



Republika Slovenija

NATIONAL ACTION PLAN FOR EMPLOYMENT 2004

LJUBLJANA, SEPTEMBER 2004

LIST OF ABBREVIATIONS

AEP- Active Employment Policy

GNP – Gross National Product

NA RS – National Assembly of the Republic of Slovenia

UPD – Uniform Programme Document

ESF – European Social Fund

ESC – Economic Social Council

EES – European Employment Strategy

EU – European Union

EU-15 – EU Member States before the 1st of May, 2004

EU-25 – EU Member States after the 1st of May, 2004

NAP 2004 – National Action Plan for Employment for the year 2004

NOQ – National Occupational Qualifications

RO ESS – Regional Offices of the Employment Service of Slovenia

EQUAL – the EQUAL Initiative Community Programme

RS - Republic of Slovenia

ZPRGDT – Act on Assistance for Enterprises Facing Difficulties with restructuring

ESS - Employment Service of Slovenia

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A. THE NATIONAL EMPLOYMENT POLICY IN CONTEXT: THE REALISATION OF THREE OVERARCHING OBJECTIVES

I. THE BROADER CONTEXT OF POLICY IN THE FIELD OF THE LABOUR MARKET AND EMPLOYMENT

The strategic objective of Slovenia is to achieve **balanced social-economic development** accompanied by a **rise in employment** and the **standard of living**. Economic policy must therefore encourage cooperation and partnerships, as well as be connected to the employment policy. The goal of the employment policy is the implementation of **social partnership** and the attainment of **full employment**. The basic measures of the employment policy are directed towards sustained growth in employment and decreasing unemployment, which should reach a level of 5% by the year 2006.

The realisation of the **strategic objectives of the Lisbon European Council** (full employment, improving quality and productivity at work, and strengthening social cohesion and inclusion) became the key priority of the Slovene employment policy, especially from the perspective of the full membership of the Republic of Slovenia in the European Union (EU). Since the publication of the Lisbon objectives in the field of the labour market and employment in the EU until the year 2010 and the adoption of the policies of the revised Employment Policy Guidelines by the member states of the EU (Council of the EU, 22 July 2003), Slovenia has devoted itself to achieving the middle and long term objectives of the **European Employment Strategy** (EES) as well as to implementing the proposals concerning the execution of the employment policy.

The National Employment Action Plan 2004 (NAP 2004) is based on the strategic objectives of the **National Programme for the Development of the Labour Market and Employment until the year 2006**¹ and the European Employment Strategy². The primary guideline in the National Programme for the Development of the Labour Market until the year 2006 is the encouragement of an active employment policy, while the strategic objectives in the period until the year 2006 are the following:

- to raise the educational, qualification and skill level of the labour force;
- to decrease structural disparities, which would be indicated by a decrease in the share of the long-term unemployed to approximately 40% and the share of the unemployed without vocational education to approximately 25%;
- to ensure the inclusion in active employment policy programmes of younger unemployed persons who within 6 months of entering into unemployment have not secure employment, as well as all others who within a period of 12 months do not secure employment;
- to decrease regional disparities in the labour market;
- to increase employment, which will on average in the period until the year 2006 increase by more than 1% annually, by means of accelerated economic growth which will enable a decrease in the rate of

¹ The National Programme for the Development of the Labour Market and Employment until the Year 2006 was adopted before the adoption of the new guidelines of the EES, therefore some of the objectives of the NAP for the year 2004 are different than previously envisaged.

² NAP 2004 is in conformity with the draft Strategy for the Development of Slovenia until the year 2013, which is still in preparation.

unemployment to approximately 5% according to ILO methodology and the level of registered unemployment to approximately 8% by the end of the year 2006;
- to further the development of social partnership in the field of solving the problem of unemployment and increasing employment.

The National Employment Action Programme for the year 2004 also takes into consideration the **Regional Development Strategy of Slovenia**, which the government adopted in mid 2001, among the cited goals are raising employment and improving human capital in Slovene regions and the creation of appropriate institutional organization such that a developmental network of organisations on the national, regional and local level will be created which will by combining state and civil society organizational structures be capable of comprehensive long-term and strategic mobilization and of directing the developmental potential of regions and of connecting the development of regions with national and international development programmes and projects.

II. ECONOMIC TRENDS IN THE YEAR 2003 AND THE FORECAST

1. Economic growth. In the year 2003 **moderate economic growth** continued (2.3%). While the previous two years saw higher economic growth (2.7% in 2001 and 3.4% in 2002), last year's modest growth was also below the average level of the medium-term period prior to that (4.3% for the period from 1996-2000, and was a consequence of unfavourable circumstances in the international environment³, this was also reflected in too slow implementation of structural reforms, which hindered a faster rise in competitiveness.

Economic growth will be stronger in the current year. The quarterly dynamics of economic growth in the year 2003 show that in the last quarter there was new momentum, which is primarily reflected in the onset of economic growth in the most important trading partners. As such, exports increased significantly – especially encouraging is the accelerated rise in exports to EU countries – and also favourably affected a rise in manufacturing output. With the improvement of the economic situation in the most important trading partners and the accelerated rise in exports, along with the continuation of relatively higher growth in domestic consumption, we can therefore expect that economic growth in the year 2004 will increase to 3.6%. The year 2004 should not witness a worsening of the basic macroeconomic balance. In spite of the slow economic growth in the year 2003, such balances were not upset; certain segments even witnessed improvements as a consequence of the harmonized measures of the economic policy.

2. Labour market trends. The slow economic growth in the year 2003 had an affect on labour market trends. The total number of persons⁴ in employment in the year 2003 decreased for the second year in a row, by 1.4% (in 2002 by 0.7%)⁵. Direct employment within the framework of the measures of the active employment policy (AEP) were successful to a large degree in alleviating the unfavourable circumstances in the labour market, such that the number of persons in paid employment remained approximately unchanged. The ILO unemployment rate stagnated due to the reduced growth in

³ In the countries of the EU economic growth last year was the lowest since 1993, which has a strong effect on foreign demand and consequences for the growth of Slovene exports.

⁴ As determined in conformity with the international labour force survey method.

⁵ According to the first publication using the national accounting methodology, employment decreased in the year 2003 (-0.2%), which is somewhat smaller than the year before (0.5%).

economic activity, while the rate of registered unemployment continued to decrease. As in the year 2002, also last year the fall in the number of persons employed was primarily influenced by a decrease in the number of persons in informal employment, furthermore, there was a significant decrease in the number of independent farmers, while the number of persons in labour relation increased once again (by a modest 0.3%).

In the first five months of the year 2004 the average number of persons employed in Slovenia was 698,967, which represents **89.9% of all employed**. The number of such increased due to a rise in the number of persons employed in **enterprises and organizations** in all the years of the presented period, in the first five months of the year 2004 the number rose by an average of 0.2% in comparison with the same period from the year 2003. A small percentage of those employed is represented by persons employed by self-employed persons, the number of such has decreased since the year 2001. The most unfavourable trend is in the number of self-employed persons. The decrease in this category of persons in employment has been affected by the gradual fall in the number of independent entrepreneurs, as well as by a considerable decrease in the number of farmers in recent years. According to the data on the current year, for the period from January to May 2004 there were on average only 78,703 self-employed persons.

A review of the sector structure of persons in employment shows that **agriculture represents the smallest sector of employment**. As of May 2004, there were 36,837 persons in employment in the field of agriculture and fishing, which is 0.6% less than in May 2003. The sector to which the largest portion of persons in employment belongs is the **service sector**, which continues to increase. As of May 2004, in this sector there were 438,429 persons in employment, which is 1.1% more than in May 2003. The second largest sector with regard to persons in employment is industry (without service activities). According to the most recent data for May of the current year, 306,088 persons are classified in this sector, which is 0.7% less in comparison with May 2003. The largest portion of persons in employment in this sector is represented by those employed in manufacturing (232,832 in May 2004) however this number has fallen (by 0.8% in comparison with May 2003).

Real wage growth in the year 2003 did not keep pace with the rise in labour productivity, the rise in wages in the public sector was significantly lower than in the private sector. The rise in wages in the public sector was 0.7%, while the rise in wages in the private sector was 2.1%, at the same time value added per employee in the private sector increased by 2.5%.

The rise in the number of persons in paid employment would not have occurred without the measures of the active employment policy; in the year 2003 there were approximately 12,500⁶ direct transfers into employment from the programmes of the AEP. The number of those included in educational and training programmes has also increased, which contributes to the further decrease in so called structural unemployment, the main cause of which is the level of incompletely, insufficiently or inappropriately educated or qualified human resources. The number of registered unemployed last year amounted on average to 97,674, meaning that the registered unemployment rate decreased to 11.2% (from 11.6% in 2002). Due to the decreased economic growth, the partially worsened situation on the labour market in the year 2003 was most appreciable in the small private enterprise segment and those informally

⁶ Without these jobs (which were in terms of extent at approximately the same level as in the year 2002) the number of persons in employment in the year 2003 would have been lower than in the year 2002.

employed, categories that most quickly react to economic conditions. Thus, the average annual ILO unemployment rate in the year 2003 amounted to 6.5% (compared to 6.4% in the year 2002). The decrease in the number of unemployed in the recent period is also a result of the very active inclusion of the Employment Service of the Republic of Slovenia (ESS) in solving the issue of redundant workers before they enter into open unemployment. Thus, redundant workers from a branch of industry undergoing restructuring (the textile, clothing, and footwear industries) were very successfully re-assigned, since with an active approach, in the framework of special programmes, in a period of one year new employment was provided to more than 50% of workers (predominantly older women with a low level of education).

The results of **social development** are favourable, including an increase in the expected life span, a decrease in at risk of poverty rate, while income inequality did not increase. Essential reforms in the field of social security were carried out, with the exception of the health care field. According to the **index of human development**, in the year 2001 Slovenia ranked 29th out of a total of 175 countries for the fourth year in a row, which demonstrates the relative stability of conditions in the fields which affect the values of the index. A gradual but persistent increase in the values of the index demonstrates the improving quality of life in Slovenia, as measured by the indicators included in the index. 25.6% of GNP⁷ was allocated for ensuring social security in the year 2001, which is somewhat lower than the European average (27.3% in the year 2000). A calculation of the funds allocated for ensuring social security per inhabitant in terms of buying power, demonstrates that in the year 2000 Slovenia allocated 65.9% of the average of the then EU member states (and 60.5% in the year 1996). A **reform of the pension system** was carried out (a gradual increase in the retirement age to 61 years of age for women and 63 for men). With the implementation of these reforms, the average age at retirement increased and in the year 2003 amounted to 59 years and 11 months for men, and 55 years and 8 months for women. With respect to income in money and kind, the at risk of poverty rate in the year 2002 amounted to 9.9%, which is two percentage points less than in comparison to the at risk of poverty rate with respect to income only in the form of money (11.9%), and is at the same time less than the average of the EU-15 (15% in the year 2001).

In accordance with the **accelerated economic growth**, in the years 2004 and 2005 **circumstances on the labour market** will also gradually improve. Employment (according to the national estimation), which in the last two years decreased, should once again begin to rise (0.4% in the year 2004 and 0.6% in the year 2005), while unemployment, by both registered and labour force survey measurements (internationally comparable), should decrease, and slightly more noticeably in the year 2005. Real wage growth in both years should lag behind the estimated growth in labour productivity (GNP per employee) by approximately one percentage point. With such a trend, wages will achieve the objective of the Social Pact that real growth in wages should lag behind growth in labour productivity by one percentage point.

⁷ The Statistical Office of the RS has recalculated the GNP at an amount which is more than the figure used for the purposes of JIM 2003. Therefore the share for social protection is appropriately lower.

III. ACHIEVING THE FOUR PRIORITIES⁸

The most important policy changes in terms of content in the field of the labour market and employment refer to the complete adaptation of the EES and the harmonization of its goals in this field in accordance with the goals of the Lisbon Strategy in the field of the labour market and employment. Key activities are connected with **encouraging employment** in Slovenia, especially for women and marginalized social groups; **raising the level of education and qualifications** of the labour force, as well as the level of occupational qualifications; **decreasing structural disparities**, which entails decreasing the share of long-term unemployed persons and the share of unemployed persons without vocational education; the inclusion in active employment programmes of young unemployed persons who do not secure new employment within 6 months and all others who do not find employment within a period of 12 months; **decreasing regional disparities in the labour market**; supervising the fulfilment of the requirements of registered unemployed persons; and preventing undeclared work and employment.

The goal-based inclusion of the unemployed with the greatest obstacles to employment (the long-term unemployed, the unemployed without vocational education, older persons, persons with disabilities, first-time job seekers) in employment programmes and the introduction of new additional employment programmes within the framework of the European Social Fund (ESF) will be reflected in the gradual decrease in the number of unemployed, with a concurrent decrease in structural disparities.

The inclusion of these target groups of unemployed persons in appropriate programmes which enable such to secure employment, training and education, and which are adapted in terms of content to the needs of unemployed persons as well as employers, consequently resulted in a **decrease in the share of long-term unemployed persons and unemployed persons without education**, as well as the share of young persons and the unemployed older than 50 years of age. Regarding the inclusion of unemployed persons in employment programmes, special attention is also focused on women, which has enabled the preservation of a **balanced gender structure among unemployed persons**. Such an approach demanded more intensive counselling treatment for unemployed persons and close cooperation with employers in the process of assisting in the securing of employment and in the execution of individual employment programmes. Another important factor regarding improving the situation in the labour market is the further execution of the already adopted changes and new matters in the field of **vocational education** (obtaining certification regarding national occupational qualifications and upgrading programmes of regular vocational and professional education in accordance with adopted starting points).

