.

The educational component of regional differences could have had a more prominent place in the analysis. Firstly, the educational level of the labour force differs markedly (ranging from the extremes of 11% with higher education in Emmen, and 51% in Utrecht). Secondly, the expected demographic and economic developments will create significant differences between the regions in the shortages of personnel with certain educational backgrounds. This is particularly true in the sectors technology, care and skilled specialists. These differences are, incidentally, covered if the projects within the relevant measures in the programme specifically focus on these educational differences and deficiencies. Finally, one unmentioned weak point in the Dutch labour market is the very low inter-sector mobility. Here, too, the programme can contribute to remedying this through the education and training of working people.

### ***Chapter 2: Strategy***

The ex-ante evaluators endorse the importance of a concentrated detailing of the strategy (in the face of a shrinking budget), geared towards addressing the gaps in the current policy. The resources will be applied at the points of greatest weaknesses of the labour market and where the Dutch government is not focusing its efforts in national measures:

- For target groups that are at risk of falling victim to the social divide on the labour market, including unemployed persons of certain groups, detainees/ex-detainees and students in practical education and secondary special education,
- For groups of working people the education level of whom leaves the most to be desired, and who as such are making the least contribution to the development of the knowledge economy,
- And in innovations in the HRM toolkit, which fails to meet the needs of many labour organisations in addressing knowledge economy and issues of an aging society; through social innovation.

The vast majority of the measures will be measures that contribute to the achievement of the Lisbon strategy.

The evaluators do wish to point out that (within the philosophy of the current programme) in the choice and performance of the projects, care must be taken to ensure that the measures genuinely reach those who are farthest removed from the labour market/have the biggest problems maintaining their positions on the labour market. In a labour market unable to meet its own demand, job-seekers or working people with some education and competencies will find a job or receive the required training from their employees without ESF intervention.

Finally, what is also lacking is a brief section on the relationship of the ESF strategy of the Objective 2 programme with the EFRO strategy from that same programme. Having said that, it does appear to be difficult to effectively report on that relationship in view of the content of both programmes.

### ***Chapter 3: Priorities and actions***

It has already been noted above that priorities and actions are a good fit with the strategy of engaging ESF principally for target groups less easy to reach under current economic policy and for a number of measures geared towards the knowledge economy that can reinforce the activities of companies and sectors in this regard.

The following commentary can be given on the individual actions:

- A. The application of extra resources for groups who are reached less by the current reintegration tools is (at its proposed level) a good thing. Giving CWI a leading role avoids first waiting for a period of six months before reintegration can happen. Furthermore, with CWI the activities can be better oriented towards the demand side of the labour market. The ex-ante evaluators do, however, note that the regulations require further elaboration in the area of specifying the difference between the national reintegration tools of municipalities and of the UWV. The following can also be noted in regard to Action A. The ex-ante was performed on the OP as submitted to the Lower House on 29 September 2006. Action A was ultimately structured differently as a result of political decision-making.
- B. The ex-ante evaluators are able to endorse the argumentation for an independent action for detainees (adult/juvenile). They do, however, point out that extremely little is known about the effectiveness of such measures on both reduction of recidivism and intake on the labour market. Perhaps evaluation of the projects of the ESF programme for 2000-2006 devoted towards this target group can offer still other footholds for further elaborating the system.
- C. The activities that make up part of the action focused on improvement of the accession to the labour market and/or the advancement into further training of students from practical and secondary special education also fill a gap in the current educational and labour market policy. The ex-ante evaluators do point out the importance of follow-up/a careful transfer of these students to institutions involved in further training of these students. The



long waiting list in sheltered employment (where channelling to such employment is required) and the inadequacy of opportunities for specialised supervision at the ROCs (where channelling to further training is necessary) can negatively affect the long-term impact of this action.

- D. This action is a continuation of a measure from the 2000-2006 programme. In the opinion of the ex-ante evaluators, further training and retraining is even more urgent than in the previous period; this both in view of the aging of society and the development of the knowledge economy as threats for certain sectors through internationalisation. The stronger emphasis on inter-sector mobility can lead to the resources going to older employees as compared to the previous ESF period, requiring a career switch within the present company.
- E. The ex-ante evaluators underscore the analysis that leads to the choice of application towards a (relatively small) number of example projects for social innovation. Because no education is financed within the context of this scheme, it is necessary to ensure that recipients can also participate in Action D.
- F. The evaluation of Action F is linked to that of the ESF implementing organisation (see below).

#### ***Chapter 4: Implementing organisation***

In the opinion of the ex-ante evaluators, the new structure of the implementing organisation will lead to a considerable improvement in the separation of responsibilities. But the short time frame until the actual start of implementation does put some pressure on the organisations in its implementation, and all due priority must be given to this in the coming six months.

