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COMMUNICATION FROM THE COMMISSION

**on the implementation of Innovative Measures
under Article 6 of the European Social Fund Regulation
for the programming period 2000-2006**

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I. LEGAL CONTEXT

1. Article 1 of the European Social Fund Regulation¹ provides that the Fund will contribute to actions undertaken in pursuance of the European Employment Strategy and the Annual Guidelines on Employment by supporting measures to prevent and combat unemployment and developing human resources and social integration into the labour market.
2. The European Social Fund (ESF) provides assistance through the operational programmes (or single programming documents) under Objectives 1, 2 and 3 and through the EQUAL Community initiative programme. A third form of support is provided under Article 6 of the Regulation whereby, on its own initiative, the Commission may finance Innovative Measures.
3. In pursuance of Article 22(1) of Regulation (EC) No 1260/1999², the Commission has already produced Guidelines³ for the various types of Innovative Measures concerned by Article 6. The ESF Committee adopted an Opinion on these Guidelines on 22nd March 2000. In keeping with the code of conduct on the implementation of the structural policies, the European Parliament was also consulted on these Guidelines and adopted a Resolution on 6th July 2000⁴.

II. AIM

4. The present Communication therefore sets out, in greater detail, how the Commission intends to exploit the possibilities offered by innovative measures under Article 6 of the ESF during the programming period 2000-2006, building on the Guidelines and taking into account the comments and suggestions made by both the ESF Committee and the European Parliament.

III. GENERAL PRINCIPLES

5. In accordance with Article 22(1) of Regulation No 1260/99, innovative measures must be operated in a simple, transparent fashion, with sound financial management. In addition, the operations will be based upon the following principles:

¹ Regulation (EC) No 1784/1999 of the European Parliament and of the Council of 12 July 1999 on the European Social Fund, OJ L 213 of 13.8.1999.

² Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the structural funds, OJ L 161 of 26.6.1999.

³ Guidelines for the various types of innovative measures in the context of Article 22 of the General Regulation (EC) No 1260/1999 – Innovative Measures under Article 6 of the ESF Regulation, reference 00220303.

⁴ European Parliament resolution on the draft Guidelines for the various types of innovative measures in the context of Article 22 of the General Regulation (EC) No 1260/1999 – Innovative Measures under Article 6 of the ESF Regulation.

Innovation and experimentation

6. In the framework of the ESF, innovative measures seek to promote new approaches and identify examples of good practice which may subsequently improve the implementation of the operations supported by the Structural Funds. Thus the transfer of experience from elsewhere e.g. another geographic area and/or another industrial sector is also considered innovative. Therefore innovative measures include the following types of innovation:
- *process-oriented* innovations which cover the development of new methods, tools or approaches as well as the improvement of existing methods;
 - *goal-oriented* innovations which centre around the formulation of new objectives including approaches to identifying new and promising qualifications and the opening up of new areas of employment in the labour market;
 - *context-oriented* innovations which relate to political and institutional structures and are concerned with system development in connection with the labour market.

Support to the mainstream programmes

7. Innovative measures also support the mainstream Structural Fund programmes. Linkages with the monitoring committees and managing authorities will be fostered so as to maximise the impact of innovative measures on mainstream operations.

Concentration

8. The experience during the previous programming period suggests that innovative measures should be concentrated on a defined number of thematic fields and projects (e.g. using IT to improve communication within and between companies in the framework of social dialogue, or exploring possibilities to foster wider partnerships among local stakeholders in support of local job creation). This enables a transparent and simple management, as well as focusing efforts on particular issues and approaches.

Complementarity

9. Innovative measures support activities that are complementary to those of the mainstream programmes and the EQUAL Community Initiative. In addition, special care will be taken to avoid overlaps with activities of an experimental nature that could be financed through other budgetary lines. The establishment of *synergies* with thematically related programmes will be sought (e.g. B5-5030 Preparatory actions for a local commitment on employment, B3-4000 Industrial Relations and Social Dialogue, etc.).

Partnership

10. Priority will be given to proposals based on the principle of partnership under which different actors (public authorities, private sector, social partners, third system, etc.) can work together with common objectives. In principle, and depending on the theme covered, proposals for projects could be submitted by social partner organisations, private companies, non-profit organisations, national, regional and local authorities, and education or training bodies located in the European Union.