For the second year in a row **70 percent of all funding for the active employment policy** was allocated to regions with a higher than average rate of unemployment; the ratio between passive and active measures for aiding unemployed persons for the year 1998 amounted to approximately 3:1, while for the year 2003 the ratio was only 1.5:1; much greater emphasis is placed on formal and informal education and the vocational training of unemployed and employed persons, due to the fact that insufficient, inappropriate or incomplete education is the main cause of employment deficiencies,

⁸ (increasing the adaptability of workers and companies; attracting more workers to enter and remain in the labour market: making work more attractive for all, investing more and more effectively in human capital and life-long learning; ensuring the effective implementation of reforms through better management)

which hinders employability and the long-term preservation of jobs. Due to the low economic growth and the consequent insufficient number of new jobs, modifications were made to the active employment policy, which is intended exclusively for more difficult to employ persons, among whom the long-term unemployed dominate, and for preserving jobs. With this intention, in the 2003/2004 school year the number of unemployed persons participating in programmes of regular education (programme 10,000+) and in programmes for preparing for the acquisition of national occupational qualifications doubled.

Institutions on the labour market were reformed in the direction of greater efficiency, transparency, organization and connectedness. The Employment Service of Slovenia, as the central institution in the labour market, assumed a more active role in the labour market, as instead of a passive factor in this field, it became an active co-creator of trends in the labour market, a promoter of change, and assumed the leading role in the execution of the active employment policy. The directors of the regional offices of the ESS became the managers of developing human resources in individual regions. With the intention of this, we founded so-called Councils of Partners for the development of human resources, which are headed by the directors of the regional ESS offices. Thus great emphasis was placed on improving the quality of the treatment of unemployed persons and improving cooperation with companies, primarily as a preventative task of the ESS, before individuals enter into open unemployment, especially in the case of redundancies and bankruptcies.

In spite of this positive trend, there still remain **structural unemployment problems** regarding certain target groups, although the structural disparities in the labour market for the past two years have persistently decreased, which is a consequence of the targeted measures of the active employment policy (all following data are for 31st December 2002 or 2003):

- *the unemployment gender gap.* The annual rate of unemployment for women (7.1% in the year 2003) was still higher than for men (6.4%), but still significantly lower than the EU-25 average (10%);
- *unemployment among young persons.* Especially young women (18.7% as of the 2nd quarter of 2003, as compared to 15.8% for the EU-15), which is above the rate of unemployment for young men (13.1%);
- *long-term unemployment.* The share of long-term unemployed persons, that has decreased since the year 2003 (as a consequence of priority in employment), is still 46%. The level of long-term unemployment amounts to 3.3% (3.0% in the EU-15), the level of very long-term unemployment amounts to 2.5% (1.9% in the EU-15);
- *the low educational level of the unemployed.* Among the registered unemployed, 45.6% in December 2002, and 42.8% in 2003 were persons without a basic vocational education who in the restructuring of the economy into a knowledge-based society found it more difficult to secure work;
- *registered unemployment of persons with disabilities.* The level of such among all the registered unemployed amounted to 14.5% in December 2002, and 9.2% in December 2003;
- *regional differences.* The level of registered unemployment in the year 2003 again decreased, while it remained substantially higher in the eastern half of the country (in Pomurje such amounted to 16.8% in April 2004);
- *the status of the Roma.* The current situation in the labour market in Slovenia is not especially favourable towards the Roma (a lack of basic qualifications, functional illiteracy, prejudice of the employers). Regular employment is rare and irregular forms of work predominate (exact figures are not available, only estimations are available). The number of registered Roma seeking employment has been gradually increasing.

B. RESPONSES TO INDIVIDUAL GUIDELINES AND RECOMMENDATIONS

1. ACTIVE AND PREVENTATIVE MEASURES FOR THE UNEMPLOYED AND INACTIVE

Essential and strategic guidelines:

Active and preventative measures are judged to be among the essential measures for increasing the existing extent of the labour force, and such measures play an especially important role in times of unfavourable economic trends. Concerning such, an individual approach to every unemployed persons at an early phase of unemployment is important, as well as a more active approach to encouraging inactive persons, especially women, to enter the labour market. What can greatly aid such is a modern system of operation of the state employment service with the objective of connecting with particular sectors.

EU objectives until 2010:

- The Member States will ensure that every unemployed person is offered a new start before reaching six months of unemployment in the case of young people and 12 months of unemployment in the case of adults in the form of training, retraining, a job, or other measure for the employment of adults,
- The member states should ensure that by 2010, 25% of the long-term unemployed participate in an active measure in the form of training, retraining, work practice, or other employability measure, with the aim of achieving the average of the three most advanced Member States.

The situation in Slovenia. A quick look at unemployment trends since the year 2000 shows that with respect to seasonal activities, the trend has been a constant decrease in the number of unemployed, as the number of registered unemployed persons as of the end of June 2004 was 89,156, which is more than 15,000 fewer than in December 2000, and the lowest number since October 1991. Similarly, the average annual number of unemployed persons has decreased, from 106,601 in the year 2000 to 94,739 in the first half of 2004. The positive trend of a decreasing rate of unemployment has continued in the current year.

The total long-term unemployment rate in the year 2003 was lower than that of the EU-25 average (3.4% compared to 4%). The long-term unemployment rate for women at 3.6% was higher than for the whole group, and somewhat higher in comparison with the year 2002 (3.4% in Slovenia in 2002, EU-25: 4.5%), while for men it was 3.3%, which in comparison with the previous year was 0.1% less (EU-25: 3.6%). In the year 2003 and the first five months of the current year, among the newly unemployed, those whose fixed-term employment contracts had expired predominated (34.2% the year 2003 and 36.8% in January - May 2004). The age structure of the unemployed who secured employment has improved in recent years. Most encouraging is the data which indicates that the share of unemployed persons up to 50 years of age who secured employment increased from the year 2000 to the first half of 2004 from 5.3% to 8.5%, in addition to which, this positive trend is also valid for the proportion of those from 40 to 50 years of age. The educational structure regarding the employment of those formerly unemployed shows that employers are more likely to seek more educated workers. This is evident in the increase in the share of the employed with a VII+ level of education. From 5.6% in the year 2000 it rose to 10.0% in the first half of 2004. However, it is even more evident in the decrease in

the employment of unemployed persons with a level I-II or III-IV level of education, whose share since the year 2000 has significantly decreased. Measures which are targeted at the inclusion of groups of more difficult to employ unemployed persons, in the framework of the active employment policy are of special importance to changes in the structure of outflows to employment.

It can be observed that the number and share of persons unemployed for less than one year has been rising since the year 2000. From the year 2000 until 2003 the total number of unemployed fell by more than 8,000, while in the same period there was an increase in the number of persons unemployed for less than one year and from one to two years. However, the number of unemployed registered at the ESS for more than two years decreased. Consequently there was a change in the share of individual categories of unemployed as regards the duration of unemployment; the share of those unemployed for up to 2 years has increased, the share of persons unemployed for more than two years decreased. The average time of unemployment in December 2000 was 2 years, 8 months and 19 days, while by December 2003 this figure had decreased by nearly ten months, to 1 year, 10 months and 22 days.

The number of long-term unemployed persons is decreasing. As of the end of December 2000 there were still more than 64 thousand of such persons, while at the end of December 2003 there were 20 thousand fewer. In the first six months of 2004 this figure continued to decrease, and amounted to 41,799 persons. In this period the share of long-term unemployed persons with a I-II level of education decreased, as a consequence the share of the long-term unemployed with a III-V or VI-VIII level of education increased. The share of long-term unemployed women is also growing, and due to the increase in first-time jobseekers in recent years, the share of such among long-term unemployed persons is also growing.

The response of Slovenia. In spite of the unfavourable economic circumstances, registered unemployment in the mentioned years decreased, which would not have been possible without a thorough reform of the labour market field and a positive employment trend. The reason for this is primarily in the appropriate adaptation of the active employment policy, the modernization of institutions in the labour market and above all the emphasis on preventative actions and addressing the causes of unemployment, which is especially shown in the more intensive connection and improvement of cooperation with employers and their associations. For people who are able to work, employment namely represents a fundamental solution to social exclusion and poverty. Nearly 80% (77,206) of all registered unemployed persons participated in AEP programmes in the year 2003, most in educational and training programmes. The activity rate for the period from 1998 – 2001 increased from 53.6% to 59.8%. The carrying out of employment programmes in the year 2003 contributed to improving the structure of unemployed persons, since there was a decrease in the share of long-term unemployed persons, the unemployed without vocational education, the share of the unemployed from 40-50 years of age, those older than 50, long-term redundant workers, and those who lost their jobs due to bankruptcy.

The ratio between active and passive measures for helping the unemployed, which, for example was 1:3 in the year 1998, amounted to only 1:1.5 in the year 2003. Practically all new measures are intended to encourage employment and the creation of new employment positions through subsidies and tax incentives, and are, even though they are without exception connected to the employment of unemployed persons, intended for employers. In addition to this, the Ministry of Labour, Family and Social Affairs this year for the second year in a row, allocated 70% of all funds for the active employment policy to the regions with an above average unemployment rate, which affects the

decrease in regional disparities in unemployment rates. In the year 2004 the number of unemployed persons participating in programmes of regular education and professional training and the acquisition of occupational qualifications (Programme 5,000 has been transformed into Programme 10,000+) has also doubled.

With reference to the described situation and expected trends in the field of employment, the actions of the active employment policy in the framework of measure 2.1 Uniform Programme Document (UPD) – Increasing Employability, will be further directed primarily at those groups of unemployed persons who constitute the largest share of the unemployed. These groups are primarily women, the long-term unemployed, those older than 55 years of age, and those younger than 25.

Slovenia has addressed the recommendations of the EU concerning employment policies in the framework of EES Guideline 1 by means of 10 AEP measures. These measures are: assistance with planning a career path and seeking employment, a jobseeking club, job testing, advanced and basic training programmes, Programme 10,000+ - for education and the acquisition of national occupational qualifications and certification for unemployed persons, work-place training, encouraging the new employment of first-time jobseekers, local Public Works employment programmes, project learning for young adults, encouraging the mobility of unemployed persons, and the implementation of the Act on the Work-Related Rehabilitation and Employment of People with Disabilities, which determines work-related therapy to be an individual planned right of persons with disabilities⁹.

One of the more important programmes is the programme of retaining work positions. The programme contributes to eliminating the consequences caused by natural and other disasters or exceptional events which could significantly affect the development of less developed areas and the restructuring of enterprises. The terms natural and other disasters are defined uniformly, while exceptional events are those events caused by uncontrolled natural and other forces which make impossible the normal operations of employers and thus cause a decrease in business income to such a degree that there is a threat to the preservation of jobs and/or the implementation of a programme for restructuring a company. The target groups are enterprises whose existing jobs and employment is threatened as a consequence of natural disasters or exceptional events or a restructuring process. The final users of the funds are the employed workers in these firms.

In the year 2004 with the intention to increase employment and to additionally encourage the employment of target groups, three special measures have been implemented, namely encouraging the new employment of long-term unemployed persons who are recipients of monetary social transfers – subsidies in a one time amount, exempting the payment of the payroll contributions of the employer upon employing an unemployed person older than 55 years of age and exempting the payment of tax on paid salaries and reimbursing the social contributions of employers for the employment of unemployed persons who have attained a higher education, which are directed at employers and thus at stimulating demand for the labour force.¹⁰

⁹ The right to work-related rehabilitation is an individual right of persons with disabilities which such persons can exercise by themselves. The objective of work-related rehabilitation is that persons with disabilities are trained to perform an appropriate job, that they secure employment, that such employment is maintained, or that they advance or change their occupational career.

¹⁰ In the programme period from 2004-2006, within the framework of the ESF measure Fostering Social Inclusion (For this measure 9.7 million Euros have been allocated for the entire programme

The main challenge is therefore to further decrease structural imbalances, above all with even more emphasis on the measures of the active employment policy for the long-term unemployed, for the unqualified, young (especially women) and older unemployed persons, as well as for unemployed Roma. It is necessary to eliminate the causes of unemployment (low level of education, occupational qualifications) and the difficulties connected with seeking employment, with further redirection of the funds intended for passive forms of assistance to active measures.

2. FOSTERING ENTREPRENEURSHIP AND PROMOTING THE CREATION OF NEW JOBS

The essence and strategy of the guideline:

The essence of economic development is represented by more intensive job creation, which is conditioned by an appropriate entrepreneurial environment and innovation. An important position in the creation of new jobs is primarily held by small and medium sized enterprises. The priority of every country is to simplify administrative procedures for the registration of enterprises, decreasing taxes, and to provide additional business support services. Member States should strive to increase training in the field of entrepreneurship, through training and support for R & D.

The objective of the EU until 2010:

- *More effective creation of new jobs and fostering entrepreneurship in Member States*

The situation in Slovenia. The employed population since 1997 has grown, and in the year 2002 began to level off, in the year 2003 the trend reversed into a negative direction. The number of persons employed in the year 2003 in comparison with the year 2002 on average decreased by 0.8%, to 777,247 persons. According to the most recent statistics for the period of the first five months of the current year, the decrease in the number of persons employed has stopped. We can in fact only note stagnation, which means that in the period from January to May 2004 there were on average 777,670 persons employed, which is as much as in the comparable period last year. In spite of the unfavourable macroeconomic circumstances in the year 2003 (low economic growth, recession in the export market), which primarily led to a significant decrease in the number of self-employed persons as well as in the number they employed, the average number of persons employed from the year 2000 to 2003 increased by 1.2%.