Partly because most actions (certainly B, C and D, while Action A exhibits significant correspondences in form with measures A and B from the preceding programme; only Action E is new) are a continuation of activities under the previous programme, the ex-ante evaluators recognise that an extensive ongoing evaluation is not required. Without even going into other reasons, this is clear even if just looking from the perspective of minimising the administrative burden for the organisations in question.

In the area of monitoring, the use of the civilian service number can make a considerable difference in the administrative burden on recipients, implementers and participants.

Consequently, the ex-ante evaluators endorse the importance of the use of the civilian service number to allow use of the data linked to it. Next, some further effort will be required to determine what CBS data will be necessary and how it can be supplied.

The set of indicators for monitoring and evaluation came about in part at the proposal of the ex-ante evaluators. The selected set of indicators is the most practical alternative. This generates the most documented information possible on the progress and results of the projects, without overburdening the projects with record-keeping obligations. Use of administrative registers in the Social-Statistical Database, flanked by the record-keeping from the projects and incidental surveys, will produce a good picture of the effects of the programme.

The communication section meets the requirements of the European Commission. The practical implementation of the communications activities, particularly in relation to the Action on social innovation, may provide an opportunity to build on the knowledge gained in the dissemination and mainstreaming of the EQUAL programme.

## 4.5 ESF2 Monitoring Committee

In the 2000-2006 period, it was decided to change the name of the Supervisory Committee to the “Monitoring Committee” in order to express both policy-oriented activities and the supervisory monitoring in relation to the ESF. Because the same role for the Committee is being proposed for the 2007-2013 period, the name “Monitoring Committee” remains in force. The tasks of the Committee are set out in Regulation (EC) 1083/2006, Article 65.

The regulation determines that the Committee is chaired by the member state or the Managing authority. The decision was made to have the ESF2 Monitoring Committee chaired by the **member state**, in the case, the Labour Market director. The Monitoring Committee is established by resolution of the State Secretary for Social Affairs & Employment. The definitive composition of the Committee is set out in that resolution. For the new period, this committee consists of representatives of the Ministry of the Interior, the employer organisations the Confederation of Netherlands Industry and Employers and the Dutch Federation of Small & Medium-Sized Enterprises, employee organisations the Dutch Trade Union Federation, the National Federation of Christian Trade Unions, the National Practical Education Working Association, the VNG, the European Commission and the SZW Agency. The Committee is chaired by the Ministry of Social Affairs & Employment's Labour Market Director.

## 4.6 Communications

According to Article 69 of council regulation 1083/2006 on the structural funds, the member states bear responsibility for information and publicity for the activities conducted under the structural funds' programmes.

### *General premises for communication*

- The object of the national publicity measures must be to
  1. inform the potential recipients of the possibilities and conditions of the ESF, so they are better prepared to take action;
  2. make the public and recipients more aware of the role of ESF;
  3. make the public and recipients more aware of the role of the European Union and make assistance provided from European funding more transparent;
- The core message must come across. For ESF, that message is “jobs and more opportunities for all” through
  - promoting adaptability of personnel, entrepreneurs and companies,
  - increasing the options for achieving a sustainable position on the labour market, especially for job-seekers and the inactive, to combat long-term and youth unemployment and promote labour market participation for all, including the elderly
  - promote social inclusion of people at a disadvantage, and fight discrimination in the labour market
  - invest in human capital
  - reinforce partnerships between governments, social partners and other organisations in the area of employment/labour market

In regard to the communication, the Managing authority will adhere to the requirements as set out in the implementation regulation (Chapter 2, section: Information and communication). This concerns the physical visibility of the ESF, such as the placement of placards and flying of the European flag.

- The Monitoring Committee must play a key role in ensuring the quality and the effectiveness of the information activities undertaken.
- The various information instruments must meet the detailed rules for the visibility of the European Union.
- The Committee provides technical support and expertise to the national governments and facilitates the exchange of know-how, specifically via networking;
- The Member States are required to report at regular intervals; At the start of the new plan period, a meeting will be held to present and introduce the programme. At that time, press coverage of the programme will also be called for.

#### *From OP to communication plan*

A communication plan is drafted after the Operational Programme becomes definitive.

The communication plan includes an explanation of the intended strategy, it describes the implementation measures per target group and the budgets and evaluation indicators are outlined and documented in this plan. The communication plan proposes a mix of tools per target group.

Main objectives of the communications policy:

- inform recipients/potential recipients of the options offered by ESF and provide them with current information on the proper conduct of EFS;
- inspire/motivate recipients/potential recipients to make use of ESF funding;
- try to stay more in touch with current events and place ESF in a broader perspective;
- more attention to the role of the European Union (this includes project participants);
- more attention to project results;
- increase transparency of assistance provided from European funding.

The following actors are relevant to the communication:

- recipients/potential recipients;
- implementers;
- project participants;
- auditors, depending on the decision-making in this area;
- public stage (press, pols, public)
- EC, SZW;
- Intermediaries/interest groups.

