FINAL REPORT

FOR THE EX POST EVALUATION OF THE EUROPEAN SOCIAL FUND (2000 – 2006)

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1. EXECUTIVE SUMMARY

1. Introduction

The ex post evaluation of the European Social Fund (2000-2006) was carried out by a research consortium comprising LSE Enterprise Ltd in association with Vision & Value, Red2Red Consultores, Expanzió Consulting Ltd and Deutschland Denken! e.V. The evaluation covered 211 Operational Programmes (OPs) in the 25 Member States (MSs). It fulfils the mandate of both the regulation of the structural funds specifying the Objectives of the ex post evaluation, as well as of the terms of reference that encompass the evaluation questions (EQs).

There are 13 thematic EQs and nine additional questions. The report is structured around five main themes that aggregate the 13 thematic EQs. These are:

I	Utilisation of resources and level of intervention
II	Lifelong learning, workforce adaptability and information society
III	Labour market policy
IV	Social inclusion
V	Gender equality.

The additional questions are covered in section 5.

In this Executive Summary, findings, conclusions and recommendations are presented by theme which is appropriate for most cases, and by sub theme in the few other cases when there are several sub themes.

2. Methodological approach

The ex post evaluation of the ESF (2000-2006) aimed to assess the multiple impacts of ESF programmes. Therefore, its methodological approach was based on a broad scope evaluation of ESF expenditure and adopted a research design that used a multi-method approach comprising a mix of quantitative as well as qualitative methods.

Three main elements informed the methodological approach of the ex post evaluation: 1. the analysis of resource allocation at the level of 'measures' for all the OPs in all EU MSs (2136 measures have been reviewed of which 1546 were found relevant for the evaluation), 2. hypothesis formulation for each EQ so that the analysis and the degree of success of the ESF could be assessed against them; and 3. the collection of primary data when secondary data were entirely or substantially missing.

Thus, data were first collected via desktop and documentary research for all 25 MSs, followed by survey methods to identify and approach in selected samples of cases and through semi-structured personal interviews, key national and local actors; panels of experts, beneficiaries, and recipients; and focus group discussions conducted with the use of questionnaires and discussion guidelines prepared ad hoc.

Portugal. Among other remaining MSs, UK and Spain show a similar percentage of ESF expenditure on state expenditure for active labour market policies.

In terms of the **total community expenditure**, Spain, Germany, Italy and UK received altogether more than half of the overall ESF expenditure. National public expenditure in Southern States was lower than the ESF expenditure, while it was higher in Central States. National public expenditure in Northern and New Member States was quite low if compared to the EU15 average. Expenditure by the private sector was higher in Central and Northern States.

ESF expenditure reflects the distribution of **different Objective areas** of the Structural Funds between MSs, with Objective 1 areas being the main target in Southern States and especially New Member States. Objective 3 areas mainly benefited in Northern States, while Central States had the highest level of expenditure for Objective 2 areas, facing structural difficulties.

Among the **EES Objectives**, ESF-supported measures have mainly implemented employment policies (33 per cent of EU25 expenditure) and improved human capital (29 per cent of EU25 expenditure). Nonetheless, some differences emerged between MSs. New Members channelled relevant resources (14 per cent) to “adapt education and training systems in response to new competence requirements”, “ensure inclusive labour markets for jobseekers and disadvantaged people” (12 per cent) and “improve matching of labour market needs” (11 per cent). Similarly, Northern States spent relevant resources to “promote an inclusive labour market” (22 per cent) and “adapt education and training” (20 per cent) although, unlike all other EU members, very few to “expand and improve investment in human capital” (8 per cent). Northern and New MSs showed more innovative mixes of EES Objectives.

In relation to **individuals reached**, findings point out that the ESF contribution has been targeted mostly at the unemployed, young people and excluded individuals. Support to women has been particularly high in Central and Northern MSs, while private enterprises received less support in Southern MSs. When looking at MSs in terms of overall number of individuals and organisations supported, Spain has the two highest totals. This result in Spain was due to both the large ESF resources available in the country as well as the relatively small funds Spain spent per recipient.

Some differences in the distribution of ESF expenditure by **type of activities** emerge when comparing the MSs. Expenditure was higher for active labour market policy in Central States (34 per cent), while Northern States spent comparatively more on adaptability (39 per cent and New Members spent relatively more than others (20 per cent) on social inclusion initiatives. Expenditure on other types of activity was generally more balanced among MSs, although New and Southern Members spent relatively more than other MSs for local/regional initiatives (respectively 12 per cent and 10 per cent) and lifelong learning (respectively 15 per cent and 12 per cent). Expenditure on gender and information society is generally heavenly distributed (5 per cent to 8 per cent) among MSs, with Central Members showing the highest relative value.

Of the **instruments used** the most common was training (40 per cent), followed by counselling (21 per cent), particularly relevant in Central States (29 per cent of expenditure), information (15 per cent) and placement (12 per cent), among the others.

No analytical and comparable data were available on most of the areas of investigation and particularly on the segments of targeted publics.

Across MSs, there was a substantive **lack of specific data on projects, recipients**, for example, age and educational achievement. This has not allowed for a more in-depth analysis of how the ESF has been used. Together with the lack of data on job placement and training hours delivered, this has constrained the possibility of measuring levels of effectiveness and efficiency per typology of ESF investment. At the MS or regional levels, no centralised source of comparable data was available for the ESF programming period 2000-2006, although improvements are already in place for the current period (2007-2013).

Regarding the **level of intervention** nearly half of the EU expenditure has been targeted at national structures (44 per cent), although relevant amounts have been also spent at the regional (16 per cent) and the local levels (15 per cent), as well as to support a variety of local interest groups (12 per cent). Training services generally benefited more from the ESF Community expenditure (10 per cent) than employment services (4 per cent).