Continuous improvement

11. Innovative measures under Article 6 will build upon the lessons learnt from activities supported within the previous programming period 1994-1999 (e.g. new sources of jobs, local social capital, regional information society initiatives (RISI), etc.) and from those undertaken in the context of other pilot programme such as "Third System and Employment" or the territorial employment pacts.

Transnational co-operation and networking

12. The experience gained under the previous programming round shows that transnationality and the promotion of networking of actors working with others in similar situations is a dimension which can bring significant added-value to project operators. Within the framework of social dialogue, transnational projects provide the opportunity to test innovative approaches *in situ* and to pilot the transferability of innovation and special knowledge.

Equal opportunities

13. Innovative measures apply the principle of equal opportunities for women and men as part of the mainstreaming approach, as set out in Article 2.2(c) of the ESF Regulation.

IV. THEMATIC FIELDS

14. One of the lessons learnt from the past programming period points to the merit of regrouping activities within themes. Thus a thematic approach will be followed during the period 2000-2006. However, it is difficult to foresee, at the beginning of a programming period, what trends will emerge over such a long period and defining themes too rigidly at the outset diminishes the possibility of identifying and testing innovations. Whilst innovative measures must operate within themes complying with the five policy fields of the ESF Regulation and the three horizontal issues that cut across these fields (local employment initiatives, the social and labour market dimension of the information society and equal opportunities for women and men) the definition of thematic fields must remain sufficiently flexible to cope with new areas of activity and innovation. Therefore only the thematic fields that will be covered in the period 2001-2002 are defined here. New and/or modified themes will be identified in the annual report (see section VIII. Financing, management and annual reporting) in advance of subsequent calls for proposals.
15. Another lesson from the past programming period is that calls for proposals work best if they have a well defined context and a clear purpose. This facilitates the selection and capitalisation processes. The Local Social Capital and the Regional Information Society Initiatives (RISI) are good examples of this focused approach. Recent European Councils have set out an appropriate political context and orientation for innovative measures, namely:
 - The Lisbon European Council on 23 and 24 March 2000 set a new strategic goal for the European Union to become the most competitive and dynamic knowledge based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. The attainment of this goal will enable

the Union to regain the conditions of full employment. In order to achieve this strategic goal, the application of a decentralised approach in line with the principle of subsidiarity is required in which all different actors are mobilised and involved, including the Member States, the regional and local levels as well as the social partners and the civil society. The contribution of local actors to employment development has also been recognised in the Commission's Communication "Acting Locally for Employment – A local dimension for the European Employment Strategy"⁵.

- The Commission will prepare a new Communication with proposals to develop a more strategic approach for European support in this field.
- Further, the Santa Maria da Feira European Council on 19 and 20 June 2000 invited the social partners to play a more prominent role in defining, implementing and evaluating the employment guidelines which depend on them, focusing particularly on modernising work organisation, lifelong learning and increasing the employment rate, particularly for women.

16. Thus the Commission will focus the calls for proposals for Innovative Measures during the 2001-2002 period on the following themes:

- Adaptation to the new economy within the framework of Social Dialogue
- Local employment strategies and innovation.

17. Within each of these themes the Commission requires the initiatives supported to endeavour a balanced participation of women and men. Furthermore, the Commission will ensure that nobody is excluded from participation in these initiatives because of a disability.

V. ADAPTATION TO THE NEW ECONOMY WITHIN THE FRAMEWORK OF SOCIAL DIALOGUE

18. Building on the experience of the programming period 1994–1999⁶, innovative measures provide a testing ground to develop and disseminate diverse new forms of work organisation, prepare the transition to a knowledge-based economy and society in line with the Commission's Communication on "Strategies for jobs in the Information Society"⁷, identify new approaches for emerging fields which ensures adequate protection for all categories of workers, and update work practices that are out of date.

⁵ COM(2000)196 of 7 April 2000.

⁶ Report on Innovative measures under Article 6 during the 1994-1999 period.

⁷ COM(2000)48 of 4 February 2000.

19. It is intended therefore to give support to the following types of activities:

Innovative approaches to anticipation of economic and social change.

20. Anticipation of industrial change can prepare and effectively target training to equip (the scarce supply of) workers with the flexibility of skills required by the changing, modern work environment. Priority will be given to innovative measures aimed at strengthening employment and job qualifications by supporting anticipatory actions, including dialogue.

Innovative approaches to the use of IS tools in the framework of social dialogue.