In the communication to target groups, emphases may shift, partly based on things like the phase in the subsidy process. As such, prior to the application process, recipients/potential recipients are actively informed on objectives, options and conditions of the ESF subsidy. During the subsidy process, the information is primarily directed towards the support of the subsidy process and guidance of recipients (by adequately informing them of conditions and changes). In the after-process, the emphasis of the information is primarily on the content and results of projects by actively announcing or otherwise communicating them.

#### *Documentation*

The communication plan is submitted for the approval of the Committee.

The Monitoring Committee is informed of the progress on the performance of the communication plan with the corresponding examples of information products. In the annual

reports and the final report on the progress of the programme implementation, examples of communications activities will be included.

## 5. FINANCIAL OVERVIEW

On 4 August 2006, by decision C(2006)3472 of the European Commission, the indicative allocations of the commitment appropriations over the member for the objective "Regional competitiveness and employment" for the period 2007-2013 were established. In the context of the objective "regional competitiveness and employment," the Netherlands was allocated credits in the amount of EUR 1,472,879,499 (prices 2004).

The cabinet resolved to distribute this amount between EFRO and ESF 50/50. Consequently, a total of EUR 736,439,749.50 is available for ESF2. The above-referenced decision also determines that the appropriations are distributed equally over the years 2007-2013. For ESF2, this means an annual budget of 105,205,678.50 euro. The tables below are drafted in running year prices, and as such list higher amounts (total amount of 1,660,002,737 euro).

### Financial plan with the annual commitments of each fund in the OP ESF 2

Amounts in euro, running year prices

	Structural funds (EFRO or ESF) -1	Cohesion funds -2	Total (3) = (1)+(2)
<b>2007</b>			
In regions without transitional assistance	111,690,215		111,690,215
In regions with transitional assistance			
Total 2007	111,690,215		111,690,215
<b>2008</b>			
In regions without transitional assistance	113,856,020		113,856,020
In regions with transitional assistance			
Total 2008	113,856,020		113,856,020
<b>2009</b>			
In regions without transitional assistance	116,111,140		116,111,140
In regions with transitional assistance			
Total 2009	116,111,140		116,111,140
<b>2010</b>			
In regions without transitional assistance	11,457,363		118,457,363
In regions with transitional assistance			
Total 2010	118,457,363		118,457,363
<b>2011</b>			
In regions without transitional assistance	120,896,510		120,896,510
In regions with transitional assistance			
Total 2011	120,896,510		120,896,510
<b>2012</b>			
In regions without transitional assistance	123,230,440		123,230,440

In regions with transitional assistance			
Total 2012	123,230,440		123,230,440
<b>2013</b>			
In regions without transitional assistance	125,761,049		125,761,049
In regions with transitional assistance			
<b>Total 2013</b>	125,761,049		125,761,049
<b>Total in regions without transitional assistance (2007-2013)</b>	830,002,737		830,002,737
<b>Total in regions with transitional assistance (2007-2013)</b>			
<b>Total 2007 -2013</b>	830,002,737		830,002,737

Below, the financial plan for ESF2 is divided into three priorities plus a priority for technical assistance. The ESF contribution is calculated in all priorities on the basis of the total of all public and private expenditures eligible for subsidy (in accordance with EC regulation 1083/2006, Art. 53, paragraph 1 (a)). The main rule is that the percentage of co-financing from ESF resources can total a maximum of 40%. The reason for the decrease in the co-financing percentage as compared to the period 2000-2006 is that an effort is being made to keep ESF as widely available as possible. Now, a greater penetration can be achieved with a smaller ESF budget. There are two exceptions to this main rule: eligible activities focused on social innovation (Activity E) and Technical Assistance (priority 4). Because of the greater risk that goes along with innovative projects, for social innovation the ESF contribution is set at a maximum of 75% of the total costs. The priority technical assistance has a co-financing percentage of 50%.

Both priorities will be co-financed in large part from private resources of cooperatives of employers and personnel.

<b>Financial plan for the OP ESF2 for the entire programme period, subdivided by priorities</b>						
(running year prices)	Community Funding	National counterpart	Indicative breakdown of the national counterpart		Total funding (e) = (a)+(b)	Co-financing rate (f) = (a)/(e)
	(a)	(b) (= (c) + (d))	National Public funding	National private funding		
			(c)	(d)		
Increase labour supply (based on total costs, public and private)	199,200,657	298,800,986	298,800,986	0	498,001,643	0.40
Promote inclusion on labour market (based on total costs, public and private)	182,600,602	273,900,903	273,900,903	0	456,501,505	0.40
Increase adaptability and investing in human capital (based on total costs, public and private)	415,001,369	574,085,228	62,942,719	511,142,509	989,086,597	0.42
Technical Assistance (based on total costs, public and private)	33,200,109	33,200,109	33,200,109	0	66,400,218	0.50
<b>Total</b>	830,002,737	1,179,987,226	668,844,717	511,142,509	2,009,989,963	0.41

## 6. EU PROCEDURE

Since early 2006, there have been regular official meetings between the Ministry of Social Affairs & Employment and the European Commission's Directorate-General of Employment. In those meetings, the (draft) European regulations and instructions for the new ESF programme were coordinated with (proposed) steps and decisions for the structuring of the Dutch programme. Additionally, the Directorate-General of Employment has given commentary on several draft chapters of the OP ESF.

