



KINGDOM OF SPAIN

**NATIONAL ACTION PLAN
FOR EMPLOYMENT**

-

2002

April 2002



KINGDOM OF SPAIN NATIONAL EMPLOYMENT ACTION PLAN - 2002

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INTRODUCTORY NOTE

The Kingdom of Spain's National Employment Action Plan for the year 2002 has been drawn up by an inter-ministerial commission steered and co-ordinated by the Ministry of Labour and Social Affairs. The commission includes representatives from the following departments: Labour and Social Affairs, Economy, Treasury, Education and Culture, Science and Technology, Development and Public Administrations.

In addition to central government, an active role is also being played by the governments of the autonomous regions and by local corporations, who are making an increasingly important contribution to labour market measures. The regional governments play a key role in the management of active employment policy measures and programmes, using funds both from the public employment service (INEM) and from their own budgets (see Annexes).

As well as this, the social partners have an important part to play through the most important trade union and employers' organisations. Their actions relate mainly to Pillar III, although they have an effect on the whole Plan.

Other organisations in the social economy and associations representing disadvantaged groups make an important contribution as managers of programmes, using either public or private finance.

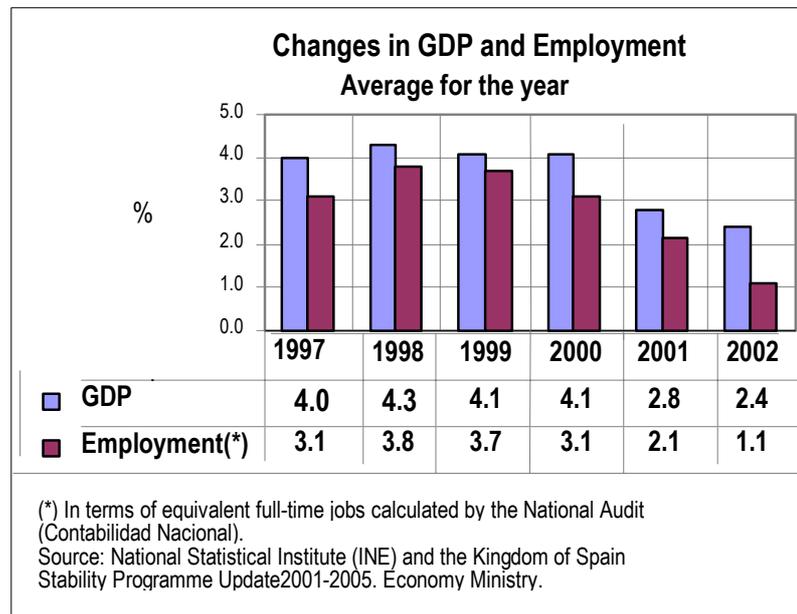
Finally, the European Social Fund, the main financing body for the Plan, plays a key role in terms of selecting and monitoring the programmes which are put into action.

A. THE NATIONAL EMPLOYMENT POLICY BACKGROUND

- **How the political agenda and the economic background have affected employment**

Since the initiation of the European Employment Strategy (EES) in 1997, the Spanish labour market has performed well within the wider context of an economy showing steady growth at an annual rate of more than 4%

Chart 1



Although the application of the EES has coincided with a cycle of economic growth, the increase in employment has been greater than what may be attributed to the economic cycle alone. As can be seen in the accompanying chart, the GDP/employment elasticity in Spain has continued to be high during these years, and well above the historical Spanish figure. One factor influencing this has been the positive climate of social dialogue which began in the middle of 1996, and led in April 1997 to the signing of the three employment agreements which have formed the framework for labour relations and the labour market ever since.

Apart from the various reforms analysed below, this favourable climate has contributed to the fact that during this period wage rises have been kept to levels allowing continued employment growth. Although Spain has suffered inflationary pressures recently, the situation improved during 2001, with inflation ending the year at 2.7% compared to 4.3% in June. Wages continued to rise, reaching an average increase of 3.5% under collective agreements.

The year 2001 saw the achievement of a balanced budget by the public administrations as a whole. This is a key element for maintaining stability, since monetary policy can no longer be implemented by individual countries within the EU.

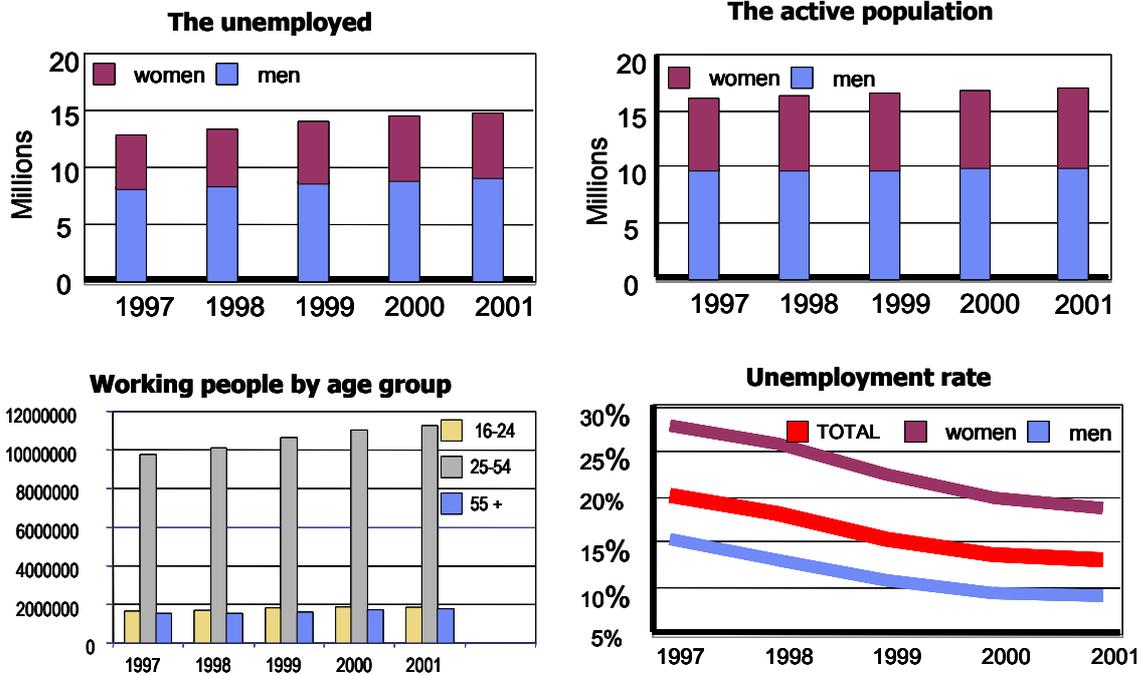
In 2001 Spanish economic growth lost some of the strength shown in previous years. As a result, employment growth was also lower, though it continued to be positive. The economic outlook for 2002 is for a gradual recovery in the rate of growth, in particular in the second and third quarters. This will allow employment to continue to increase and unemployment to decrease, as outlined below.

Spanish economic policy will continue to be guided by medium and long-term considerations. The core objective of the policy will, as before, be an increase in the potential growth of the Spanish economy, maintaining the process of real convergence with the major European economies in terms of income

and employment. In order to achieve these objectives, the focus of fiscal policy will be the maintenance of a balanced budget in 2002, along with improvements in the efficiency of the tax system and an increased emphasis on investment. The policy of structural reform of the product and factor markets will be maintained.

- **Key points in employment and employment policy since the start of the European Employment Strategy**

From the end of 1997 to the end of 2001, 1,952,000 jobs were created and unemployment fell by 1,079,000, with nearly 900,000 people entering the labour market. The employment rate of the population of 16 to 64 years of age increased by 8.4 points to 58.2% and the rate of unemployment fell 7.4 points to 13.0% of the labour force (equivalent to 10.5% by the new Eurostat definition). Although this figure continues to be excessive, it is the lowest rate recorded since 1980.

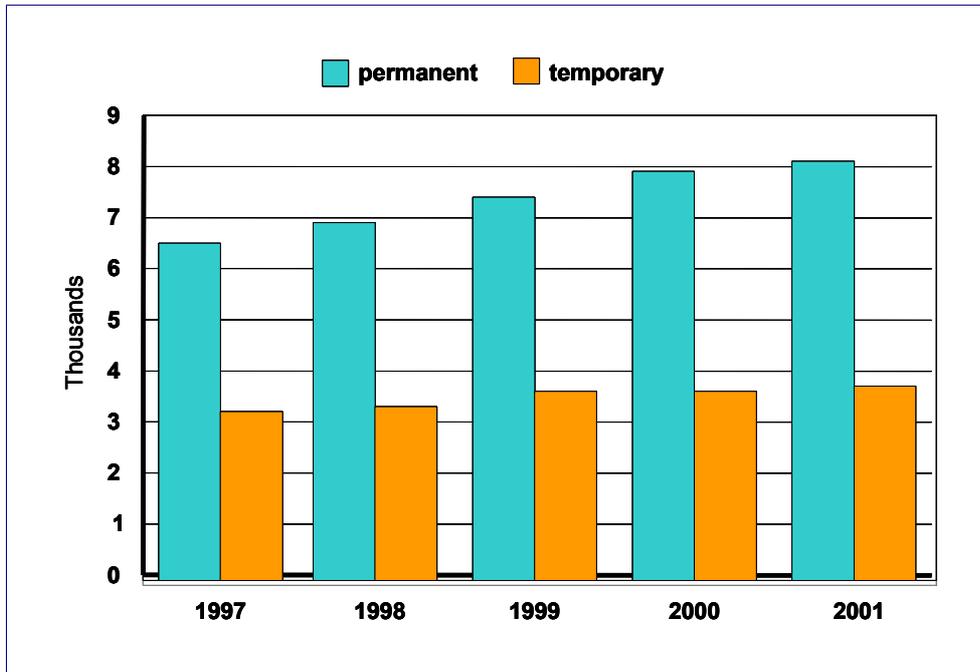


Source: EPA IV Quarter

Just over half the employment created during these four years, or 1,067,000 jobs, went to female workers, whose employment rate increased by 23%. The number of working people over the age of 55 rose by 230,000, or 15%.

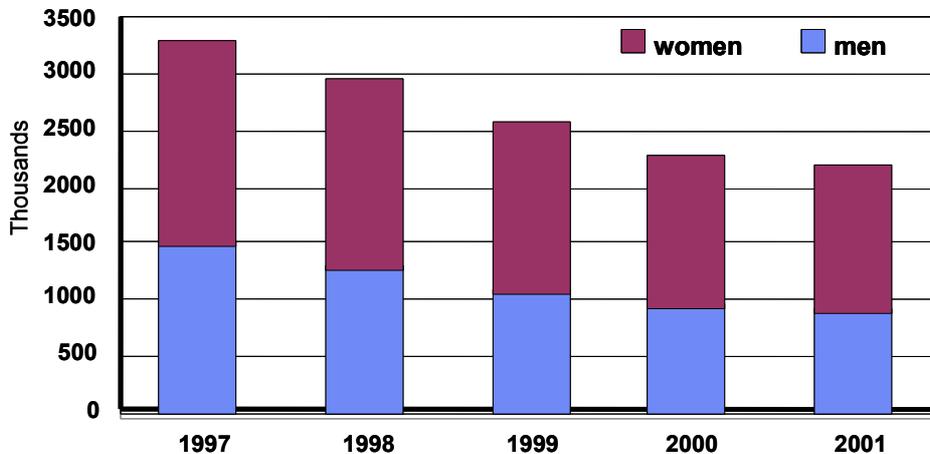
The number of wage earners with permanent contracts increased by 1,530,000, or 23%. This has allowed the rate of workers with temporary contracts to fall, but it still has to fall further.

Numbers of workers according to type of contract

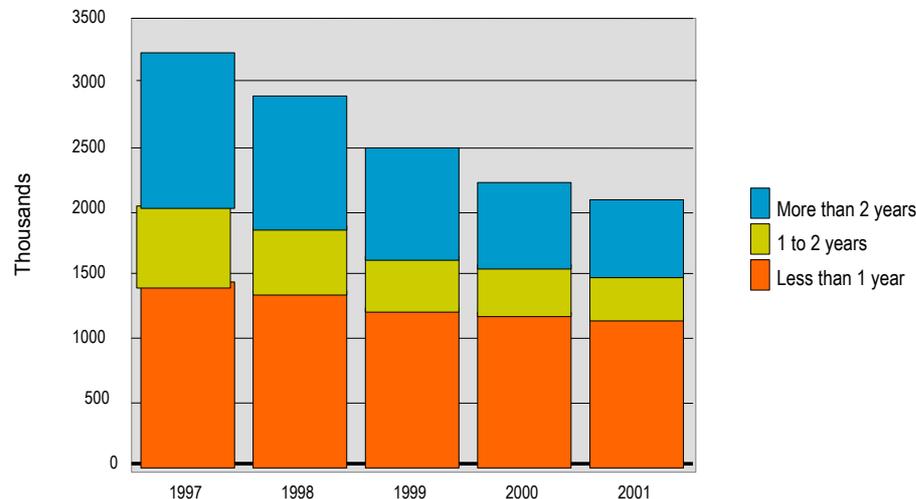


Two aspects worth highlighting are the reduction in the rate of unemployment among young people and the long-term unemployed. The number of unemployed under the age of 25 has fallen by 40%, and the number of those who have been looking for work for over a year has fallen by 50%.

Unemployment



Number of unemployed according to length of time looking for work



These developments in the labour market have been made possible by policies in a number of different areas, as well as by a favourable economic climate. The following measures are within the framework of Pillar I: active employment policies have been boosted in order to increase employability, with a million unemployed people each year receiving job placement actions, training and/or counselling; the Public Employment Service (PES) began its decentralisation process and new technologies were introduced; active ageing measures were adopted, encouraging older people to remain in the labour market, establishing flexible retirement formulas and under the Agreement on Social Protection of 2001, the maximum age limit for workers was abolished; the Skills Institute was established; the range of certificates for professional training has been brought up to date and the academic requirements for such training have been made more flexible; priority has been given to the employment and training of the disabled; and disadvantaged groups have been encouraged to enter the labour market.

Within Pillar II, measures taken to develop the spirit of entrepreneurship include the following: there has been a significant simplification of the paperwork needed to set up companies and the gradual implementation of the "single window"; financial instruments for SMEs have been defined; self-employment and continuous training for self-employment have been promoted; the existing local development programmes have been updated, and a new programme has been approved to promote companies in this sector; a new law on co-operatives has been passed aimed at co-operatives linked to social initiatives; a series of plans and initiatives have been approved to establish and promote the Information Society in line with the European strategy; reductions in social security payments have been introduced for indefinite contracts offered to workers who find it difficult to enter the labour market; and fiscal incentives have been passed to encourage investment in the environment, R&D and new technologies.

Under Pillar III: In order to increase the adaptability of companies and workers, in accordance with the agreements of April 1997 between the social partners, a more modern system of collective bargaining

has been encouraged and extended to sectors which were regulated by old labour rules; regulations have been introduced in favour of stable and quality employment; greater flexibility and social protection have been extended to stable part-time work contracts which the workers enter into voluntarily; the rights given to workers with temporary contracts have been brought closer into line with those with permanent contracts, while the abuse of temporary contracts has been penalised; negotiation has been encouraged to establish a better use of working time in order to reflect the needs of male and female workers; and progress continues to be made in replacing the system of professional categories with that of professional groups, allowing greater professional mobility.

Lastly, within the framework of Pillar IV: the Observatory of Equal Opportunities between Women and Men has been created as a permanent monitoring body aimed at reinforcing gender equality; reductions in social security contributions have been introduced for employers recruiting women; a Law Reconciling Family and Working Life has been passed, giving special attention to parental leave and regulating protection; the training and employment of women has been given priority through additional economic incentives, while encouraging women to set up their own businesses and giving training and advice to unemployed women to enable their return to the labour market. In all these instances, all the measures in the NAPs heed the principle of equal opportunities between women and men in access to the labour market.

In addition to the measures included in the NAPs, the autonomous regions have developed specific measures to reflect the local conditions of their own labour markets. These measures are often drawn up in employment plans based on agreements with the social partners.

B. THE EMPHASIS ON INCREASING EMPLOYMENT RATES AND IMPROVING QUALITY IN WORK

- **An analysis of strengths and weaknesses in terms of increasing employment rates and an identification of the main challenges up to 2010.**

There has been a strong growth in employment in recent years, as highlighted in Section A. As indicated, this job creation has benefited women above all, while the fall in unemployment has been particularly significant among the long-term unemployed. In addition, since 1995, stable employment has been growing at a faster rate than temporary employment, leading to a cut of 6 points in the rate of temporary work among wage earners in the private sector since then, though the rate is still too high. The Spanish economy has demonstrated not only that it has a great capacity to create jobs, but also that these jobs can be targeted at the groups needing them most.

However, the progress made in the last few years has still not eliminated completely historical weaknesses in the Spanish labour market. The rate of employment continues to be low, and unemployment high, particularly among women, whose rate of unemployment is still double that of men. In spite of the increase in permanent contracts, the rate of temporary work continues to be high. There are also differences in the rate of unemployment in different autonomous regions: some have close to full employment, while in others the rate is nearly double the national average.

The challenge for the near future is to overcome these weaknesses and to continue an intensive rate of job creation, in particular of permanent jobs. One of the aspects requiring special attention will be education and training. There has been clear progress made in this respect, especially in terms of the presence of women, who are now form the majority among university students. The new Professional Training Law, in its Parliamentary stage, aims to introduce a real system of lifelong learning which responds to the requirements of the business world and the knowledge-based economy.