Thus the total growth in employment in the year 2003 was, for the second year in a row, negative (-0.3%; -0.4% in the year 2002), the greatest decrease was seen in the growth of employment among women (by -0.9% in the year 2003), while the growth in the employment of men increased by 0.2%. The negative growth in employment was most affected by a decrease in employment in agriculture (-

period. The share of EU funding amounts to 75%.), the following activities will be carried out: This measure will supplement the existing national programmes in the development and broadening of preventative and active employment policies directed at the most disadvantaged groups. The objective is to increase the participation of persons with special needs and difficulties in entering the labour market. Special attention will be paid to persons with disabilities and young adults who have left school before finishing, those who are employed and face a variety of difficulties, and to facilitate access to the labour market for those persons who are threatened with social exclusion.

3.2%) and in the industrial sector (-1.9%), while growth in employment in the services sector rose by 1.4%).

The basic condition for growth in employment is an appropriate level of economic growth, which must create a sufficient number of new jobs. The key question, therefore, is will Slovenia achieve an appropriate level of economic growth in the first few years of membership in the European Union, which would enable a decrease in its lagging behind the most technologically developed member states and an increase in the value added per employee, which in Slovenia remains below the EU-15 average. Therefore, in the proposed Strategy for the Development of Slovenia until the year 2013, which is currently in the phase of public discussion, appropriately high, faster and sustainable economic growth is also stated as the fundamental condition for achieving the Lisbon objectives also in the field of the labour market and employment. The active employment policy also had to be appropriately adapted to the insufficiently high economic growth of recent years and the insufficiently stimulating economic policy (according to the data of the Ministry of the Economy, the industrial sector policy created only 4,000 new jobs in the period from 2000 to 2003).

Economic trends in the last quarter of 2003 to a significant extent reflected the accelerated economic growth in the international environment. This accelerated growth, which in the autumn forecast represented one of the main risk factors, began in the second half of 2003, in accordance with expectations. The spring forecast for economic growth for the current year (3.6%) and next year (3.7%) is unchanged in comparison with the autumn forecast. With regard to small changes in the forecast of the international environment, the forecast for real growth in exports in both years does not deviate significantly from the autumn forecast; the forecast for the growth in domestic consumption is somewhat higher than in the autumn forecast, which besides accelerated imports means the same forecast for economic growth for the years 2004 (3.6%) and 2005 (3.7%), as was expected in the autumn.

The worse economic circumstances especially affect the employment of so called more difficult to employ persons, who already encounter obstacles to entering the labour market. And for this reason the structure of unemployed persons who have secured employment since the year 2000 should be examined in more detail. We should first look at the gender structure that exits to employment. The year 2002 was the first time that more women than men secured employment, a trend which continued in 2003. The mid-year data for the current year indicate the possibility that the growth in the employment of women was just temporary. An overview of those employed after a period of waiting shows that the majority of the employed represent those who were registered for less than 6 months, and the share of such has varied at a level of more than 50%, and was highest in the year 2002 (61.8%). In recent years, the share among those who secured employment of unemployed persons with a waiting period of from one to three years started to increase, while in the first half of 2004, this share was 19.2%. The growth in the share of persons unemployed for six months to one year is also noticeable, in the first half of the current year it was 21.5%. The smallest share of persons who secured employment was for those who had waited for more than three years, their share among all those who secured employment greatly varies: from 3.6% in the year 2002 to 7.0% in 2003.

The great structural changes in the economy in the 1990s caused a shift in employment from the agricultural and industrial sectors to the service sector. The majority of people who lost work as a result of the restructuring of industry had difficulty finding employment. The main obstacle to successful entry into the labour market was embodied by a (too) low level of or inappropriate education, as well as

the fact that persons who lost employment had not participated in various form of training while they still had been employed. Because of this, they were primarily qualified to do less demanding work in particular industrial branches and apart from their work experience, they did not have any knowledge or skills which would be transferable or relevant to work in other fields or sectors. A large portion of unemployed persons did not find work, and the duration of their unemployment increased. In the first years of this decade, the situation improved, also because the number of workers made redundant entering into unemployment considerably decreased in comparison to the 1990s. That is why the Government will encourage the establishment of so called social companies and cooperatives, in order to increase employment and improve the quality of social services, and especially because in this sector it is possible to employ a labour force with lower qualifications, which still represents a large share in Slovenia.

The industrial sector can be divided into three groups according to efficiency. In the first group are the branches in which the productivity either regressed or slowly increased in spite of restructuring and a decrease in employment. The growth of in the average gross salary in this group increased only slightly (by 1 percentage point). *The branches within this category are: foodstuffs, textiles, leather-footwear, wood and paper products.* In the second group belong the branches with moderate growth in productivity (from 4-6%) and growth in exports to the EU between 7% and 13%. The decrease in the number of workers was not so significant (in the rubber industry the number of such even increased), while the growth of the average gross salary on average only slightly exceeded that of the slow growing sectors. The branches within this group are the *rubber, furniture making, engineering and non-metals branches.* The branches in the third group are those whose productivity increased by 6-11%, and exports by 9-12%. The growth in average gross pay in all these branches exceeds the growth in the first two groups, while the growth in productivity in them is less a consequence of decreasing employment. The branches within this group are: *the chemical industry, vehicle manufacturing, the manufacturing of metal products and electrical devices.* With a continuance of the trends characteristic of the last decade, we can expect that firms operating in the third group will be the most successful concerning further growth, while those operating in the first group will continue to be threatened. The greatest shock will perhaps be felt by the foodstuffs industry, which has until now been protected by an 11 percent effective customs tariff level.

The response of Slovenia. Due to the existing situation regarding productivity in industry, the Government suggested a change in the law on payroll taxes, which was adopted by the National Assembly. By such, the expenses of employers will decrease, especially in work labour intensive branches, which will lower the pressure on retaining jobs. Slovenia pays special attention to introducing the so called entrepreneurial culture into the labour market. Thus in the future special emphasis will be placed on stimulating the creation of more and better jobs, especially through fostering entrepreneurship, innovation, investment capabilities and the creation of a friendly business environment for all enterprises. Changes were adopted in the legislation which enable the easier registration and start-up of the operations of micro- and small enterprises, as well as the planned elimination of unnecessary administrative obstacles, which should shorten the time needed to establish a new enterprise. In the field of employment, within the framework of the realisation of the 2nd guideline of the EES, the following measures are being implemented: reimbursement of a portion of the salaries of persons with disabilities and more difficult to employ persons, the subsidizing of employment in the execution of programmes for providing assistance at home and personal assistance and care for persons with disabilities – “The Disabled Assist the Disabled” programme, the subsidizing of employment in non-profit activities – the “One Thousand New Possibilities” programme, job

preservation in accordance with The Act on assistance for enterprises in trouble, the reimbursement of a portion of expenses for preserving jobs, work funds, employment programmes intended for potentially redundant and redundant workers and employers in labour-intensive activities, the encouragement of new employment (reimbursement of a portion of the salaries) of more difficult to employ persons – a one time subsidy, local employment programmes, the reimbursement of the social contributions of the employer, and encouraging self-employment.

Effective measures of the active employment policy, within the framework of which the creation of new jobs for the employment of unemployed more difficult to employ persons is encouraged, with an emphasis on employing unemployed women and participants in public works projects, are represented by local employment programmes, especially in cases when local employment programmes represent the upgrade of a public works programme. Local employment programmes offer to unemployed persons quality regular employment on a permanent or fixed-term basis in a new employment position, and to employers it offers assistance in creating new jobs and in the employment of unemployed persons. Employers are stimulated by the reimbursement of the expenses of creating a new job and by subsidies for employing unemployed persons. Programmes of a local character are being formulated and they reflect the developmental needs of the local communities and the interests of the public sector for the execution of employment plans. The programmes provide for the stimulation of the execution of programmes in areas with unemployment rates higher than the average in the Republic of Slovenia in an amount that is 70% of the total annual value of the programme. By the criteria for allocating the financial funds of the programme, these regions acquire the possibility to create a greater number of new jobs.

One of the more successful programmes of the active employment policy programme is the Encouraging Self-Employment programme, as it enables the creation of new jobs in small enterprises, while in the long-term with the spreading of the entrepreneurial mentality and culture, it motivates redundant workers and unemployed persons to self-activate and to solve their own unemployment. The programme is carried out within the *help with self-employment* sub-programme, which is carried out by the Centre for Fostering Small Enterprises and the Co-Financing of Expenses for Encouraging Entrepreneurship, which is executed by the Employment Service of the Republic of Slovenia. The sub-programmes can be carried out one after the other or each one independently. The target groups which are included in the programme are unemployed persons, and workers whose work has become permanently unnecessary, or whose employment contract was cancelled for business reasons, who have the possibility and condition to realise self-employment. Since the year 2004 the sub-programme has been co-financed by funds from the ESF, which determines the special condition that by the year 2007, the share of women participating in the programme must be 50% of all those participating.

One of the executors of the active employment policy in Slovenia is the Work Funds. The content of the work of these Work Funds is the establishment and connecting of social partners in order to activate potentially redundant and redundant workers with the purpose of improving their employment opportunities to secure work and for the needs of the labour market. The Work Funds offer participants a new chance at inclusion in work, by means of: participation in further education and training programmes, counselling and assistance, activating their potential, occupational guidance and orientation, seeking new employment and job transfers, as well as providing other forms of quality execution of the programme for solving the issue of redundancies. Participants can participate in the programme for at most 12 months. An exit from a work fund means the employment of a participant for at least 6 months continuously. If a participant who is a permanently redundant worker, does not

find a job within 12 months, he or she then moves on to further ESS programmes. In such a way, potentially redundant workers remain with their firm, but in a different position.

The mentioned measures are intended to create new jobs and employment, to increase the flexibility of companies, to foster entrepreneurship, to retain jobs, and to accelerate economic growth through the restructuring of companies. The proposed Strategy for the Development of Slovenia envisages for this field, the following measures: (i) a definition of the strategic developmental incentives in the framework of horizontal measures for fostering entrepreneurship and competitiveness; (ii) fostering concrete strategic projects which are developmentally orientated and which through connecting networks operate developmentally on the regional and international levels; (iii) special fostering of business networks in the fundamental economic fields (electronic communication and information technology, pharmaceuticals, tourism, trade, and logistics).

We estimate that the listed measures, in addition to those which were adopted by the Government within the framework of the Programme for the Efficient Integration of Slovenia into the EU, Anti bureaucracy programme, measures implemented by the Centre for Fostering Small Enterprises and are aimed at developing entrepreneurship and investment, particularly in small enterprises; and the envisaged change in the legislation in the field of the economy, will contribute to higher growth in employment and to the creation of a greater number of quality new jobs.

3. ADDRESSING CHANGE AND PROMOTING ADAPTABILITY AND MOBILITY IN THE LABOUR MARKET

Essential and strategic guidelines:

Member States have to be aware of ever greater changes in the labour market and also successfully and quickly react to them. Responses must be balanced between flexibility and security in the labour market, and non-standard forms of employment must be appropriate to both employers and employees. Trends have recently become apparent regarding flexibility in the form of changes to working times and the work environment, including flexibility within standard forms of employment, improving work conditions and decreasing accidents at work as well as work related illnesses. Within the framework of mobility in the labour market with the goal of raising the level of activity in the labour market, we can include increased geographic mobility, which is an essential aid to decreasing regional differences, not only in the field of increasing the competitiveness of the economy, but also in the field of employment.

The objectives of the EU until 2010:

- *Greater adaptability and mobility in the labour market in Member States.*
- *Significantly decrease accidents at work and work related illnesses in Member States.*

The situation in Slovenia. The trend in the number of registered unemployed is affected above all by the inflow of persons into unemployment and exits from unemployment. The large degree of such flows into and out of unemployment evidences the increased dynamics of the labour force, the appropriate flexibility of such and the sufficient labour demand. With regard to the high level of such flows into and out of unemployment, the average period of unemployment is short. Otherwise, the average period of unemployment is extended, and unemployment acquires quite different dimensions. The structure of unemployment changes also. Consequently, we can divide unemployed persons into

two larger groups: the employable, who quickly secure work, and more difficult to employ persons, who need a special approach in order to successfully enter the labour market and who remain unemployed for a longer period. These persons at the same time form the “heart” of the structural problem of unemployment.

The extent of flows into and out of unemployment has in Slovenia in recent years increased and shows the greater dynamics of the labour market, in spite of this there remains the issue of structural unemployment. While its extent is decreasing, it still points to the problem of too little demand. The execution of the programmes of the active employment policy and the regained trust in the domestic economy contributed the most to the favourable trends, especially following Slovenia’s accession to the European Union.

The number of persons who left the registers of the ESS in the period after the year 2000 varied somewhat differently from that of newly registered persons. The outflows in the year 2001 decreased, after this year this number began to rise once again, which is also evident from the data on the first half of this year, as the total outflows in comparison with the same period for 2003 was higher by 4.9%. The largest category of outflows is comprised of unemployed persons who secured employment, in spite of that their share decreased from 65.4% to 51.6% from the year 2001 to the year 2003. Data for the first six months of the year 2004 already indicates a reversal towards an increase in employment, since the outflow of unemployed persons to employment is 8.5% higher in comparison with the same period in 2003.

The response of Slovenia. The current situation on the labour market requires a high degree of flexibility and mobility from employees and jobseekers, as it is only in such a manner that they can cope with the continuous changes. For this reason, in the framework of the policies in the field of the labour market and employment in Slovenia, special attention is paid to the measures for increasing the capabilities of those employed in potentially threatened work positions to ensure the long-term retention of employment and the ability of the unemployed to adapt to the needs of the labour market and to increase their employability. From this perspective, special status is given to the regulation of occupations and the mutual recognition of occupational qualifications and thus education and qualifications for performing a particular occupation among the EU Member States. Slovenia has successfully concluded the implementation of the system of national occupational qualifications, which has enabled the international comparability of qualifications and the establishment of a uniform system of recognition of occupational qualifications within individual economic sectors. Regarding such, unemployed persons are provided full financing for the acquisition of such certificates, while the employed are provided co-financing. Also great emphasis is placed on life-long learning and further education and professional training of the unemployed and employed.