At the beginning of September 2006, the complete draft Operational Programme ESF 2007-2013 was submitted to the Directorate-General of Employment for official commentary. In that same month, meetings were held at the Directorate-General level between the EC and the departments of the ministries of Social Affairs & Employment and Economic Affairs. Thereafter, the OP (or excerpts from it) were formally discussed with the Commission.

On 29 September 2006, the draft Operational Programme was submitted for discussion purposes to the Lower House of the States General (that is, to parliament). On 18 October 2006, the OP in its entirety was discussed with parliament. In general, the parliament was behind the new programme, with one exception: the exclusion of direct application by municipalities. In response to two motions on this point and a new debate, the state secretary of Social Affairs & Employment conceded to parliament's wishes and Action A was opened to applications by all municipalities. The letter to this effect was delivered to parliament on 19 December 2006. The draft OP was offered to the EC on 22 January via the SFC system. At the end of January, the parliament took note of the letter of 19 December 2006. The EC was informed.

On 16 March 2007, the EC responded in writing to the OP and went over the commentary orally in a meeting of 29 March 2007. A new series of official meetings on the OP modified and adjusted based on the commentary of the EC, including reformulation of Action A in response to the 19 December letter 2006 to Parliament were held as of mid-April.

Parallel to the content development of the ESF Operational Programme, under the leadership of the Ministry of Economic Affairs, the National Strategic Frame of Reference for Structural Funds 2007-2013 (NSR) was being completed. A number of discussions were also held with the EC in this context. In July 2006, the EC sent a response to the draft NSR. After consultation with the Lower House of Parliament, the draft OP ESF could only be submitted to the European Commission at the same time as or after submission of the NSR. The NSR was submitted for approval to the EC at the beginning of December 2006.

## Annex 1

### Indicative breakdown by category of the programmed use of the contributions from the funds based on Article 37, paragraph d, of council regulation no. 1083/2006

Table 1 Code	CODES FOR THE PRIORITY THEME DIMENSION Priority theme	ESF
	<b>Research and technological development (R&amp;TD), innovation and entrepreneurship</b>	
1	R&TD activities in research centres	
2	R&TD infrastructure	
3	Technology transfer	
4	Assistance to R&TD, particularly in SMEs	
5	Advanced support services for firms and groups of firms	
6	Assistance to SMEs for the promotion of environmentally-friendly	
7	Investment in firms directly linked to research and innovation	
8	Other investment in firms	
9	Other measures in SMEs	
	<b>Information society</b>	
10	Telephone infrastructures (including broadband networks)	
11	Information and communication technologies	
12	Information and communication technologies (TEN-ICT)	
13	Services and applications for the citizen (e-learning, e-inclusion, etc.)	
14	Services and applications for SMEs (e-commerce, etc.)	
15	Other measures for use of ICT by SMEs	
	<b>Transport</b>	
16	Railways	
17	Railways (TEN-T)	
18	Mobile rail assets	
19	Mobile rail assets (TEN-T)	
20	Motorways	
21	Motorways (TEN-T)	
22	National roads	
23	Regional/local roads	
24	Cycle tracks	
25	Urban transport	
26	Multimodal transport	
27	Multimodal transport (TEN-T)	
28	Intelligent transport systems	
29	Airports	
30	Ports	
31	Inland waterways (regional and local)	
32	Inland waterways (TEN-T)	
	<b>Energy</b>	
33	Electricity	
34	Electricity (TEN-E)	
35	Natural gas	
36	Natural gas (TEN-E)	
37	Petroleum products	
38	Petroleum products (TEN-E)	
39	Renewable energy: wind	
40	Renewable energy: solar	
41	Renewable energy: biomass	
42	Renewable energy: hydroelectric, geothermal and other	
43	Energy efficiency, co-generation, energy management	
	<b>Environmental protection and risk prevention</b>	
44	Management of household and industrial waste	
45	Management and distribution of water (drink water)	
46	Water treatment (waste water)	
47	Air quality	
48	Integrated prevention and pollution control	
49	Mitigation and adaptation to climate change	
50	Rehabilitation of industrial sites and contaminated land	
51	Promotion of biodiversity and nature protection (including Natura 2000)	
52	Promotion of clean urban transport	
53	Risk prevention (prevent and manage natural and technological risks)	
54	Other measures to preserve the environment and prevent risks	
	<b>Tourism</b>	
55	Promotion of natural assets	
56	Protection and development of natural heritage	