- **Future developments in employment**

The forecasts included in the Kingdom of Spain's Stability Programme Update (2001-2005) offer the following employment figures: in the year 2002 an increase of 1.1% and in the period 2003 to 2005 an annual increase of 1.8%. This growth is equivalent to an annual increase of 3 percentage points in the employment range (15 to 64 years) between 2002 and 2005.

The forecasts indicate that, unlike in earlier cyclical downturns, the Spanish economy will continue to generate employment and reduce the level of unemployment thanks to the structural reforms introduced in recent years, both in the labour market and in that of goods and services.

- **Key measures for bringing older people into the labour market. Also measures taken to increase women's employment rates.**

The presence of women and older people in the labour market depends on there being jobs available for them. This means that, as well as stimulating employment in general, reductions in social security contributions have been established for employers who hire women or older workers. These reductions have been introduced on a progressive basis during the last few years, as can be seen in Points 3, 12 and 17, and are particularly important in the case of workers over the age of 60. At present, all permanent contracts offered to women are given reductions in social security contributions, in some cases of 100%.

In addition to these reductions, the labour reforms passed in 1997, 1998 and 2001 have introduced other measures supporting the stable integration of disadvantaged groups (including women and older people) into the labour market. Support has also been given to part-time working where this is the worker's choice and for an indefinite period, with levels of social protection equivalent to full-time work, and offering a greater flexibility in its application.

Apart from stimulating demand on the part of workers, emphasis has been put on their training so that they will satisfy job requirements. Job-finding measures for the unemployed have been established (Points 1 and 2), making sure that unemployed women have a share in the measures proportionally to their number (Points 16 and 17) and that local programmes give priority through budgeting measures to actions benefiting women. Women and older workers are also given priority in the training of employed people (Point 4).

At the same time, measures have been taken to make it easier for women to enter the labour market. Public schooling has been extended to an increasingly early age, so that the great majority of children are at nursery school from the age of 3 (Point 4). Tax reforms have meant that income tax no longer creates a disincentive for women to enter the labour market, since in the great majority of cases it is more profitable for married couples to file their tax returns separately.

The participation of older people in the labour market will be given special priority over the next few years, in line with the EES and the needs of the market itself. Early retirement is now only possible in Spain from the age of 60 and with a considerable reduction in the pension received compared to retirement at 65. In addition to measures which have been included in previous NAPs, important measures have been passed recently to make retirement more flexible and offer incentives to companies and workers to stay in the labour market, even past the official age of retirement (Point 3).

- **Key measures to promote quality in work under the four Pillars and to increase rates of employment.**

Quality in work is one of the core objectives of national employment policy, and is understood as a multi-dimensional concept which has to be present in all the actions undertaken in the four Pillars.

In the Spanish context, the most important aspects of quality are those relating to training, stability at work, accidents at work and women's access to work.

Important reforms are being carried out in 2002 in the area of training, both in terms of initial education and in lifelong learning. These are outlined in Recommendation 3 in Section C and their development is included in Point 4 of Section D and Point C Section D, while its development is outlined in Point 4.

The institutional framework of labour relations in Spain puts emphasis on the protection of permanent work, as has been shown by several international studies. The vast majority of layoffs of workers with permanent contracts are effected through the administrative or judicial system with the workers receiving an average compensation of around 10 months of gross salary. The main problem for quality is the excessive number of temporary contracts. Changes in labour regulations in 1997 and 2001 attempted to create a framework allowing greater flexibility as well as greater stability in employment, and lower compensation pay for some groups, as well as lower social security contributions from employers for these contracts. In addition, the conditions under which temporary contracts may be used have been restricted and a severance pay has been introduced for them (see 1998 and 2001 Employment Plan). The Law of 9 July 2001 aims to create more and better jobs, as reflected in its title: "Urgent Labour Market Reform Measures to Increase the Level and Quality of Employment". The Inter-Confederal Agreement for Collective Bargaining in 2002 approved by the social partners will allow progress to continue on improving the quality of work within companies through collective agreements, as indicated below (see answer to Recommendation 4 in Section C).

The measures for reducing accidents at work, which are included in Point 14, include legislation for individual sectors and a promotional plan of preventive measures.

Improving quality in work should go hand in hand with increasing the number of jobs, particularly in areas of greater unemployment. A lack of alternatives leads workers to accept jobs which they do not really want. For this reason, the measures in the Employment Plan (and in the government's policy overall) aimed at increasing employment rates, are also measures which increase the quality of work.

- **The contribution of lifelong education and training policies to the improvement of quality in work and the increase in employment rates.**

The increase in the rates of employment in Spain is a result, above all, of a greater presence of women in the labour market, which is in turn closely related to the improvement of their education level: the rate

of married women working is nearly double for those with a higher education than those who did not go beyond primary. In the next decade, the education level of the female population of working age will continue to improve, thanks to the increase in the rates of schooling of those who are now between 16 and 30 years old. This will have a significant impact on the rates of female workers in the labour market, as well as the quality of jobs available to them.

Professional training for the unemployed and employed has led above all to an improvement in the quality of work produced. In the case of the unemployed, those who take part in training courses increase their chances of finding a job by nearly 15% (see Employment Plan 2001, Guideline 2), thus increasing the efficiency of the labour market.

- **The contribution of the social partners towards maintaining workers in the labour market and improving quality in work.**

Measures to keep older workers in their jobs:

In 2001 the government, employers' representatives and one of the two main trade unions signed an agreement to improve and develop the system of social protection. The agreement included measures to create incentives for the employment of older workers. One of these is that if a reduction in headcount includes the laying off of older workers, the company has to compensate by continuing to pay a portion of the social security contributions of these workers until they retire.

Improving quality

In 1997, at the start of the EES, the social partners signed a series of agreements which have been put into practice, and have contributed to improving quality in work. The Interconfederal Agreement for Stable Work (AIEE) proposed changes in the regulations to improve the relation between stability and flexibility, and these changes were put into law by Parliament. The Agreement on the Temporary Legislative Cover (AICV) established a regulatory framework for certain groups whose occupations were not recognised legally, in those aspects which relate to the social partners. The Agreement on Collective Bargaining (ANC) was intended to structure collective bargaining in Spain, while at the same time allowing the different sectors the freedom to choose the structure best suited to them.

Collective agreements cover the vast majority of wage earners. In the year 2000, 5,146 industrial agreements were signed, affecting 9,220,600 workers. The difference between this figure and the 11.5 million wage earners at the time is mainly made up of public sector workers, whose incomes are determined by law.

The working day: Real working time as negotiated in agreements has been falling slowly as a result of changes in the production system. The tendency is for a non-linear distribution of working hours, with the benchmark figure being the annual total. This tendency was evident in previous years, and continued to increase in 2001, showing that there is a growing interest in the quality of working time, rather than the traditional quantity-based concern with maximum duration. Some agreements abolish the use of overtime and adopt an irregular distribution of working time throughout the year.

Temporary contracts: In sector-based agreements there is a growing interest in the use of certain kinds of temporary contract, whose application is clearly defined by need. They include lists of the tasks or activities for which workers can be hired on the basis of work or service carried out; or they even

introduce limits defined as a percentage of the workforce to the number of fixed-term contracts possible. Some agreements include improvements in the rights of temporary workers, over and above those provided by legislation, relating to the giving of notice and severance pay.

Other questions: Significant changes have begun to be made in industrial agreements in relation to professional grading, above all after the 1997 agreements. Starting that year, industrial agreements began to incorporate structures of professional grading based on broad concepts such as professional group, ability, level, or others. This has paved the way for more active functional mobility.

The attempt to reach a new agreement in 2001 on the changes needed in regulations on contracts was not successful, since the social partners did not reach agreement on a joint proposal. They did, however, sign the Interconfederal Agreement on Collective Bargaining in 2002, which will allow continued progress via industrial agreements. The Interconfederal Agreement covered areas such as job creation and maintenance, stability, training, equality of treatment (see reply to recommendation 2 and 4) and health and safety at work.

Another contribution was the signing of the III Agreement on Continuous Training in December 2000, which is mentioned in Point 4, and the II Agreement on Extra-judicial Resolution of Conflicts in 2001, which established mechanisms for resolving conflicts without resorting to court action.

C. REPLY TO THE RECOMMENDATIONS

Recommendations:

- 1. To pursue the modernisation of the public employment services, in order to increase their efficiency and improve the preventive aspect, particularly with regard to unemployed adults, so that all possible beneficiaries are catered for. These efforts should include the implementation of a system of statistical monitoring.**

Central government has continued the process of devolution of the PES to the autonomous regions throughout 2001. The aim of this process is to bring citizens closer to the management of measures which affect them, whilst at the same time maintaining the unity of the Spanish labour market and the free movement of workers within the country as a whole.

As of 1 January 2002, the management of active employment policies and professional training has been transferred to 12 of the 17 autonomous regions, and the process will continue this year.

In 2002, new regulations will be introduced to ensure that the preventive approach and the other priorities included in the EES are applied to all unemployed people (see Point 1). These regulations will be applied to the country as a whole, i.e. including those autonomous regions which manage measures financed by central government.

By means of the integrated computer system (SISPE) to be introduced this year it will be possible to monitor these actions in real time throughout the country, allowing any anomalies which may occur to be detected easily.

Completing the SISPE Project: The completion of the project which ensures that all public employment services, both central government and regional, have high-quality information in their respective areas in order to optimise management; to maintain the inter-communication of all the PES information systems, guaranteeing information flow in real time, with a high level of security and integrity in the information and to help enable the geographical mobility of workers and jobseekers easier across Spain by improving the match between job offers and jobseekers in the different regions.

Implementing new services for companies and the unemployed: a) offering companies a number of different possibilities to make it easier for them to recruit either through the Internet or the electronic submission of documents via the XML standard tabled by the European Union; b) establishing a job notice board as a free means of contact between jobseekers and employers, offering people a web site where they may post their CVs for interested companies; c) creating a citizens' enquiry service offering easily accessible information to people making queries either by telephone or telematic means such as e-mail or messages through the Internet server; d) giving a boost to Youth Information Centres, whose objectives include giving young people access to job offers advice. The number of users at these centres will increase from 2,500,000 to 2,700,000, and an education employment web site for young people is being developed jointly with a trade union. (Web site EDUCAEMPLO).

- 2. To introduce efficient and wide-ranging measures in order to increase the overall rate of employment and reduce the inequalities between men and women in the field of employment and unemployment. Objectives relating to the supply of services caring for children and other dependents should be set and complied with within the framework of integrating equality between men and women in the policies as a whole.**

As indicated in the second point of Section B, the efforts made to increase women's employment are both through action on the demand side (reductions in costs for employers through lower social security contributions) and supply, by making women better qualified and with more time available for work. They are also being encouraged to become self-employed. The results are positive: in 2001, two thirds of the net employment created has been for women.

Since the various measures taken are set out in detail in Pillar IV, the following information only serves as an outline. One of the basic policy elements is improving the level of training and adapting it to the real requirements of the labour market. Women are already in the majority as university students, and in 2001 represented 62% of those taking courses for unemployed people. In addition, the Institute for Women, the autonomous regions and local corporations are promoting an innovative form of vocational training especially designed for women. In the time the NAP has been in force, over 8,300 women have taken part in these special training programmes. A number of programmes are also being developed for groups of women who have additional difficulties in finding jobs. The aim is to promote their integration into the labour market and society, and the results so far have been good.

As a result of the emphasis on women as a priority group for action within the various programmes promoting stable jobs over the last few years, 573,000 permanent contracts were offered to women in 2001, 44.0% of the total for this kind of contract. Since 1997 the number has risen by a factor of 2.2. Most of the contracts which qualified for some form of reductions in social security payments (52.9% of the total) were for women.

Collective bargaining has also taken increasing account of non-discrimination or promotion of equality between men and women in recent years. In 2001, 35% of the industrial agreements mentioned it

explicitly. The clauses include the prohibition of any form of discrimination or specifically gender discrimination. There are also clauses against gender discrimination in very specific instances, such as promotion and earnings, and clauses against gender discrimination, in particular questions such as promotion and pay. In some cases there are references to positive discrimination, mainly relating to training for women.

This trend may be given fresh impetus by the Agreement on Collective Bargaining (ANC), signed by the main business organisations and trade unions (CEOE, CEPYME, CCOO and UGT) on 20 December 2001. It includes an item referring to promoting equal opportunities and contributing to the elimination of gender discrimination in employment and recruitment. The text of the recommendation, which should be a benchmark for collective bargaining in 2002, reads as follows:

“Since it is obligatory to pay the same wage for work of equal value, it is necessary to promote actions eliminating direct or indirect wage discrimination for reasons of gender in collective agreements, and not make use of age, or other situations or commitments which could lead to such discrimination. We should begin to examine the causes which give rise to possible inequalities of this kind in different sectors and companies. Collective bargaining is a useful instrument within labour relations for promoting equal opportunities between men and women in employment, by measures encouraging an increasing variety of jobs to be offered to women and facilitating their access to training, work practice and recruitment in jobs and positions traditionally carried out by men; encouraging the use of substitution contracts and contracts covering maternity or paternity leave, caring for family members and risk during pregnancy.”

Apart from this, a modification to the Workers' Statute is now in its parliamentary stage, and should be passed during 2002. The change proposed reads as follows:

“The employer is obliged to offer the same remuneration for work which has the same value, whether this is paid directly or indirectly, and whatever the nature of the remuneration is, whether wages or extras. There can be no discrimination whatsoever for reasons of gender in any of the elements or conditions of this remuneration.”

This change brings Spanish legislation into line with that of the EU and rulings by the Court of Justice of the European Communities, which speak of “remuneration” rather than “wages”.

In addition to this, the “Integrated Family Support Plan 2001-2004” has been passed to improve the quality of family life, in particular those whose situations are most acute. The plan includes tax benefits for crèches and for the recruitment of workers to care for children and dependents, as well as reductions in employers' social security contributions for women who are employed after a period out of the labour market to look after children. The number of three years of age or less attending nursery school is increasing significantly.

3. To complete effectively recent reforms relating to professional training, so that they include a far-reaching and coherent strategy on lifelong learning, establishing verifiable objectives, in order to increase the education levels and the presence of adults in education and training, improve the low levels of skills and boost non-formal education.

- **Framework for a coherent broad-based strategy:** In December 2001, the government presented parliament with the bill on **Professional Training and Skills**, and it is hoped that it will be passed

and come into force during this year. The bill has been drawn up jointly by the Ministry of Education, Culture and Sport and the Ministry of Labour and Social Affairs, with the participation of the autonomous regions and social partners. It includes the priority actions which emerged from a national debate in the first quarter of 2001 on the "Memorandum on lifelong learning".

- The new law aims to integrate all the sub-systems which make up professional training (initial/school, vocational and continuous) into a single system directly related to work. A National Professional Training and Skills System will be set up with a modular and flexible index of professional training, linking the supply of training to labour market needs. Integrated centres will be set up to teach professional training and co-ordinate innovation and experimentation in this field, to reflect the different sectors of production.
- The three main lines of action are: 1) to establish a system of professional skills which uses as a benchmark the EU criteria for increasing workers' mobility; 2) to recognise non-formal learning, including work experience; 3) to integrate the different training systems, making each system compatible and coherent with the others; 4) to establish the mechanisms guaranteeing collaboration between business and schools, in order to improve training and prevent the present mismatches between job seekers' skills and the labour market; 5) to adapt the training supply to groups with special difficulties (the handicapped and people with problems of integration); 6) to extend the skills in ICT to the whole of the labour force.
- **Facilitating access to permanent education for adults.** Adults have access to basic education which allows them to receive the certificate for Compulsory Secondary Education through specific tests; the Bachillerato (high-school leaving certificate) via distance learning (CIDEAC); to take presential Middle and Higher university-level training courses, with access through tests for mature students not requiring academic qualifications; and to prepare for other formal education. In 2001, 432,134 adults took part in courses specially designed for them. This number could increase according to need.
- **Numerical objectives of vocational and continuous training.** These will help 506,000 unemployed people in 2002 (23% of the unemployed total), including the actions by autonomous regions using their own budgets. The Spanish government aims to maintain a rate of increase of around 2 percentage points a year in the number of unemployed being trained. In addition, a planned 2,667,040 workers, or 18% of the total working population, will receive permanent training financed with public funds (others receive training from companies, see Guideline 15). An increase of 1.5 percentage points in the two following years is anticipated.

4. To continue to modernise the labour market and the organisation of work, with the active participation of the social partners, in order to reduce the high percentage of fixed-term contracts and increase the use of part-time contracts.

As outlined in Section B, the institutional framework as a whole is being overhauled to encourage the use of permanent contracts. Part-time permanent contracts now receive the same subsidies as full-time ones (see Point 8). The Royal Decree-Law 5/2001, "Urgent Labour Market Reform Measures to Increase the Level and Quality of Employment", which was part of the last labour reform, was passed into law (Law 12/2001) and came into force on 11 June last year. This reform, together with the reductions in social security contributions for employers and the work of the Labour and Social Security Inspectorate in monitoring recruitment, is having an effect on the gradual increase in the number of

stable contracts (1.3 million new permanent contracts in 2001) and in the amount of stable part-time employment.

The social partners have continued a process of social dialogue with the aim of reforming the framework of collective bargaining. At the end of 2001, the most main business and trade union organisations (CEOE, CEPYME, CCOO and UGT) signed the Inter-confederal Agreement on Collective Bargaining in 2002 (ANC 2002). It includes the criteria and guidelines which should be used for collective bargaining in Spain in the year 2002.