Local Initiatives for Employment (LIEs) and the Territorial Employment Pacts (TEPs) appear to have strengthened employment policies implemented within specific areas because of their systematic involvement of stakeholders in the pursuit of a common strategy. The key feature of these territorial approaches has been their ability to adapt policies to the complexity of local labour markets, including the choice of priorities of targeted industries and the inclusion of relevant private actors in decision-making.

A corollary finding was the general importance that local initiatives for employment made depending on the type of institutional context, characterised by either denser or sparser institutional-civil society networks of participation. Local initiatives offered stakeholders opportunities for participation, ranging from the exchange of ideas, to informal feedback, to formal channels allowing stakeholder associations to offer employment proposals.

The utilisation of ESF resources continued to show a pattern of geographical concentration on the largest MSs and also to give higher priority to the support of the unemployed and lower priority to the support of enterprises. At the same time, ESF resources were utilised for more novel types of interventions in support, for example, of gender and information society measures.

Although a large portion of the ESF expenditure occurred at the national level, the most innovative impact of the ESF has been displayed at the intermediate and local levels, through the experimentation with area-wide agreements that have allowed for the inclusion in decisions regarding employment of the employers and other relevant stakeholders.

4. Theme II: Lifelong learning, workforce adaptability and information society

4.1 Lifelong learning and information society

ESF supported 260 out of its 1,546 co-financed measures, targeting lifelong learning (LLL) and the information society (ICT), for a ESF figure share of circa €12.6 billion, which corresponds to circa 22 per cent of the total ESF expenditure. There were 19.6 million participants and 340,000 enterprises or organisations involved. As many as 239 ESF measures targeted ICT competence for an ESF figure of circa €7.1 billion, which corresponds to circa 12 per cent of the total ESF expenditure. 8.8 million participants and 99,000 enterprises or organisations were involved .

Regarding LLL and ICT, it was found that the ESF played a **role in increasing awareness** among different target groups of the importance of education as well as of upgrading it through a life cycle approach to learning. Thus, groups aged 55+ could also be reached and could gain a new positive attitude to knowledge and a new engaged approach to their job.

LLL actions seem to have been **more successful** than ICT ones in bringing about a new approach to work and life. In the case of ICT interventions a “kit and training” approach too often prevailed, meaning that the content of the projects did not go beyond the imparting of ICT skills. Consequently, such projects did not unlock the full potential that a more comprehensive approach to the information society would have; for example, in terms of orientating individuals to continue to upgrade their skills in line with technology changes to better their employment status.

A significant corollary finding underlines the importance for individual participants to **obtain formal certification**. This shows that the individual’s pursuit of ICT skills is supported by personal motivation but is strongly linked to the clear indication of commitment on the part of a potential employer to formally acknowledge the training received.

Lifelong learning measures were reported in most cases as successful in raising the awareness of the importance of a life-cycle approach to learning, whereas ICT measures did not wholly exploit their potential, so that room is left to improve the perception of the importance of ICT.

4.2 Workforce adaptability (of work organisations and individuals)

Of the 1,546 ESF-funded measures, 323 targeted the improvement of the adaptability of work organisations, with an ESF Community expenditure of €9.3 billion which corresponds to 16 per cent of the total expenditure. As many as 10.6 million people, 45 per cent of whom were women, and 53,000 enterprises and/or organisations were participants as final recipients in these ESF activities.

Of the 1,546 ESF-funded measures, 541 shared the goal of the improvement of the **adaptability of individuals**, with an ESF Community expenditure of €20.1 billion which corresponds to circa 35 per cent of the total ESF budget. As many as 25.6 million people, 39 per cent of whom were women, were trained and 319,000 enterprises and/or organisations were participants as final recipients.

Overall, a total of ESF Community financial support of €23.5 billion was spent on the two types of adaptability. 30 million people (12.2 million women) and 336,000 enterprises participated.

Regarding the **allocation structures** for adaptability by target group, it was found that a majority of the measures have targeted employed individuals rather than enterprises and that this finding is true for both types of adaptability. While the dominant mode of adaptability intervention by the ESF was through individual training measures, there was a significant portion of the activity that addressed the issue through the enterprise.

In terms of the **outcomes of adaptability measures**, at least 5.6 million people obtained a formal qualification as result of their participation in an ESF project.

Regarding the **impact of adaptability measures** a more differentiated picture is provided by the evaluation team's interviews with experts who ranked the increase of employability – indicated by an advantageous job change with the same or a different employer – as the first Objective for ESF adaptability measures. The next most important factors were regarded as access to the labour market – finding a job – together with an increase in income. The experts did not regard the participant feeling better as an important measure of success.

For successful participants, the achieved positive outcome meant an **increase in employability**. Expert panels stated that ESF projects tended to be most effective when the individual needs of participants were responded to and in the cases where they enjoyed meaningful levels of co-funding on the part of the firms. Moreover, ESF projects were most successful when they focused on innovative approaches targeted at specific circumstances that could not be covered by national programmes and which were better addressed by a European-level instrument.

SMEs are in need of **adaptability interventions** for several reasons: they are resource-poor; do not have dedicated functions for planning or personnel so that everything hinges on the owner-manager; and often cannot organise or afford the release of workers for training purposes, sometimes for several days per week over an extended period, because SMEs have only limited means of substituting individual employees.

With regard to how ESF-supported activities have improved adaptability four dimensions proved effective. Firstly, performance appeared to have been better with respect to individual requirements than to those of companies. Secondly, ESF supported activities have imparted soft skills to beneficiaries who were far from the labour market and were not typically represented in the adaptability measures. Thirdly, ESF contributed to an improved market relevance of skills through awarding standardised certificates and recognised qualifications. Finally, the involvement of enterprises through tailor-made co-financing arrangements proved effective. Especially in the case of SMEs, tailored needs assessments, marketing and execution support proved to be important mechanisms supporting adaptability.