57	Other assistance to improve tourist services	
	<b>Culture</b>	
58	Protection and preservation of the cultural heritage	
59	Development of cultural infrastructure	
60	Other assistance to improve cultural services	
	<b>Urban and rural regeneration</b>	
61	Integrated projects for urban and rural regeneration	
	<b>Increasing the adaptability of workers and firms, enterprises and entrepreneurs</b>	
62	Development of life-long learning systems and strategies in firms	373,501,232
63	Design and dissemination of innovative and more productive ways of organising work	30,000,000
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms and development of systems for anticipating economic changes and future requirements in terms of jobs and skills	
	<b>Improving access to employment and sustainability</b>	
65	Modernisation and strengthening labour market institutions	
66	Implementing active and preventive measures on the labour market	
67	Measures encouraging active ageing and prolonging working lives	
68	Support for self-employment and business start-up	
69	Measures to improve access to employment + more women on the labour market	149,200,657
70	Specific action to increase migrants' participation in employment and thereby strengthen their social integration	50,000,000
	<b>Improving the social inclusion of less-favoured persons</b>	
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace	66,400,219
	<b>Improving human capital</b>	
72	Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge based economy	116,200,383
73	Measures to increase participation in education and training throughout the life-cycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of initial vocational and tertiary education and training	
74	Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses	11,500,137
	<b>Investment in social infrastructure</b>	
75	Education infrastructure	
76	Health infrastructure	
77	Childcare infrastructure	
78	Housing infrastructures	
79	Other social infrastructure	
	<b>Mobilisation for reforms in the fields of employment and inclusion</b>	
80	Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders	
	<b>Strengthening institutional capacity at national, regional and local level</b>	
81	Mechanisms for improving good policy and programme design, monitoring and evaluation at national, regional and local level, capacity building in the delivery of policies and programmes.	
	<b>Reduction of additional costs hindering the outermost regions development</b>	
82	Compensation of any additional costs due to Accessibility deficit and territorial fragmentation	
83	Specific action addressed to compensate additional costs due to size market factors	
84	Support to compensate additional costs due to climate conditions and relief difficulties	
	<b>Technical assistance</b>	
85	Preparation, implementation, monitoring and inspection	24,900,081
86	Evaluation and studies; information and communication	8,300,028
Total		830,002,737

**TOTAL  
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TABLE 2:		CODES FOR THE FORM OF FINANCE DIMENSION	
Code		Form of finance	
1		Non-repayable aid	830,002,737
2		Aid (loan, interest subsidy, guarantees)	
3		Venture capital (participation, venture-capital fund)	
4		Other forms of finance	
Total			830,002,737

TABLE 3:		CODES FOR THE TERRITORIAL DIMENSION	
Code		Territory type	
1		Urban	
2		Mountains	
3		Islands	
4		Sparsely and very sparsely populated areas	
5	Rural areas (other than mountains, islands or sparsely and very sparsely populated areas)		
6		Former EU external borders (after 30.04.2004)	
7		Outermost region	
8		Cross-border cooperation area	
9		Trans-national cooperation area	
10		Inter-regional cooperation area	
0		Not applicable	830,002,737
Total			830,002,737

## Annex 2: Indicators

### Action A

#### Output level (annual)

Indicator A.1	Number of participants attained, broken down by gender
Quantified objective	4,730 participants

Indicator A.2	Number of non-benefit entitled persons (NUGs) attained, broken down by gender
Specific definitions	<b>Non-benefit entitled (NUG):</b> a person as defined in Section 6(a), Act on Employment and Social Assistance. <sup>31</sup>

Indicator A.3	Number of over-55's with a WWB Benefit attained, broken down by gender
Specific definitions	<b>Over-55:</b> a person aged 55 or over but under the age of 65. <b>WWB Benefit:</b> a benefit under the Act on Employment and Social Assistance ( <i>Wet Werk en Bijstand, WWB</i> ).

Indicator A.4	Number of partially occupationally disabled persons with a supplemental or sole WWB Benefit attained, broken down by gender
Specific definitions	<b>Partially occupationally disabled:</b> a person with a benefit under the Disability Insurance Act, the Work and Income According to Labour Capacity Act, the Invalidity Insurance (Self-Employed Persons) Act or the Invalidity Insurance (Young Disabled Persons) Act, with a degree of occupational disability of less than 80%. The target group of partially occupationally disabled for Action A pertains to partially occupationally disabled who, along with the UWV benefits specified above, also receive a supplemental WWB benefit, or persons with a medical handicap who receive solely a WWB benefit. Persons receiving solely a WWB benefit may only be part of the ESF target group upon obtaining a doctor's statement on the basis of which the Municipal Executive determines that the person in question has a structural functional disability. <b>UWV:</b> the body implementing employee insurance schemes,