The following objectives are outlined in Chapter II, section 3 of the ANC 2002: To maintain employment and prevent sudden changes; and also to increase employment while promoting job stability.

The social partners actually point out: "Job stability... should be considered as a factor in guaranteeing competitiveness... As part of this objective of stability, collective bargaining constitutes an appropriate instrument to gain commitments for converting temporary contracts into permanent ones... The objective of greater stability in employment is not an obstacle in the maintenance of a framework of temporary recruitment... In fact, the labour legislation includes a wide range of possibilities for recruitment, allowing collective bargaining procedures to adapt the different contracts available to present and possible future needs arising in companies, assuming their appropriate use in line with current legislation.

"So it is a positive step for collective agreements to take this kind of lead in promoting the right use of the different forms of contracts. In this way, permanent contracts take care of the permanent needs of the company, while the intermittent needs, where they exist, can be covered through temporary contracts, and training or recruitment needs via the corresponding type of contract."

After including specific provisions with respect to particular forms of contracts (contracts for work or service done, fixed-term contracts, training contracts...) the signatories of the ANC 2002 say the following regarding part-time contracts and temporary contracts:

"Part-time contracts: their use should be promoted, especially permanent ones, inasmuch as they allow a company's workforce to adapt to competitive conditions and allow the reconciliation of work and personal life of both male and female workers.

"In relation to temporary recruitment, collective bargaining should take advantage of the powers established by labour legislation to adopt formulas which prevent the abuse of using a succession of temporary contracts for the same worker."

5. To reduce regional differences in terms of employment and unemployment, promoting the conditions which can create employment in regions with the worst unemployment rates and eliminating the obstacles to mobility.

Since the European Employment Strategy was implemented, the three regions with the highest levels of unemployment have increased their employment more than the national average in percentage terms. Between 1997 and 2001, employment has increased in Andalusia by 21.3%, in the Canary Islands by 19.1%, and in Extremadura by 18.2%

A number of factors, including regional policy, have contributed to this situation. Since the Spanish regions with the lowest rates of employment are included either in Objective 1 or Objective 2 of the European Union structural funds, actions in these regions tend to receive money from the funds and as a result are included in the Frameworks for Action. In order to increase the efficiency of the system and prevent the overlap of actions by different agents, as well as promoting relations between different institutions, the complementarity of actions by central government, the autonomous regions and any other promoter have been ensured.

A significant part of the funds are allocated to subjects related to employment. Within the Community Support Framework for Objective 1 regions in the period 2000-2006, the core point 4 is "Development of Human Resources, Employability and Equal Opportunities", and represents 18% of the total. Core point 5 deals with "Local and Urban Development", and is allotted 10% of the total resources. For regions under Objective 2 there are "Single Programming Documents" (DOCUPs) for each of the autonomous regions. The ultimate aim is "sustained social and economic re-conversion" of areas with structural problems. Point 1 is worth highlighting: "Improvement of Competitiveness, Employment and Development of the Productive Fabric," which represents 29% of all the allotted funds; "Reinforcement of human potential in research and technology," part of Objective 3 of "Promoting the Knowledge-based Society"; and indirectly, all the territorial-based actions as a whole under point 5 of "Local and Urban development", which represents 17% of the total (See Annex 2, Key Financing Data, tables 1, 2 and 3).

In addition to the measures included in the structural fund programmes, actions by the public employment services pay particular attention to geographical areas with the greatest problems. The transfer of the management of active policies to the autonomous regions is carried out in such a way that the regions with the greatest level of unemployment receive the most funds for actions for unemployed people. The distribution of funds from the INEM to the autonomous regions for active policies has a number of different parameters. The most important are the number of job seekers and the level of income, and the funds received are directly proportional to these parameters: the greater the level of unemployment, the lower the income and the greater the number of job seekers, the more funds allotted to the autonomous region. Thus, among the regions which have total management control in this area this year, the region with the greatest level of unemployment has just over double the funds, proportionally to its labour force, than the region with the lowest level of unemployment.

Municipalities with special problems are benefiting from the Emergency Plan in which 85 local corporations have taken part and which ends this year (see Point 1). At present, another programme is being run, under which municipalities of more than 50,000 inhabitants (or fewer than 50,000 if they decide to work together), and have not developed care services, crèches or help for disadvantaged people, can gain access to general subsidies, as established by article 6 of ESF. (See Point 11).

The autonomous regions manage most of the central government's active policies and also carry out their own actions, which are included in Annex 5.

The measures aimed at removing obstacles to mobility are included in Point 6.

D. MEASURES UNDERTAKEN: A PROGRESS REPORT

Point C: Strategy for lifelong learning (Overall Objective C)

- The Spanish government has adopted a broad approach to increase levels of education and literacy, as well as training for people of working age. The education system, in particular secondary and higher education, encourages links and collaboration agreements with local companies. Given the high dropout rate among people of ages 16 - 25, a central objective of the measures is to reduce substantially the number of young people who leave the system without basic qualifications. Also, it is important to increase the low numbers of young people taking science and technology courses, or studies linked to the “new” professions (see Point 4).
- Since 1997, the government has been introducing important changes in the education and professional training systems. As a result of these policies, the number of young people of between 20 and 24 years of age who have not obtained at least a higher secondary qualifications and who are not studying fell by 19% between 1997 and 2001 (EPA data).
- In addition to what is outlined in Recommendation 3, Section C, the following legislative and administrative actions have been taken:

1. Primary and Secondary education

- ✓ Royal Decree 3474/2000 (see NAP 2001, pages 16 and 17).
- ✓ A proposed law addressing **Quality** (in its discussion phase), with the aim of reducing failure at school, improving the quality of the education system, and strengthening the management and assessment system. It institutes a reform of the infant, primary, secondary and higher education systems, ensuring that everyone receives the basic skills required to take part in permanent lifelong training.
- ✓ The Royal Decree 135/2002 of 1 February establishes the basic conditions which regulate the examinations for the **Graduate in Secondary Education** for people of over 18 years of age.

2. Professional Training

Training of the active population is based on the **II National Professional Training Programme** agreed between the government, social partners and the autonomous regions in 1997 (see NAP 1997). It includes the fundamental requirements which guide professional training and which are included in the Professional Training and Skills Bill, but in many aspects they are already being implemented. (See also Point 4).

- Vocational training for the unemployed includes **basic professional skills**, incorporated in the conclusions of the Lisbon summit (ICT skills, languages, technological awareness and competency, the spirit of entrepreneurship and social competencies). In particular, 25 and 10-hour digital literacy modules and an environmental awareness module of 9 hours have been developed
- The **participation of all the actors involved** is central to the overall strategy: a) The autonomous regions manage vocational training in their respective areas on a co-ordinated basis through monitoring and co-ordination commissions, meeting at least every 6 months, in which central and

regional administrations are represented. b) The social partners participate in management bodies, both at a regional and national level (the General Council of the INEM and the Executive Committee), in consultative bodies (the General Council for Professional Training) and have a share in the management through the development of vocational/professional training actions, through contract-programmes. c) Businesses play an active role both in the development of non-labour practices among students in the school-level professional training actions (through the corresponding agreement) and through direct actions (through the commitment to recruitment figure included in the agreement). d) From the year 2000, civil organisations and NGOs have been invited to collaborate in the development of experimental programmes, to ensure that training actions better reflect the needs of the target groups.

- Professional training has developed embodied the idea of quality of training through different methods, among them the gradual implementation in all professional centres of the European Foundation for Quality Management (EFQM) model and the **development of quality indicators**. (See Section F).
- The future **budget** for professional training up to the year 2006 is guaranteed by the commitments arising from the present operative programmes. Between 2002 and 2006 finance from central government will be made available to train an average of 346,000 unemployed people every year. This does not include those financed by other administrations. Training for employed people forms a minimum of 0.35% (maximum 0.5%) of total wage costs, in addition to funds from the European Social Fund, and additional money set aside from the public employment services to compensate for the cost of special groups which do not pay social security contributions because of professional training. Together with the funds from other public bodies, this will allow an average of 2.6 million workers to be trained annually during this period.

3. University

The Organic Law 6/2001 of 21 December, relating to Universities, aims to “*improve quality in all areas of university activity*”. The core objectives of the law are to improve the quality of the university system; establish a more open, competitive and transparent system for recruiting professors which will guarantee levels of achievement and ability; and to make the management of universities more flexible and efficient. The law also introduces methods for evaluating quality, to be developed through the National Quality Evaluation and Accreditation Agency.

Lastly, the law prepares the Spanish university system for its incorporation into a European university space.

Point D: Developing a wide-ranging collaboration between Member States and Social Partners. (Overall objective D).

This part has been submitted by the main trade unions and employers’ organisations (CCOO, UGT, CEOE and CEPYME)

“We consider that the social partners should be given a clearer and more direct partnership in the NAP within the framework of the European Employment Strategy, both in terms of the application of the NAP and in monitoring the overall strategy and measures contained in it. We propose a plan of action which allows us

to work on the priority strategies and objectives for each year, as outlined in the Guidelines, and on the measures which are included in the NAP according to these objectives. Our involvement should also include the monitoring of the measures implemented.

During the last five years, the subjects which have been dealt with by the social partners on a national basis (in some cases with the government and in others through bipartite dialogue), have focused on the following: a revision of labour legislation; changes in the public pension system; the treatment of professional training overall, and in particular of continuous training; the applications of the law dealing with risks at work; and the structure, organisation and existing loopholes in the system of collective bargaining and arbitration.

The results obtained have varied widely. In 1997 the trade unions and employers' organisations reached a series of agreements on Stability in Employment and Collective Bargaining, which the government accepted and converted into legislation. But in 2001, consensus on renewing the 1997 agreements was not possible, and the government took unilateral action on labour reform. On the subject of the system of pensions, an agreement was reached in 2001 between the government, employers' organisations and only one of the main trade unions. On the subject of professional training, in particular continuous training, three agreements have been reached since 1993.

On the regional level, in 2002 there are agreements in force in 11 autonomous regions between the trade unions, employers' organisations and respective regional governments. They include measures promoting the integration into the labour market of groups with the greatest difficulties; financial incentives for the creation of stable employment; investment and other procedures to encourage increased development of professional training of both workers and the unemployed; and the promotion of the social economy.

It is worth stressing that within the framework of collective sectoral bargaining, increased importance has been placed on subjects relating to employment (the use of different forms of contracts, conversion of temporary contracts into permanent ones, refreshment of the workforce). When it comes to the fundamental aspects such as wages and the working day, wage bargaining deals with questions of its composition and structure, while the working day includes not only its length but also its distribution. Other questions discussed are professional grading and skills through continuous training.

The Agreement for Collective Bargaining (ANC) is in force in 2002. It was signed between the trade unions UGT and CCOO and the employers' organisations CEOE and CEPYME in December 2001. The agreement includes criteria and recommendations for negotiation of this year's industrial agreements related to employment (growth, maintenance and stability), the use of mechanisms stimulating internal flexibility (the working day, occupational grading and mobility), the training and qualification of workers, health at work, and promotion of equal opportunities between men and women.

The signatories to the agreement have also committed themselves to analyse two points in particular: the influence of new information and communication technology on work organisation and labour relations, and the factors which create obstacles to equal opportunities between men and women, including those which arise before employment. We have to identify these obstacles and highlight the practices for promoting equality, with particular reference to the role of the social partners.

In addition to these proposals and points which have to be studied, the trade unions and employers' organisations will monitor and assess the results of collective bargaining in 2002 and the effects which the ANC 2001 has had on them within its remit."

Point E: Policies as a whole (Overall Objective E).

The policies contained in this plan respond to an analysis of what are considered to be the most effective solutions for the employment problem in Spain, as indicated in Sections A and B. The first priority is a macroeconomic policy based on stability and a balanced budget. To foster future growth an ongoing effort has to be made to improve the technological level of the country (Pillar II).

Given the level of unemployment which continues to exist (in spite of the fall in recent years), there is still need for employers to be encouraged to take on workers and for economic growth to be accompanied by intensive growth in employment. This is why the structure of labour relations has been made more flexible (see Point 14), and incentives have been given for permanent contracts through reductions in social security contributions (see Point 8). The reductions are concentrated on those groups among which the employment rate is lowest: women and older workers. These two groups should also be offered the opportunity of combining work with other activities: family responsibilities (Point 18) or gradual retirement (Point 3), etc.

It is equally essential for people who come into the labour market to be well qualified. This year's NAP includes important changes in the regulations, both in terms of basic training and training specifically for employment (see response to Recommendation 3 in section C and Point C). The unemployed also need the skills required by the labour market if they are to have a chance of getting a job. This is why a central part of the NAP consists of strengthening the prevention and activation measures (see Points 1 and 2).

The agreement on collective bargaining signed by the social partners (ANC) will contribute not only to adaptability (see Recommendation 4 in Section B), but also to reduce inequalities between men and women (Recommendation 2) and to create employment.

Spain is characterised by great territorial diversity and this has to be taken into account from various perspectives, as indicated (see response to Recommendation 5 in Section C). Unless otherwise specified, the measures contained in these sections refer to the country as a whole. However, in Spain the autonomous regions implement employment policies in their respective territories, as well as often managing national policies. The measures planned by the regions are found in Annex 5; the jobseeking actions carried out with the unemployed are in the charts in Guideline 1, and those for training in Guideline 4. As may be seen, there is a significant amount of activity which is specific to each autonomous region.

Point F: The Development of common indicators (Overall Objective F)

There will be a considerable improvement in Spain's general employment figures measured against those of other European countries from the year 2002, when the National Statistical Institute will begin to use the definition of unemployment adopted by Eurostat in 2000 (which will result in a reduction of the number of people classified as unemployed), and a series of methodology changes will be made to prevent the underestimating of employment in the Labour Force Survey.

With regard to the indicators for which there is no common European source of data, from 1998 the public employment services began to adapt their data collection systems in line with the indicators which were being designed for the EES. In terms of prevention and activation, the following were necessary:

- ✓ A conceptual definition of unemployed jobseekers (DENOS), the target group for prevention and activation actions; and the establishment of a system capable of measuring data flow rather than only accumulated figures.
- ✓ The incorporation into one database of information relating to unemployed people taking advantage of job finding measures, even when these measures have been managed or financed by different organisations.

This phase was completed in 2000, although the integration of information relating to those taking part in measures is only carried out once a year. Work continues within the framework of the SISPE, so that these data are also available in real time across the whole of Spain.

For the first time, this NAP includes indicators which measure the results of initiatives to bring people into the labour market. These figures are included in Annex 1 together with the remaining indicators.

Special monitoring of active policies is carried out in addition to common indicators, as mentioned in Point 2. The existence of a database of new contracts (in Spain all contracts with workers have to be notified to the PES) means that information is available on the results of different measures, and these will be mentioned throughout this document.

PILLAR I: EMPLOYABILITY

Point 1: PREVENTION (GUIDELINE 1)

Assessment

- The European Employment Strategy has not only meant a considerable **increase in the number of active policies** targeted at unemployed people, as explained in Point 2, but it has also resulted in a profound change in the way that individual unemployed people are treated. In 1997, both the INEM and the autonomous regions managed active policies for unemployed people, but sometimes without co-ordination. In 1998, a **Management Agreement** was signed between central government (INEM) and the autonomous regions to co-ordinate these actions and make information available on the jobseeking paths followed by all unemployed people (see NAP 1997). At the same time, the devolution process transferring the active policies to the autonomous regions was continuing.
- At the beginning of the EES the **In-Depth Interview Plan** was carried out on more than two million job seekers, in order understand their situation and be able to prepare their jobseeking plans. Since then, in-depth interviews have been carried out soon after jobseekers sign on at the INEM job centres and jobseeking paths have been designed for the unemployed
- The integration of information has required a complex process of unifying criteria, together with a development of computer systems known as **SISPE** (Public Employment Services Information System). It is not yet fully functional, although data transmission procedures have been made available (computer files, transmission of data in batches) for information relevant to the NAP.
- In 1999 an **Emergency Plan** was set up for more intensive actions in municipalities with special unemployment problems. The plan will end in 2002. Since it began, 85 local corporations have taken part; the cost has been some 83.4 million euros; 10,428 unemployed people have been given jobs (young people without work experience, long-term unemployed of more than 40 years of age, the disabled and people socially excluded or at risk of social exclusion).
- The target group of the NAP, unemployed job seekers (**DENOS**), fell by 23% between 1997 and 2000. This fall has been particularly significant among young people who were unemployed for more than six months (-61%), but also among adults who unemployed for more than one year (-33%).

2001:

- A total of **1,482,043** people were recipients of jobseeking actions, of which **74.1%** relate to preventive actions (carried out before the 6th or 12th month of unemployment for those under or over 25 years of age respectively) and **25.9%** to actions carried out with unemployed people who had been unemployed for longer, as set out in the following tables. A total of **1,060,926 people** have participated in these actions, meaning that each has received on average **1.4** actions in the year. The breakdown by age and time unemployed is as follows:

Unemployed people who have taken part in actions, according to length of time unemployed			
Short-term unemployed		Longer term	Total
Young people	Adults		
218,162	547,357	295,407	1,060,926

- The 1,482,043 actions represent 97.7% of those originally planned. Of these, 58.7% were for women. It is also worth noting that 87.3% were carried out as part of vocational training, social interest and employment counselling programmes. These actions aim to improve employability and in themselves are able to map out personal jobseeking paths, since they are actions which an employment counsellor can refer unemployed people to. In 2001, emphasis continued to be placed on the role of counsellors in organising actions, identifying the needs of users and designing the most adequate actions within previously designed paths.