Thus, the Ministry of Labour, Family and Social Affairs has for the second year in a row carried out a special active employment policy programme, which was first intended just for textile and related activities (shoe making, leather working), while this year it has been broadened to include other labour intensive branches, such as wood manufacturing, foodstuffs and furniture making. This is directed at preserving an appropriate number of jobs in traditional branches through the creation of new jobs with a higher added value, especially by means of cooperation with companies from the more developed Member States (Germany, Italy), which have recently moved their manufacturing and logistics centres to Slovenia. In parallel, additional professional training and qualification programmes are being carried out in order to achieve higher added value and easier long-term retention of jobs.

The number of accidents at work and accidents connected with work has been decreasing in Slovenia in recent years, which is among others a consequence of changes in the relevant legislation (the adoption of the Act on Safety and Health at Work) and of the accelerated adaptation of the Slovene economy to the circumstances which predominate in the European labour market. In addition to the still insufficient flexibility, one of the problems is the low level of mobility in the labour market, especially geographically speaking. Through the adoption of the Resolution on the National Transportation Policy, the Government will make an effort to improve the circumstances in this field with a number of concrete measures, such as subsidizing public transport for the unemployed with the objective of ensuring a minimum standard of accessibility, the reintroduction of public transport lines where such is necessary from the point of view of encouraging employment, and increasing access to work places (the proposals of OS ESS), for the improvement of the existing transportation routes; the objective is to contribute to employment in some hitherto isolated areas.

Furthermore, the Ministry of Education, Science and Sport will on the basis of occupational standards prepare new educational programmes which will suit the needs of the labour market. It is important that in the adopted Resolution on Adult Education the importance of informal education equated with that of formal education, and that what is important is the achieved level of education and qualifications and not the manner such were acquired by the individual. Through its internet site, the Employment Service of the RS enables continuous access to information on supply and demand in the labour market for all 12 regional services.

The new Labour Relations Act (which came into force 1.1.2003) enables a more flexible labour market and more flexible employment procedures. The Act provides the legal basis for regular part-time employment, a more transparent system of fixed-term employment, and employment for work at home. One special feature of the Act is the mutual obligation of employees and employers regarding education and training, which in the event that an employee loses such job, they have greater possibilities to find a new job.

However, the efficiency of the labour market is inevitably conditioned by the appropriate restructuring of enterprises.¹¹ Slovene enterprises sometimes act in a traditional manner, and are not prepared enough for the challenges of modern global technology, entrepreneurship and marketing. In all branches Slovenia lags two to three times behind the EU average in work productivity and value added per employee. Concurrently, there are six times more persons employed in the low-technology branches than in high-technology branches. The Slovene economy will be internationally competitive only if enterprises are rapidly restructured, which demands: (i) restructuring from technologically less developed branches to more technologically developed ones, (ii) the development of enterprises in the direction of the technological restructuring of production, (iii) a higher rate of business-related internationalization of enterprises, (iv) greater application of modern managerial techniques (v) faster growth of small enterprises into medium-sized enterprises, which is hindered by financial limitations and a lack of other incentives, (vi) the development of a competitive environment, which is of essential importance for the development of the business related efficiency of enterprises. Namely, the

¹¹ In the framework of the COBRA project, the EU formulated a set of management measures which are meant to help with the transformation of enterprises, and which include a combination of management techniques, the strategic planning of changes, business re-engineering, a different business culture, market reorientation, fostering intellectual capital, a comparison of and learning about the best business practices, and the use of the standards of the EQA.

restructuring of Slovene enterprises is affected primarily by competitive pressures and not by the transfer of technologies, the internationalization of organization and management.

For the restructuring of enterprises the following measures are envisaged: (i) the promotion of the use of the most important managerial techniques for managing changes, (ii) the formulation of a business model for developmental and business excellence for Slovene enterprises (a combination of COBRA – EQA) and the promotion of its use in enterprises, (iii) the encouragement of competition and anti-monopolistic actions as a way of formulating the basic environment for operating changes in enterprises, (iv) the fostering of technological and market restructuring of enterprises. The following measures are directed at the adaptability of the labour market: encouraging part-time employment, a programme for education and the acquisition of national occupational qualifications – certificates – for unemployed persons – “the 10,000+ programme”, assistance in planning one’s career path and in job seeking, programmes for further education and training, subsidies for a portion of the expenses for preserving jobs, the co-financing of education and training the employed, fostering the mobility of unemployed persons, preparations for testing and certifying National Occupational Qualifications, work funds.

The mobility of the labour force on the labour market is fostered also by the programme Promoting the Mobility of Unemployed Persons, which is intended to increase the employment possibilities of unemployed persons who secure employment more than 40 kilometres from their place of residence. Through this programme mobility should be encouraged with the objective of increasing the flexibility of jobseekers and employers in the labour market. This programme includes unemployed persons to whom geographic mobility could pose an obstacle to finding employment. With this intention, the employer is entitled to a subsidy for the commuting expenses in a one time payment when employing an unemployed person.

4. PROMOTING THE DEVELOPMENT OF HUMAN CAPITAL AND LIFELONG LEARNING

The essence and strategy of the guideline:

Member States must more significantly and effectively invest in human capital, increase the share of persons who have completed at least an upper secondary education; it is ever more important to raise awareness concerning the importance and role of life-long learning, which must be adapted to the needs of the individual and the requirements of society, the importance of informal education and learning at the work-place. More must be invested in human capital, especially in the private sector, which also includes the division of responsibilities and expenses, with regard to the participation of Social Partners.

Objectives of the EU until 2010:

- At least 85% of those 22-years old or older in the European Union should have completed upper secondary education.
- By 2010 the rate of early school-leavers should not exceed 10%.
- The European Union average level of participation in lifelong learning should be at least 12.5% of the adult working-age population (25 to 64 age group).
- The promotion of the development of human capital and lifelong learning in the Member States.

The situation in Slovenia. The onset of the global information society is based on ever faster technological, economic, and social changes, which demand from the population a greater ability to adapt to changes. An essential condition for increasing the efficiency of modern societies is the rapid development of human capital, wherein an ever more important role is given to life-long learning. The employment capabilities of individuals are directly dependent on the level of completed education and interdisciplinary knowledge they possess, which is also evident in the structure of unemployed persons in Slovenia.

The promotion of the development of human capital and lifelong learning is based on the estimated situation in the Republic of Slovenia, Strategy of Economic Development for Slovenia 2001-2006 and the State Developmental Programme RS 2001-2006 (2001), National Programme for the Development of the Labour Market and Employment until the year 2006 (Official Gazette RS no. 92/2001), the RS Information Society Strategy, the National Higher Education Programme of the Republic of Slovenia (O.G. RS no. 20/2002), The Resolution on the National Adult Education Programme in the Republic of Slovenia until the year 2010 (O.G. RS no. 70/2004), the priorities which are determined in the Single Programming Document of Support from the European Community to Slovenia for the period 2004-2006, and on the guidelines and recommendations of the European Union: The Lisbon Declaration (2002), the Bologna Declaration (2002), the Memorandum on Life-Long Learning, The Concrete Objectives for the Future of Education and Training Systems, and the Standards in Education and Training until the year 2010.

The most significant weaknesses in the development of human capital and the promotion of life-long learning are especially the following: In secondary education there are still a relatively large number of early school leavers, that is to say a great number of youths who do not finish such education. In secondary education early school leaving is one of the fundamental issues of the social vulnerability and social exclusion of youth, which affects children and teenagers and concerns the educational system as well as the labour market system.

Within the educational structure of the adult population, the structure within secondary education, the total share of which is 58.8%, is less favourable because 52.7% of this population who are aged between 25 and 64 years of age have completed only lower and middle vocational education programmes, and only 47.3% have completed a general or vocational secondary school programme, which is a condition for participation in tertiary education. Regarding the share of the population who have completed tertiary education, Slovenia lags far behind the more developed countries (17.1% in comparison with 34% in Norway, 32% in Finland, 25% in Ireland, 22% in Germany, etc.), which is a consequence of a too inefficient higher education system. Regarding unemployed persons, the educational outlook is considerably less favourable. What is especially problematic is the share of the unemployed without fundamental vocational education, which in recent years has levelled off at 47.0%. In the period from January to September 2003, the share of the latter decreased to 44.8%, which is still too high. The share of the unemployed with a I or II level education was 41.6% in June 2004, and on average in 2003 44.1%.

The findings of international research on the achieved level of literacy show an exceptionally low average capability level of the Slovene population to deal with written materials, which leads to more difficult communication with the social environment in various roles and on various levels, and because of such also considerably limited possibilities for active citizenship and social life. If we

compare the achievements of Slovene adults in word literacy, we can see that only Poland, Portugal and Chile rank below Slovenia.

In spite of all this, the education system has developed significantly in recent years. This is evident from the following data. Since the school year 1998/99, more than 98% of young people who have finished obligatory primary school have participated in secondary education. In recent years over 40% of secondary school graduates have enrolled in tertiary education. In the year 2002 the share of the adult population aged between 25 and 64 who have completed at least secondary school education amounted to 75.9%. The share of the adult population who have completed at least secondary education is in Slovenia higher than the average of the OECD member states, but lower than in the Scandinavian countries, Germany, the Czech Republic, and the Slovak Republic. With such a share Slovenia still has not achieved the objective established by the EU and in accordance with which, by the year 2010 all Member States should achieve a level of least 80% of the population aged between 25 and 64, and 85% of twenty-two -year -olds with at least a secondary education. The participation of adults aged between 25 and 64 in education (life-long learning) in the year 2002 reached 8.8%, which ranks Slovenia above the EU-15 average. Regarding this indicator, Slovenia especially lags behind the Scandinavian countries, the Netherlands, and the United Kingdom, as well as behind the EU objective, in accordance with which it should by the year 2010 reach a level of participation of the population aged between 25 and 64 in life-long learning of at least 12.5%.

The response of Slovenia. The main efforts in the field of the development of human capital and life-long learning are thus in Slovenia aimed at increasing the employability of unemployed persons and increasing the ability of the employed to retain jobs in the long-term. The objectives of the above mentioned measures until the year 2006 are the following: (i) a decrease in early school leaving in secondary education from the current 13% (estimated) to at most 11% and an increase in the share of those 22 years old or older who have completed secondary school from the current 68% to at least 75%, which will be achieved by the implementation of the new starting points for the preparation of secondary education programmes, the development of the certificate system for the recognition of formally and informally gained knowledge, a new way of financing, regionalization, and the creation of a common network for counselling youths and adults; (ii) an increase in the educational level of the adult population so that by the year 2006 the share of adults between 25 and 64 years of age who have completed at least secondary education will reach 80%, which will be achieved through the co-financing of the formal education of adults on all levels of the educational system, through the implementation of the educational programme and the acquisition of national occupational qualifications – certificates – for unemployed persons – the “10,000+ Programme”, through the upgrading and operation of the common network for counselling youths and adults, through the development and co-financing of activities needed for the operation of the adult education system and through increased investment in adult education by enterprises; (iii) the acquisition of national occupational qualifications according to the certificate system so that at least 4% of the unemployed and the employed without vocational or professional education will acquire national occupational qualifications, which will be achieved by means of the co-financing of preparations and testing in the process of acquiring NOQ, by means of setting standards for professional knowledge and skills, by means of the upgrading and operation of the network for counselling youths and adults, by means of the development and co-financing of activities for the operation of the system for acquiring NOQ, by means of increased investment in adult training by enterprises; (iv) an increase in the share of adults participating in programmes for: increasing general education and cultural levels, personal development and social inclusion, active citizenship, a healthy lifestyle, environmental protection,

preserving cultural traditions and the national identity, developing literacy skills, the acquisition of new fundamental skills¹², decreasing social marginalization, motivating and promoting learning and the continuation of unfinished schooling.

The share of the adult population who will be included in general education will in the period from 2004 to 2006 rise to 5%. This objective will be achieved: by the development of new and the upgrading of old programmes for general adult education; by the co-financing of general adult education; by the upgrading and operation of the common network for counselling youths and adults; by the development and co-financing of activities for the operation of the adult education system; by increased investment in adult education by enterprises.

That is why in Slovenia it is necessary to foster a more determined approach to eliminating the mentioned weaknesses. This will be addressed by the following measures: the preparation and implementation of the national programme for the prevention of unsuccessfulness in schooling, the basis of which will be international experience, and which will take into account examples of good practices and categorize systemic measures; the realisation of the objectives of the Resolution on the National Programme for Adult Education; rapid education and training of unemployed persons; promoting vocational education and training as well as the acquisition of national occupational qualifications and informal education, especially by persons who have already been employed for some years or who are jobseekers for whom it is not reasonable that they participate in formal educational programmes; the preparation and realisation of the strategy for increasing the literacy level of the population; the realisation of the Bologna Declaration, and with it the process of the emergence of European higher educational space; the implementation of the Bologna Declaration also entails more possibilities for the employment of Slovene graduates in the European labour market.

5. INCREASING THE LABOUR SUPPLY AND PROMOTING ACTIVE AGEING

The essence and strategy of the guideline:

Increasing the labour supply is of essential importance for higher employment levels and consequently for economic growth. In order to achieve the objective of a rate of 70% regarding persons active in the labour market by 2010, it is necessary to promote the employment of older workers together with raising the age of retirement. Member States currently carry out strategies of so called active ageing, reforms of social transfers (social benefits), improving work efficiency with the assistance of the upgrading and improving of work conditions. Great emphasis is placed on appropriate pension reforms. In order to raise the employment rate it is necessary to strive to increase the participation of the labour force, to increase the share of employed women and to take into consideration the effect of immigration, which can represent additions to the labour force.