<sup>31</sup> non-benefit entitled person (*niet-uitkeringsgerechtigde*, or NUG): a person younger than the age of 65 who is registered with the Central Organisation for Work and Income as a jobless job-seeker, and who has no entitlement to a benefit under this act or the [Unemployment Insurance Act](#), the [Invalidity Insurance \(Self-Employed Persons\) Act](#), the [Invalidity Insurance \(Young Disabled Persons\) Act](#), the [Work and Income According to Labour Capacity Act](#), the [Invalidity insurance Act](#), the [Supplementary Benefits Act](#), the [Interim Invalidity Criteria \(Impact on Income\) Act](#), the [Surviving Dependants Act](#) or under any scheme corresponding to the nature and scope of these acts.

	mentioned in Chapter 5 of the Work and Income Structure Implementation Organisation Act.
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## Action A

### Results level (cumulative)

Indicator A.5	Number of completed re-integration procedures, broken down by gender
Quantified objective	75% of participants taken into the programme complete the re-integration procedure within the ESF project designed for him or her.
Baseline	ESF 2000-2006: see substantiation at part 4.4.4 under <i>baseline data</i> .
Specific definitions	<b>Re-integration procedure:</b> a re-integration procedure may include education, training and counselling. <b>Completed re-integration procedure:</b> a procedure that the participant has followed under the ESF project and from which the participant does not discontinue participation prematurely.

Indicator A.6	Acceptance of work, broken down by gender
Quantified objective	8% of the participants taken into the programme exit the programme into paid work. In view of the shorter duration of the procedures in the present period, this percentage has been adjusted correspondingly downwards.
Baseline	ESF 2000-2006: 10% <sup>32</sup>
Specific definitions	<b>Acceptance of work:</b> whether on the basis of an employment relationship (employment contract or appointment in public service) or as independent entrepreneur.

## Action A

### Impact level (cumulative)

Indicator A.7	Sustainable outflow to paid work attained, broken down by gender
Source	UWV policy administration (via CBS)
Specific definitions	<b>Sustainable outflow to paid work:</b> the number of participants working in a paid position sustainably (six months or more).

## Action B

### Output level (annual)

Indicator B.1	Number of participants attained (detainees and youth in juvenile custodial institutions), broken down by gender
Quantified objective	1,580 participants (detainees and youth in juvenile custodial institutions)
Specific definitions	<b>Detainee:</b> a person who is the subject of the enforcement of a custodial sentence or custodial measure in a custodial institution,

<sup>32</sup> ESF 3 Final evaluation, Regioplan, December 2005, page 114.

	or against whom a care order has been prescribed by the authorities as defined in Section 37b or 38c, Dutch Penal Code.
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Indicator B.2	Number of adult detainees attained, broken down by gender
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Indicator B.3	Number of forensic patients attained, broken down by gender
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Indicator B.4	Number of young people residing in juvenile custodial institutions under criminal law attained, broken down by gender
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Indicator B.5	Number of young people residing in juvenile custodial institutions under civil law attained, broken down by gender
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## Action B

### Results level (cumulative)

Indicator B.6	Number of completed procedures, broken down by gender
Quantified objective	80% of participants taken into the programme complete the procedure within the ESF project designed for him or her.
Baseline	ESF 2000-2006: see substantiation at part 4.4.4 under <i>baseline data</i> .
Specific definitions	<b>Procedure:</b> procedure under Action B consisting of individual procedure counselling, of which education may also be a part. <b>Completed procedure:</b> a procedure that the participant has followed under the ESF project and from which the participant does not discontinue participation prematurely.

Indicator B.7	Number of participants attained who earn a qualification/sub-qualification at level 1, broken down by gender
Specific definitions	<b>Qualification/sub-qualification at level 1:</b> a qualification or sub-qualification at level 1 as defined in the Adult and Vocational Education Act.

Indicator B.8	Number of participants attained who earn a sub-qualification at levels 2-4, broken down by gender
Specific definitions	<b>Sub-qualification at levels 2-4:</b> a sub-qualification at level 2, 3 or 4 as defined in the Adult and Vocational Education Act.

Indicator B.9	Number of participants attained who earn a starting qualification, broken down by gender
Specific definitions	<b>Starting qualification:</b> A starting qualification is, by the government definition, the minimum educational level necessary

	to have the potential to obtain sustainable work. A starting qualification is a HAVO (higher general secondary education) or pre-university diploma or an MBO (secondary vocational education) diploma level 2 or higher. A VMBO (preparatory secondary vocational education) diploma is not considered a starting qualification. <sup>33</sup>
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## Action B

### Impact level (cumulative)

Indicator B.10	Exit to paid work attained, broken down by gender
Source	Policy administration and Municipal Records Database (via CBS)
Specific definitions	<b>Acceptance of work:</b> whether on the basis of an employment relationship (employment contract or appointment in public service) or as independent entrepreneur.