5. Theme III: Labour market policy

ESF spent about €7.3 billion (12 per cent of the total ESF expenditure) to "accelerate the matching of demand and supply in the labour market", **distributed over 254 measures**. About 17.8 million participants benefited from such measures.

ESF resources (33 per cent) have been mostly concentrated on "implementing employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion" (EES Guideline 17) and (29 per cent) on "expanding and improving investment in human capital" (Guideline 23). Fewer resources (5 per cent) were then used to promote, "matching of labour supply and demand (Guideline 20) while 4 per cent was targeted at "flexicurity" policies (Guideline 21).

ESF co-financed measures targeted at the unemployed had positive effects on people: the results are an insertion rate of 39.8 per cent on average for all the final recipients, calculated using data collected from all the measures oriented to the unemployed. ESF also played a valuable role in the support of the unemployed and the activation of the labour markets: the average contribution to employment of the programmes financed by the ESF is 26.6 per cent, understood as the proportion of people inserted in the total jobs created in the programming period.

ESF contributed **additional resources** to national and, particularly, regional governments in order to provide direct support to unemployed people. Such support was mainly intended as direct training and counselling activities, particularly for women and young unemployed. Nonetheless, in the case of less capable MAs, OPs showed a lack of clear understanding of the real needs of local enterprises, and the impact of the ESF-supported activities aimed at providing adequate skills to local active people was therefore generally poor.

Generally, ESF supported only to a limited extent the **reorganisation and improvement of Public Employment Services (PES) structures and services**. Although in some cases ESF was used as a strategic tool for the reorganisation of the PES functions and services, the ESF-supported measures (aiming at the reorganisation of the PES) mostly provided financial support to introduce new ICT systems, as well as renovate/relocate PES offices and improve their accessibility to the public. ESF provided some incentive for measuring the outcomes of supported changes, although no rigorous and systematic actions were promoted. Still no common analytical data exist throughout the EU that would allow an effective benchmark of PES performances.

ESF supported the **exchange of experiences**, although exchanges were mostly based on brief field trips and illustration of case studies, without long-term involvement in joint initiatives. The lack of shared performance data and knowledge systems amongst PES in different MSs, did not allow any rigorous benchmark analysis aimed at identifying and sharing the most effective practices among PES throughout the EU level.

General trends across MSs included that essential and highly needed new physical/technological infrastructures were introduced with a stronger focus on

structures in Southern and New MSs. Consequently, new services for the workforce and channels with employers were activated, allowing for a more effective engagement with local enterprises and employment gains mostly in Central and Northern MSs, but with exceptions also in other states. Innovative, experimental projects were supported in order to engage with specific segments of the public and promote an active dialogue with local enterprises (mostly in Central and Northern MSs, but with exceptions also in other States. Training of and support to, specific target groups was provided (mainly in Southern and Central MSs).

On the **reshaping of national and regional policies**, the correlation among ESF financial contribution and EES performance in EU Member States suggests that resources were adequately spent. When compared to the EES performance in the period 2000-2006 some interesting trends emerge. The ESF contribution as the percentage of the Public National Funds provided for Labour Market Policies (LMP), shows that a larger contribution of the ESF correlates with a higher performance by the MSs. Such correlation is by no means detrimental to the performance of national policies. As MSs which perform most strongly are usually those with a low performance at the programme starting point, the correlation suggests that MSs with a higher ESF expenditure are those that needed more resources to adjust their performance to EU standards.

The role of ESF in supporting policy reforms at the national and local levels is **confirmed by selected stakeholders, particularly for some EES Objectives.** The perception of key stakeholders reflects the distribution of ESF allocation among the EES Objectives (EES Guidelines). The “Social Pillar” of the Lisbon Strategy, and Objectives 1, 3 and 7 of the EES, have been perceived as mostly effective. The perception of the effectiveness of the ESF contribution is higher at the national level than at the regional.

Nonetheless, the areas of **human capital and labour policy reforms are still underperforming** if measured on the basis of the available official data. In particular, the high expenditure of ESF on human capital and labour policy implementation does imply a higher performance of these two EES areas in relation to all the others. Some general patterns were identified. 1. Different levels of homogeneity among the EES guidelines are evident across the four geographical aggregations. 2. Within the composition of the EES performance for each geographical aggregation, flexibility demonstrates generally a higher performance, and human capital the lowest. 3. The differences that existed among the performance of EES Objectives in 2000 largely remained in 2006.

No unequivocal and strong relationship was found between OP effectiveness overall and the target groups or the instruments used. Neither the amount of resources nor the distribution or concentration of expenditure solely explained the relative effectiveness of the measures or programmes. While the type of activities, targeted publics, and the use of resources provided by the ESF certainly influenced the results, they did so in different territorial contexts whereby the nature of the respective labour markets and their ongoing transformations had a more significant relevance.

In this regard, when analysing both the effects of ESF support on the adaptability of the unemployed, and the ability of employment policies to support those adaptations, **three**

profiles of countries and regions were deemed to be very important (based on economic and market changes). In MSs and regions going through industrial restructuring, the ESF supported collective and individual change through adaptation instruments: it increased the scope and volume of employment policies, reaching more people and sustaining social cohesion. In MSs and regions that were experiencing catch-up trends typical of growing economies, ESF activated the labour market – achieving an increase in the active population – and helped to fill the gap between educational and production systems. Finally, in MSs and regions witnessing new exclusion processes in their labour market, ESF corrected new forms of exclusion generated by social change, intensifying actions with special-needs groups and generating innovation and creativity in employment-oriented interventions.

Labour market policy measures supported by ESF were reported to be more generally successful in reaching the unemployed and in helping to promote labour market reform, whereas they contributed less and had more limited success in improving the effectiveness of PES.

The ESF supported measures generally contributed to the labour market policy reforms at the national and local levels that were initiated by MSs.