JOB FINDING ACTIONS CARRIED OUT IN 2001, ACCORDING TO THE LENGTH OF TIME UNEMPLOYED, AGE AND SEX

	< 25 YEARS -6 MONTHS		>25 years -12 months		LONG-TERM UNEMPLOYED		TOTAL		
	men	women	men	women	men	women	men	women	Total (*)
NATIONAL TOTAL									
IMPROVEMENT IN THE CAPACITY TO FIND JOBS									
Vocational Training	72,636	91,186	104,557	184,359	47,616	95,055	224,809	370,600	595,409
Training-employment programmes	28,282	13,881	5,576	8,357	6,866	9,146	40,724	31,384	72,108
Employment of social interest	11,565	8,603	87,611	78,587	14,689	22,163	113,865	109,353	223,218
Employment of the disabled	1,148	597	9,415	5,300	11,293	6,443	21,856	12,340	34,196
Employment counselling and advice on self-employment	40,165	63,448	85,854	152,407	38,447	95,623	164,466	311,478	475,944
Support for self-employment									
Support for self-employment	1,020	913	7,275	6,319	6,437	4,660	14,732	11,892	26,624
Local development specialists	21	40	740	1,255	566	903	1,357	2,198	3,555
Subsidies for hiring workers	2,162	1,928	14,304	8,513	14,071	10,011	30,537	20,451	50,989
TOTAL	156,999	180,596	315,332	445,097	140,015	224,004	612,346	869,697	1,482,043

- In addition to these actions, a total of 608,027 unemployed people have entered the labour market through a contract which received public finance (either reductions in social security contributions or subsidies, from central and regional government respectively).

THE COST OF ACTIONS IN 2001

ACTIONS	INEM	AUTONOMOUS REGIONS	EUROS
IMPROVEMENT IN THE ABILITY TO OBTAIN EMPLOYMENT			
Vocational Training	675,238,914	137,999,281	813,238,195
Training-employment programmes	451,009,634	19,153,538	470,163,172
Employment of social interest	441,429,302	46,837,973	488,267,275
Employment of the disabled	156,392,040	8,113,663	164,505,703
Employment counselling and advice on self-employment	56,121,760	15,203,549	71,325,309
PROMOTION OF EMPLOYMENT			
Support for self-employment	49,019,261	43,487,350	92,506,611
Local development specialists	72,414,698	8,574,339	80,989,037
Subsidies for hiring workers	62,740,946	104,786,897	167,527,843
TOTAL	1,964,366,555	384,156,590	2,348,523,145

The **cost per beneficiary** was 2,214 euros in 2001. The cost per action was 1,584 euros.

- **Emergency Plan in 100 Municipalities:** It has been extended to a further 25 municipalities, affecting 3,226 unemployed people, with funding of 33.6 million euros.
- **Modernisation of the public employment service:** Significant advances have been made in 2001 in the new SISPE (Public Employment Service Information System) computer management model:
 - ✓ Computer systems in Autonomous Administration Centres have been installed in Galicia, Catalonia, Valencia, the Canary Islands, Asturias, Extremadura, Castilla-Leon and Cantabria. This means that all the autonomous regions which exercise devolved powers in active employment policies and intermediation have their own centres. The centres can develop their own statistical applications, which to improve the planning of other regional policies, whilst at the same time guaranteeing the maintenance of real-time access to countrywide information.
 - ✓ The implementation of the new REDEMPLEO network has increased the data transmission capacity of the lines between the employment offices, the central government computer system and the regional governments.

Measures proposed for 2002

There has been an increase in the number of people registering in Spanish employment offices in recent months, despite the fall in unemployment measured by the Labour Force Survey (EPA). This means that there will be an increase in the target population of the NAP for 2002.

BREAKDOWN OF UNEMPLOYED JOB SEEKERS IN 2002	
	Totals and percentages
Young people < 6 months	312,000 14%
Young people > 6 months	102,000 5%
Adults < 12 months	1,144,000 53%
Adults > 12 months	606,000 28%
TOTAL	2,164,000

- It is estimated that this year 130,000 young people will join the list of those unemployed for over 6 months, and 295,000 adults will become unemployed for over 12 months. However, action for 1,140,567 unemployed people is planned, with the following breakdown in terms age and length of time unemployed:

< 25 years, < 6 months unemployed	> 25 years, < 12 months unemployed	Longer-term unemployed	The disabled
295,899	545,576	254,045	45,047

Those taking advantage of these measures can be the beneficiaries of more than one action to improve employability, according to the jobseeking path designed. An increase of 5% in the number of actions is planned in 2001 compared to 2001:

JOBSEEKING ACTIONS TO BE CARRIED OUT IN 2002

NATIONAL INEM TOTAL	TOTAL	< 25 years, less than 6 months unemployed	> 25 years, less than 12 months unemployed	Longer-term unemployed
IMPROVEMENT IN EMPLOYABILITY				
Vocational Training	505,677	172,805	219,065	113,807
Training-employment programmes	72,643	43,257	14,726	14,660
Employment of Social Interest	232,433	36,706	157,623	38,104
Employment of the disabled	34,317	8,343	23,517	2,457
Employment counselling and advice on self-employment	673,136	152,134	340,722	180,280
EMPLOYMENT PROMOTION				
Support for self-employment	45,856	9,378	26,769	9,709
Local development specialists	5,358	868	3,839	651
Subsidies for recruitment	58,599	11,269	35,321	12,009
TOTAL	1,628,019	434,760	821,582	371,677

Budget: The budget allocated to the target group provides for similar assistance to that in previous years, with 70% of the budget being for vocational training, training plus employment programmes and employment of social interest. The money has been allocated in the following way:

FORECAST SPENDING FOR 2002

TOTAL	INEM	AUTONOMOUS REGIONS	
IMPROVING EMPLOYABILITY			TOTAL
Vocational training	700,630,090	144,554,541	845,184,631
Training-employment programmes	474,084,417	23,664,852	497,749,269
Employment of social interest	463,634,656	55,442,807	519,077,463
Employment of the disabled	157,385,150	11,815,731	169,200,881
Employment counselling and advice on self-employment	80,352,669	19,323,026	99,675,695
EMPLOYMENT PROMOTION			
Support for self-employment	86,632,018	48,731,733	135,363,751
Local development specialists	104,045,906	12,673,727	116,719,633
Subsidies for recruitment	110,733,714	100,284,505	211,018,219
TOTAL	2,177,498,620	416,490,922	2,593,989,542

The average cost per action will be 1,593 euros. The cost per beneficiary is estimated at 2,274 euros.

- **The continuation of the emergency plan in municipalities with special socio-economic characteristics.**

The emergency plan for 100 municipalities with special characteristics was begun in 1999 and will be completed this year. Action will be taken in 15 municipalities this year with 1,840 unemployed workers taking part, with a planned investment of 20.8 million euros (3,450,000,000 pesetas). As with last year, there will be special emphasis on actions which relate to everyday life, in particular to employment in care services and with a greater presence of women in these actions.

- **Experimental programmes to improve access to the labour market.**

A series of experimental programmes will be started to explore new options for finding jobs. These will include different ways of defining objectives and measuring results (see Point 2).

- **Programmes** for municipalities have been implemented using **general subsidies** under article 6 of the European Social Fund Regulation (Projects approved to the value of about 4,438,000 euros which aim to create systems for counselling, assessment and job placement of the disabled, women, immigrants and disadvantaged groups.)

Selection of beneficiaries of active measures:

A new regulatory framework will be introduced in 2002 to ensure the application of the preventive approach to all unemployed people (see reply to Recommendation 1 in point C).

- **Modernisation of the PES (see point C, Recommendation 1):**

The process of devolution of managerial responsibilities to the autonomous regions will be completed; the SISPE Project: implementation of the telematic notification of recruitment, employment notice board; design of a citizen enquiry service system; a boost to Youth Information Centres.

- The **autonomous regions** will carry out special prevention programmes within their regions (see Annex 5). An example of these is the "Youth with Experience" programme in Galicia, which offers work experience to young people before they reach 6 months of unemployment through subsidised employment. This programme will benefit around 7.000 young persons per year, with an estimated cost of 60 million euros.

POINT 2 A: BENEFIT SYSTEM (GUIDELINE 2, FIRST POINT)

Assessment

- The following measures have been introduced in successive NAPs:
 - ✓ A **tax reform** which reduces the tax burden on work, in particular low-paid work (NAP 1999, Guideline 14)
 - ✓ A voluntary commitment to work from recipients of the **Jobseeker's Income**. The beneficiary undertakes to receive individually tutored jobseeking actions, and receives an income (NAP 1999, Guideline 4, NAP 2000, Guideline 4, NAP 2001, Guideline 2). Around 65,000 people have benefited

from this measure in 2000 and 2001, at a cost of more than 170 million euros. Part of these costs will be borne in 2002.

- ✓ The possibility of combining **agricultural sector unemployment** benefit with income from work (Guidelines 6, 9 and 11). This measure has contributed to the fight against undeclared employment in the agricultural sector, with around 7,000 jobs becoming legal in 2001.
- ✓ Reductions in social security contributions for employers who take on workers receiving benefits (NAP 2001, Guideline 2).
- In general terms, the Spanish system of social protection does not lead to poverty traps, since the benefit is well below basic wage levels (see Annex 4 for more details). A worker with an average wage who becomes unemployed receives a net income of around 72% of his previous salary during the first few months (except in the agricultural sector where the rate is below 40%). In the case of workers with a lower wage, the rate is similar, while for the better paid it is lower. The percentages vary according to the family situation, but it is always below 73% even for a low-paid worker. When the benefit period ends, the worker may receive another form of benefit which is always much lower, at 75% of the minimum wage. The system does not create disincentives for accepting part-time work either. However, it may have weaknesses in other aspects.

Measures proposed for 2002

The following measures have been taken with the aim of maintaining the level of social protection while encouraging people to take up jobs, the following measures have been taken:

- **Active Jobseeker's Income:** gives companies the possibility of paying beneficiaries of this income only the difference between the benefit they receive and their nominal salary (see Guidelines 1, 2, 6, 9 and 11).
- The **voluntary commitment to work will be extended to those over the age of 52**, who will receive benefits while looking for work until they retire (See also Guideline 1).
- The **active measures for recipients of benefits** will be extended. The INEM has signed a number of collaboration agreements with organisations by which on an experimental basis they will act to find jobs for unemployed people, of whom at least 40% should be recipients of benefits. (Guidelines 1 and 6).

POINT 2 B: ACTIVATION (GUIDELINE 2)

Assessment

- The European Employment Strategy has led to a considerable **increase in the number of unemployed** people taking part in active policies, and in the funds allocated to these policies. In 1997, 591,361 actions were undertaken using INEM funds alone, at a cost equivalent to 1,073 million euros. In 2001, 1,482,043 actions were carried out at a cost of 1,073 million euros, an increase of 83% for the INEM funds. (Information on the autonomous regions was not available in 1997. As a result of the new instruments which have been developed, Spain can now offer data on the whole of the country, regardless of the management body involved and the source of the budget.) Lastly, funds for active policies have been increasing every year: in 1997, active policies represented 19.9% of the INEM budget, and in 2002, the figure is 36.4%.

- The number of **job placement actions** in the different categories has been increased and new actions have been introduced, including individual counselling and employment workshops, targeted at the older unemployed. They combine training with practical job experience in work and services of public interest. These policies, together with the fall in the number of people who have to be attended, have led to a greater concentration of actions for unemployed people (in terms of actions per unemployed jobseeker), with an increase of 172% between 1997 and 2001.
- Data on those benefiting from these actions and the actions taken are set out in the corresponding indicators (Annex A)
- All the programmes aimed at improving skills and qualifications are included in Section C – Recommendation 3; Overall objective C and Point 4).

Measures proposed for 2002

- **Boosting active policies:** Those explained in Point 1, including the tables.
- **Experimental programmes:** In 2002 new programmes have been set up by non-profit organisations, both public and private, in order to develop integrated training and employment plans. The organisations are committed to placing at least 30% of the unemployed who sign up into the ordinary labour market. Participants in these programmes will belong to groups with particular difficulties in the labour market: the disabled, immigrants, women experiencing difficulties entering labour market and the unemployed at risk of social exclusion. The programmes will initially be experimental in nature, but may be implemented as standard in the future.
- **Job placement of those taking part in active measures:** Every year the number of unemployed people entering the labour market after participating in the measures available is monitored. Of those taking part in the professional training courses in 2000, 67% found a job in the year following the course. The proportion is higher among men, at 72%, than women, at 64%. However, training is proportionally more useful for women, because it helps compensate for the greater difficulties they face in general. This can be gauged by comparing with a control group, i.e. unemployed people with similar characteristics who did not take part in training courses. The rate of people finding jobs is 9.8 points higher among those who took part in training courses, on average. For men it is 9 points, and for women 10.4 points. This year, after making the necessary changes, Spain will offer indicators of the results of these actions for the first time.
- All the programmes related to improving skills and qualifications are included in Section C – Recommendation 3; Overall objective C and Point 4)

POINT 3: ACTIVATING OLDER PEOPLE (GUIDELINE 3)

Assessment

From 1997 to 2001, Spanish people of between 55 and 59 years of age increased their activity rate by 2.3 percentage points, from 50.2% to 52.5%, while those aged between 60 and 64 increased their rate by 3.1 points from 28.2% to 31.3%. Part of the reason for this has been the positive employment climate, but it was also the result of a series of measures taken during this period. These made it easier for this age group to

receive professional training, offered lower social security payments to employers taking on older unemployed people (NAP 1998) and featured programmes specifically targeted at older workers, such as the Active Jobseeker's Income (NAP 2000) or the Employment Workshops (NAP 1999).

Within the context of the renewal of the Toledo Pact on pensions, the government signed an agreement on 9 April 2001 with the employers' organisations and one of the main trade unions called the Agreement for Improving and Developing the System of Social Protection. The agreement included a broad design supporting the extension of the working life through a series of voluntary mechanisms and instruments offering incentives to gradual and flexible retirement. These measures have begun to be introduced into legislation in 2002, as will be explained below.

In line with the agreement, the government has undertaken to promote a longer working life by introducing a series of measures which allow the retirement pension to be compatible with work from the age of 65. It also agreed to maintain the minimum general age at which a pension can be received at 65, and to exempt employers from nearly all social security payments for workers of over 65 years of age.

An end has been put to the possibility of adopting retirement measures for older workers which forced them out of the labour market. This was done with the Law 12/2001 of 9 July, called "Urgent Labour Market Reform Measures to Increase the Level and Quality of Employment". The law derogated the additional clause ten of the Workers' Statute, which established this possibility. The same law introduces the possibility of arranging partial retirement (associated with a relief contract for another worker), not only in the years before the retirement age (as has been the case up to now), but also beyond it. This makes the relief contract a way of prolonging working life through a flexible and progressive retirement.

Measures proposed for 2002

The following measures promoting the entry of older people into the labour market came into force in 2002, as a result of a development of the agreement signed with the social partners in 2001:

- A reform of partial retirement, allowing those who are already retired to work, while still receiving a reduced pension.
- A change in the way of calculating the retirement pension by which those people who continue to work after the age of 65 will receive a higher pension than they would have at that age, even if they had already made the maximum necessary social security contributions.
- In order to encourage employers to employ older workers, the social security system has introduced a new series of reductions. In addition to the reductions for employers who take on workers of over 45 years of age, as in previous years, this year contributions will be reduced for employers who have workers older than 60 years of age on their payroll. If the worker is between 60 and 64 years of age, the reduction in 2002 will be of 50% of the employer's quota for basic contributions. The percentage will increase in later years. If the worker is already over 65 years of age and has paid into the social security system for more than 35 years, both the employer and worker will be exempt from normal contributions (not including contributions for temporary incapacity).
- On the other hand, if workers over the age of 55 are dismissed as part of a downsizing plan, the company will have to pay part of the social security contributions for the period until the worker is 61 years of age.

This year a measure comes into force to encourage people over the age of 52 to pay into private pension plans. The maximum tax-deductible payments increase progressively from this age, and have fewer restrictions attached.

As part of the Experimental Programmes outlined in Point 2, new experiments will be undertaken with non-profit organisations to help those over the age of 45 find jobs. In 2002 this initiative will affect 800 workers, mainly women. Through their agreements with the PES, the organisations have undertaken to find jobs for around 40% of those taking part.

POINT 4: IMPROVING THE QUALITY OF THE EDUCATION AND TRAINING SYSTEMS (GUIDELINE 4)

Assessment

NUMBER OF STUDENTS/TRAINEES AND SPENDING IN 2001. (More detailed figures in Annex 1)

SUB-SYSTEMS OF THE NATIONAL PROFESSIONAL TRAINING PROGRAMME	TRAINEES 2001 (definite beneficiaries)	Estimated cost 2001 (thousands of euros)
Initial/school professional training:	2,146,768	1,668,843
. 2° Year of ESO + Bachillerato (school age):	1,609,994	
. Professional Training		
• FP-2 (Law 70, a to be changed)	70,790	
• Middle Grade	192,224	
• Higher Grade	187,096	
Vocational professional training (unemployed)	595,409	813,238
Continuous professional training (workers)	2,490,812	888,470

The total number of students/trainees given training in 2001 was 4% less than planned (5,305,097 compared to a planned figure of 5,562,852). However, the cost per training action was higher by 2% at 723 euros, compared to the planned cost of 711 euros.

The commitments which had been given in 2001 were adhered to: the debate on the Permanent Training Memorandum incorporating the results of the debate on the Training Bill; the Training Bill, now in its parliamentary stage; the gradual introduction of new regulations adapting training to the information society (see pages 17 and 18 of NAP 2001).