Objectives of the EU until 2010:

- *By 2010 an increase by five years, at EU level, of the effective average exit age from the labour market, which in 2001 was 59.9 years of age.*

¹² Literacy skills are comprised of acquiring and developing skills for reading comprehension, writing in Slovene, and calculating for the needs of everyday life. New fundamental skills are comprised of: communication in a foreign language, learning to learn, active citizenship, a spirit of enterprise, use of information-communication technology and the services of the information society, and social skills.

- *To increase the labour supply and promote active ageing.*

The situation in Slovenia. One of the most important factors for successful jobseeking is appropriate education or occupational qualifications. The unemployed with higher education usually secure employment more easily, while for persons with a secondary or lower education their employment is usually determined by the main field of study of their educational programme. With the great number of enrolments into higher education, which has been increasing the second half of the 1990s, the main field of study is becoming ever more important also for higher education graduates. Those that have a more scientific or technical education have considerably more employment possibilities. Young persons, the share of which has been increasing among the newly registered unemployed, have mostly completed secondary or tertiary education, due to this since the year 2000 the number of unemployed who have a level V or VII education has been increasing. On the other hand, the number of the unemployed with a level I -II or III-IV education has been decreasing; since December 2000 until June of this year, their total number has decreased by more than 18,000. Consequently, the shares of individual education categories in the unemployment structure have changed, the share of the unemployed with a level I -II education has been decreasing, while the shares of the unemployed with a level VII or V education has been increasing.

The age structure of the unemployed worsened in the 1990s, while at the beginning of this century the trend reversed. The number of unemployed persons aged from 25 to 30 has been growing; since December 2000 until June 2004 such number grew by a bit less than 3000 persons. On the other hand, the number of the unemployed aged over 50 has been decreasing (by slightly more than 9,000), as well those aged from 40 to 50 (by slightly more than 4,000). Consequently, their shares have also changed. In the year 2000 the share of those older than 50 was 27.4%, and in June of the current year it was 21.7%, while the share of youth from 25 to 30 for the same period grew from 11.0% to 16.1%. There are several reasons for these changes, the most important two are the increasing inflow of younger categories of unemployed and the transfer of persons to registers in accordance with other laws.

The response of Slovenia. By the decrease in the number of unemployed, by the measures for the long-term preservation of jobs, and by the decrease in structural differences in unemployment, the supply of human resources increases, while concurrently in a relative sense the share of more difficult to employ persons in the structure of the unemployed is also increasing. That is why Slovenia allocates the majority of funds of the active employment policy for more difficult to employ persons, and is also quite successful in doing so (the share of long-term unemployed persons has been decreasing, and is currently 46.4%, the percentage of the long-term unemployed who are included in active employment policy programmes is two times higher than in the EU objective for the year 2010: 52.2% in the year 2002, as compared to 25% in the year 2010). Concerning such, the mobility of human resources, as it is defined in the framework of guideline number 3, and regional differences in the unemployment rate, are especially taken into consideration.

Special attention is paid to the measures for long-term job preservation and active ageing. The retirement age is increasing, at the same time special measures are being carried out regarding social inclusion and the employment of older persons and/or long-term unemployed persons – public work programmes and the development of the network of social services with the cooperation of non-governmental organisations. With the expected further economic growth, the Government will strive to increase employment, especially in those branches which create higher added value and in which Slovenia can realise its competitive advantages. The Government has prepared appropriate projects so

that the Slovene labour market, with a relatively well trained and, in comparison with the most developed countries of the EU, still cheaper labour force, became upon accession to the EU more attractive regarding direct foreign investment and the movement of manufacturing capacities to Slovenia. The Government will therefore especially encourage cooperation between domestic enterprises and strategic foreign partners regarding developmental and restructuring programmes. Due to the relatively small labour market and the excessive labour force supply compared to demand, Slovenia currently does not envisage special measures for fostering employment by means of immigration.

The Resolution on the National Programme for Adult Education in the Republic of Slovenia defines the objectives of the National Programme of Adult Education in the Republic of Slovenia until the year 2010 as the following: (i) to improve the general education of adults; (ii) to raise the educational level, regarding which 12 years of successfully completed schooling is the basic minimum educational standard; and (iii) to increase employment opportunities; and (iv) to increase opportunities for learning and inclusion in education. Also defined are three priority fields, namely: 1. general education and learning for adults, 2. education in order to raise the educational level, 3. education and training to meet the needs of the labour market¹³.

The groups this measure is especially intended to encourage will be young adults, the less educated, unemployed, marginalized groups of adults, who have limited access to social, cultural and economic benefits, adults with special needs, the population from less developed regions, ethnic groups and immigrants. The second priority area will include the following portion of the adult population who will raise their educational level in the period until the year 2010: (i) at least half of those without a primary school education will finish primary school for adults; (ii) at least a quarter who have not finished secondary school will acquire a lower or middle secondary vocational, specialised or general education; and (iii) at least a tenth who have finished secondary school will acquire at least a higher specialised education. In raising the level of education, the needs of the labour market will be taken into consideration. The groups this measure is especially intended to encourage will be adults without education and the unemployed. The priority area of education will be science and technology. The third priority area will include half the unemployed participating in programmes intended to increase employment opportunities. The programmes intended to increase employment opportunities will include employed persons whose jobs will be threatened due to a low level of education.

At least 10% of the unemployed and the employed without vocational or specialised education, will acquire national occupational qualifications by means of the certificate system. The priority group is comprised of the unemployed and those without vocational or specialised education. The objectives and priorities of this national programme are mutually connected and all have the function of increasing the quality of life of each individual, encouraging an active citizenship and increasing employment capabilities. By means of the realization of the operative objectives of all three priority areas of the national programme, by the year 2010 Slovenia will have achieved what is also planned for the European Union, namely: (i) the share of adults with at a secondary education from 25 to 64 years of age will reach at least 80%; (ii) the level of participation of the persons in employment from 25 to 65 years of age in the process of life-long learning will reach at least 12.5%.

¹³ In the first priority area the share of the adult population who will be included in general education in the period until the year 2010 will be doubled.

In the future Slovenia will encourage even more the activities of non-governmental organizations in the field of education, primarily in the form of project work. Its particularity is that participants are at the same time the formulators and executors of the educational process, that it uses informal methods of work (teamwork, active participation, empirical learning, intercultural learning, etc.), that it is based on volunteer work, and that it usually deals with those issues which formal systems do not include or do not include to a sufficient extent. Informal education as such more easily and more quickly adapts to the rapid changes in society, and provides individuals with additional knowledge and skills which strengthen their self-confidence, enable their personal development, and increase their opportunities on the labour market.

In the framework of education and specialised training of unemployed persons, Slovenia has established as a priority the inclusion of young unemployed persons up to 26 years of age in formal education programmes intended for the unemployed (especially those who have not completed secondary school), while programmes for specialised training and the acquisition of certificates of national occupational qualifications are primarily intended for older unemployed persons. Special attention will also be paid to increasing investments in the training of adults by enterprises, primarily from the viewpoint of promoting productivity, competitiveness, and active aging, either as a part of the pay of such employed persons, or through tax and other concessions for employers. For this purpose, in the framework of the law on scholarships currently being drafted, regional scholarship schemes have been envisaged, participation in which includes the State, employers, local communities and a special scholarship fund on the State level in which funds will be collected for this purpose and enhanced, which represents a comprehensive systemic solution to this issue.

We have also made efforts to raise the employment-activity level of older persons by means of a special measure: exemptions for employers from paying the various national insurance contributions of employers when employing unemployed persons older than 55 years of age. Furthermore, in order to achieve the listed objectives in the framework of the AEP Programme, the following measures are intended: job-seeking clubs, the co-financing of the education and training of the employed, work funds, local employment programmes – public work programmes, subsidies for employing more difficult to employ persons, encouraging the new employment (subsidizing a portion of wages) of first-time jobseekers, assistance in planning a career path and jobseeking, the co-financing of projects in regional development programmes for the development of human capital, the co-financing of the education and training of the employed, programmes for further education and training, preparations for testing and certifying National Occupational Qualifications, a programme for education and the acquisition of certificates regarding National Occupational Qualifications – for unemployed persons – “the 10,000+ Programme”.

6. GENDER EQUALITY

The essence and strategy of the guideline:

Increasing the employment rate of women represents an essential component of ensuring gender equality and a factor of economic efficiency. Member states are striving to increase the labour market participation of women, while concurrently decreasing the gaps in employment rates, unemployment rates, and pay. Reconciling work and private life, notably through the provision of care services for children and older dependents is an important factor in the active participation of women in the labour market. In ensuring gender equality, an important role is played by Social Partners.

EU objectives until the year 2010:

- *To provide childcare by 2010 to at least 90% of children between three years of age and the mandatory school age and at least 33% of children under three years of age.*
- *To achieve by 2010 a substantial reduction in the gender pay gap, employment gap and unemployment gap in all Member States.*

The situation in Slovenia. The crisis in particular branches of manufacturing activities, especially the textile, leather and footwear industries, greatly affected the increase in the share of women among the unemployed. In the year 2000, women comprised 50.7% of the unemployed on average, in the year 2003 this share amounted to 52.8%. Further trends regarding the unemployment rate of women will greatly depend on the future restructuring of activities which employ mainly a labour force composed of women. Furthermore, recently the unemployment rate of young women has been increasing, especially among first-time jobseekers. In order to reduce the gender gap among the unemployed, special attention is devoted to the inclusion of women in the measures of the active employment policy.

Slovenia is above the EU-25 average as regards the participation rate of women in the labour market (57.6% as compared to 55% in the year 2003), similar to all European countries, it also faces difficulties in the employment of women, especially regarding regular employment. However, the legislation in the field of family affairs ensures adequate protection, which enables women work and employment, also by means of social assistance transfers, which was also evident from the Analysis of Social Transfers, as ordered by the Government. In spite of the good legislative basis for protection in employment, in practice many violations of legislation actually occur, which place women in a discriminated position (e.g. obstacles to promotion after returning from maternity leave), which is evidenced by an analysis of the requests for legal assistance from the Office for Equal Opportunities.

The National Programme for the Development of the Labour Market and Employment until the Year 2006 follows the common directives of the employment policy in the EU, which defines one of the fundamental pillars of this policy as creating equal opportunities for the employment of men, women, and groups which encounter obstacles to entering the labour market. Creating equal opportunities is also defined as one of the pillars on which the planning, execution and financing of the employment policy is formulated. Equal gender opportunities and reconciling work and private life will be ensured by the following measures: (i) increasing equal opportunities as regards employment or work in all occupations and activities; (ii) providing special assistance to women for the establishment of their own enterprises; (iii) ensuring increased participation by women in education and training programmes; (iv) reducing segregation in the labour market and the gender pay gap; (v) developing measures for the prevention, uncovering and elimination of all forms of discrimination in jobseeking, entering into employment, and job preservation and promotion, as well as access to the rights and benefits arising from employment.

The response of Slovenia. In the context of realising the policy of equal opportunities and gender equality, in the framework of the AEP Slovenia did not decide to formulate special programmes intended just for women, but envisaged such by means of horizontal measures within the frameworks of all programmes. This means that within the framework of every measure there is a determined share of women who must be included in such measure, and that women are one of the basic target groups in terms of which the success and effectiveness of measures are measured. In addition to such, women are

also considered to be within the group of more difficult to employ persons, to whom special attention is devoted.

In the future special attention will have to be devoted to the prevention of vertical and horizontal segregation based on gender (men assume hierarchically higher positions than women, the division into so called male and female occupations, regarding which the former are generally also better paid), and decreasing and eliminating the pay gap for the same work, which is still present. The Ministry of Labour, Family and Social Affairs has, in accordance with the European employment strategy developed a system of labour market indicators which are monitored with regard to gender, by means of which it will be possible to monitor disparities between women and men in the labour market and plan future measures for guaranteeing equal opportunities for both genders. The implementation of the EQUAL Community Initiative programmes is intended to achieve the objectives in this area. In the years 2004-2006 theme 8 will be carried out: Reducing the Gender Gap and Supporting Equality at Work.

7. INTEGRATION AND COMBATING DISCRIMINATION IN THE LABOUR MARKET

The essence and strategy of the guideline:

Effective integration and the combating of discrimination represent an important factor for increasing labour supply and the strengthening of social cohesion. Among the important measures in this field, we can include the decrease in the number of early school leavers and improvements in the labour market for people with special needs, migrants and ethnic minorities. In spite of the results achieved thus far, in the future additional assistance must be given to groups of people who are discriminated against, especially the less educated, recipients of social assistance, and single parents. Employers should enable a higher level of participation regarding the employment of such groups.

The objectives of the EU until 2010:

- *To accelerate integration and combat discrimination in the labour market.*
- *An EU average rate of no more than 10% early school leavers.*
- *A significant reduction in the unemployment gaps for people at a disadvantage, according to national target and definitions.*
- *A significant reduction in the unemployment gaps between non-EU and EU nationals, according to national targets and definitions.*

The situation in Slovenia. The following belong among the most vulnerable groups: (i) certain groups of persons with disabilities (without status, with severe disabilities, the unemployed, those with inappropriate housing circumstances); (ii) unemployed young persons (first time jobseekers); (iii) children (who due to poverty or social marginalization are physically, mentally/emotionally and socially threatened, which has long-term negative consequences) and adolescents with serious difficulties making the transition to adulthood; (iv) the homeless (health and housing problems); (v) the Roma (unemployment, low level of education, inadequate housing circumstances); (vi) persons with low income (the unemployed, single parent families); (vii) other vulnerable groups (victims of violence, addicts, persons with mental health difficulties, former prison convicts, persons without work permits, etc.). In most cases women are in a worse position in the labour market than men.