6. Theme IV: Social inclusion

194 measures with an explicit link to equal opportunities (an amount of €8.9 billion, which is 15,3 per cent of all ESF-expenditure) reached 15.6 million final recipients and provided circa 39 million hours of training (no data is available on training hours in New Member States).

127 measures with an explicit link to social cohesion (an amount of €6 billion, or 10,3 per cent of all ESF-expenditure) reached close to 12.6 million final recipients and supported over 3.8 million hours of training (there is no data on training hours in Central and New Member States).

Overall, 288 measures addressed specifically the challenge of equal opportunities and social cohesion for an amount of €13.9 billion which corresponds to 23.8 per cent of ESF expenditure.

It was found that the ESF in general played an important role through its contribution of **valuable additional resources** to MSs to provide support to specific target groups, and that in a number of MSs equal opportunities and social cohesion-related policies would have been financially impossible to sustain without the help of the ESF. The extent of positive impact was not homogeneous, reflecting the vast differences across MSs, regions, measures and programmes in this respect.

A corollary finding is that the degree of positive impact made by the ESF was not homogeneous across the EU. However, while large differences were found across MSs, regions, measures and programmes in respect to social inclusion, implemented measures generally resulted in significant positive micro-level impacts in the areas of mobilisation, (re)motivation and rehabilitation.

Specifically, it was found that the ESF measures on social inclusion contributed to the implementation of **structural reforms** as well as of **pilot initiatives** that either began to change or enhanced changes in the social policy approach in MSs. The extent of the significance depended on contextual needs and capacity of the MAs. ESF priorities were well coordinated with MS approaches to equal opportunities and social cohesion.
This result was achieved because generally ESF priorities were well coordinated with MS approaches to equal opportunities and social cohesion. However, the decentralisation of priorities in Central MSs – that is, through a chain of interpretation from the national to the local rather than by a top-down implementation approach – resulted in a wide range of programme level interpretations, often not sufficiently coherent among themselves.

The implemented measures resulted in **positive micro-level impact** in the area of mobilisation, (re)motivation and rehabilitation. The implemented measures resulted in positive **meso-level impact** in the area of structural reforms. Thus, modernisation of national employment services provided more personalised and relevant services to the clients. Meso-level is the most appropriate area where the positive impact of ESF can be identified. Due to the limited weight of ESF funds and the large number of factors determining macro-level processes there was no correlation between macro-level social trends and ESF-expenditure in the area of equal opportunities and social cohesion in the programming period 2000-2006.

ESF supported measures on social inclusion also resulted in positive meso-level impact in the area of structural reforms. Thus, it was found that the modernisation of national employment services provided more personalised and relevant services to the clients. Meso-level was found to be the most appropriate where the positive impact of ESF was identified.

At the same time, due to the limited weight of ESF funds and the large number of factors determining macro-level change processes within MSs, there was **no correlation between macro-level social trends and ESF-expenditure** in the area of equal opportunities and social cohesion.

Regarding **employment results achieved** in the programming period, the positive impact made by the ESF was not homogeneous across the EU. Vast differences were found across MSs, regions, measures and programmes in this respect. The impact was largely dependent on the external context of the ESF activities (social policy context, national employment service, economic trends). The implemented measures resulted in positive and measurable meso-level impact in the area of structural reforms. For instance, the modernisation of national employment services provided more personalised and relevant services to the clients.

The ESF also contributed to the implementation of structural reforms or pilot initiatives. ESF's success largely depended on the purposeful and effective work of the social context (social policy context, national employment service, economic trends) of the measures. While it was found that there was a focus on the technical/financial absorption of ESF expenditure, there was much less evidence of policy focus on the improvement of the social context of the ESF measures.

The fieldwork regarding ESF measures also revealed some **unintended effects** of the availability of ESF resources. While it was beyond the scope of this evaluation to provide a detailed documentation of such cases, some unintended side-effects include the increased dependence on public resources when the activities of various actors are largely driven by the actual purpose for which resources are made available. Another that was pointed out by independent experts was that the relative abundance of resources may have the consequence of increasing the risk of corruption.

ESF support for measures on social inclusion was relatively successful in reaching target groups but more successful in promoting and sustaining social policy changes through structural reforms in MSs that would not have been possible otherwise. However, the need to continue to increase the awareness of the complex problems related to social inclusion and to focus more on long term investment at the meso and micro level was determined to be a role that ESF should play vis a vis the MSs.

7. Theme V: Gender equality

Of the total of 1,546 measures supported by the ESF, 251 were gender-specific or gender-supportive for a total expenditure of €7.4 billion representing 12.8 per cent of total ESF expenditure.

Overall, across MSs and regions the gender challenge was taken up with **wide-ranging political support** to address long-standing issues of women being under-represented and unequally treated in the workplace, even though they make up the majority of the EU's population. Thus, both gender-specific and gender-supportive measures were found everywhere to have significantly improved the general status of women in relation to the labour market, when compared to lesser visibility and, therefore, lesser efforts made in the preceding programming period.

The overall positive result for women was largely due to gender becoming a **political and programmatic priority issue**. Across MSs the debate on the programming of the ESF moved the gender equality issue to the top of the political agenda, making it a national priority and incorporating gender and gender-supportive measures into the fund.

The **added value for the gender equality issue** of the ESF in the 2000-2006 programming period went well beyond the financial dimension into the political and civil society's spheres, because it spawned a cycle of partnership initiatives between institutions and civil society stakeholders on gender employment that in a number of MSs did not exist before and in others, did not exist to the same extent. In other words, the political weight and legitimacy of the ESF helped to positively influence national governments' social policy decisions on gender.

The inclusion of the specific gender focus in the ESF programmes ultimately stimulated the creation of **employment opportunities at the local level**, while broader gender-supportive measures also contributed to the betterment of family conditions that, in turn, facilitated the accession of women into the labour market.