## Action C

### Output level (annual)

Indicator C.1	Number of participants attained (students from practical education and secondary special education aged 15 and up), broken down by gender
Quantified objective	750 participants (students from practical education and secondary special education aged 15 and up)
Specific definitions	<b>Practical education:</b> the education referred to in Section 10f, first paragraph, of the Secondary Education Act. <b>Secondary special education:</b> the education given at a school or institution at which secondary special education as defined in the Expertise Centres Act is provided.

## Action C

### Results level (cumulative)

Indicator C.2	Number of completed procedures, broken down by gender
Quantified objective	94% of participants taken into the programme complete the procedure within the ESF project designed for him or her.
Baseline	ESF 2000-2006: see substantiation at part 4.4.4 under <i>baseline data</i> .
Specific definitions	<b>Procedure:</b> procedures under Action C may consist of: labour-technical exam, student workplaces, sector-oriented courses and follow-up. <b>Completed procedure:</b> a procedure that the participant has followed under the ESF project and from which the participant does not discontinue participation prematurely.

<sup>33</sup> Sources: web sites of the *Nederlandse Taalunie* (Dutch Language Union) and the Ministry of Education, Culture & Science.

Indicator C.3	Outflow to MBO-1 attained, broken down by gender
Specific definitions	<b>MBO:</b> intermediate vocational education

Indicator C.4	Outflow to BBL attained, broken down by gender
Specific definitions	<b>BBL:</b> apprenticeship training route ( <i>beroepsbegeleidende leerweg</i> )

Indicator C.5	Outflow to paid work (standard or protected) attained, broken down by gender
Specific definitions	<b>Acceptance of work:</b> whether on the basis of an employment relationship (employment contract or appointment in public service) or as independent entrepreneur.

## Action C

### Impact level (cumulative)

Indicator C.6	Sustainable exit to paid work attained, broken down by gender
Source	UWV policy administration (via CBS)
Specific definitions	<b>Sustainable exit to paid work:</b> the number of participants working in a paid position sustainably (six months or more).

## Action D

### Output level (annual)

Indicator D.1	Number of participants attained (low-skilled workers, including independents), broken down by gender
Quantified objective	18,000 participants (low-skilled workers, including independent entrepreneurs)
Specific definitions	<b>Low-skilled:</b> having an education up to/including MBO-4 level. <b>Worker:</b> a person younger than the age of 65 who, on the basis of an employment contract or appointment in public service, performs work as an employee or as a self-employed person without personnel. <b>Self-employed:</b> persons who earn an income by performing work on their own account or at their own risk, in their own company or in an independently practiced profession, or by working in the business of a family member. <sup>34</sup>

## Action D

### Results level (cumulative)

Indicator D.2	Number of completed procedures, broken down by gender
Quantified objective	85-90% of participants taken into the programme complete the procedure within the ESF project designed for him or her.

<sup>34</sup> Family members working in a business are counted as self-employed unless working under an explicit employment contract.

Baseline	ESF 2000-2006: number of completed procedure is 90-95% (based on estimated drop-out rate of 5-10%). For further information, see under 4.4.4, <i>baseline data</i> .
Specific definitions	<b>Procedure:</b> procedures under Action D may consist of: Vocational education (leading to a qualification) at levels 1 to 4, APL procedures, cross-sector education or an accredited education programme other than those identified in CREBO (Central Register of Vocational Courses). <b>Completed procedure:</b> a procedure that the participant has followed under the ESF project and from which the participant does not discontinue participation prematurely.

Indicator D.3	Number of participants attained who earn a qualification/sub-qualification at level 1, broken down by gender
Specific definitions	<b>Qualification/sub-qualification at level 1:</b> a qualification or sub-qualification at level 1 as defined in the Adult and Vocational Education Act.

Indicator D.4	Number of participants attained who earn a sub-qualification at levels 2-4, broken down by gender
Specific definitions	<b>Sub-qualification at levels 2-4:</b> a sub-qualification at level 2, 3 or 4 as defined in the Adult and Vocational Education Act.

Indicator D.5	Number of participants attained who earn a starting qualification, broken down by gender
Quantified objective	10% of the participants who at the start of the project are below the starting qualification level attain a starting qualification. This objective is only attainable if a considerable portion of the participants have an MBO 1 level at start, so that earning a starting qualification within the one-year-long ESF procedure is realistic for them.
Baseline	ESF 2000-2006: 17%.
Specific definitions	<b>Starting qualification:</b> A starting qualification is, by the government definition, the minimum educational level necessary to have the potential to obtain sustainable work. A starting qualification is a HAVO (higher general secondary education) or pre-university diploma or an MBO (secondary vocational education) diploma level 2 or higher.