What individuals from the mentioned groups have in common is that because of various problems they are usually in a significantly and long-term unfavourable social and economic position, they can not compete in the labour market because of their below average employment capabilities, due to which they usually have difficulty securing employment. Many of them become apathetic and unmotivated regarding employment, and thus dependent on long-term social assistance. Within each of the monitored groups, we can find individuals with very different problems, in different phases of problems, with different life paths and experiences. It is often difficult to place individuals in a single group since the problems of monitored groups overlap or are very complex. These groups are often faced with a number of problems due to social exclusion, which must usually be solved concurrently with the measures in the fields of employment, housing policy, and social services.

Unemployment among the Roma¹⁴ is increasing in all local communities where they live¹⁵. The majority of them (90%) live on income from social assistance, child benefits, and family support payments, which leads to even more conflict with the local population. The number of registered jobseekers among the Roma is gradually increasing, but the actual number does not exceed 2,300 persons (estimation as of February 2003). The Roma thus belong to those social groups at the greatest risk of poverty and social exclusion, which is a consequence of unemployment and a low level of education. In recent years the Roma have become more included in various public work programmes organized in the framework of the regional offices of the ESS, which have the objective of increasing the employment opportunities of the Roma and lowering the number of unemployed Roma. The National Action Plan for the Employment and Social Inclusion of the Roma is being drafted, which envisages a number of measures for improving social inclusion and the employment opportunities of the Roma, as well as the re-allocation of adequate financial means for the execution of measures and achievement of objectives.

In addition to persons with disabilities and the Roma, also other vulnerable groups encounter special problems in employment, including the homeless, victims of violence, persons with mental health difficulties, addicts, former prison convicts, persons without work permits, etc. The objective: It is necessary to encourage the social inclusion of unemployed persons from vulnerable groups and improve their employment opportunities through economic activities in a protected or adapted work environment (shorter work hours, flexible distribution of work hours, work position sharing, and similar.).

One of the basic objectives of the National Programme for the Development of the Labour Market and Employment until the year 2006 is to ensure equal access to the labour market to women and other groups which encounter obstacles to entering the labour market. In order to achieve this objective measures must be developed that will prevent, uncover and eliminate all forms of discrimination in jobseeking and entering into employment, job preservation and promotion, and access to rights and benefits arising from employment. The Act on the Realisation of the Principle of Equal Treatment (O.G. R.S., no. 50/04) obliges the competent minister and other Government services within the

¹⁴ According to the data from the 2002 population census, 3,246 persons (0.17% of the total population) define themselves as Roma, while estimations show that between 7,000 and 10,000 members of the Roma ethnic minority live in Slovenia.

¹⁵ In August 2002, in the Novo Mesto Regional Office of the ESS there were 899 registered Roma, which represents 69% of all the Roma of the region able to work; in comparison with the year 1997, when there were 732 registered Roma, the number of unemployed Roma increased by 18.6%.

framework of their competencies to create conditions for the equal treatment of persons regardless of their personal circumstances. In the field of the labour market, it is necessary in order to prevent discrimination to raise the awareness of persons in marginalized groups regarding their rights in the employment process and in labour relations, as well as the awareness of employers regarding their obligations, and to monitor the situation in this field (to carry out research and publish statistical data on discrimination in the labour market), to sanction violators of the prohibition on discrimination, etc.

The response of Slovenia. An analysis of the situation in the field of employment showed that the share of persons who encounter difficulties in the labour market is greatest among the long-term unemployed. In order to decrease the disparities in the structure of the unemployed, a basic objective of the APE is to increase the employment opportunities of more difficult to employ persons. This concerns two parts of the population, employed persons and potential employees and the inactive population, who must be ensured inclusion in active social life.

The field of the employment of persons with disabilities in Slovenia in recent years has been regulated primarily through the ESS and with the founding of enterprises for persons with disabilities. Enterprises for persons with disabilities (condition: 40% of all employees should be persons with disabilities) train and employ persons with disabilities who due to their disabilities and lowered work capabilities are not able to participate in training and secure employment under the same conditions as other persons with disabilities. Enterprises for persons with disabilities are exempted from the obligation to pay the payroll contributions for retirement, disability, and health insurance for all employees. These funds are managed in a special account and are used for the material development of the enterprise. For the employment of persons with disabilities, enterprises are entitled to subsidies towards pay in an amount of 25, 50 or 75% of the minimum salary. Approximately 76% of unemployed persons with disabilities are long-term unemployed (more than 24 months), 36% are from 40 to 50 years of age, 38% are older than 50 and more than half (55%) have only the first level of primary school education.

In May 2004 the National Assembly adopted the Act on the Employment-Related Rehabilitation and Employment of Persons with Disabilities, which brought about new solutions in the field of the employment of persons with disabilities (employment to support and to protect, ...), therefore the objective is directed at the implementation of the provisions of the Act in practice, the realisation of which will improve the situation in the field of the employment of persons with disabilities. The 53rd Article of the Act on the Employment-Related Rehabilitation and Employment of Persons with Disabilities determines the conditions for the operation of enterprises for persons with disabilities, namely that enterprises for persons with disabilities are companies for whom throughout the business year at least 40% of all employees are persons with disabilities, who have a complete business plan, who employ and train persons with disabilities who due to disability are not able to secure employment or maintain employment with an employer in an ordinary work environment because they are not able to provide an appropriate job, furthermore such companies must employ at least one specialist if they employ more than three persons with disabilities, and one specialist for every 20 persons with disabilities. In accordance with the adoption of the implementing regulations, the subsidizing of the pay of persons with disabilities employed in enterprises for persons with disabilities will also be changed, which will then be dependent on the achieved work results of the persons with disabilities and which can amount to from 5% to 20% of the starting wages of such jobs for persons with disabilities.

The Act on the Employment-Related Rehabilitation and Employment of Persons with Disabilities also determines some other new solutions regarding the employment of persons with disabilities, namely, employment to protect and support, a quotient system, incentives for the creation of suitable jobs for persons with disabilities, as well as incentives for the employment of persons with disabilities from the side of persons with disabilities, as well as from the side of employers. The Act also provides the legal basis for the establishment of the Fund of the Republic of Slovenia for Promoting the Employment of Persons with Disabilities, which is intended to encourage the development of employment for persons with disabilities and the preservation of jobs for persons with disabilities. The Act also envisages the formation of employment centres, where persons with the most severe disabilities can secure employment in protected jobs.

Losing employment often leads to temporary or long-term exclusion, therefore it is necessary to mention that the Act on Labour Relations (from the year 2002) regulates the rights and obligations of workers to continuing and further education, and training in order to maintain employment or to improve professional capabilities at work. Before the cancellation of an employment contract for business reasons or because the worker has not achieved the expected results, employers must check if the worker is able to be employed under changed conditions, if he/she can be additionally qualified for an existing job or re-trained for some other position. Employers warn that serious accidents at work can also cause exclusion and that it is necessary to do more to develop responsibility regarding work, and that workers themselves must do everything necessary for such as well, in order to maintain employment. With such an approach, there will also be a decrease in the negligence that exists in some places in spite of work safety measures carried out by employers.

The recommendations of the EU concerning employment policies as a means of social inclusion in the framework of the guidelines of the EES will be realised by Slovenia by means of the following measures and activities, which are determined in detail by the Active Employment Policy Programme 2004 and in the Act on the Employment-Related Rehabilitation and Employment of Persons with Disabilities. The measures of the uniform programme document (2.2. ENSURING SOCIAL INCLUSION) are the following: (i) project learning for young adults; (ii) encouraging the transformation of personal supplementary work into regular forms of employment (iii) Programmes for the Inclusion of Persons with Disabilities in Work. The rest of the measures that are implemented are as follows: payment of a portion of the expenses of enterprises for persons with disabilities; work related rehabilitation for persons with disabilities; an expert commission for establishing the characteristics of persons with disabilities and a medical counselling service; encouraging the new employment of long-term unemployed persons who are recipients of financial social assistance - a subsidy in a one-time amount; exempting the employer from paying social payroll contributions upon the employment of an unemployed person older than 55 years of age; payroll tax exemptions and reimbursements of social contributions for employers upon the employment of an unemployed person who has finished a post-secondary degree.

For the implementation of projects in the framework of the EQUAL initiative in the period 2004-2006, Slovenia will receive funding amounting to 1.5 billion tolar (6.4 million EUR), and to that will add an additional 500 million tolar (2.1 million EUR) of national funding. Such means from the fund will be used in a strategic and focused manner and will represent added value, which will primarily supplement active employment policy programmes and the programmes of the secondary priority activity of the Single Programming Document, which concerns knowledge, the development of human resources and employment.

The Ministry of Labour, Family and Social Affairs, as the state authority managing the EQUAL initiative, in agreement with the European Commission, prepared the EQUAL Community Initiative Programme (EQUAL CIP), which on 29th April 2004 was adopted by the Government of RS. The programme determines the priority goals which Slovenia would like to achieve with the assistance of funding from the mentioned initiative. The Ministry determined the goals, measures and activities which are in accordance with the European Employment Strategy, on the basis an analysis of the situation in the labour market in Slovenia, and an analysis of the causes of discrimination and inequality in the labour market, the existing policies, and consultations which were carried out with its partners. The main objectives of EQUAL CIP, is to develop and test new solutions for combating discrimination in the labour market, through cooperation with partners, including trans-national partners.

With regard to the level of financial funding which Slovenia will receive for the EQUAL initiative, and with regard to the short period of the programme (2004-2006), The Ministry of Labour, Family and Social Affairs have decided that the 2004-2006 EQUAL programme will be limited to four of nine themes, so that it will ensure a concentration of activities and it will be possible to develop high quality developmental partnerships. Among the selected themes are the following:

- Theme 1: Enabling easier access and return to the labour market for those who face difficulties in inclusion or re-inclusion in the labour market, which must be open to all (Employability).
- Theme 5: Promoting life-long learning and recorded work practice, which encourages those who have been victims of discrimination and inequality in connection with the labour market to rejoin and stay in the labour market (Adaptability)
- Theme 8: Reducing gender gaps in employment (Equal opportunities)
- Theme 9: Assistance in the integration of asylum seekers. (Asylum seekers).

8. MAKING WORK PAY THROUGH INCENTIVES TO ENHANCE WORK ATTRACTIVENESS

The essence and strategy of the Guideline:

In accordance with the objective of increasing the activity rate of the population in the labour market, it is of essential importance to reduce existing unemployment, the inactivity rate, and the poverty trap. Concerning such, various countries have combined measures in order to reform taxes and social benefits, and some Member States have reformulated the conditions for being entitled to social benefits and the period for receiving such. Furthermore, some countries are beginning to introduce retirement system reforms in order to promote a later exit by older workers from the labour market, primarily in countries with a low employment rate for older persons.

Objectives of the EU until 2010:

- *Countries should “make work pay” by means of incentives that make work more attractive.*
- *By 2010 to significantly reduce high marginal effective tax rates and where appropriate, the tax burden on low paid workers, reflecting national circumstances.*

The situation in Slovenia. The objectives of the EES, regarding the achievement of which Slovenia lags behind the more developed Member States, is to enhance the attractiveness of work and to make work pay through incentives (tax and social exemptions).

In this field a number of changes in the legislation on this subject are envisaged, as well as the simplification of the registration procedure, the establishment of enterprises, and the long-term development of enterprises. The law on minimum wages has provided the conditions for the ensuring an income from work that is above the level of social benefits. With regard to the ratio between such benefits and income from work, we can ascertain that concerning this issue, Slovenia is was faced with similar problems as other countries that do not have high levels of pay but which have a high cost of living. Therefore it is very important that Slovene legislation determine that those entitled to social support are only persons who:

- convincingly prove that for reasons that they have and had no influence on, they and their families for a determined period are actually not able to provide the means for adequate basic needs for living in an amount which would enable survival;
- do not have savings or property which they could rent out or sell;
- who (if they are able to work) are making efforts to secure employment – as assessed by the regional offices of the ESS.

An analysis of the system of social transfers, which in the framework of the Phare Twinning project was carried out by Swedish experts, showed that:

- the social security system in Slovenia conforms to the system in the EU and was in the period of the last ten years adapted to the new circumstances in Slovenia and the legislation of the EU;
- expenditures for social security have increased in real terms since January 1996 by a quarter (24.6%), however they have increased in line with the growth in GNP. The share of such in the GNP therefore remains unchanged and is somewhat less than the average of the EU-15 countries (25.4% of GNP in Slovenia and 27.5% of GNP in the EU-15). A large share of GNP in Slovenia is intended primarily for addressing disease and ageing, while a smaller part is allocated for unemployment and housing;
- a comparison between the expenditures for social security and the at risk of poverty rate are evident in the level of professional effectiveness of the system of social security. Besides a somewhat lower level of expenditures than the average of the EU-15 countries, Slovenia also has at the same time a somewhat lower at-risk-of-poverty level.

The general tax burden level (the level of obligatory taxation in comparison to GNP) in Slovenia is not significantly different than the average of the EU members. Regarding the taxation structure, however, a relatively high tax burden on work as a productive factor is characteristic, as well as too weak targeted incentives for economic growth and employment. The general objective of the planned tax reform is to retain the level of obligatory taxation in comparison with GNP at the current level, which means that the general tax burden on the economy will not increase. A change is necessary in order to achieve the restructuring of tax sources so that the overall system will better stimulate economic growth and employment. This means: a reduction of the tax burden on employment, a broadening of the tax base with increased inclusion of income and the retention of the most important exemptions in order to encourage competition, employment, and social security, as well as an increase in the burden on other manufacturing activities and property.