ESF programme performance across EU regions was high, when assessed in terms of employment outcomes produced by its **most innovative gender-oriented project**

1. **The definition of clear programme measures and actions should be encouraged**

Lack of clarity in OPs, for example in terms of choices of projects and resources expended on target groups, has been a common occurrence. A change is recommended, moving away from an approach based on policy sectors whose definitions are a mix of population segments, instruments and Objectives, which makes it difficult to distinguish policies and clarify choices. It is recommended that OPs be formulated in terms of measures/actions aiming to directly reach individuals (final recipients) as members of a population sub-group, as well as measures/actions that aim to reach actors/beneficiaries (systems and structures). Thus, it would be possible to have a clear notion and account of where specific amounts of ESF expenditure are going or have gone.

This change means, in fact, that segments of population and actors become the main programming units, to which amounts of funds, ad hoc communication, partnership and outreach strategies, and numerical targets to be achieved, such as jobs created, and skills improvement levels, should be attached.

The emergence of clearer choices depends, at least partially, on the adoption of terms requesting and encouraging programme managers and policy-makers to specify on what and why they want to spend the available funds.

2. **The coordination between ESF and other structural funds as well as other national policies should be improved**

Because coordination across programmes creates synergies, it is recommended that the phases of formulation and implementation of ESF measures and actions be coordinated with that of other relevant sources of funding. This operational coordination should happen at the level of single beneficiary, or geographical area, or cluster of firms. The operational coordination should be achieved either through jointly-funded projects or through the planned support of selected measures and actions by other resources.

Several overlaps across policies as well as missed synergies have emerged from the evaluation. For example, as is detailed in Themes IV and V, there are cases of disadvantaged people and women as recipients who did not fully benefit from ESF actions because complementary services had not been provided by other structural funds' actions, cases where firm-based training for employees supported by ESF was disconnected from firms' manpower support made available by national programmes, and cases in less-developed regions where the coordination of ESF and ERDF funding of measures meant to generate development or counter the crisis was missing.

3. **The role of ESF needs to be better specified and be in line with territorially specific development Objectives**

At the same time, the role of the ESF is to be clarified and sustained. Identity strength should be gained by ESF in the future programming period. To this end, it is recommended that the socio-economic diagnoses (that is, what ESF is to do) upon which ESF programmes are drafted should be better tailored to the mix of industries

that are present in different territorial contexts and to the overall economic base that characterises each of them.

More specific contextual territorial analyses should be required as a first step in order to provide the basis for the socio-economic diagnoses and, ultimately, a higher degree of coherence of ESF programmes with them. Thus, for example, the diagnoses should identify a specific territorial demand, in terms of skills and other characteristics of a workforce in industries. They should also make national or even international comparisons of the competitive position of industries of the area, and of segments of population. As a second step, added identity strength would be gained by ESF if its future programming were to line up closely with the diagnoses and involve more directly firms and other beneficiaries. For more on 'ESF identity' see recommendation six below.

4. Indicators, monitoring, control, and evaluation must become more relevant and flexible

Weaknesses in the current systems of reporting on ESF are significant. As found, they encompass the range of elements from data selection (indicators) to project monitoring, and from expenditure accounting to knowledge of impacts generated.

Regarding indicators, it is recommended that ESF move towards the adoption of key performance indicators (KPIs). KPIs have a realistic ambition to signal that some outcomes may indeed be taking place, such as improvement or worsening in administrative performance, as well as red flag practices in terms of inefficiency or even irregularities.

To increase the degree of comparability of ESF results across regions, KPIs may be chosen from a grid that is proposed by the European Commission to programme managers. Thus, some KPIs may be dropped, some will be selected and others may be common for all programmes.

This approach would allow for a better combination of flexibility – to finalise indicator grids in line with the contexts of different regions and their priorities – and comparability. In the end the KPIs will be fewer in number per priority, corresponding to different segments of population or typologies of actors, than those that most OPs currently have, which often fail to garner data.

The capacity of the monitoring system to provide information of high quality, whereby data is reliable, relevant to decision-makers and sufficiently timely to be incorporated into the decisions, is crucial to a system of high accountability.

In itself, the reduction in the number of indicators and the choice made by the programme managers of the ones upon which to concentrate the monitoring resources, are likely to improve monitoring. It is recommended that yearly targets for the selected KPIs be adopted so that programme adjustments can be made in a more timely fashion. Among the commonly required list of KPIs should be: hours of training, number of individuals reached (out of the total for the segment), job placement, improvement of skills and student satisfaction.

Control and audit also need to be both simplified and made more effective. Complexity and associated administrative costs are weaknesses reported at present. It is recommended that these two activities be better integrated into the monitoring systems in order to cut down on costs. One option is to embed KPIs into the monitoring systems to facilitate, per comparison, the identification of a range of actions/programmes where anomalies may take place. In turn, such "red flags" could trigger additional control activity.

5. Rewards should be made more effective and required at all levels

One of the common elements that emerge from analyses on gender, social inclusion, and local initiatives is that mechanisms to direct available ESF funds towards meritorious, and thus more productive uses, are few. It is recommended that programmes, measures and actions reward managers and beneficiaries as well as areas for better than average performances and that, conversely, they 'red flag' situations in which 'return on money spent' is consistently below the average. It is important that in the future programming of the ESF, the idea of performance-linked incentives be further explored and operationalised.

To this end, a precondition is to be put in place: it is recommended that primary functional responsibility be more clearly identified and attached to each programme priority. Joint responsibility among managers should then be articulated. A reward system should be specified distinguishing two incentive systems:

a. To give additional (reserve) funds to programmes or sections of programmes that are demonstrating better results, and even discontinue situations where problems appear to be more structural. KPI would 'red flag' the latter.

b. To award incentives for public administrators (individual or team), private or not-for-profit actors, who manage public money and achieve better performances. KPI would facilitate such performance assessments.

