

The Community Initiative

EQUAL

ESTONIA

**EQUAL
COMMUNITY INITIATIVE
PROGRAMME**

Table of Contents

1 Introduction	4
1.1 An Account of the Process of Programming.....	4
1.1.1. <i>The Consultation Process</i>	5
1.2 Period of Coverage of the Programme.....	5
1.3 Geographical Coverage of the Programme.....	5
2 The Labour Market	5
2.1 Introduction.....	5
2.2 General.....	5
2.2.1. <i>General Economic Context</i>	6
2.2.2. <i>The Labour Market: Employment, Unemployment, Skills and Performance</i>	8
2.2.3. <i>Conclusions</i>	12
2.3 Labour Market Analysis in Terms of Discrimination and Inequalities...	13
3 The Policy Context for Action Under EQUAL	16
3.1 Introduction.....	16
3.2 The European Policy Context.....	17
3.2.1. <i>European Employment Strategy, Joint Assessment Papers and the Joint Inclusion Memoranda</i>	17
3.2.2. <i>The Policy Frame of Reference</i>	18
3.3 National Policy Overview.....	18
3.4 SWOT Analysis and Conclusions.....	21
4 Priority Themes	22
4.1 Choice of Themes.....	22
4.1.1. <i>Theme A: Facilitating access and return to the labour market for those who have difficulty in being integrated into a labour market which must be open to all</i>	22
4.1.2. <i>Theme G: Reconciling family and professional life, as well as the re-integration of men and women who have left the labour market, by developing more flexible and effective forms of work organisation and services</i>	23
4.1.3. <i>Theme I: Supporting the social and vocational integration of asylum seekers</i>	24
4.2 Complementarity between EQUAL and the SPD of Estonia.....	24
4.3 Evaluation of the Expected Impact.....	28
4.4 Financial Allocation.....	29
5 The Aims and Principles of EQUAL	30
5.1 Innovation.....	30
5.2 Partnership Approach.....	31
5.3 Empowerment.....	31
5.4 Mainstreaming – integrating the results into policy and practice.....	31
5.5 Transnational cooperation.....	31
5.6 Thematic Approach.....	32
5.7 Gender Mainstreaming.....	33
5.7.1 Gender Mainstreaming in Estonia.....	33
6 Actions Under EQUAL	35
6.1 Setting up Development Partnerships and its strategy including transnational cooperation (Action 1).....	35
6.2 Implementing of the work programmes of the Development Partnerships (Action 2).....	36
6.3 Thematic Networking, dissemination of good practice and making an impact on national policy (Action 3).....	37
6.4 Technical assistance.....	37
7 CIP Implementation	38

7.1 Managing Arrangements.....	38
7.1.1 <i>Managing Authority</i>	38
7.1.2 <i>Control Arrangements</i>	39
7.2 Monitoring Arrangements.....	39
7.2.1 <i>Monitoring Committee</i>	39
7.3 Financial Arrangements.....	40
7.3.1 <i>Paying Authority</i>	40
7.4 Technical Assistance.....	40
7.4.1 <i>Arrangements for Technical Assistance</i>	40
7.4.2 <i>Eligibility of expenditure related to Technical Assistance</i>	40
7.5 Development Partnerships.....	41
7.5.1 <i>Selection of Development Partnerships</i>	42
7.6 Complementarity and Compatibility with Community Policies.....	44
7.6.1. <i>Complementarity</i>	44
7.6.2. <i>Compatibility with Community Policies („State Aids“)</i>	44
7.6.3. <i>Compliance with state aid legislation</i>	44
7.7 Reporting.....	50
7.7.1. <i>Maintaining and reporting – common minimum</i>	50
7.7.2. <i>Annual Implementation Report (Article 37 of R. 1260/99)</i> ...	50
7.8 Information and publicity.....	51
7.9 Cooperation with third countries.....	52
8 Financial Issues	52
8.1 Financial Plan.....	52
8.2 Co-financing.....	52
8.3 Eligibility of activities.....	52
9 Sharing of Monitoring Data	53
9.1 Sharing of data at the European level.....	53
9.2 Data collection at national level.....	54
10 Evaluation	54
10.1 Self-assessment of Development Partnerships.....	54
10.2 National Evaluation.....	55
10.2.1. <i>Ex ante evaluation</i>	55
10.2.2. <i>On-going evaluation</i>	55
10.3 Evaluation undertaken by the Commission.....	56
Annex A: Financial Table.....	57
Annex B: Data shared through the EQUAL Common Database.....	59
Annex C: Ex ante evaluation of the EQUAL Community Initiative Programme.....	66

1 INTRODUCTION AND BRIEF SUMMARY

1.1 An account of the process of programming

Ministry of Social Affairs (MoSA) in Estonia, the Managing Authority of EQUAL programme, has prepared the first draft of Community Initiative Programme for the implementation of EQUAL.