Additional achievements in 2001 were:

- **Initial/School training**

An increase in the rate of schooling and a reduction of the dropout rate. (see Annex 1). In the school year 2000/2001, the rate of nursery schooling for children of 2 years old increased by 17.3%, and for those of 3 by 88.4%. The rate of nursery schooling between this age and 16 continues to be practically total (99.4% at 15) and for those of 16 years of age it has risen to 89%.

- Inclusion of generalised vocational training into the education system at age 16;
- Social Guarantee: For young people of between 16 and 21 years of age who have not completed compulsory education. These people will be given basic professional training which will allow them to join the labour force or continue their studies, in particular Basic Specific Training in the Middle Grade. In 2001 the availability of this kind of training increased considerably (see Annex 1), and between 1997 and 2002 the Social Guarantee doubled.
- Foreign language learning (see Annex 1)
- Improving job information and counselling at school. 2001 saw renewed investment in the National Career Guidance Resource Centre and it began the creation of a database on training opportunities and their connections with European systems. The departments of Education and Career Guidance in all secondary schools have also been improved by increasing the number of people working in them (see Annex).
- An improvement in the curriculum of Initial Professional Training. In 2001 the gradual introduction of the Middle and Higher Training Grades continued. This will be completed in the 2002/2003 academic year, and will mean an improvement in training, since the new curriculum is designed according to a definition of the requirements of the various production sectors in terms of skills required for work. There are 139 professional profiles, and each course lasts between 1,300 and 2,000 hours. The first group of courses, at Middle Grade, are taken after the end of compulsory education, and end with a certificate of "Technician". The second, at Higher Grade, are taken after the Bachillerato and offer a certificate of "Higher Technician". In the new system, basic professional training and counselling begins at compulsory level school and the Bachillerato. Three new higher-level diplomas for professional training have also been approved.
- An increase in the number of pupils in initial professional training who carry out working practice in companies (see Annex 1 page)
- **Training of the unemployed**

The number of unemployed people who take part in training courses has increased by 273% between 1997 and 2002 (185,250 in 1997 and 506,000 in 2002). The data for 1997, the first year of the NAP, do not include information for the autonomous regions, since suitable information exchange systems did not exist. As an estimate, the figure of 185,250 given for 1997 could really be around 210,000.

During the years of the EES, not only has the number of training courses increased, but the contents have also changed gradually. Modules have been introduced designed to assist with the preservation of the

environment, health and safety at work and computer skills. A major advance was work experience in companies, which has increased from 57,250 pupils in 1998 to a planned figure of nearly 95,000 in 2002. The apprenticeship contract has been updated, and a minimum time has been established for theoretical training, for which companies are reimbursed. Social protection has also been improved.

As well as this, with the aim of improving the quality and efficiency of our training actions in the last year, studies are being carried out on: the rate of functional illiteracy among groups with low education levels being offered jobseeking opportunities; improving workers' employability through the learning of foreign languages; and on learn to learn strategies.

- Actions involving the training of instructors are carried out regularly, including the study of new techniques and pedagogical methods (In 2001 129 courses were given for 1,588 vocational trainers and for 2002 151 courses have been programmed for 1,900 trainers).

Training of workers

- In December 2000 government and social partners signed the III Agreements on Continuous Training, which were chosen as good practice in the recent Training Agreement presented by the social partners at the Barcelona Summit. The main effects of the agreement have been to increase the effectiveness of training by reorganising its management and increasing central government control through the Tripartite Foundation for Training and Employment.
- There has been a gradual increase in funding, from 382 million euros in 1997 to 730 million euros in 2001. The number of workers receiving this kind of training has increased from 1.3 million in 1997 to an estimated 1.65 million in 2001 (see Annex). The number of workers in SMEs being trained increased from 45% in 1997 to 49% in 2000 (the last year for which these figures are available). The figure is expected to be significantly higher in 2001.
- Training has been extended to people who were not included before the EES, such as the self-employed and partners in co-operatives, who between them represent 14% of those trained in 2001. The funds approved for these groups were 67 million euros.
- Priority has been given to financing training for women, unskilled workers and workers over the age of 45, as well as training in new technologies. Compared to the total number of workers trained, the rate at which these groups were represented in training actions is as follows: those over 45 years of age, 16%; women 41% and unskilled workers 32%.
- In addition to this, the autonomous regions have set up their own programmes, also co-financed by the European Social Fund.

Measures proposed for 2002

The main measures to be undertaken this year have been set out in sub-section B (in relation to recommendation 3) and in section C. The following are development measures and quantitative objectives.

The forecasts of those taking part in the different areas of professional training are as follows:

NUMBER OF STUDENTS/TRAINEES AND ESTIMATED BUDGET FOR 2002

SUB-SYSTEMS OF THE NATIONAL PROFESSIONAL TRAINING PROGRAMME	STUDENTS (estimated)	ESTIMATED BUDGET (thousands of euros)
Initial/school professional training:	2,216,898	1,925,856
. 2nd year of ESO+Bachillerato:	1,688,305	911,684
. Professional training		
• FP 2	32,000	64,000
• Middle Grade certificates	211,403	422,406
• Higher Grade certificates	210,024	420,048
• Professional training for adults	32,500	25,718
. Social Guarantee programmes:	43,376	82,000
Vocational professional training (unemployed)	505,677	845,185
Continuous professional training (workers)	2,667,040	953,930

Estimated figures. Source: General sub-directorate FPMECD, INEM, autonomous regions and INAP

The total number of people taking training will increase to 5,463,258, the type and distribution of which may be seen from the table above, together with work-based training (see Section 1). This represents an increase of 3% on the figure for 2001, and a cost per person of 768 euros (6% up).

- **Improving the quality of the education and training systems, in particular through the establishment of suitable counselling in initial and permanent training and the modernisation and improvement of the efficiency of the apprenticeship and training systems at the place of work.**
 - ✓ Proposed law on quality (see Section C)
- Continuing to adapt training to the productive sectors, including basic skills. Three additional qualifications were added (school professional training 25 new certificates of professional skills) and the professional certificates were extended.
 - ✓ The general introduction of training quality into centres, based on the EFQM model brought in under the pilot plan in 2002.
 - ✓ The development of complementary and assistance measures for continuous training to improve its functioning (fundamentally, studying sectors and parts of the country to understand the training needs of companies). Investment for 2002 will be 36 million euros.
- **The following measures will be taken to give young people elementary skills which are useful for the labour market:**
 - ✓ 50,000 new places made available for young people of between 16 and 24 years of age to study technologies in the later years of secondary school and professional training, while promoting equal gender opportunities. An increase of 1,500 in the number of qualified teachers in the subjects of maths, and science and technology at secondary school level.

-
- ✓ A continued improvement in information and counselling networks in line with that begun in 2001 (see Annex 1).
 - ✓ Better links for Initial Professional Training with companies, increasing the number of students who do work experience in companies to 250,000. Of these, around 160,000 will be young people under 25. The training of teachers of FOL, FCT and of counsellors in companies will also be guaranteed; and the number of collaboration agreements with educational institutions and companies, particularly with SMEs, will be increased.
 - **To reduce illiteracy among young people and adults and substantially reduce the school dropout rate**
 - A general increase in the rates of those attending nursery school (see Annex 1). For children of 3-6 years old, 94% in 2002; for 0 to 2 years old, 15.0%; and for 17 years old 77.5%.
 - Programmes for diversifying the curriculum (16,000 more beneficiaries); increasing the number of participants in Social Guarantee Programmes to 41,000; extra care for students with special education needs; an increased variety of offers for young people or groups of young people from 18 to 24 years of age with specific education needs (see Annex 1).
 - Increase in grants and financial support (7.6% more beneficiaries)
 - **To facilitate adults' access to permanent training, including for those who work with atypical contracts.**
 - Completion of the introduction of the programme of Specialised Professional Training for adults to offer a broader, better quality, and more convenient service.
 - A monitoring of the development of the modular programme of vocational training, allowing a greater flexibility and adaptation to the needs of those benefiting from it, in particular young people with learning and educational problems and adults for whom it offers lifelong training.
 - A gradual increase of the number of workers with atypical contracts in company training plans, so that their level of representation is related directly to their numbers in workforce and in the specialities in which the plan is developed.
 - **To facilitate and promote mobility and permanent education, paying particular attention to the teaching of foreign languages, and greater recognition of qualifications, skills and experience.**
 - To boost the learning of foreign languages from an earlier age (before 6 years old).
 - To increase mobility and exchange programmes (Leonardo and Erasmus). The co-financing of mobility for young people gaining work experience in companies or centres of other Member States will be increased, and they will receive certification through the Europass-Training scheme in Spain.
 - A pilot study on professional qualifications acquired by work experience and its validation for obtaining official professional training qualifications.
-

Point 5: Developing e-learning (Guideline 5).

- Around a million working people have received training in new technologies. The figure for unemployed people is around 125,000.
- Work on the Advanced Technologies Centre was begun and in 2002 a work plan will be put into operation to make it fully operational using the 6 million euros which have been set aside for this. The work plan will be finalised in consultation with organisations in the sector.
- In 2001, 95% of the education centres at secondary level and 87% of those at primary level were connected to the Internet. The number of students per PC at primary level was 23 and at secondary level 18, which is around the European average according to ESDIS data. When it comes to teachers, 71% had training in the use of computer technology (See Annex 1).
- The project managing the complete documentation of the social security system was set up in May 2001, as part of the social security RED Project (see Point 10). This will allow the 14,300,000 documents corresponding into the former Labour Mutual Funds to be incorporated into the security database, centralising and updating the documentation available.
- In addition to this, there are a number of incentives for people to train in new technologies. These include the existence of the central government's single administrative portal, the electronic civil register, and the possibility of filing tax returns via the Internet (more than 500,000 returns were made via the Internet in 2001, four times the figure for 2000).
- Lastly, a mention should be given to the training actions in companies which are part of the INFO XXI initiative and which are outlined in section 10 because of their important impact on the company modernisation and their value in the creation and maintenance of employment, especially in SMEs.
- Red Iris 2: the new Internet for research, connected to the European GEANT network.

Measures proposed for 2002

Training of the unemployed and workers

- A two-year study will be carried out to analyse the shortcomings in the present training provision for the most common professions in information and communication technology (ICT), and programmes will be designed to provide training.
- As part of the process of adaptation of the present training on ICT, the following measures will be included:
 - ✓ A course via the Internet will be given on using and developing ICT. Lasting 120 hours, it will be targeted at the trainers of unemployed. The aim is for 3,000 participants in 2002. This course is the second stage in a process started last year, and was included in the NAP 2001.
 - ✓ Access for the unemployed to e-learning training systems will continue, with experimental programmes now in the development stage. 170,000 unemployed people will become computer literate in 2002.

- ✓ As part of the 4-year training plan for 14,000 ICT experts, which was begun last year, the companies in the sector will train 4,000 new unemployed people this year.
- ✓ Development of the Red TNET España will continue, as a training network for trainers on the Internet.
- ✓ The INEM web page will be incorporated into a vocational training database.
- ✓ Some autonomous regions will carry out additional actions (see Annex 5). For example, Aragon has an ICT training plan with certificates endorsed by companies in the sector such as Microsoft, Cisco, Oracle or Novell.

- **Internet for all**

Work on this programme was begun in 2001 after the organisation of the project was put out to tender. The cost will be 2,241,521 euros, and the project will be carried out through a private company. It will develop in the following way:

Organisation and operation: The project revolves around three main elements: the collaborating centres, the telephone information centre and an Internet portal. The collaborating centres will be public and private education centres or other bodies which have the capacity and facilities necessary for training. The telephone help information will inform people about the project, including how to apply, their nearest centre, etc. The Internet portal will contain various sections such as general information on the project, a complete Internet initiation course online and additional activities which help practice the ability to surf the web and take advantage of Internet services.

Courses: Courses will be offered in either a presential or semi-presential form, combined with other vehicles such as CD-ROM and paper or the Internet. Those centres and bodies which want to collaborate in training will have to accept the official standards and will issue certificates of students' attendance and progress. The cost for students of the complete course, including materials, will be 15 euros.

Timetable of actions: In March and April 2002, work will be done to create and test the system, and the adhesion protocol will be initiated for participating centres. The training actions will begin in May 2002.

- **Internet in school**

One of the most highlights of the INFO XXI plan is "Internet in School", a programme which aims to extend broadband Internet access to education centres. Its objectives are: to guarantee access to ICT for all, by increasing the number of centres online and the average number of connections to the Internet, as well as the number of teachers who use the Internet or multimedia in class, both in private and public centres; to reduce the number of students per computer in each education level; to increase the percentage of teachers who have been trained to use ICT in education centres and to increase the percentage of students who use ICT in their studies.

The programme will be developed through an agreement between the ministries of Science and Technology and Education and the autonomous regions.

Point 6: Bottlenecks (Guideline 6)**Assessment**

- The progress of actions modernising the public employment services is outlined in the reply to Recommendation 1 in Section C.
- Practically all the measures planned for 2001 have been completed in their entirety. The only ones remaining are the following: preventing skills shortages in new technologies has reached the stage of developing formal systems allowing the gradual recruitment of experts in new technologies (see Point 4 in this NAP); the pilot mobility plan has run up against legal difficulties, thus delaying its application, which is now planned for this year.
- In addition to the actions set out in other Guidelines, there have been measures taken in 2001 within the framework of the Leonardo Da Vinci programme designed to promote training-linked mobility, with a budget of 7,106,395 euros in the year 2001 and 7,754,038 euros for the year 2002. The results of these programmes are included in the Annex.

Measures proposed for 2002

- The geographical mobility plan for agricultural workers will be implemented. Under the plan, employment will be co-ordinated between different seasonal jobs so that workers can be employed on a continual basis by taking on successive jobs. Their movement around the country will be facilitated. The project is managed by an agricultural employers' association, and is financed by the public employment service. In 2002, 1,355 workers will take advantage of this project.
- For the modernisation of the public employment services, see Recommendation 1 in Section C. Among aspects to highlight here is the common database for job offers and jobs sought, which is being developed in a flexible system to allow connection to the single database outlined in the Mobility and Skills Action Plan. However, because it is unclear how the future European-wide job database will be organised, the Spanish version cannot be developed to its fullest extent.
- Regional Employment Observatories have been established in a number of autonomous regions, which will co-ordinate with the National Observatory.
- Regional employment observatories are being set up in a number of autonomous regions (see Annex 5: Extremadura, Asturias, Galicia) to complement the national employment observatory.

POINT 7: DISCRIMINATION AND SOCIAL INCLUSION (GUIDELINE 7)**Assessment 2001**

It should be stressed that the following measures are complementary to the ones which may be included in the Kingdom of Spain's Inclusion Plan.

The disabled

- **Initial training:** In order to eliminate the obstacles preventing integration of the disabled into the labour market, particular attention has to be paid to the earliest stages of education. The initial training programmes for students with special education needs (generally disabled) have served 119,149 people in ordinary centres (8.5% up on the previous year) and 26,026 people in special education centres, when their integration into the general education system was impossible.
- **Disabled workers in employment and training programmes.** The preference given to disabled workers in employment and training programmes has meant that 29,791 people have received 41,024 actions, outlined in chart 2 of the first Guideline. This represents 60% of the annual average of disabled jobseekers registered with the PES. Special programmes for the disabled have also been developed within the INFO XXI framework. The participation of disabled people in these has not been great (1,500 disabled people), but the measure is relatively recent.
- **Measures supporting the recruitment of disabled people by ordinary companies and special employment centres (CEE) and the creation of jobs**
 - ✓ Support to agencies and bodies which act as intermediaries in the recruitment of workers with disabilities. These bodies have arranged nearly 3,000 jobs for disabled people, with a success rate in terms of finding jobs of nearly 65%. 460,000 euros of public funds have been invested in this. These actions are in addition to the recruitment within the 20,000/40,000 Plan (20,000 jobs, 40,000 workers trained. See NAP 1999 and 2000).
 - ✓ The measures to support the recruitment of disabled people by companies, as well as promoting their integration in special employment centres, can be broken down in terms of beneficiaries in the following way:

Disabled	Beneficiaries
Workers in special employment centres	34,196
New permanent contracts	12,138
New temporary contracts	6,001

- ✓ The favourable tax conditions given to projects for self-employment involving disabled workers has resulted in the creation of 200 new companies.

B. Immigrants and returning emigrants

- The rights and freedoms of foreigners in Spain were regulated by the Constitutional Law (Ley Orgánica) 4/2000 of 18 February, and developed by the Royal Decree 864/2001 of 20 July. The process of legalising the position of foreigners already resident in Spain has led to 305,214 applications for permits,

of which 199,926 were granted. Partly as a result of this, the number of non-EU workers paid up in the social security system increased by 43.5% in 2001, while the number of EU workers increased by 12.1%.

- Spain has signed agreements regulating the flow of immigrants with the Republic of Ecuador, Colombia, the Dominican Republic, Morocco and Rumania. These are the main sources of migrants arriving in Spain.
- The support programmes for migrants already in Spain have benefited more than 9,300 workers, at a cost of 262 million pesetas (1,574,651.7 euros). A further 1,270 have participated in professional training actions for returning Spanish emigrants.
- 2.4 million euros has been allocated for counselling and training actions for Spanish workers returning to Spain. Financial assistance (unemployment benefit) worth 72.4 million euros has been awarded.

C. Other disadvantaged groups

- ✓ The central government PES has spent 300,000 euros helping to recruit 343 specialists to work with representative bodies of the sectors involved (the socially excluded, ethnic minorities, etc). The experts will offer employment counselling and attempt to find employment for the groups in question.
- ✓ The support programmes for recruiting workers who are socially excluded have led to the recruitment of 1,566 unemployed people in this situation at an estimated cost of 706,555 euros.