At project level, it is recommended that beneficiaries be selected and rewarded on the basis of their capability to reach targets and of differences between interventions that are comparable. This approach may also be a tool to reward training agencies that – in the same region – out-perform others regarding placement or employment services that reach better targets in terms of matching supply and demand – with reference to, for example, similar segments of individuals being assisted.

Indicators, targets and incentives should be extended to all institutional levels. The same applies – as our analysis of local initiatives shows – to more decentralised levels where mechanisms to make partnerships more outcome-oriented should be encouraged and/or developed.

6. Transfer of knowledge and systems of knowledge management should become a most distinctive value added feature of the ESF and a main role of the European Commission

The ESF is to find a more visible identity and play a more distinct role regarding its relationship with nationally funded labour market policies. To this end, it is

recommended that the ESF focus on and leverage a portfolio of innovative projects. The ESF should afford an experiment-oriented and risk-taking approach whereby new solutions to labour market and welfare policies are attempted, and knowledge about what works is increased and systematically disseminated across regions and MSs through, among other things, the promotion of 'best practices'.

To this end, greater diversity of projects and, consequently, greater risk regarding pilot and experimental cases, should be encouraged. There should be differences in resource allocation among priorities and implementation choices so that institutional and civil society actors would venture into novel ways to provide labour market supportive services. Regions should also be permitted to risk some funds on experimental ways to intervene in the labour market that may fail but at the same time provide knowledge to other regions. Using ESF as a tool to promote the modernisation of national labour market policies through learning is especially urgent where ESF appears to be financially a small part of the overall spending on labour markets.

These recommendations point to a future that aims to strengthen the original thrust of the ESF's and the other structural funds creating a programmed approach of territorially-targeted interventions capable of promoting development and leveraging synergies across MSs and regions by systematic exchanges of ideas, experimentations, and methods. This approach to welfare and development policies is globally unique to the EU and the European Commission.

IV. Social inclusion
IV.a To what extent and how have the ESF-supported activities contributed to promoting equal opportunities for disadvantaged groups to access the labour market?
IV.b To what extent have the ESF-supported activities contributed to achieving social cohesion? (impact on social cohesion)
V. Gender equality
V.a To what extent and how have the ESF-supported activities contributed to equal opportunities for women and men in accessing the labour market, and in the workplace? (gender and the labour market)
V.b Apart from gender-specific activities, to what extent have the rest of ESF-supported activities been managed in order to maximise the ESF's potential impact on gender equality?

To answer these questions, the consortium has carried out secondary data gathering research across all the MSs as well as direct fieldwork which has been performed at the regional or national level in 20 MSs (the choice of these fieldwork cases is explained in section 3 on the methodology). Thus, this evaluation has a broad scope and embraces comparative analysis across the MSs, largely based on secondary data, and it aims to provide the optimal balance between breadth and depth of coverage (overall and specific assessments).

The Terms of Reference of this evaluation also set out the following nine additional questions that should be addressed:

1. To what extent have the ESF-supported activities added a specifically Community 'value' to the progress towards social cohesion?
2. Have there been unintended impacts and have these been offset by the benefits of the activities?
3. Has the ESF support induced a real change in the behaviour of the beneficiaries, or have they just done what they would have done in the absence of the support?
4. Has the ESF support attracted additional resources towards the Objectives of the EES?
5. How cost-effective were the main implementation arrangements with regard to the specific intended impacts of the ESF-supported activities?
6. Which are the typical success and failure stories of implementation arrangements and what are the main factors explaining them?
7. Which are the main factors affecting the sustainability of the benefits in the case of the identified success stories?
8. Which ESF measures and instruments have been more effective in reaching the Objectives set and why?
9. To what extent are ESF and ERDF actions complementary?

Section **3** below sets out how these additional questions will be answered in parallel to addressing the main 13 thematic questions listed previously.

Structure of the report

- **Methodology**, Section 3, outlines the approach adopted for answering the Evaluation Questions (EQs). This section describes the process for selecting the evaluation cases for fieldwork, a necessary research component given that existing relevant secondary data were scarce. The framework methodology is described, which formed the basis for selecting the evaluation cases to study for each EQ. The specific methods for selecting cases for each EQ is described in detail in the Technical Annexes (section I on methodology) attached to this report.

- **Analysis of Evaluation Questions**, Section 4, discusses the analytical approach taken for each EQ. Each EQ is discussed in terms of: its findings regarding the Member States' performance and ESF financial support; the ESF effectiveness relative to implementation and impact; and specific thematic Conclusions and Recommendations drawn. This section represents the core of the evaluation, and it references the detailed data and methodological steps that are contained in the Technical Annexes section I.

- **Additional Questions**, Section 5, summarises how the additional questions have been answered in the process of the evaluation, and thus highlights common themes that have emerged from the evaluation study.

- In the last two sections, sets of General **Conclusions and General Recommendations** are drawn up. They derive from the answers to the EQs and offer the overall view of the achievement of the ESF as well as of what should be done to further strengthen its performance in the successive programming cycle.