The response of Slovenia. The Government proposed a new income tax law which the National Assembly adopted and which came into force on the 21st of May 2004, taking effect on the 1st of January 2005. The mentioned law introduces a new system of taxable income of real persons which is based on new starting points and objectives. By the new income tax law:

- taxpayers will pay 10% less income tax than in the current system;
- the amount of non-taxable work income is determined in an amount which still ensures social security in conformity with the regulations on social security;
- inflation mechanisms which under the conditions of a lower level of inflation are no longer necessary will be eliminated;
- regulations are provided for which in an appropriate manner eliminate the weaknesses of the currently valid system, according to which the taxation of individual income depends more on the legal form than on the real economic subject;
- the taxable income of real persons is based on the horizontal and vertical equalization of the incomes of real persons, which means that persons with a higher income pay relatively more taxes than persons with a lower income;
- the new income tax law will also decrease the burden on work. As such, the real income by paid work, which amounts to 67% of the average pay in manufacturing activities, will increase by 1.9%.

Concurrently, the Government proposed a new law on the taxation of legal entities, which the National Assembly adopted. The new law on the taxation of legal entities, which will enter into effect on the 1st of January 2005, also regulates the field of exemptions regarding employment.

For enhancing the attractiveness of work within the framework of the AEP the following measures are intended: (i) additional incentives for employment by means of subsidies for employment (reimbursement of a portion of the pay of unemployed persons who receive financial social support upon regular employment); (ii) measures for the employment of unemployed persons older than 55 years of age (employers who employ registered unemployed persons older than 55 years of age for at least two years are exempted from paying contributions for social security for at least 1 year); (iii) measures for effectively solving the problem of the unemployed with a higher education (employers who employ unemployed persons who have a higher education degree on the basis of regular employment have the right to an exemption from paying the payroll tax for those so employed for a period of two years; if such concerns young persons with a post-secondary education, such employers are also entitled to the reimbursement of social contributions).

9. TRANSFORMING UNDECLARED WORK INTO REGULAR EMPLOYMENT

The essence and strategy of the guideline:

Undeclared work prevents the integration of workers into the labour market. The manner of addressing such includes simplifying procedures in the business environment (administrative procedures, registration, etc.), reforming the taxation system and the system of social benefits, instituting the legal order for mentioned fields and the consequent appropriate legal sanctions. Some Member States have implemented measures directed at increasing awareness concerning the conditions of work and other matters that foreign workers and illegal immigrants have the right to.

The objectives of the EU until the year 2010:

- *The transformation of undeclared work into regular employment.*

The situation in Slovenia. It was only in the process of adapting the labour market policies to the European Employment Strategy that Slovenia developed the indicators for monitoring undeclared work and employment. It will be possible to address the extent of the problem in more detail only in the National Action Plan 2005. The share of non observed economy is relatively low in Slovenia and was, according to the data of the Statistical Bureau RS from the revised estimate of GDP, 6.9% of GDP in 2000.

The grey economy therefore negatively affects the decrease in the employment rate, it is, however, necessary to emphasize that this often is a matter of the principle of so named false solidarity or cooperation between employers and unemployed persons, which makes the uncovering and prevention of undeclared work and employment more difficult. By a rough estimate, which is all that is currently available, undeclared work occurs primarily in trades and related activities, catering, and services which are typically conducted outside of normal work hours. Also adopted was the law on the prevention of undeclared work, which although it has been implemented, does not yet affect an estimation of the current situation.

The response of Slovenia. Thus, the Ministry this year began to implement a measure of the active employment policy intended to turn undeclared work into registered work. Through such, persons who carry out work which is according to its nature personal supplementary work (house cleaning, gathering forest fruit, ...) can register at the Employment Service of the RS, which pays the contributions regarding pension and health insurance if these persons do not earn monthly through such activities more than the amount of the minimum wage, which enables social security and the possibility of registering such activities.

The programme named Assistance for the Most Difficult to Employ Groups of the Unemployed in Re-Inclusion in Work – encouraging the transfer of personal supplementary work into regular forms of employment. Encouraging the transfer of personal supplementary work into regular forms of employment is carried out by means of motivating and informing individuals of the opportunities and conditions for such work through information-motivational workshops (with reimbursed travelling expenses for participants) and the reimbursement of the expenses of self-paid voluntary pension insurance (for cases in which the person does not have mandatory insurance) and health insurance upon registration of the personal supplementary work at the competent institution and expenses in the event of accidents at work and work-related illness. The ESS also provides professional counselling to persons included in the programme (e.g. assistance with filling out forms, the preparation of bills, as well as the provision of assistance meeting the obligations stemming from other institutions in connection with the performance of personal supplementary work) and monitors participants in the programme intended to direct them to seeking the opportunities of regular employment or self-employment, and offers professional support in connection with such. Special attention is paid to the promotion of the program with the intention to inform the wider public of the importance of the social inclusion of more difficult to employ persons in various forms of work and activities. The objective of the programme is to ensure social inclusion and the maintenance of the work capabilities of more difficult to employ persons who would like to and are able to perform personal supplementary work and to transfer a determined number of those included in the programme to regular forms of work or self-employment. It is envisaged that up to 200 persons will be included in the programme. The results

will be ascertained in terms of the number of persons included in the programme and exits to regular forms of work or self-employment.

Various inspectors deal with the uncovering of undeclared work and employment, especially the Labour Inspectorate of the RS, the Market Inspectorate of the RS, and the Transport Inspectorate of the RS, as well as a government commission for uncovering and preventing undeclared work and employment. Last year 2742 violations were uncovered, of which there were 2092 cases regarding private businesses and 650 regarding individuals. Of these violations there were 827 cases of undeclared employment. The greatest share of undeclared work occurred in the fields of construction, catering, trade, transportation of persons and freight, driving instructions, private security, musical performances, agriculture, the collection of discarded raw materials, and regarding for-profit activities of associations.

In order to promote the transformation of unregistered work and employment into regular employment, Slovenia envisaged the following:

- the elimination of administrative obstacles to the establishment and operation of enterprises, which includes changes in the system of legislation and the establishment of an information system for facilitating the registration of enterprises;
- changes in the tax legislation in the field of public tax collection such that there will be a reduction in the administrative burden on enterprises and special unbundling of the smallest business entities;
- the establishment of a systemic basis for the promotion of entrepreneurship and the development of an entrepreneurship-friendly environment;
- facilitating the access of enterprises to financial resources and especially in order to develop the market for start-up and risk capital for new entrepreneurial investments.

The prevention and uncovering of undeclared work and employment will not only have the function of transferring persons from the register of unemployed persons - active jobseekers, but also the function of encouraging the transformation of unregistered work into regular employment.

10. ADDRESSING REGIONAL EMPLOYMENT DISPARITIES

The essence and strategy of the guideline:

Regional disparities in employment and unemployment remain a large problem in the EU, and this problem has increased with the accession of the ten new EU Member States. Research has confirmed that there is a strong correlation between investment in human capital and economic effectiveness, on the national as well as regional level. The European Social Fund represents a key element in the improvement of the existing problem.

The objectives of the EU until the year 2010:

- *To focus attention on inequalities in the field of regional employment.*

The situation in Slovenia. Regionally and spatially balanced development is one of the basic mechanisms implemented in the Strategy for the Economic Development of Slovenia. The mechanisms for regional development encompass a combination of a number of policies, which include spatial planning, land policies, policies for the development of the countryside, policies for the

protection of the natural and cultural heritage, policies for decreasing health disparities and the determinants of health, and employment policies. The connection of such, along with an increase in the independence of regions to encourage their own development, decreases regional disparities in development. The Regional Development Strategy of Slovenia in the year 2001 established a plan of regional development from a balanced economic, social, health, cultural, spatial and environmental perspective of development for all Slovene regions, which will ensure a high standard of living, quality of health, and the living environment for the entire population of Slovenia.

The programme preparatory phase is coming to a close in the year 2004 (the preparation of the National Development Programme, the Uniform Programme Document 2004-2006, the INTERREG III and EQUAL initiatives of the Community, as well as 12 regional development programmes). In the year 2003 organisational changes were implemented by which an institutional framework was established for fostering regional growth with the main institution being the RS Government Service for Structural Policies and Regional Development, working together with the RS Council for Structural Policies, and the RS Public Agency for Regional Development with a network of 12 regional development agencies and a network of 37 local enterprise centres, as well as the RS Public Fund for Regional Development. These regional development agencies are the key implementers of development policies on the regional development level, and they ensure the realisation of developmental tasks and co-decide in the field of the development, implementation and evaluation of strategies, programmes and projects for the development of human resources and employment with regional services and the offices of the Employment Service of the Republic of Slovenia and the regional offices of the Ministry of Education, Science and Sport.

The main objectives of the promotion of harmonized regional development connected to employment policies and the development of human resources are:

- to develop and raise the competitiveness of the economy and strengthen social capital and innovation capabilities in all regions in development, with consideration for their particularities;
- to decrease the unemployment rate in regions in development and to increase employment and eliminate structural disparities in the labour market.

The priority regions of the regional policy are those that have a lower level of development, regions with special developmental problems, and border regions in which the Hungarian and Italian national and Roma ethnic communities live. The established objectives are to be realised gradually. In the period from 2000 to 2003 real economic growth was achieved in all regions except for Zasavje. The registered rate of unemployment decreased in past years in all statistical regions up to the year 2002, except for in Posavje, where the trend reversed already in the year 2001. The highest registered rate of unemployment in the year 2003 again occurred in Pomurje, where it was 17.5% and in Podravje at 16.2%.

The response of Slovenia. Direct and indirect regional incentives are intended to promote regional development. Direct regional incentives are intended primarily for investment transfers and developmental incentives for enterprises, and are provided by the RS Government Service for Structural Policies and Regional Development and the RS Public Agency for Regional Development. Subsidies, credit, and guarantees are among the more important incentives, and are granted by the Public Fund for Regional Development. Other institutions are present primarily on the basis of their participation in projects co-financed by PHARE funding. Indirect regional incentives are directed also

by regional development programmes and by financing programmes for the development of the Posocje region, restructuring the Zasavje region, and others.

Indirect regional incentives, which all regions receive, are represented by measures and programmes financed by the Ministry of Labour, Family and Social Affairs, the Ministry of Education, Science and Sport, the Ministry for the Economy, the Ministry of the Environment, Spatial Planning and Energy, the Ministry of Agriculture, Forestry, Food, the Ministry of Transportation, etc. Especially important in the allocation of these incentives is the coordination between institutions, projects and programmes. In the year 2003, the regions were first called on to fulfil a set of priority projects for the regions for the period 2004-2006 in order to increase the effectiveness of the allocation of these means.

In the year 2003 an annual pilot plan was prepared in Pomurje. The pilot annual implementation programme for the regional development program for the Pomurje region, consists of programmes supported by domestic funds, PHARE trans-border cooperation activities and the promotion of economic social cohesion, and will be implemented in 2004-2006. In addition to the key measure of the programme, in cooperation with the Ministry of Labour, Family and Social Affairs, the Ministry of Education, Science and Sport, and the Murska Sobota Regional Office of the Employment Service of Slovenia, measures were prepared for addressing structural unemployment in the region. In the framework of the developmental restructuring of the Zasavje region, projects which were financed after the year 2001 were intended to train approximately 6,000 employees and to formulate personnel strategies in enterprises. Approximately 140 scholarships for occupations in demand in the region were granted. New jobs were created also with co-financing from enterprises, the establishment of a regional technology centre, an entrepreneurship incubator and a centre for the development of tourism. In the year 2003, the Posocje Developmental Assistance Programme allocated funding, in order to develop human resources, for the training of employees, the creation of new jobs, and for scholarships. The development of human resources and employment were indirectly affected by incentives for start-up investments in small, medium-sized and micro enterprises.

Important programmes are co-financed by international PHARE projects — trans-border cooperation, the national programme for economic social cohesion, and by the implementation of the initiative of the ITERREG community. In the year 2004, the main programmes connected with the development of human resources are Maximizing Human Potential in the border regions of the CBC Hungary Programme, Improving the Digital Literacy of the Unemployed and Life-Long Learning, from the national PHARE programme, and others. Regional development is defined as a horizontal priority of the Uniform Programme Document for the Period 2004-2006. In such a manner these programmes have an advantage in accessing co-financing by EU funding. Concurrently, this approach represents an important instrument in harmonizing the indirect regional incentives of various ministries. The principle of relatively greater support for less developed regions is ensured by an established funding ratio of 60:40 in favour of less developed regions.

The main directives of the policy for achieving the objectives and the elimination of regional disparities:

- to guide direct regional incentives and coordinate the ministries in the directing of indirect regional incentives (through programmes);
- to increase investment in the measures for increasing innovation and competitiveness in the economy, and investment in human resources on the regional level;

- regional scholarship schemes that will contribute to greater compatibility between the supply and demand of human resources;
- to enable equal access to education and other public services;
- to strengthen partnership between the state and municipalities and the public and private sectors (in planning, implementing and establishing partnerships);
- to complete legislation and institutional structures on the state and regional levels;
- to establish and strengthen the cooperation of regional development councils and regional developmental agencies, partner councils for the development of human resources (ESS), and crucial factors of life-long learning;
- to connect domestic and European public finances with private funding and to establish trans-border developmental links and to connect regions within the wider European environment;
- to establish the economic basis and entrepreneurial environment for the development and greater opportunities for more difficult to employ persons and other marginal groups;
- to develop the social economy;
- to accelerate the development of the economy (including agriculture and forestry) taking into consideration environmental aspects and the protection and developmental activation of natural resources, to preserve the nature and the cultural heritage;
- the implementation of integrated regional strategies for the information society;
- to monitor and evaluate the effects of developmental incentives.

According to the directives in the period 2004-2006, projects connected with the development of human resources will be fostered through direct incentives and indirectly by means of projects in the annual implementation plans of individual regions and programmes based on the uniform programme document, as well as by means of the INTERREG initiative, the PHARE CBC, and economic social cohesion. Addressing regional disparities is directly and indirectly connected to activities from other guidelines, especially fostering entrepreneurship and the creation of new jobs, promoting the development of human capital and life-long learning.