Measures proposed 2002

- Although the Spanish labour legislation in force already broadly embraces the European Union Guidelines on non-discrimination, national legislation will be developed in 2002 to make certain definitions more precise, including those of direct and indirect discrimination, harassment for reasons of race, ethnic origin, religion, beliefs, disability, age or sexual orientation. Such harassment will also be considered to be discriminatory.

A. The disabled

- **Initial training:** The present lines of action will be continued.
- **Disabled workers in employment and training programmes:** Priority will continue to be given to disabled workers to help them join employment and training programmes, within the criteria of preventive action in this Pillar.
- **Measures supporting the recruitment of disabled workers by mainstream companies and special employment centres supporting self-employment:**
- A programme of employment promotion for disabled workers for the year 2002: more than 19,000 workers are expected to be recruited at an estimated cost of 50,800,000 euros.

- A programme of integrated measures culminating in integration into the labour market for 1,250 disabled people with extra difficulties. The aim is to achieve a recruitment rate of at least 35% in the ordinary job market.
- An agreement will be signed and implemented between the Ministry of Labour and Social Affairs and the Spanish Confederation of Representatives of Disabled Workers. The agreement will set up the "Employment Plan for the Disabled in the XXI Century". It will include new alternatives for integration into the labour market, consisting in forms of supported employment.
- The ONCE Foundation's 1999-2008 employment plan will continue, and its initial commitments will be maintained, including setting aside 70% of the foundation's budget to the plan.
- The regime of fiscal incentives mentioned earlier will be continued, as will the commitment to serve projects in the social economy promoted by disabled people.
- Most autonomous regions carry out additional actions for people at risk of social exclusion (see Annex 5). An example of this is the Catalan programme for inserting people with disabilities into the labour market, which includes quality prizes for companies with the best results.

B. Immigrants and returning emigrants:

- In the regulation of migratory flows a target of 32,079 job offers for newly arrived foreign workers has been set for 2002. Of these, 10,884 are for stable jobs and 21,195 for seasonal work. A specific procedure has also been approved to regulate foreign workers entering domestic service.
- Agreements will continue to be signed regulating migratory flows with the countries from which the greatest number of people enter the Spanish labour market. An agreement of this kind is at present being negotiated with Poland.
- 2 million euros has been set aside to pay for counselling and information and the training of workers returning from abroad. (The number of these is obviously falling). The amount of money involved can not be quantified, since being a legal right, all those applicants who fulfil the criteria can receive it.

C. Other disadvantaged groups

- The programme of employment promotion for the unemployed who are in a position of social exclusion will continue. Companies which take on such workers on either permanent or temporary contracts will have a reduction in their social security contributions amounting to 65% over a period of two years. It is estimated that this will benefit more than 4,000 workers at a cost of 1.8 million euros.
- Other programmes will be implemented (co-ordinated anti-exclusion programmes) to help people who are in a position of social exclusion, such as gypsies, drug addicts, etc. The objectives are modest in numerical terms, but important qualitatively, because these are groups which are outside not only the labour market, but also on the edge of society in general. These programmes will be financed with 15.3 million euros. The number of people affected cannot be quantified, because it is unlikely that the bodies through which the programmes are carried out will be successful at the first attempt in integrating the target groups.

PILLAR II: ENTREPRENEURSHIP

The main actions developed in this Pillar refer to measures supporting business creation. One important feature among these is a reduction in the paperwork necessary to set up small businesses, improvements in the tax regime to encourage business, including self-employment and SMEs, and reductions in social security contributions. Also included is the development of the INFO XXI Action Plan to improve the technological level.

Point 8: Reducing costs and other burdens for companies (Guideline 8)

Assessment of 2001

Measures taken to develop business activity led to the following results:

- **Financial support for SMEs**
 - ✓ **ICO-PYME credit line.** In 2001, this line offered 2,910 euros, generating an estimated 7,742 million euros of investment. It is estimated that as a result 107,347 jobs were created and that 91% of the loans were for companies with fewer than 50 employees.
 - ✓ **Mutual guarantee companies.** Guarantees worth 983 million euros were awarded by the sector in 2001, while the state Spanish Reinsurance Company (CERSA) awarded 270 million euros. CERSA has drawn up refinancing contracts with the different mutual guarantee companies, with a risk exposure of 782.2 million euros.
 - ✓ **Participative loans.** In 2001, the National Innovation Company (ENISA) awarded participative loans worth 10.66 million euros, of which 2.55 million were for projects with a technological base. The resulting investment boosted by the loans was of 68.54 million euros.
 - ✓ **Securitization of assets.** Asset-backed funds involving guarantees of 420.1 million euros were approved in 2001.
 - ✓ The reduction in the tax and social security burden is explained in section 12.
- **Reduction in paperwork:**
 - ✓ **A system of single business windows.** The single windows allow the one-stop processing of all the paperwork related to business. A total of 15 single business windows were up and running in Spain at the end of 2001, and since they were introduced, 5,700 businesses have been set up.
 - ✓ **The social security system on the Internet: the RED SYSTEM** (Electronic Submission of Documents) of the social security system, the virtual office and new computer technologies. The process of applying the RED System since its implementation in 1995 has gradually incorporated new groups of companies and workers, thanks to the advantages offered compared to the traditional system of administrative operations based on paper documents. At the end of 2001, 71.3% of companies were using the RED system, with the monthly figure of movements of workers registered as joining or leaving company payrolls at 2,000,000.

Measures proposed for 2002

The process of reducing the burdens on business activity in order to promote employment will continue in 2002:

- **Financial support for SMEs**

- ✓ **ICO-PYME credit line.** In 2002 the credit line will have 2,700 million euros available for loans, of which 400 million will be linked to securitization of assets.
- ✓ **Re-guaranteeing of Mutual Guarantee Companies.** The collaboration agreements will be renewed in 2002 in order to support companies with a technological base and restructure the fisheries sector. A boost will be given to the use of microcredits for SMEs or new companies with the support of the reciprocal guarantee companies, which will not require additional guarantees for loans of below 25,000 euros.
- ✓ **Participative loans.** The National Company for Innovation will set aside a total of 15 million euros in 2002 for the award of participative loans.
- ✓ **Securitization of assets.** Central government will be able to offer guarantees in 2002 worth up to 1,803.04 million euros to guarantee fixed-interest securities issued by asset-backed securities funds.

- **Reduction of administrative burdens:**

Single business windows. There will be 22 such windows at the end of the year.

RED system: Its use will continue to be promoted because of its numerous advantages, though use of the system for companies is voluntary.

POINT 9: PROMOTING BUSINESS ACTIVITY (GUIDELINE 9)

Assessment of 2001

Eliminating obstacles

The creation of "single windows" and the policy of loans to small companies, which have been mentioned in the previous section, contribute to the elimination of obstacles to the creation of small companies. Reductions in the tax burden are mentioned in Guideline 12; there are special reductions in social security contributions for business people who take on their first employee.

Training and support for company creation

In addition to the support for self-employment of unemployed people under Guideline 1, the following actions were carried out in 2001:

- The social economy: (see Point on the social economy)

- A programme supporting self-employed women: support for the creation and consolidation of companies via practical individualised advice, in which 940 self-employed women have already taken part, at a budgeted cost of 2,107,060 euros.
- Investment in programmes supporting young entrepreneurs has amounted to 745,000 euros (see Annex 1).
- A programme of financial support for training returning Spanish emigrants in self-employment and setting up their own business.

Undeclared employment

The increasing incidence of undeclared work emerging into the legal labour market is possible thanks to a number of factors: the reforms in the labour market, which are detailed in Pillar III; the legalisation of the position of immigrants as described in this section, and the action of the Labour Inspectorate, which in 2001 carried out a planned control campaign on the black economy, visiting 14,000 companies and bringing 61,951 jobs into the legal labour market. As a result of all these factors, in 2001 as in previous years, the number of people in the social security system increased faster than the estimated employment rate calculated through surveys.

Workers as measured by the EPA and in the social security system

(Annual averages each year, in thousands)

	1997	2000	2001	Changes					
				97/96		00/99		01/00	
				total	%	total	%	total	%
Workers in EPA	12,764.6	14,473.7	14,768.4	368.6	3.0	656.2	4.7	294.7	2.0
Workers in SS system	12,932.1	15,062.9	15,649.9	426.1	3.4	718.0	5.0	587.0	3.9

Measures proposed for 2002

Elimination of obstacles

- **New company project (see Annex 1 for more detail)**
 - ✓ **The New Business Statute:** The aim is to simplify the legal structure and adapt it to the needs and operating methods of small businesses, making them easier to set up.
 - ✓ **Simplified accounting plan:** The aim is to provide a simplified accounting plan adapted to the needs of small businesses.
 - ✓ **Integrated advice service for SMEs (CIRCE):** The aim is to offer help and support to companies during their first years of operation.

- ✓ **Single Electronic Document:** The aim is to reduce drastically the steps necessary to create companies through a telematic processing system using a single document containing all the necessary data.

This should reduce the time taken for the paperwork necessary to create a SME from between 30 to 60 days to two days.

- **Reduction in tax and social security burdens for the self-employed and small businesses**

- ✓ After its revision the previous year (Law 24/2001, 27 December), the net maximum level of business for a company wanting to take advantage of the special corporation tax regime for small companies was fixed at 5 million euros.
- ✓ The state budget for 2002 (Law 23/2001 of 27 December) established the following: a programme of reductions in social security contributions (Point 12); the reduction of the tax burden for disabled workers and small companies; and reduction in corporation tax for companies investing in R&D and technological improvements to production processes.

Training and support for company creation

- ✓ Programmes related to the social economy. These measures have an allocated budget of 874,000 euros and support the promotion and training for the creation of co-operatives and labour companies.
- ✓ The training of businesswomen (see Pillar IV).
- ✓ The retaining of programmes for young entrepreneurs: subsidies for employment promotion, the SECOT support programme; company seedbeds.
- ✓ The programmes for returning emigrants will also continue.
- ✓ Some autonomous regions will develop additional programmes to make it easier to set up as self-employed or create small businesses (see Annex 5). Cantabria will offer training and subsidies to offset the social security contributions of unemployed people who set up as self-employed (330 beneficiaries, with an expenditure of 1,5 million euros); Galicia will offer an income to help people setting up through the initial stages (3.000 beneficiaries, with an expenditure of 13 million euros a year); Navarra will develop an entrepreneurship programme in partnership with accredited organisations.

Undeclared work

- ✓ A reduction of overhead costs on businesses and the simplification of the administrative burdens as described will help to regularise the situation.
- ✓ The Labour Inspectorate has begun a new campaign against the black economy, under which it will visit 14,730 companies.

Point 10: Taking advantage of new employment opportunities in the knowledge and service-based society (Guideline 10).

Assessment of 2001

- **Plan for the consolidation and competitiveness of SMEs 2000-2006 (SME Plan)**

The SME Plan invested a total of 85,764,427 euros in 2001 to subsidise projects which qualified for funding in the various sections of the plan. Of the total funds, 15,706,971 euros will be returned to the SME Plan through the FEDER funds.

- **Development of the INFO XXI initiative**

As part of this initiative, the Ministry of Science and Technology has implemented the Programme for the Promotion of Technical Research (PROFIT). This programme includes the National Information Society Programme (PNSI), the National Information Technologies Programme (PNTIC), the SME Representative Action Programme and E-Commerce Programme and the SME ICT Solutions Implementation Programme. The main results of these have been as follows:

PNSI and PNTIC programmes: 66 projects approved, with budgets before subsidies of 14.72 million euros and net subsidies of 3.05 million euros.

- ✓ **SME Representative Actions and E-commerce and PRINCE XXI programmes, with the same objective:** The approval of 200 projects with a budget before subsidies of 302 million euros, and a net subsidy equivalent to 1.5 million euros. Nearly 12,000 companies will also be offered analysis, training, and planning. The action in this field has been extended and boosted in 2002.
- ✓ **FORINTEL programme,** which aims to help improve the competencies and skills of workers and their adaptation to the industrial changes produced by ICT. 26,000 people have been trained at a cost of 4.6 million euros.

- **Boosting the service sector:**

Promotion and sales of SME tourist services through the Spanish tourism portal. Support programmes for SMEs to be put out to tender.

- **Agreement between the Environment and Economy ministries** to carry out a programme to boost job creation in the sustainable tourism sector. A package of measures is being prepared for this through the annual sustainable tourism plans, for which funding exceeded 424 million euros in 2001.

Measures proposed for 2002

- **Plan for consolidating the position of SMEs and making them more competitive 2000-2006 (Plan PYME).** This plan will receive 57 million euros in 2002 under the following two main lines of action:

- ✓ To work towards the full integration of SMEs in the information society.
- ✓ To increase the use of innovative techniques in SMEs in areas of design, implementation of quality systems, co-operation between companies, and innovation in management and organisational processes.

- **INFO XXI Action Plan**

PNSI and PNTIC programmes: Approval of 71 projects, with budgets before subsidies of 15.83 million euros and a net subsidy equivalent to 4.16 million euros.

- ✓ **SME Flagship Action and e-commerce programmes and PRINCE XXI, sharing the same objective:** The approval of 83 new projects with a budget before subsidies of 79 million euros, and a net subsidy of 11.4 million euros. In addition, there will be a boost to the plan under which nearly 10,000 companies are offered analysis, training, and implementation of plans, with more intense support in the forms of workshops.
- ✓ **FORINTEL Programme,** whose objective is to improve the competencies and skills of workers and their adaptation to the industrial changes produced by ICT. 36,000 people have been trained at a cost of 6.3 million euros.
- ✓ **New ARTE PYME II Initiative.** This supports projects of advanced telecommunications services for SMEs. It has a subsidy of 15 million euros for development.
- **Other programmes linked to the creation of employment in the environmental sector:** The Environment Ministry has a leading role in the labour market, both in the maintenance of employment and the creation of new jobs, through the different national plans targeted at specific segments of the economy in partnership with the autonomous regions and the private sector. In 2002, the following investment was made (figures in thousand euros): National Hydrological Plan (2,440,109), National Waste Plans (6,485), National Effluent Plan (6,611), National Construction and Demolition Waste Plan (6,600), National Vehicle Disposal Plan (5,319), National Used Tyre Plan (300) and Beach Access Plan (7,813). (See Annex 4).

Point 11: Regional and local action promoting employment (Guideline 11).

Assessment of 2001

- **The regional dimension of employment policies**

As indicated in the answer given to Recommendation 5, employment policy in Spain is formulated with regional diversity in mind. In addition, the autonomous regions manage active and labour market policies which complement the comprehensive measures applied to the whole country, and for these they use not only the budget transferred from central government, but also their own budgets. Many of the autonomous regions have included their measures in regional employment plans (see Annex 5). There are also autonomous regions, such as Navarra, which have presented local employment plans to the European Commission in accordance with the Commission's Communication and as established in article 6 of the E.S.F.

Encouraging the regional and local authorities to establish job creation strategies at a local level

Job creation measures proposed at local level were included in the Operating Programmes for Employment Promotion in Objective 1 (Action 3 of the core point 50, Local and Urban Development, Measure 50.6: Supporting local initiatives which contribute to job creation) and Objective 3 (Action 2 of core point 8: Promotion and Support for Local Development Initiatives, Measure 1: Supporting local initiatives which generate employment).

The necessary legal mechanisms have been put into action in order to award a general subsidy (article 6 of the ESF regulations) for the promotion of initiatives which develop new activities generating employment in sectors failed by the market. These actions will be in municipalities of more than 50,000 inhabitants (or smaller ones if they act jointly) and will be aimed basically at creating care services, especially crèches and care homes for the elderly, as well as assistance for greatly disadvantaged groups (e.g. drug addicts). The main beneficiaries will be women and groups with problems of social integration.

The funds set aside in the Operative Employment Promotion Programmes for Objective 1 and 3 regions are included in the second part of this section and represent the amount of financial assistance from general subsidies for the years 2000 and 2001, which were the object of the Regulatory Bases mentioned above.

These amounts have to be revised according to the projects presented within the different Objectives, since the funding applications which have been approved have led to a surplus in the Objective 3 category and a greater need for finance for Objective 1. This imbalance will be adjusted in future years according to existing regulations.

As well as this, the local authorities generally carry out job finding measures and active policies with their own budgets (see Annex 2 for spending).

- **Promoting competitive development in the social economy**

Training and promoting the social economy and environmental co-operatives:

A total of 98 courses and seminars have been attended by 5,780 people. An effort has been made to promote and incorporate the new information and communication technologies in organisations within the social economy to generate employment, and mutual co-operation between the organisations has been encouraged through common services or networks: these policies have affected 123 companies and generated 254 jobs.

- ✓ Advice and support activities are offered for starting up and managing new projects. There have been applications for subsidies from 145 projects.

- **Promoting employment in co-operatives and labour companies:**

Financial support has been given to help unemployed people become worker partners, and technical assistance has been offered to these kinds of business projects and activities related to training within the social economy and linked directly to job creation. The result has been the creation of 2,167 jobs at a total cost of 8,153,011 euros.

- ✓ Direct financial assistance was given to investment required to create co-operatives and labour companies, and low-cost loans were also offered. The cost of these measures was 3,481,109 euros, and affected 414 new companies, creating 1,271 jobs.