  It follows that the relationship between all the evaluation questions, the findings, conclusions and recommendations, is necessarily structured as a pyramidal sequence. All recommendations are addressed to the Commission and the MSs.

	that may not have occurred otherwise.	
5. How cost-effective were the main implementation arrangements with regard to the specific intended impacts of the ESF-supported activities?	It is complex and outside the scope of this work to evaluate a cost-benefit analysis for each intervention of the ESF. This question therefore investigates whether any study has been promoted in the implementation of ESF to estimate a cost-benefit ratio for the ESF implementation. It also investigates whether costs in the implementation of similar measures/OPs vary for different MSs/Regions and their successes/failures.	Financial data available; Available reports; Interviews experts/authorities. (Selected MA/Regions samples)
6. Which are the typical success and failure stories of implementation arrangements and what are the main factors explaining them?	Success / failure depends on several aspects such as institutional set-up, participation of stakeholder groups, and selection of participants. Many of the EQs in this report are already designed to research stories of implementation arrangements and factors explaining how successful they were. This additional question is to be answered mostly in the course of interviews.	Interviews to authorities/experts. (Component of overall analysis of ESF for the selected MS/Region samples)
7. Which are the main factors affecting the sustainability of the benefits in the case of the identified success stories?	Sustainability means the long-term presence of positive effects (change) generated by the selected ESF measure. Sustainability can also be ensured by legal and policy changes and by the wider dissemination of good practices. This evaluation ascertains, via its primary and secondary data gathering, whether there is evidence of continued positive impact, and what the success factors are. Interviews in particular have been designed to help explain these (for example, projects' approaches and methods).	Available reports; Interviews experts/authorities. (Selected MA/Regions samples)
8. Which ESF measures and instruments have been more effective in reaching the Objectives set and why?	This is a rather complex question to answer, as typically effectiveness of measures depend on a wide range of factors, while the effectiveness of instruments usually depends on their Objectives, the specific needs of targeted recipients, and the ability of implementing authorities and beneficiaries. Therefore no generalisation is possible. Nonetheless, through this ex post analysis a few good practices for each of the thematic areas of analysis are isolated in terms of best measures and instruments. Contextual factors are highlighted to show how no duplication of any measure/tool is possible without understanding the underpinning contextual mechanisms needed to yield a	Available reports; Focus groups; Interviews experts/authorities.

At the local level it is possible to improve the business environment, but also to apply the lifelong learning concepts, with the condition of being able to count on sufficient financing from the national and regional levels.

- Keep both ways of working on employment identified by the evaluation: in the first place, local interventions that implement mainstreaming employment policies, but with the value of better participation of stakeholders; and in the second place, create innovation that can be later integrated into general policies. For both lines, institutional cooperation is the key.

- Provide continuity to effective experiences, establishing a funding line for pilot projects and others, to support experiences that reinforce the validity of participation.

- Encourage the exchange of experiences and methods across neighbouring, as well as distant, local governments, through various forms of financing (such as study tours, conferences, joint web-sites, and training).

alter the mentality of illiterate people towards a stronger awareness of the importance of further qualifications, and the concept of lifelong learning.

b.4.2) KSF: Participants: motivation and selection are important

Motivation is important in any context. This is especially true in the context of lifelong learning and the information society because the goals of the intervention are often less immediate than in any average training. Learning a skill that promises a better paying job makes immediate sense. Learning to acquire such skills in the future is more abstract and less immediately attractive. Many practitioners are aware of the need to supply the necessary motivation, as exemplified by the following quotations: "(A third step before and in the course of implementing a project) is to explain what the advantages of education are. Due to the fact that participants do not see direct outcomes, project managers must make clear the long-term advantages of education."[186] Participants' lack of understanding as to why training is necessary is often the first cause for a lack of motivation, according to another project manager who worked with employees with an immigrant background in Germany who were attending an English language course: "the participants don't understand why they should do this, they told me: we had already difficulties learning German when we came here, why do we have to go through English too?"[187]

b.4.3) KSF: Basic soft skills are integral to lifelong learning and information society

The key issue of transforming interventions from imparting ICT skills to creating fully fledged members of the information society appears to lie not in anything to do with technology but with soft skills. For some practitioners, the ability to participate in the information society falls under this bracket of soft skills that are not directly marketable. "It's important to stress the role of transversal education (environment, languages, ICT) besides the professional, specialised one," says a project manager, reporting the opinion of several of his colleagues.[188] In the more ICT-competent regions of Europe, this has already been achieved. For example, in Lower Saxony, 75 per cent of all projects confer some computer skills, although that is not their main aim: "Here in Germany that is not an important topic, ICT use is natural enough"[189] and "The information society is an obvious element of nearly all ESF activities but it is not addressed specifically."[190]

At the same time, several conversations with experts and project managers suggested that too many projects were focused exclusively on information technology. "Measures to increase access to ICT have not been accompanied often enough by measures to address skill gaps, adequate content, support services, learning community building, bottom-up content production and, above all, motivation to learn by disadvantaged

[186] Academic, Austria.
[187] Project manager, Lower Saxony, Germany.
[188] Project manager, Andalusia, Spain.
[189] MA, Saxony-Anhalt, Germany; quite common statement for German interviewees.
[190] Measure manager, Germany.

b. As far as the insertion rate is concerned, try to have more analytical value data: e.g. linking up employment obtained with the activity funded by ESF and consider the quality of employment, for example by the type of contract.

c. Conduct in-depth evaluations on specific topics or regions that allow relevant comparisons on strategic issues. This will allow for the evaluation of the actions in their context. For example, the analysis of the advantages of different instruments and the effects on targeted publics should be made taking into account the context of social and economic change in which these tools operate.

- Increase importance of firms (especially SME) in the adaptability strategy. This more specifically would mean:

  a. To increase the share of resources meant to be spent on adaptability that have firms as their explicit targets

  b. To integrate firms in the design and delivery of training

  c. To link training to personnel policies and more broadly, firms' strategy

  d. To make broader use of co-financing schemes.

semi-structured interviews conducted with managers, stakeholders or final recipients of each measure. As stated in the introduction, the cases represent a cross-section of a multi-faceted reality. The fieldwork tried to obtain direct information from representatives of the MAs and from those in charge of measures and projects but also, wherever possible, from other stakeholders and a small representative group of final recipients. This information gathering was completed and contrasted with existing documentation and with expert studies or opinions.