The process of developing the EQUAL plan was mainly influenced by thorough analysis of the Estonian labour market and the policy priorities of Estonia and the European Union. As EQUAL is a means to support the employment and social policy priorities established in the annual National Action Plans for Employment and Social Inclusion, the programme was designed to a large extent according to the respective national strategies as well as the Joint Assessment Papers and Joint Inclusion Memoranda. Therefore, the EQUAL programme reflects the principles and priorities of the national action plans.

The labour market analysis carried out for the preparation of the NAP Employment and Social Inclusion and the Estonian National Development Plan for the Implementation of the EU Structural Funds - Single Programming Document 2000-2006 was also used as the basis for the EQUAL programme. In addition, the issues that are specific to EQUAL – discrimination and inequalities on the labour market – were addressed more thoroughly.

The EQUAL programme document is based on and is in accordance with the relevant EU and Estonian regulations:

- Council regulation (EC) No.1260/1999 of 21 June 1999 laying down the general provisions on the Structural Funds;
- Council and EP Regulation (EC) No.1784/1999 of 12 July 1999 – specific rules on the implementation of the ESF
- Commission Regulation (EC) No.438/2001 of March 2001, amended by regulation 2355/2002, laying down detailed rules for the implementation of Council Regulation 1260/1999 regarding the management and control systems for assistance granted under the Structural Funds;
- Commission Regulation (EC) No.1159/2000 of 30 May 2000 on information and publicity measures to be carried out by the Member States concerning assistance from the Structural Funds;
- Commission Regulation (EC) No.1145/2003 of 27 June 2003 laying down rules for the implementation of Council Regulation 1260/1999 as regards eligibility of expenditure of operations co-financed by the Structural Funds;
- Commission Regulation (EC) No.448/2001 giving details about financial corrections;
- Commission Regulation (EC) No. 643/2000 using the Euro;
- Communication from the Commission to the Member States (2003/840) establishing the guidelines for the Community Initiative EQUAL concerning transnational co-operation to promote new means of combating all forms of discrimination and inequalities in connection with the labour market.
- Structural Aid Act
- Relevant secondary legislation

The practical implementation structure and system of EQUAL was drawn up in close cooperation with the Labour Market Board, which will act as the National Support Structure.

In autumn 2003, ex ante evaluation of the planned CIP was carried out (Annex C). The findings of the ex ante evaluation were taken into account in the process of improving the CIP.

1.1.1 The Consultation Process

The philosophy and general principles of the EQUAL programme are based on the policy priorities of the European Union as well as Estonia. The selection of priorities and themes and the implementation system of EQUAL is to a large extent compatible with the NAP Employment and SPD, which have been drawn up in close cooperation with socio-economic partners - local and county governments, professional organisations, NGOs and foundations. The specific issues concerning measures and activities, target groups, expected outcomes, types of development partnerships, information and publicity, training and consultation under EQUAL will be discussed with relevant partners from the organisations with particular interest in discrimination and inequality on the labour market. In January 2004 a roundtable was organised for discussing these issues and preparing the Programme Complement. The roundtable brought together representatives from public authorities involved in the planning and implementation of EQUAL, organisations with a particular interest in and experiences with activities concerning discrimination and inequality in the labour market and experts on the issues concerned. On the basis of the discussion the possible prioritised activities for the selected themes were specified which are reflected in chapter 4 of the CIP and in the Programming Complement. The roundtable also provided a basis for further consultation and communication regarding the Programming Complement and thematic networking.

1.2 Period of coverage of this Programme

Estonia as a new member state of the European Union will join the second round of the EQUAL programming period, which is intended to be launched in 2004 with the Development Partnerships being funded from December 2004. The eligibility period starts in the beginning of January 2004. The expenditures are eligible until 31 December 2008.