✓

INDICATORS			
	2000	2001	Change in %

Beneficiaries of the lump-sum payment of unemployment benefit for workers becoming partners of co-operatives and labour companies.	9,046	9,898	9.5
Employment in co-operatives and labour companies	356,933	370,364	4.6

Giving the PES the potential to identify local employment opportunities:

This section should be completed with the information offered in Point 1 and Recommendation 1. The PES also have external instruments which help them detect employment opportunities and improve the functioning of local markets:

They finance the recruitment of local employment and development agents by local corporations. The main function of the agents is to detect local employment opportunities and support company creation. If these companies receive a special qualification from the local body and the PES, they can receive significant public subsidies. In 2001, 3,555 agents were recruited at a cost of 81 million euros. A total of 2,567 stable jobs were created through subsidies in this programme, at a cost of 17,704,599 euros.

Some local authorities also have their own employment services, whose actions are mainly financed by the PES, though they are directly managed by the local authorities. Other local actors, generally the social partners, co-operate in these services. In 2001, there were 59 local authority employment services of this kind.

Lastly, all the provincial directorates which are part of the INEM or the regional bodies have specialised services available to help with the setting up of companies and advising them during their first stages in business.

Measures for 2002

- **The regional dimension of employment policies**

A continuation of the policies

To encourage regional and local authorities to establish their own job-creation strategies.

To complete the Emergency Plan for the 100 most disadvantaged municipalities (see Point 1)

Solution to the financial assistance on the general subsidy mentioned in the first part of this Guideline, according to information from the financial table below, which will allow the actions to begin.

Budget allocated to key measures (2000 and 2001), with figures relating to the contribution of structural funds

(In euros)

Regions	ESF support	Support from local bodies	Total cost
Objective 1	53,583,588	22,964,394	76,547,982

Objective 1 Transitional	831,009	356,147	1,187,156
Objective 3	26,861,891	32,831,199	59,693,090
Total overall subsidy	81,276,488	56,151,740	137,428,228

- ✓ To promote the role of partners in co-operatives and labour companies through financial support for employment and a lump-sum payment of unemployment benefit, in business projects championed by the unemployed themselves, paying particular attention to groups with major difficulties of integration into the labour market. The resources allocated by central government in 2002 for support to employment in co-operatives and labour companies was worth 8,834,000 euros.
- ✓ Support for the funding of investment and modernisation of co-operatives and limited liability labour companies. The central government funds in 2002 for this are 4,307,000 euros.
- ✓ To maintain the financial assistance for paying lump-sum unemployment benefit payments to the unemployed who wish to join co-operatives or limited liability labour companies. No objectives have been set for this, since this assistance is awarded according to a voluntary application and operates as a legal right.

Strengthening the PES in order to identify local employment policies:

- ✓ The same policy will be continued.

Point 12: Fiscal reforms for employment and training (Guideline 12)

Assessment

- **The tax burden on work.** Since 1997 this has been reduced in two ways: through tax reforms and through reductions in social security contributions.
 - ✓ Among the most important fiscal measures, there has been the reform of the income tax regime (see NAP 1999). The reduction in tax and social security contributions payable was equivalent to an average increase of 6% in wages and up to 11% for the lowest incomes. Other changes have also been made affecting employers, particularly SMEs (see NAP 1998, Guideline 11 and NAP 2001 Guideline 12). As a result, there was a reduction in the tax payable by workers earning an average wage and with family responsibilities from 13.8% in 1998 to 11.8% in 1999 (income tax). In cases where there is only one wage earner (also with an average wage) and two children, the tax payable fell from 6.4% in 1998 to 2.5% in 1999, according to OECD data.
 - ✓ The general social security contribution rates have been kept largely stable during this period, though in 2000 they were reduced by 0.25 points for permanent contracts. However, since 1997 programmes of reductions have been introduced, normally for a period of two years from the time of recruitment, for companies which offer stable contracts to new workers who belong to groups which have most difficulty in entering the labour market. The programmes are adjusted every year according to the results obtained and an assessment of the difficulties faced by the different groups. In 1999, part-time permanent contracts began to receive reductions, and a supplement was established when the workers recruited were women.

- **Incentives and the elimination of tax handicaps for investment in human resources**

- ✓ In 2000 tax measures were approved to stimulate household savings and SMEs, in order to promote the use of new technologies. The deduction for using ICT and for the training of personnel in the use of these technologies (Internet, e-commerce, etc) was regulated. These incentives began to be applied in 2001. The overall deductions in corporation tax for professional training stand at 19.85 million euros.

Measures proposed for 2002

The tax burden on work

- In 2002 new contracts continued to receive the same reductions in social security payments as the previous year. It is estimated that around 790,000 new contracts will take advantage of these reductions this year. In addition, this year sees for the first time a significant reduction in social security contributions for companies who maintain workers over the age of 60 on their payroll, as outlined in Point 3.
- The budget for the reductions in social security payments is 1,833 million euros in 2002, equivalent to an average reduction of 1.1 points in the payment coefficient. This does not include the exemption from payments for workers of over 65 years of age, which was introduced this year, and represents a cut in costs for businesses of 90 million euros.
- The reform of the income tax regime planned for 2002, and which will come into operation in 2003, will be along the same lines, with a reduction in rates for all incomes and in particular the lowest, and with improvements in the specific reductions for wages.

Alternative sources of tax income

The new tax on hydrocarbon retail outlets was created in December under Law 24/2001. The income from this tax in its countrywide form will finance healthcare spending. In its regional form, it can also finance environmental projects. In addition to penalizing the use of non-renewable energy sources through higher taxation on hydrocarbons, the aim is also to affect the most contaminating emissions (charges on the disposal of waste products).

PILLAR III: ADAPTABILITY

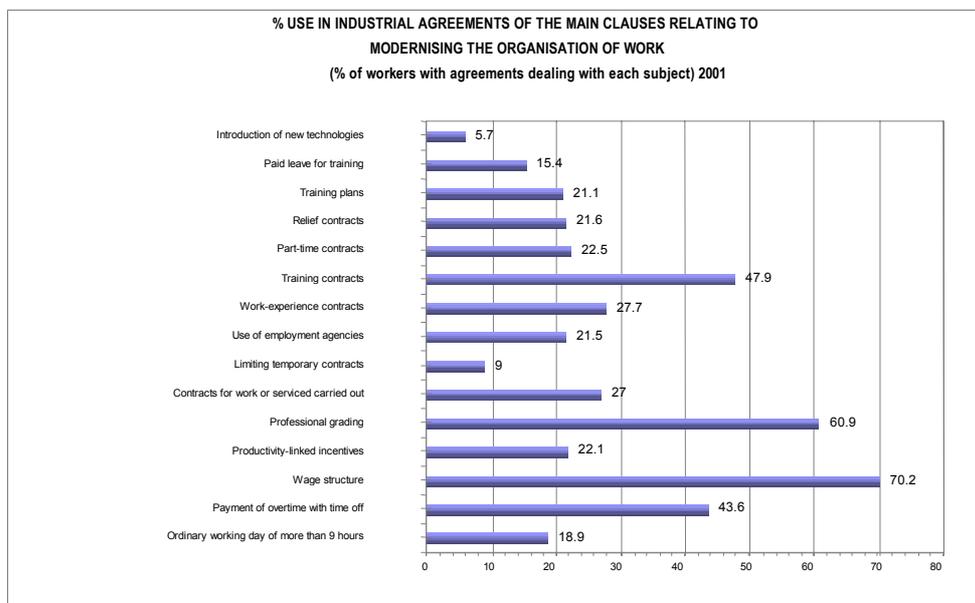
Among the actions included in this Pillar, one worthy of particular attention is the modernisation process of the organisation of work which has been the subject of collective negotiations in Spain over the last few years. Also included is the agreement reached between the social partners on collective bargaining for the year 2002, and the main aspects of the last reform of the labour market, as well as measures related to health and safety at work and the development of continuous training in companies.

Point 13: Modernising work organisation: Initiatives from the social partners (Guideline 13).

Assessment of 2001

Section B set out an overall vision of the part played by the social partners through various agreements on the modernisation of work organisation and quality. The resulting legislation based on these agreements is included in Guideline 14.

As already mentioned, collective bargaining in Spain has been increasingly concerned with modernising the organisation of work. The process of developing collective bargaining continued throughout 1999 and 2000. Changes were noticeable in the contents, as a result of the application of previous inter-confederal agreements, which emphasise clauses related to salary structure and grading, the kinds of contracts used, the regulation of working time, functional mobility and professional training. Throughout 2000, collective bargaining continued to feature prominently, above all in clauses referring to working time, payment of overtime with time off and the change in the payment of wages by linking them to company results. The proportion of agreements which include each of these items is set out in Annex 1 and the following chart:



Throughout 1998 and 1999 a number of regional employment plans were developed in various autonomous regions. They were related to the inter-confederal agreements and had as a priority the reduction of the rate of temporary work.

Measures proposed for 2002

- At the end of 2001, the main employers' and trade union organisations (CEOE, CEPYME, CCOO and UGT) signed the Inter-confederal Agreement on Collective Bargaining in 2002 (ANC 2002). The agreement includes the main criteria which should govern collective bargaining during 2002, specifically in these four areas:

1. **On the question of salaries**, the agreement defines criteria for determining wage increases, in order to link moderate increases in wages with the maintenance and creation of stable employment, and to help control inflation.

Along these lines, the signatories to the agreement consider that wage negotiations should use the government inflation rate forecast for 2002 as their main benchmark, although rises above the forecast rate can be accepted when related to productivity increases.

2. **On the question of employment**, the agreement states that the main objectives guiding collective bargaining during 2002 will be the following: a) maintenance of existing employment, avoiding sudden adjustments, and a commitment to increase it b) promotion of stable employment; c) the boosting of workers' skills levels, which are key to their employability and professional development, as well as company competitiveness; d) promotion of equal opportunities for men and women, the elimination of discrimination, the promotion of equal treatment in recruitment and employment.
 3. **On the question of health and safety at work**, the social partners are committed to doing more to prevent risks at work.
 4. Finally, the agreement includes a section devoted to the general criteria which should guide the negotiation process in 2002. Among these are: an immediate start to negotiations once a complaint of non-compliance with industrial agreements has arisen; and a commitment to maintain negotiation open for both parties as far as reasonably possible.
- In addition to what has been mentioned in terms of recruitment under Recommendation 4, Section C, the ANC 2002 includes provisions aimed at guaranteeing the balance between flexibility and security, protecting employment and preventing sudden changes.

In particular, the ANC 2002 aims to promote the mechanisms contained in Spanish labour legislation designed to improve internal flexibility (functional mobility, continuous training, management of working time and redistribution of the working day, a substantial modification of the conditions of work, possible suspension of the working contract), in order to adapt it for companies which need to be able to respond to a particular situation. These measures are preferable to other more potentially damaging ones, such as cancelling contracts and laying off workers. The ANC 2002 calls for collective agreements to make use of internal flexibility.

- It should also be highlighted that under the ANC 2002, a monitoring commission will analyse the effect of new information and communications technologies on the forms of work and social customs and

practices, especially in terms of the use of e-mail, Internet and intranet as tools for work, communication and information.

- The ANC also features a commitment to carrying out a study analysing the possible factors which make equality between men and women more difficult to achieve, and exploring possible practical measures to encourage equality. (See Recommendation 2, Section C).
- Lastly, with the aim of anticipating changes and thus improving the capacity to respond to them, the plan includes the creation of central-government managed sectoral observatories for employment and competitiveness. The observatories will carry out regular analyses to promote more efficient production, company competitiveness and employment, and as far as possible, predict future trends in the sectors.

Point 14: Modernising work organisation: regulation of the working environment

(Guideline 14).

Assessment

The reduction in the proportion of temporary work is one of the most important objectives relating to work organisation in Spain. The Royal Decree-Law 8/1997 and the Law 63/1997, which was the result of the agreement on employment stability between the social partners, introduced the contract promoting permanent jobs and measures aimed at promoting an adequate use of temporary working contracts (including training contracts).

In 1998 Spain was the EU country with the lowest rate of part-time work. This has led to a series of measures being adopted this year to promote this kind of contract. They include increasing protection through the social security system, using social dialogue to analyse incentives which could be used to develop this kind of contract, and facilitating the transformation of fixed-term contracts into stable part-time contracts. An agreement on part-time work was signed between the government and the main trade unions in 1998. As a result, the regulations relating to part-time contracts were changed, establishing greater guarantees and social protection for workers and greater flexibility from a legal standpoint.

This period also saw the development of the Workers' Statute in relation to training contracts (work experience and training). The training and job finding functions of these contracts were boosted, and a single and unified regulation was created for permanent contracts.

The Royal Decree-Law 5/2001 "Urgent Labour Market Reform Measures to Increase the Level and Quality of Employment" was passed in 2001 and became the Law 12/2001 after its passage through parliament. It did not achieve the consensus of the social partners. This regulation introduces modifications to the Workers' Statute in the following aspects:

- ✓ A legal consolidation of the contract promoting permanent jobs. This contract had been established in 1997 for a period of four years, and had returned very positive results.
- ✓ The application of this kind of contract to more groups: young people of between 16 and 30 years of age, women who are recruited in professions or jobs with a low level of female employment and the unemployed who have been registered as unemployed for between 6 and 12 months.
- ✓ The establishment of severance pay equivalent to eight days of wages per year worked at the end of certain temporary contracts.

- ✓ The introduction of changes to the legal regime for part-time contracts with the aim of making them more attractive and flexible. The maximum hours for a part-time contract, which were 77% of the full-time working day, has been abolished, and a contract is now considered part-time when the services contracted are for below the hours considered full-time. The distribution of working time during the day has also been made more flexible, as has the use of extra hours.
- ✓ The number of groups which can take advantage of training contracts has been increased to include immigrants, long-term unemployed and the unemployed who are in a position of social exclusion.
- ✓ A new work contract has been created for use by public administrations or non-profit organisations to promote the recruitment of the unemployed to carry out work and services of social and general interest as part of the employment programmes included in Point 1.
- ✓ The regulations relating to sub-contracting have been revised, allowing workers and their representatives greater access to information and making this kind of work more transparent and more legally protected.

As part of the process of modernising work organisation in Spain, collective bargaining has addressed the subject of regulation of health and safety at work. When industrial agreements include it, they usually provide for the setting up of health and safety committees in companies as a model preventive action. The services are then outsourced to other specialised companies, except in the case of companies which themselves are legally obliged to offer them.

In addition, the following actions have been developed relating to health and safety at work:

- ✓ From a specific plan researching the incidence of accidents at work, an investigation procedure has been developed jointly with the autonomous regions for cases of fatalities. A plan supporting and helping research into the prevention of risks at work (PRL) has been set up, and internal and external grants have been made available.
- ✓ Prevention measures have included the publication of the “Technical Guide on Biological Agents” and the guides on “Chemical Agents” and “Electrical Risks” have been completed; the document “Limits of Professional Exposure for Chemical Agents – 2001” has also been drawn up.
- ✓ A report has been completed dealing on “The Emergency Plan for Companies with the Highest Rates of Accidents (2000)”. An assessment system for the performance of the plan in 2001 was drawn up and presented to all the autonomous regions and the results during 2002 will be assessed.

Measures planned for 2002

As indicated in the first part of this section, the Royal Decree-Law 5/2001, which was described in the last NAP, has completed its passage through parliament and is now the Law 12/2001 of 9 July, for “Urgent Labour Market Reform Measures to Increase the Level and Quality of Employment”. This law includes new measures in addition to the ones described then, which will begin to have an effect in 2002. They can be summarised as follows:

- ✓ To prevent the abuse of very short-term contracts, social security contributions for employers will be increased by 36% on contracts which last for less than 7 days.
- ✓ In the regulation affecting the transfer of companies, the new employer now expressly takes over the social security and social protection obligations of the former one. The workers and their

representatives are also offered more rights to information and consultation regarding the new situation.

- ✓ The regulation of relief contracts has been modified, as mentioned in Point 3, in order to bring it into line with the modifications introduced in the part-time contract and promote its use.
- ✓ The regulations on maternity and paternity leave have been extended in the case of babies born prematurely or requiring hospital treatment after birth, in order to make it easier for mothers or fathers to look after the baby.

Additionally, the Labour and Social Security Inspectorate, together with the INEM, will continue to review the use of the different forms of contract.

Some autonomous regions carry out complementary measures (see Annex 5). An example of these is in Aragon, where incentives are given to employment created as a result of the reorganisation of work time through the elimination of overtime.

The following measures are planned in relation to health and safety at work:

- **Research activities**

The design of an “observatory” system to analyse systematically the relationship between health and safety at work, the economy, employment and work organisation. This observatory has two main lines of action: a) To implement and maintain a system of observation of the conditions of work; and b) to develop a specific programme of applied research.

- **Legislative activities**

- ✓ Draft measures transferring Guidelines relative to explosive environments and the second modification of that relative to carcinogenic substances.
- ✓ The completion and publication of Technical Guides on Construction, Fishing Boats, Chemical Agents, Electrical Dangers, and the Use of Working Groups II.
- ✓ An update of the list of maximum exposure limits to chemical agents for professionals, and a plan to publish the document corresponding to 2002.

- **Training actions**

- ✓ The start of the “Virtual Classroom” plan on the Internet with the offer of pilot courses.
- ✓ I National Congress on the Prevention of Risks at Work in the agro-food sector.

Strategy for Health and Safety in the Workplace

Under the auspices of the Round Table on Prevention of Risks at Work, a work group has been set up to discuss health conditions in the workplace.

This work group, made up of representatives from the departments of Labour, Social Affairs, Health and Consumer Protection, together with others from the social partners, tackled a number of issues related to the way health and safety at work was being dealt with. Agreements stemming from this co-operation and presented to the Round Table referred to the following:

- 1) Work-related illnesses: the update of the List of Work-Related Illnesses in Spain using the corresponding European list as a reference guide.