C. GOOD MANAGEMENT AND PARTNERSHIP IN THE IMPLEMENTATION OF THE EMPLOYMENT GUIDELINES

I. The role and position of the National Action Plan for Employment as an essential instrument for the preparation of policy reforms

In order to meet the Lisbon Objectives in the field of the labour market and employment, the Republic of Slovenia above all strives to prevent the competent executors of individual relevant policies from viewing the labour market as a closed system which is unaffected by influences from the environment. That is why it was especially important that on the level of the State the harmonized operation of individual policies was established, which affects the situation in the field of the labour market and employment. This concerns numerous policies which do not refer only to the field of the labour market, but which have a direct or indirect influence on the employment policy. The most important policies which must be coordinated are: economic, social, and fiscal policies, employment policy, education policy, family policy, health policy, transportation policy, etc. Thus the harmonized functioning of all governmental resources which play an important role in accelerating economic and social development, and thus enable the creation of new jobs, is necessary. Developmental funding must as a priority be allocated to less developed regions with the objective of eliminating disparities in economic development, which is, regarding the demographic situation, one of the most important factors in structural unemployment and disparities in the levels of unemployment between regions.

For this reason the Government introduced the National Action Plan for Employment as a fundamental programme document for the implementation of policies in the labour market in numerous ways. Considering such, it wanted to ensure the full coordinated cooperation of all governmental actors, as well as raise awareness to the highest possible level regarding mechanisms, means, and last but not least, policies available in this field, in the widest possible circle of the interested public. Thus, on the governmental level a Project Group for the Development of the Labour Market, Employment, Social Affairs, and Pension System was established, which ensures the harmonization of the policies of various ministries which affect the situation in the labour market, which is managed by the Minister competent for employment.

In order to coordinate individual policies, in the last year the Government, upon the adoption of the National Action Plan for Employment, which was prepared in accordance with the guidelines of the European Employment Strategy and the recommendations of the Commission for Member States, and which for the first time joined together all policies which affect this field, also those which do not belong within the competency of the Ministry of Labour, Family, and Social Affairs, formulated a special coordinating body on the level of the State Secretaries, which prepares the bases for the functioning of the mentioned project group and also cooperated in the preparation of NAP 2004. In such a manner, the competent governmental and non-governmental institutions (the latter through the sponsoring Ministry, with which they co-operate) are included in the preparation of the NAP and which ensures the best possible results from the viewpoint of informing and enabling the target groups for inclusion in the programmes and utilization of the measures.

The National Action Plan for Employment is, after it has been adopted by the Government of the RS, published on the internet sites of the competent ministry, and is as such accessible to all. Important contributions to the realisation of the NAP will be also be made by other ministries, especially the

Ministry of the Economy, the Government Service for Structural Policy and Regional Development, the Ministry of Education, Science, and Sport, the Ministry of Finance, the Ministry of Health, the Ministry of Transportation, the Ministry of Defence, the Ministry of Internal Affairs, the Ministry of Culture, the Ministry of Transportation, and the Ministry of Agriculture, Forestry, and Food. The National Action Plan for Employment has been adopted by the Government on the basis of the proposal of the Minister of Labour, Family, and Social Affairs. This ensures the full support of the Slovene Government for the national employment strategy.

II. The formation of reform partnerships for the mobilization of the support and cooperation of social partners and other important actors

Traditionally, social partners have played a crucial role in Slovenia's efforts in the framework of the employment policy, which includes all issues related to the NAP. The concluded Social Agreement for the period 2003-2005 is, as are the achieved agreement regarding pension legislation and regarding the act on labour relations, just one of many consequences of the successful social dialog and social partnership in Slovenia, to which the Government and within it, the competent Ministry of Labour, Family, and Social Affairs pay special attention. Social partners cooperate in the preparation of the collective agreement on the level of economic branches that deal with all proposed legislative changes and new legislation in the field of the labour market and employment. They actively formulate priorities in the establishment of occupational standard, and regarding such, of the fast, effective implementation of the starting points for the preparation of educational programmes for lower and secondary vocational education and programmes of secondary specialised education and the certification system. In Slovenia social partnership was created as a fundamental mechanism for solving all development al issues on the national and local levels. Before the Government adopts the NAP, it is discussed by the Economic-Social Council. In the Economic-Social Council (ESC), the following institutions participate: the Chamber of Commerce of Slovenia, the Chamber of Trades, the Slovene Association of Employers, the Association of Trade Employers, representatives of unions, the Government in its entirety as well through its Ministries, and non-governmental organizations.

In the preparation and implementation of the NAP, an important role is also played by non-governmental organizations (NGO). Their work covers the broadest areas of public interests, which governmental institutions do not cover or do not cover to a sufficient extent. Furthermore, NGOs are usually closer to individuals and their needs, which is why their contributions are important also for defining the needs of the population in the planning of policies, strategies and measures, including in the field the labour market and employment. With the enhancement of the functioning of NGOs, also the service sector is enhanced, in the framework of which there is still great potential for the creation of new jobs. In accordance the European trends, it is necessary for Slovenia to improve the cooperation of the Government of RS and the competent ministries with non-governmental organisations. Thus, in its session on the 2nd of October, 2003, the Government of RS adopted the Strategy for Cooperation with Non-Governmental Organisations. The fundamental objective of the strategy is to establish cooperation with non-governmental organisations in the spirit of good partnership, since the Government is aware of the importance of the professional and efficient functioning of NGOs. With this document the Government of RS obliges itself to systematically strengthen the fundamental and other conditions necessary for the faster and more efficient development of NGOs.

Slovenia is only just now in the process of formulating the second level of local self-government, that is to say, on the regional level, and that is why the cooperation of local communities regarding the NAP

occurs primarily in the framework of the ESC, while in the future such will take place primarily through so called Partnership Councils, which were established by the regional offices of the ESS, and in which all relevant institutions of a regional and local character are invited to cooperate. The basic purpose is to formulate so called regional or local developmental coalitions, in the framework of which the strategy for development in the field of the labour market and employment in local environments will be more clearly defined.

III. The inclusion of appropriate parliamentary bodies

In accordance with Slovene legislation, the National Assembly of RS (NA RS) does not debate the National Action Plan for Employment as a whole, since the adoption of the NAP is a task of the Government, nevertheless all relevant actors, also social partners, participate in its preparation. However, what is possible is a general debate in the National Assembly or the treatment of individual elements of the NAP in the competent working bodies of the NA RS. The role of the National Assembly is especially important in adopting the Act on the Implementation of the Budget of RS, since in the proposal of the annual budget, all items are determined, the amount and the purpose of the envisaged use of funding for programmes, and the measures which are determined in NAP. The Members of the NA RS, have a direct influence on the amount of funding and the dynamics of the intended funding in the NAP, as well as an indirect influence on the manner of using intended funds.

IV. The effectiveness and success of the implementation of the employment policy by the implementing organizations on the national, regional, and local level

The Employment Service of the RS is the central implementing institution for employment policy in Slovenia and the most important mediator between current supply and demand in the labour market. The operations of the ESS are and remain directed towards quality services, which means optimally satisfying the demands and expectations of the users of the relevant services and institutions. It implements activities which lead to decreases in the number of unemployed persons and a reduction in the structural disparities in the labour market. The ESS increases the effectiveness and quality of its work by means of personnel improvement programmes and specialization in the field of work with the unemployed and employers. It does such through intensive mediation for the unemployed regarding available jobs, by means of regular visits to employers with the objective of ascertaining their personnel needs, by means of cooperation with private employment agencies, the implementation of group treatment of the unemployed with various obstacles to employment, the creation of employment plans for all unemployed persons within a short period, the intensive education and training of employees for work with the unemployed and employers. The establishment of a Centre for Occupational Information and Counselling and an open system for receiving clients at labour offices, where clients can obtain various information on the labour market and employment opportunities. The Regional Offices of the ESS gained a new role in connecting with the environment and cooperating in preparing and implementing regional development programmes for the field of the development of human resources, with the objective of greater effectiveness in the implementation of employment policies in the local labour market.

By participation in PHARE pre-accession programmes in the field of the development of human resources, ESS on a regional level works with a variety of local and regional partners (regional development agencies, employers, schools, municipalities, non-governmental organizations, etc.), in the preparation and implementation of individual projects, primarily with the objective of finding

employment for unemployed persons with reduced employment opportunities. ESS has also prepared intensively for its new role following accession into the EU, namely in the field of activities connected to utilizing means from the European Social Fund, the free flow of persons and social security. In the field of the development of human resources, the Regional Offices of the ESS cooperate especially closely with regional development agencies. The Regional Offices of the ESS within the framework of the Partnership Councils are preparing annual implementation plans for employment and the development of human resources, which will connect all possible partners and instruments in individual regions in order to promote employment and the creation of new jobs.

ESS implements all obligations from European legislation in the framework of the EURES network and the coordination of the system of social security in the field of unemployment insurance rights. As the ultimate authorized institution, the ESS implements programmes in Slovenia which are co-financed by the European Social Fund (increasing employability, ensuring social inclusion, the creation of new jobs, and increasing the adaptability of enterprises), and as a partner participates in the projects of the EQUAL initiative. In accordance with national regulations, ESS also records and monitors trends in employment and services in the framework of the free flow of workers. ESS will further develop a friendly and professional relation to the users of services, strengthen the role of essential executors of employment policies, and develop human resources in Slovenia. In such a manner, the ESS will achieve a standard regarding the execution of activities which will be comparable to the best public employment agencies in Europe.

On the basis of the permanent monitoring of indicators considering effectiveness, the ESS will further systematically improve individual operational processes as well as the system as a whole. By means of such, it will ensure connection between the strategic and developmental objectives of the national policies and the effectiveness of operational processes and the transparency of the system. With the realisation of the strategic guidelines, the ESS would like to continuously increase the confidence of service users, the effectiveness of operational processes, the satisfaction of the employed and the quality of their work and to establish a system of continuous improvement and satisfaction of all other interested clients and partners.

The ESS will continue with the policy of implementing the active employment policy such that with the means for such purpose, it will effect a decrease in regional disparities in the unemployment rate and an increase in the employability and social integration of more difficult to employ groups of unemployed persons. By means of the development of modern and self-service services for clients, the ESS will use more resources (personnel) intended for work with the long-term unemployed and other more difficult to employ persons, and with such have an effect on reducing the duration of unemployment. The system for monitoring the effectiveness and efficiency of the work of the ESS will be continuously evaluated and upgraded. ESS will continue to train employees for even more effective work with those at a disadvantage in the labour market and raise qualifications in order to effectively and successfully utilize funding from the European Social Fund, and by means of such have an effect on improving the structure of the unemployed.

With reference to the above mentioned, direct cooperation between the employees of the ESS and the Centre for Social Work is also necessary, for this reason regular monthly work meetings of CSW and ESS employees have been instituted. In the future, the Government would also like to increase cooperation between the mentioned institutions and the Labour Inspectorate of the RS, as well as with other inspectorate services. For this purpose, strict inspection supervision is demanded, first of all

regarding the Labour Inspectorate of the RS, as well as for tax and market inspections, especially over those activities where undeclared work and employment are more common, and for those activities which decrease demand in the labour market. A special working group has been formed, which is headed by the State Secretary of the Ministry of Labour, Family, and Social Affairs responsible for preventing undeclared work and employment, which will ensure strict supervision of undeclared work and employment, and as such promote the transfer of unregistered work to regular employment.

The RO ESS will, in co-operation with the Regional development Agencies prepare development schemes, in which they will connect all existing partners and instruments in a particular region, to foster employment and the creation of new jobs.

V. Appropriate allocation of financial sources for financing employment policies

In the years 2004 and 2005, Slovene budgetary policy is and will be faced not only with continuing successful consolidation and increasing economic activity, but also with decreasing negative effects stemming from full EU membership. Furthermore, due to the current cyclical trends, the forecasted budgetary deficit will amount to 1.5 percent of GNP for the year 2004, and 1.7 percent of GNP for the year 2005. Despite the forecasted rise in the budgetary deficit, it will still remain lower than the average of the EU Member States (2.2% in the year 2004).

In the framework of the active use of funds in the labour market, the cited figures (see table below) provide detailed information on the financial sources and their allocation (including funding from the European Social Fund) for the purposes of financing the active measures for the unemployed in the year 2005.

Measures of the Uniform Programme Document	Value of the programme	Persons included in programme	Amount of the funding from the ESF
2.1, Raising Employability	10,347,184,741	124,265	1,607,055,826
Preparing for Employment	1.294.392.070	99.399	
Training and Education for Employment	2.971.257.471,00	17.571	1.607.055.826,00
Incentives for the employment of unemployed persons	5.872.079.200,00	7.295	
Development of new regional projects	209.456.000,00	10 projektov	
2.2 Ensuring Social Inclusion	2.520.347.831,00	13.680	511.612.565,00
Implementation of Programmes of Social inclusion	2.319.280.831,00	13.680	511.612.565,00
EQUAL	201.067.000,00		150.800.000,00
2.4, Creating new jobs –Increasing the adaptability of enterprises	8.218.103.549,00	20.529	1.302626.332
ZPRPGDT – Implementing the Act on Assistance for Enterprises Facing Difficulties with restructuring	264.784.000	2.324	
Reimbursement for the expenses of preserving jobs	154.128.000	500	
Education and training of the employed	1.327.200.314,00	4.456	519.462.707,00
Incentives for employers for the creation of new jobs and the employment of more difficult to employ persons	5.415.780.627,00	10.912	225.000.000,00
Assistance in Self-Employment	1.056.210.608,00	2.400	558.163.625,00
TOTAL	21.085.636.121,00	največ 158.537	3.572.093.582,00