1.3 Geographical coverage of this Programme

EQUAL is a national programme with the whole of the territory of Estonia being eligible (rather than regional or sectoral programme as the mainstream programmes).

2 THE LABOUR MARKET

2.1 Introduction

This section describes the labour market background in Estonia, with particular emphasis on the problems that EQUAL could be used to resolve. Assessing the Estonian labour market helps to identify priority areas for EQUAL funding.

2.2 General

Although the developments of Estonian economy have been characterised by growth and sound performance there are considerable inequalities in terms of accessing the labour market.

2.2.1 General Economic Context

Estonia's economic policy aims to support increased productivity and competitiveness and promote sustainable economic growth. The macroeconomic policy is based on a fixed exchange rate system, supported by a currency board system, liberal foreign trade policy, balanced central government budget with limited state borrowing, far-reaching privatisation, simple tax system with proportional income tax¹ and, since 2000, exemption from the corporate income tax on reinvested profits. Since 1995, after the recession due to the transition from a planned to a market economy, developments have been generally characterised by growth and sound performance.

Table 1. Economic situation

	1998	1999	2000	2001	2002
Total Employment Growth	-1,7	-4,5	-1,2	0,9	1,4
Real GDP Growth at constant prices over previous year	5,0	-0,7	6,9	5,4	5,8
Real Labour Productivity Growth	6,4	3,5	7,8	4,3	4,2*
Real Unit Labour Costs	-1,6	5,6	-7,4	-2,3	

Source: Statistical Office of Estonia, Employment in Europe 2002, preliminary data

GDP per capita in Estonia increased in 1995-2002 from 32% to 42% of the EU average. The Bank of Estonia and the Ministry of Finance expect the GDP to continue growing by 5-5.5% in 2003. With the anticipated annual mid-term economic growth rates at about 5-6%, per capita GDP in Estonia would reach the threshold of 50% of the EU average by 2010.

Economic growth results primarily from the rapid growth of exports to industrial countries, supported by foreign investment flow. Economic growth has also been supported by the growth in domestic demand (private consumption has been increasing since 2000 as a result of an increase in income and low inflation). In 1995-2000, exports, expressed in current prices and fixed prices, increased by 2.5 and 1.9 times, respectively. The transition process has been greatly facilitated by a large inflow of foreign direct investment (FDI) into Estonia. In 2001 FDI amounted to 55.9 billion EEK, mostly of Swedish (40%) and Finnish (25%) origin. The continued foreign investment inflow largely depends upon a continuing stable macroeconomic environment and Estonia's capacity to further develop a labour force with sufficient skills.

Strict budgetary policy and a favourable economic situation have helped to finance the deficit of the current account of the balance of payments by different capital flows, thus preventing an increase in the loan burden. The current account deficit has been financed by high levels of FDI in most years over the last decade, keeping external debt at a relatively modest level. In 2002 and the first half of 2003, FDI coverage declined as the current account deficit increased up to 12.3% of GDP, mostly due to the larger import volume related to high investment activity and private consumption. The current account deficit is expected to decrease through the stabilization of the inflow of foreign funds and increase in domestic savings.

The inflation rate, which was very high in the first years of transition, decreased rapidly from 1992-1999 and reached its lowest level (3.3%) in 1999. The main source of inflation has

¹ Income tax rate is 26%, with the first 1 000 EEK of monthly income being disregarded.

been the domestic and foreign price convergence that started in 1992 after the price liberalisation. For example, the increase in a number of controlled prices (e.g. electricity, heating, public transport) raised the inflation rate in 2000 and 2001. In 2001, the consumer price index (CPI) increased by 5.8%; however, there has been a general slowdown in inflation since the summer of 2001, and in 2002 the CPI increased by only 3.6%. The forecast for 2003 indicates a 1.7% increase.

In recent years, the inflation trends in Estonia have followed the dynamics of the EMU area, indicating a close linkage of the Estonian economy to the EU through trade and economic relations. The inflation rate is expected to increase somewhat in 2004 due to increase in fuel excise duties to the minimum required EU level.