2) Healthcare professionals: Increase the level and quality of training provision for healthcare professionals in the workplace as well as the designation of a formal qualification for such work and finally, the commissioning of a feasibility study to assess the establishment of workplace health unit within the public health system.

Point 15: Supporting the adaptability of companies as a component of lifelong training (Guideline 15).

Assessment of 2001

The Spanish continuous training model is based on social dialogue in two ways: the political agreement between government and the social partners on the design and management of professional training using public funds; and the autonomous agreement between employers' and workers' representatives, who, on a decentralised basis, determine the training priorities which exist in each sector, through sectoral commissions resulting from collective negotiations.

The first of these aspects has been referred to in Point C and Guideline 4, which include the number of workers involved and the level of funds coming from public administrations. This general organisation distributes the public funds, and in the case of the Offer Plans the workers can take part without their employer becoming directly involved. In other forms, the company is subsidised to train its workers. Companies in the social economy have also joined the agreements on continuous training. This system has been chosen as good practice by the European social partners, and is contained in the Training Agreement presented at the Barcelona Summit.

In terms of the second aspect, many companies carry out other training activities, normally within the collective industrial agreement. Industrial agreements include training for 54% of workers, and of these, those in 70 productive sectors mention the III Continuous Training Agreements.

According to the Continuous Professional Training Survey, 27.5% of companies gave continuous training to their workers in 1999. Workers in these companies represented 58% of all employment. The companies spent 1,700 million euros on training, of which 8% was reimbursed by public administrations (this public finance of 155 million euros is included in the figures in Guideline 4). Not all the workers in companies which offer training do so every year. In 1999, 1,650,000 workers had formal training courses, some 23% of the workers in the survey, and 2.1 million others took part in other kinds of training, such as conferences, quality seminars, etc. Those taking part in courses did so for an average of 42.6 hours, 62% of which formed part of the ordinary working day. Computing represented 16% of the time of all the courses, engineering and technical training 14% and languages 14%.

Measures proposed for 2002

- **Plan for training ICT professionals**

A plan has been formulated to train workers in ICT skills to help boost the numbers of professionals who are appropriately qualified for the information society. The plan is to create 14,000 jobs over three years (2001, 2002, 2003), with funds from the INEM FIP Plan (65%) and the participating companies (35%). The Ministry of Science and Technology is financing the spending on technical assistance, estimated at 1.19 million euros.

- The application and development of the III Agreements on Continuous Training will continue. The budgeted public funds for distribution via the relevant mechanisms will be 793.3 million euros (see Annex 1, Guideline 4).

PILLAR IV: EQUAL OPPORTUNITIES

The actions relating to equal opportunities are included throughout the NAP. Among the actions included in this Pillar worthy of special note are the setting up of an Equal Opportunities Observatory, ensuring that the share of women in jobseeking actions is the same as that of women in unemployment, giving priority to the recruitment of women into stable employment, support for businesswomen and female entrepreneurs, the developing collective bargaining in aspects relating to equal opportunities and the Integral Family Support Plan.

1. "To ensure that active labour market policies are made available for women in proportion to their share of unemployment".

Assessment of 2001

- The share of women in active employment measures included in the three Pillars of the NAP 2001 has, at 58.7%, reflected their unemployment rate.

When the plan was put into action in 2001, 619,922 women were offered job placement actions, representing 58.4% of the total number of people receiving such actions.

Unemployed women who have taken part in actions, according to the time unemployed			
Short term		Longer term	Total
Young women	Adults		
117,707	317,143	185,072	619,922

Some of these unemployed women took part in various actions, 1.4 on average, so that the total number of actions in which women took part was 869,697. These are broken down in the following chart:

Chart 15.- Job placement actions					
	< 25 years and under 6 months	> 25 years and under 12 months	Long-term unemployed	All actions for women	Actions for women as % of total
Training	91,186	184,359	95,055	370,600	62.24
Employment	25,962	108,331	53,326	187,619	45.68
Career guidance	63,448	152,407	95,623	311,478	65.44
TOTAL NAP 2000	180,596	445,097	244,004	869,697	58.68

Other actions:

In 2000, the number of relief contracts for substituting women on maternity leave was 37,241, of which 86% were for women.

Measures proposed for 2002

To maintain at least the same level of participation of women in active policies.

2. “To pay particular attention to the gender impact of tax and benefit systems. Wherever tax-benefit structures are identified that impact negatively on women’s participation in the labour force, they should be reformed.”

Assessment of 2001

- Social benefit regimes which do not generate poverty traps (see Annex 4).
- The possibility of separate income tax returns makes it more profitable to work than to claim benefit.

Measures proposed for 2002

A continuation of the same policies.

3. “To pay particular attention to ensuring the application of the principle of equal pay for equal work or work of equivalent value.”

Assessment of 2001

- The Optima programme aims to make it easier for women to be recruited, remain in and be promoted in companies, through the implementation of positive actions eliminating existing inequalities in companies. A total of 56 national companies from different sectors of the economy have taken part in the programme, which has affected more than 107,878 workers. As part of this programme, in 2001 access for women to managerial positions was promoted through grants for a Masters in Managerial Development.
- The inclusion of gender equality clauses in collective bargaining. These clauses now affect 35.25% of working women (in 1999 they affected 29% of working women).

Measures proposed for 2002

- The introduction of the principle in legislation by modifying article 28 of the Workers’ Statute. (See Recommendation 2, section C).
- In the Agreement on Collective Bargaining signed by the social partners (see reply to Recommendation 2 of the Guidelines related to collective bargaining), they commit themselves to

carrying out a study analysing the possible factors making it difficult to achieve equal opportunities between women and men and highlighting what practices could be implemented to solve the problems.

- The gender equality clauses will probably continue to be used in collective bargaining.
- The creation of an equal opportunities certificate for companies.
- The development of the ISOS programme to analyse wage discrimination for reasons of gender, as well as the characteristics of jobs and their value based on non-discriminatory criteria.

4. “To give particular attention to obstacles which hinder women who wish to set up new businesses or become self-employed with a view to their removal.”

Assessment of 2001

The charts in Annex 1 show the measures with their beneficiaries and budgets. Broadly, the measures have been:

- A share for women in advice and guidance actions for self-employment equivalent to 68% of all the guidance actions of this kind.
- Programme supporting women who become self-employed in which 20,000 women have received financial assistance to set up as businesswomen with a total investment of nearly 42 million euros. (This total includes programmes specially designed for women, managed by the Institute for Women, and programmes carried out within the framework of the information society, such as support for e-commerce and the application of new technologies to management processes.) These programmes have ranged from the microcredit facilities to direct subsidies by the administration. Some have been in partnership with the chambers of commerce and included a co-ordinated system of advice and training.
- Training programmes for business people targeted at women: 23,840 women have benefited from these, and the budget has been 4.8 million euros.
- Some autonomous regions offer guidance and organise events to encourage female businesswomen (see Annex 5), such as the Female Entrepreneur Fair in Aragon, attended by 360 women or another in La Rioja.

Measures proposed for 2002

The objectives can not be quantified, since the acceptance of advice and support for self-employment is of a voluntary nature. The only thing that can be done is to maintain appropriate credit lines to respond to demand. In this respect, the advice and support for self-employment have been boosted in 2002 with 248.2 million euros (including the social economy and programmes managed directly by the Institute for Women).

5. “To ensure that both men and women are able to benefit positively from flexible forms of work organisation, on a voluntary basis and without loss of job quality.”

Assessment of 2001

- People who have their working day reduced by a part-time contract are given priority information about available full-time jobs when the situation giving rise to the need for a part-time contract no longer holds.
- Parental leave: Maternity/paternity leave offered for the birth of premature children or those requiring special post natal attention have been extended. In addition, leave of one hour during the working day is now possible, and the working day can be reduced by up to two hours, with a proportional reduction in wages.

Measures proposed for 2002

The same line of policies will be continued.

6. “To ensure the conditions for facilitating the access of women to education, continuing training and lifelong learning, in particular to access to training and the necessary qualifications for careers in information technology.”

Assessment of 2001

- In general, 60 out of every 100 unemployed people who have received training have been women. Of every 100 employed people receiving training, 41 have been women, and 90,000 women have been trained in new technologies.
- Career guidance and advice has been introduced for all young people (see point 4) at the age of 16. This advice should be a key factor in channelling students and particularly women (who often choose careers in which employment prospects are not always good) towards careers in ICT.

Point 16: Integrating equality across the four Pillars

1. “Developing and reinforcing consultative systems with gender equality bodies.”

Assessment of 2001

Firstly, the Sectoral Conference on Women includes all the gender equality bodies which exist in the autonomous regions.

The Institute for Women has joined the structural fund monitoring committees, and is consulted in all the regulations relating to positive discrimination in favour of women. It also directly manages programmes (see Annexes 1 and 2). These programmes affect training policies dealing with training, improving employability,

promotion of the principle of equality of opportunities in all areas, campaigns, etc. The Institute also enters into agreements with the chambers of commerce and large businesses to promote the employment of women. It works in direct partnership with authorities in the Interior Ministry on subjects related to violence against women and is in close contact with associations and NGOs, funding part of the financial support for this group. Similar functions are carried out by the institutes for women which exist in the autonomous regions.

Measures proposed for 2002

The policy will be continued, involving an increasing participation by equal opportunity bodies to make equal opportunities a reality.

2. "Applying procedures for gender impact assessment under each Guideline and developing indicators to measure progress."

Assessment of 2001

The Equality Observatory has recently been created for this purpose.

Measures proposed for 2002

The necessary information and indicators for assessing the repercussions will be decided on.

Point 17: Tackling gender gaps between men and women

1. "Strengthening their efforts to reduce the gap in unemployment rates and supporting increased employment."

See the reply to Recommendation 2 in Section C.

- As mentioned in the reply to Recommendation 2, giving priority to women in programmes promoting stable employment has resulted in a noticeable increase in their share in employment, so that in 2001, 44% of the permanent contracts were for women, compared to 36.6% in 1997 (see Annex for data). In stable contracts which have reductions in social security contributions, the proportion of women has reached historic levels, at 52.86% in 2001, an increase of more than 14 points on the previous year. This means that, last year, the objective of this Guideline, to ensure that at least half of the permanent contracts attracting reductions in social security contributions should go women, was achieved. The total share of women in stable contracts, whether with incentives or not, was 44% (3.6 points more than in 2000) and the figure for the total recruitment, both stable and temporary, was 43% (1% more than in 2000).

GROUPS	N° CONTRACTS FOR WOMEN	TOTAL CONTRACTS	% TOTAL CONTRACTS
Unemployed women 16 - 45 years of age	119,423	119,423	100.00
Women in sectors in which they are under-represented, and unemployed less than 6 months	3,649	3,649	100.00
People unemployed for more than 6 months	2,346	13,096	17.91
Unemployed of 45 - 55 years of age	16,412	44,768	36.66
Unemployed 56 - 65 years of age	3,768	14,451	26.07
Unemployed receiving benefit	414	1,346	30.76
Unemployed receiving active jobseeker's income	8	18	44.44
Women registered unemployed >12 months, recruited within 24 months of giving birth	230	230	100.00
Unemployed people receiving active employment income (REASS)	98	150	65.33
Other groups	10,256	21,941	46.74
Group transformed into permanent workers	139,228	340,533	40.89
TOTAL STABLE CONTRACTS WITH S.S. REDUCTIONS	295,832	559,605	52.86

It should be noted that the share of women supported by active policies was under 40% in 1997, and is now nearly 60%. This has undoubtedly had a significant bearing on the reduction in women's unemployment, although it is still nearly double that of men.

There are also a series of programmes for women with special characteristics, which are important, not in number, but because of the specific groups at which they are targeted (victims of violence, gypsies, or women who are in a position of social exclusion). These programmes are managed directly by the Institute for Women, and the budget has been growing steadily. (20.6 million euros for 1998-2001. This investment will be maintained for 2002.)

Measures proposed for 2002

- The programme for stimulating employment in 2002 (Law 24/2001) maintains the rates of reductions in social security payments for the recruitment of women into stable employment, as part of the general strategy to increase the presence of women in the labour market. The permanent recruitment of women will also receive reductions of between 25% and 100% in employers' social security payments in 2002. The aim of the programme is to ensure that more than half the stable contracts attracting reductions in

social security are for women, so that the rate of stable contracts for women overall should be as near as possible to half.

- To continue to promote professional training for women in those sectors in which they are under-represented or in which there are new sources of employment.
- To promote jobseeking actions for women, particularly those who have been victims of domestic violence, through agreements with large businesses or employers' organisations.

2. "Take action to bring about a balanced representation of women and men in all sectors and occupations." Positive discrimination measures will be considered more frequently.

Assessment of 2001 and measures proposed for 2002

Continuing with the programmes reducing labour costs through reductions in social security contributions in order to promote employment in sectors and in occupations in which women are under-represented, as well as reinforcing advice and training policies for entering the labour market to do these kinds of jobs.

3. "Positive measures to promote equal pay."

This has been answered earlier (general commentaries in Pillar IV, number 3).

Point 18: Reconciling work and family life

Assessment of 2001

- Since the introduction of Law 39/1999, awareness campaigns have been underway in the media to inform people of the different aspects of the law, and to encourage a change of attitudes in society to allow a better balance in the presence and responsibility of women and men in family and professional life. The year 2001 saw the publicity campaign "Work and family life are becoming more compatible", at a cost of 729,725 euros.
 - ✓ The passing of the Royal Decree 1251/2001 of 16 November allowed maternity leave with the corresponding pay to be taken on part-time contracts, as a measure to make the share of family responsibilities between women and men more flexible, and to ensure that maternity does not represent an career obstacle for women. The length of time for which the maternity leave is taken (normally 16 months) will be increased proportionally according to the length of working day contracted. This right is for either the mother or father, depending on who takes the leave.
- The law 12/2001 extends the regulations on maternity and paternity leave when it comes to the birth of premature babies or those requiring hospitalisation after birth. It allows the mother or father to look after the baby while it is in hospital, offering one hour off work every day. The working day can also be reduced by up to two hours, with the corresponding reduction in wages.

- In 2001, the programme entitled “Good Practice for Reconciling Family and Working Life” was developed as part of the IV Community Action Programme. A guide was published in partnership with the trade union organisations including examples of actions in European Union countries, and an international conference was held to address the subject.
- The “Integrated Family Support Plan 2001-2004” was passed (8 November 2001) to promote the importance of the quality of family life and encourage solidarity between generations, with particular attention being paid to families in unfavourable situations. It includes 10 strategic lines of action and more than 50 measures.

The strategic lines are: reconciling family and working life; development of the law on this question; financial assistance to families to pay for crèches or care workers to look after children and dependents; an extension and improvement to care services for infants and dependents (home help, telephone help, day centres and rest homes); a 100% reduction in social security contributions for employers to encourage the return of women into the labour market after maternity leave.

- In 2000, 786 new crèche services, play rooms, etc. were created in 629 municipalities. In 2001, the number of such services created was 875 in 744 municipalities.
- In 2001, the net rate of children between the ages of 0-3 who go to nursery school was 8.6%; for infants under 12 months it was 1.7%; at 1 year of age 7.4%, at 2 years 17.3% and at three years 88.4%.
- Agreements were signed between the Ministry of Labour and Social Affairs and the autonomous regions (except the Basque Country and Navarra, because of their special tax regimes) to formalise collaboration in the co-funding of the following programmes:
 - ✓ Facilitating the reconciling of family and working life via care programmes in early infancy (0-3 years). A total of 880 co-funded projects have been approved, at a cost of 21,036,505.48 euros.
 - ✓ Support for families in special situations, including four programmes at a total cost of 12,260,647 euros.
- Approval of projects for local bodies (mainly development of care services which mainly favour women) worth a total of 137.4 million euros (see Guideline 11).

Measures proposed for 2002

- New campaigns promoting the reconciling of professional and personal life, at an estimated cost of 1,652,783 euros. Increase employers’ awareness, via advertising campaigns, of the social security reductions they can receive under Spanish legislation when they recruit women.
- A study on the changes necessary in the workplace to encourage the entry of women into the labour market.
- The following programmes are planned for 2002 as part of the provisions of the Integral Family Support Plan:
 - ✓ Reconciling family and working life through attention to early infancy, at a cost of 21,793,830 euros.
 - ✓ Support for families in special situations, at a cost of 12,702,030 euros.

In addition to this, non-governmental organisations will be encouraged to participate in the management of social programmes relating to infancy and the family, especially in terms of services which they can offer to facilitate the reconciliation of family and working life and the support they can give to disadvantaged families at risk of social exclusion.

- The “Employment Promotion Programme 2001” will be extended into 2002. The programme offers incentives for women to return to the labour market, and in general for the permanent recruitment of women through reductions in employers’ social security contributions of up to 100% in the case of women who are recruited in the 24 months following childbirth and in relief contracts substituting women during their period of maternity or adoption leave.
- A substantial increase will be seen in the rate of nursery schooling for children under the age of 2 (average for the 0-2 age group 15%). The rate will be 94% for children aged 3.
- Some autonomous regions have their own initiatives supporting the reconciling of work and family life (see Annex 5). For example, Cantabria will help self-employed female workers with children under the age of 3, through grants from 1.200 to 1.500 euros; Navarra will offer financial assistance to people who reduce their working day to look after their children, with a budget of 0,6 million euros; and La Rioja establishes measures to help companies which facilitate this kind of arrangement.