Indicator D.6	Number of participants attained who raise their educational level to qualification level 3 or 4, broken down by gender
Specific definitions	<b>Qualification at level 3 or 4:</b> a qualification at level 3 or 4 as defined in the Adult and Vocational Education Act.

Indicator D.7	Number of participants attained who have completed an APL
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	procedure, broken down by gender
Specific definitions	<b>APL</b> : accreditation of prior learning.

Indicator D.8	Number of participants attained who have earned a qualification by following an accredited educational programme other than those specified in CREBO, broken down by gender
Specific definitions	<b>CREBO</b> : Central Register of Vocational Courses

Indicator D.9	Number of participants attained who have completed cross-sector education/training, broken down by gender <sup>35</sup>
Specific definitions	<b>Cross-sector education/training</b> : projects by which two or more E&D funds cooperate with the object of increasing mobility between the sectors. This refers to programmes relating to a specific sector being followed by personnel from another sector.

## Action D

### Impact level (cumulative)

Indicator D.10	Number of participants with sustainable paid work positions attained
Source	Policy administration (via CBS)
Specific definitions	<b>Sustainable paid work</b> : the number of participants working in a paid position sustainably (six months or more).

## Action E

### Output level (annual)

Indicator E.1	Number of social innovation projects attained
Quantified objective	Expectation is that approx. 40 projects will start annually.
Specific definitions	<b>Social innovation</b> : the modernisation of the labour organisation (by means of innovation in working methods, processes and labour relationships) and the maximum utilisation of competencies, with a focus on improving business performance and developing talent, with the goal of increasing labour productivity.

## Action E

### Results level (cumulative)

Indicator E.2	Number of implementation plans delivered
Quantified objective	90% of the intended number of projects produce one or more implementation plans (for cooperative projects, there will be multiple implementation plans).
Specific definitions	<b>Implementation plan</b> : the plans to arrive at implementation of the intended social innovation activities within the labour

<sup>35</sup> Cross-sector education/training is stimulated by channelling excess demand into projects offering cross-sector education/training.

	organisations in question
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**Action E**

**Impact level (cumulative)**

Indicator E.3	Number of fully/partially implemented implementation plans
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### **Annex 3: List of abbreviations**

<b>ABBREVIATION</b>	<b>DESCRIPTION</b>
AD	Audit Service
AD/SZW	Audit Service, Ministry of Social Affairs & Employment
AG	SZW Agency
AOC	Centre of Agricultural Studies
BSN	Civilian Service Number
BZK	Internal Affairs and Kingdom Relations (Ministry)
CA	Certifying authority
CBS	Central Bureau for Statistics
CINOP	Centre for Innovation in Education
CNV	National Federation of Christian Trade Unions
CSG	Community Strategic Guidelines
CWI	Centre for Work and Income
DG	Directorate-General
EC	European Commission
EFRO	European Fund for Regional Development
EG	European Community
ELFPO	European Agricultural Fund for Rural Development
ESF	European Social Fund
EU	European Union
EU-LFS	European Labour Force Survey
EVF	European Fisheries Fund
EVF-II	European Refugee Fund II (2005-2010)
APL	Accreditation of Prior Learning
EZ	Economic Affairs (Ministry)
FNV	Dutch Trade Union Federation (FNV)
HBO	Higher Professional Education
HRM	Human Resource Management
IC	Internal Monitoring
IOAW	Act on Income Provisions for Older or Partially Disabled Unemployed Persons

IOAZ	Act on Income Provisions for Older or Partially Disabled Formerly Self-employed Persons
IPO	Interprovincial Consultative Committee
ITB	Individual Procedure Counselling
KaderVo	Framework Regulation
LLL	Life-Long Learning
LNV	Agriculture, Nature & Food Quality (Ministry)
MA	Managing authority
MBO	intermediate vocational education
MKB-NL	Dutch Federation of Small and Medium-sized Enterprises
MOE countries	Central and Eastern European Countries
NHP	National Reform Programme
NSR	National Strategic Reference Framework
OCW	Education, Culture & Science (Ministry)
E&D funds	Education and Development Funds
OP	Operational Programme
PRO	Practical education
RMC	Regional Reporting and Coordination Centre
ROC	Regional Education Centres
SER	Social and Economic Council
SFC	System for Fund management in the European Community
SWOT	Strengths/Weaknesses/Opportunities/Threats
SZW	Social Affairs & Employment (Ministry)
TK	Lower House of Parliament
UWV	Employee Insurance Schemes Implementing Body
VNG	Association of Netherlands Municipalities
VNO-NCW	Confederation of Netherlands Industry and Employers
VSO	Secondary special education
VUT	Early Retirement
VWS	Health, Welfare & Sport (Ministry)
WAO/WIA	Disability Insurance Act/Work and Income according to Labour Capacity Act

WEB	Adult and Vocational Education Act
WW	Unemployment Insurance Act
WWB	Act on Employment and Social Assistance