21. Social dialogue, at all levels, needs to be modernised in response to changing needs – new working practices, forms of contract, places of work, etc., – and communication, using new channels and mechanisms, will play a major role. Priority will be given to innovative measures aimed at using ICT tools in social dialogue, including training for ICT literacy.

New approaches to corporate social responsibility

22. The European Council in March 2000 made a special appeal to companies' corporate sense of social responsibility (CSR) regarding best practices on lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development. New approaches to CSR including awareness raising, extension to include small and medium sized enterprises and exchanges of best practice will be supported.

Innovative approaches to the modernisation of work organisation.

23. European firms need to adapt to the new conditions of global competition; exploiting the competitive advantage associated with the shift towards a knowledge-based economy; promoting sustainable industrial development; making supply more responsive to demand; reconciling family and working life. Priority will be given to innovative measures aimed at new forms of work organisation pursuing these objectives by helping firms to build new, long-term forms of competitive advantage through exchanges of best practices on more effective development and deployment of human knowledge and skills.

Innovative approaches to promote Lifelong Learning.

24. The special Lisbon Summit highlighted the importance of lifelong learning: "Giving higher priority to lifelong learning as a basic component of the European social model, including by encouraging agreements between the social partners on innovation and lifelong learning". Priority will be given to innovative and quantifiable approaches to lifelong learning.

VI. LOCAL EMPLOYMENT STRATEGIES AND INNOVATION

25. The European Employment Strategy is a framework suitable for territorial strategic approaches to employment. The budgetary line on Preparatory actions for a local commitment for employment (B5-503) has initiated pilot support for the feasibility of creating local employment plans based on the Employment Guidelines. In addition, EQUAL focuses on a strategic integrated approach based on territorial / sectoral partnerships using 9 themes⁸ within the four pillars of the European Employment Strategy. Territorial Employment Pacts have also been a testing ground for strategic partnership approaches.
26. The activities undertaken under the 1996/1997 call on "New Sources of Employment" and the pilot programme "Third System and Employment" have shown that the Third System is particularly effective at generating employment in existing and new fields that respond to the changing (and unmet) needs of society while enhancing the employability of the vulnerable and socially excluded. The Third System adds value to the local development process and is able to combine economic and social objectives. Innovative measures can contribute to a better understanding of the opportunities of the Third System and to enhance its contribution to local employment.
27. The consultation of the Commission's Communication Acting Locally for Employment has concluded that European support for local development and employment initiatives should move from supporting individual initiatives towards a more strategic form of support. A new Communication is scheduled for spring 2001 that will provide guidelines to help develop local and regional employment strategies that can enhance the impact of the European Employment Strategy and the capacity building of local players. Article 6 will be a key instrument to develop the tools that will enable the mainstream in ESF programmes of the local dimension of the European Employment Strategy and that lessons are drawn and disseminated.
28. Within the support for local employment it is intended to give priority to the following types of activities:

Fostering the implementation of Local Action Plans for Employment and benchmarking activities.

29. The 2001 draft employment guidelines provide a framework for local and regional authorities to develop strategies for employment based on wide local partnerships. Innovative measures will support the implementation of such strategies in close partnership with both regional and national actors. Action research will be supported so as to promote methods to benchmark the application of local employment strategies entailing methodological work on indicators and benchmarks, the identification of good practices and mechanisms to ensure the exchange of practices and experiences.

⁸ Communication establishing the guidelines for the Community initiative Equal, OJ C 127 of 5.5.2000.

Integration of the employment dimension in all local policies.

30. Pilot actions seeking the integration of employment aspects in all local policies such as waste management, culture, sports, education, childcare and other social services and assessing their added value in terms of job creation will be supported.

Developing training standards for social entrepreneurs and innovators.

31. New forms of entrepreneurship involving new forms of working and producing, particularly linked to third system organisations, attempt to combine social and economic goals and in doing so foster responses to new societal needs. Support will be given to management and social skills required to help maximise the possibilities of sustainability of civic entrepreneurship.

Development of financial instruments in support of the activities of the third system.

32. Innovative measures will support the development of sustainable funding packages for the Third System (avoiding a dependence on grants) that would combine innovative financial instruments such as micro-credit, local solidarity savings, vouchers, tax rebates.

Enhancing the quality of services and jobs.