These cases are very valuable in terms of illustrations and statements, given that they provide the opinion of those individuals who applied or were subjected to the measures. But their basic analytical value lies in their comparison. Any difference and similarity in the way in which active employment policies are understood and applied in specific cases illustrate the value and limitations of the financed actions. In this way, the disparity in insertion rates is explained by the diverse social and economic situations addressed by the policies.

In order to answer the question on the adaptability of the unemployed, the following cases were selected based on three main aspects:

- Geographical aggregation: Southern, Central, Northern and new Member States
- Different performance of employment and unemployment during the period evaluated
- Cases from Objective 1, 2 and 3 regions.

The selected cases succeed in providing an adequate range of diverse situations related to the labour market and employment context[254]:

- A Northern European country, Sweden, characterised by its low unemployment rates throughout the period. A study was conducted at the national level and in the province of Södra
- Two New Member States with very different characteristics: Poland, examined at the national and regional level, whose hugely transformed economy has resulted in positive employment performance, having started off with very high rates of unemployment. Slovenia, a country without serious employment problems during the period but with a need to modernise its productive structures
- Spain, with two very different regions: Madrid, a metropolitan area at a time of economic growth, and Galicia, a peripheral region with significant structural transformations underway. In either case, 2000-2006 involved an increase in active and employed population figures
- Finally, a founding country in Central Europe, Belgium, for which the region of Brussels Capital was examined. This city was suffering

[254] Unlike the general methodological approach in the case selection, for this evaluation question no case selector graph was used. There was no need to present the pairs cases with extreme performance by quadrants as in the majority of evaluation questions. The evaluation team considered that it was more useful to select cases with different labour market structures and employment situation to better understand the “adaptation” process of regions and workers.

Impact:

Since ESF funding was not comparable to domestic public financing for equal opportunities and social cohesion-related goals, the macro-level impact of ESF according to relevant indicators was limited.

ESF-funded programmes were assumed to have a positive impact on equal opportunities and social cohesion at the meso and micro levels, especially by reaching out and mobilising disadvantaged groups, empowering and revitalising individual social networks. 'Revitalisation of social networks' is defined here as a positive impact.

The new approaches of development (Trigiglia, Sabel, Evans-Syrett) consider cultural capital not a cultural endowment which is fixed once and for all (Putnam), but a set of social networks which can change and improve. Thus enriched social networks are major conditions of gaining meaningful access to public services like education, health care and employment.

a.2) Methodological approach

The overall evaluation methodology

In addition to the overall methodology applied to all EQs, some shifts of emphasis in the methodological approach were used here to address the special features of theme IV. In this respect, the most important one follows from what the Euréval/Ramboll Study on the ex post evaluation of the European Social Fund (2000-2006) already indicated: the evaluation questions concerning the integration of the disadvantaged groups are relevant mainly in relation to the micro-level impact of ESF-supported activities. As a consequence, our methodology provides more micro-level answers for the EQs IV.a and IV.b. The definition of disadvantaged groups varies in the MSs; hence the relative weight of evidence gathered from fieldwork at the micro-level in providing insights on equal opportunities and social cohesion is bigger than that offered by macro-level statistical analysis.

Data collection and statistical analysis

The consortium decided to follow a two-step approach:

(1) First to create an overall European analysis of equal opportunities and social cohesion that allows for identifying the most interesting cases (Member States)
(2) In the second phase entering the regional level in order to select the regions with the appropriate measures.

In the first stage, an overall European map on equal opportunities and social cohesion was created. MSs were compared on the basis of a two-dimensional analysis (see Figure 1 and 2) combining social inclusion-related data and ESF expenditure. MSs with strong and weak indicators were separated. Pairs of high and low performing MSs within geographical aggregations were selected to guarantee a diverse set of flexicurity regimes and socio-cultural background.

The selection of evaluation cases was based on statistical analysis. In the case of EQ IV.a, the following sampling criteria were used:

analysis, from the MAs and the measure managers the team gathered the most up to date secondary factual data relating to expenditure levels, distribution across the various actions, and number of final recipients. In essence, this step was aimed at taking stock of the implementation of the gender relevant parts of the OPs.

- The second step of the case study focuses on the intermediate bodies, and consists of personal interviews with the MAs and the measure managers. At this stage the aim has been twofold. On the one hand, respondents enabled the team to reconstruct the process of OP and gender relevant measure implementation. On the other hand, interviewees were asked to help the team identify the 'best practices' in terms of a particularly significant project-level 'action' regarding female employment and advancement, which had been carried out in the region.

A **best practice** would be the case of a large or smaller enterprise having adopted an innovative, replicable, and sustainable approach to female employment and advancement. Intermediate body respondents helped the team gain access to the site of the best practice.

- In the third step, the best practice identified was examined. At this stage, two aspects of field work were envisioned. One consisted of focus group interviews with final recipients, that is, with women who are beneficiaries of the project. The women, of different ages and lines of employment, were organised into one/more focus group(s) as appropriate; they were the source of two types of primary data: personal self-assessment data as well as group discussion data[267]. Additionally, the field work at the site entailed personal interviews with a few key respondents (stakeholders), such as personnel manager, trade union representative, and firm owner.

The fieldwork in the 15 regions and eight MSs across Europe reached a total of **166 people**. In particular the fieldwork yielded a total of 108 individual respondent interviews (at the national and regional levels), while eight focus group interviews were held with final recipients (with a combined total of 36 people). Additionally, when the minimum number of participants per focus group was not available, the team interviewed final recipients as personal respondents, for a total of 22 individual interviews**.**

In terms of instruments used, the evaluation team prepared questionnaires to hold semi-structured interviews, with 'open ended' and 'close-ended' (pre-coded) questions targeted to the different kinds of respondents. While the open ended questions provided the narrative information on the content and process which produced and implemented the OPs, the closed questions yielded variable-based evaluative

[267] In some cases, given the time elapsed since the completion of the project, it was not possible to organise a focus group as women had dispersed; therefore final recipients were interviewed as individual respondents