33. The development of methods for quality assurance, and certification of minimum standards for levels of service provision and quality standards for working conditions will be supported. Particular attention will be given to social and personal services, including the third system.

VII. CAPITALISATION, DISSEMINATION, AND EVALUATION

34. The management of innovative measures intrinsically includes a system of capitalisation and dissemination of the results of projects and lessons learnt. Successful innovation needs to be capitalised in order to achieve the maximum impact on policy and, where appropriate, be incorporated across Objectives 1, 2 and 3 Structural Fund programmes and the National Action Plans for Employment. The Local Social Capital and the Regional Information Society Initiatives (RISI) are good examples of innovation feeding into the mainstream operations.
35. In order for the innovative measures to maximise the benefit of testing innovative approaches *in situ* and piloting the transferability of innovation and special knowledge, there must be close co-operation between the Commission and national, regional and local governments, as well as the social partners and third system organisations. At Union level, the Commission will use existing Committees and groups, such as the ESF Committee, the Employment Committee, the Social Dialogue committee or the European Work Organisation Network (EWON), to disseminate and assess the implications for the European Employment Strategy and other Community programmes of the activities launched.

36. To help identify and disseminate good innovative practices, the Commission will support the following types of action in the process of creating an impact at Union level:
- support the establishment of networks for co-operation and the exchange of experience including presentation visits, seminars, studies and exchanges of staff;
 - support studies and demonstration projects to publicise experience, as well as conferences, seminars and websites in order to contribute to the dissemination of innovation; support the clustering, networking and exchange of practices between Article 6 projects;
 - harness the potential offered by the new information technologies so that the ESF innovative measures web pages become a European reference in this area.
37. Innovative measures under Article 6 of the ESF will be subject to evaluation. Each thematic field will be the subject of on-going and ex-post evaluation in order to measure impact, innovation, effectiveness and transferability of the results obtained.

VIII. FINANCING, MANAGEMENT AND ANNUAL REPORTING

38. The General Regulation sets out that innovative measures shall be implemented in a simple, transparent fashion and in accordance with the principles of sound financial management.
39. The European Social Fund (2000-2006) may finance innovative measures subject to a ceiling of 0,40 % of the ESF annual funding⁹. The annual amount of credits for ESF innovative measures for the 2000-2006 period is set according to the annual allocation of budgetary credits. Activities funded include studies, pilot and demonstration projects and exchanges of experience. Technical assistance measures undertaken at the initiative of the Commission will be financed in accordance with Article 23 of Regulation (EC) No 1260/1999.
40. The financial size of projects supported should be sufficiently large to generate valuable experience. Each call will define a minimum and a maximum amount of financial support (usually between 300.000 to 3 million Euro) as well as the percentages of intervention of the ESF. Where the size of an individual project could be excessively small, the possibility of financing proposals that would entail a group of projects (with a single co-ordinating promoter) could be used.
41. The Commission will not provide grants supporting the full cost of projects. Promoters will be required to make a contribution to the operation. ESF contribution will cover neither ineligible costs, nor costs that would have been incurred if the project had not taken place.
42. Project promoters must show clearly where administrative and financial responsibilities in the management of the projects will lie. They should also demonstrate that they have the capacity to manage and account for public funding.

⁹ Cf. Article 22(1) of (EC) Council Regulation 1260/99.

43. In order to ensure the transparency of the support provided through innovative measures, the Commission will use open calls for proposals, publicising these in the Official Journal as well as on the Europa website. The eligibility of the potential projects will be determined by the scope and theme of the published call for proposals.
44. The promoter's guide accompanying each call for proposals will enable project promoters to submit their grant applications in line with the criteria and requirements set out in the Regulation (EC) n° 1784/1999.
45. After the decision to award a grant is taken, a contract (grant agreement) will be concluded defining the rights and obligations of the parties, in conformity with the Vademecum on grant management of the European Commission.
46. As a general rule projects will be managed directly by the services of the Commission. However, in order to maximise the impact of Article 6 and where deemed appropriate and efficient, the Commission will use global grants under Article 27 of Regulation (EC) 1260/1999 as a form of financial support. The rules and recommendations of the Vademecum on Grant management will be applicable to the direct grants.
47. In order to disseminate as widely as possible the results from the innovative measures, the services of the Commission will produce an annual report on the implementation of innovative measures under Article 6. This report will be presented to the ESF Committee and, in accordance with the Code of Conduct, will be forwarded to the European Parliament.