Real wage growth has, in general, been rapid in Estonia and has outpaced productivity. In 2001, the average gross wage² increased by 12.3%, whereas, mainly as a result of increasing employment, the growth in productivity decreased to 4.3% (from the level of 7.8% in 2000). The lowest wages were in agriculture and the highest in the financial sector. However, wages have increased in all fields of economic activity, with the most rapid growth being observed in real estate, renting and business (28%). In the coming years, acceleration in productivity growth and a slowdown in the growth of wages are expected.

The tax burden has fallen from 37% in 1997 to 33.6% of GDP in 2001, mainly as a result of the abolition of corporate income tax on reinvested profits and an increase in the level of non-taxable personal income. The Government's programme aims to increase further the level of residential non-taxable income from 1 000 to 2 000 EEK (per month) by 2006.

The rate of social tax of 33% (earmarked tax paid by employers for the state pension insurance and health insurance) contributes additionally to labour costs. However, given the need to ensure adequacy of pensions and satisfy increasing demand for health care in a situation of a rapidly ageing population, reducing social tax has not been under discussion. The Government has therefore decided to address the issue of labour costs through income tax reform (see above).

Total public spending (central government and local municipalities) in the second half of the 1990s was around 40% of GDP. Public social protection expenditure (State pension and health insurance and expenditure financed directly from the central budget) amounted to 14.8% of GDP in 2001.

State pension insurance and health insurance have been operating on a 'macro-level defined-contribution' principle whereby expenditures determined by available revenues from social tax³. The proportion of pension expenditure was 6.9-7.5% of GDP in 1999-2002. Health care expenditure has been around 5% of GDP, while expenditure on family benefits accounts for approximately 1.5%. The introduction of a new scheme of social benefits for disabled persons to compensate for disability-related costs in 2000 raised the State's expenditure on social assistance and services from 0.75% in 1999 to over 1% of GDP in 2001.

² The quarterly average gross wage amounted to 5 511 EEK in 2001; the minimum wage was increased from 1 600 EEK in 2001 to 1 850 EEK in 2002.

³ For pension insurance, the timing of pension increases has also influenced annual expenditure. Until 2002 pensions were increased by ad hoc political decisions in the absence of any predetermined rules on the timing and volume of the increase. From 1 April 2002 pensions have been subject to annual indexation (the index comprises an arithmetic average of the annual increase in the consumer price index and the increase in social tax revenues).

Expenditure on social protection of the unemployed has stood at 0.3% of GDP since 1999. From 2003 the full implementation of the unemployment insurance scheme increased the expenditure on social protection of the unemployed to approximately 0.7 % of GDP. The overall funding of labour market policy, despite gradually increasing expenditure, remained low at 0.22 % of GDP in 2001 (2.8% in the EU countries). Furthermore, expenditure on active measures comprises just 0.08% of GDP.

The continuation of structural reforms is aimed at substantial improvement on the supply side of the economy. The reforms are mostly related to labour quality and supply improvement to reduce corporate costs on training and retraining and sustaining a free labour market. They are intended to support updating the vocational training system and enhancing research and development activities.

2.2.2 The Labour Market: Employment, Unemployment, Skills and Performance

During the whole period of independence, the number of employed people has decreased in Estonia, while the number of unemployed and inactive people has gone up. Since 2001 there has been a trend towards increasing employment and decreasing unemployment; however, the economic inactivity rates continue to grow owing to increasing numbers of persons studying, taking care of children or other family members, persons with disability or long-term health problems. The activity rate for women has decreased from 66.7% in 1997 to 64.3% in 2002, indicating that women are more likely than men to become inactive.

Table 2. Population aged 15-64 by economic activity, 1997-2002

	1997	1998	1999	2000	2001	2002
Labour Force (ths.)	669,8	658,7	643,8	645,2	642,1	632,1
Employed (ths.)	604,1	593,0	563,8	555,9	560,1	565,6
Unemployed (ths.)	65,7	65,8	80,0	89,3	82,0	66,5
Inactive (ths.)	256,0	260,3	271,8	270,7	274,4	284,2
Labour force participation rate %	72,3	71,7	70,3	70,4	70,1	69,0
Employment rate %	65,2	64,5	61,6	60,7	61,1	61,7
Unemployment rate % (by ILO)	9,8	10,0	12,4	13,8	12,8	10,5

Source: Statistical Office of Estonia, Labour Force Surveys

The overall employment rate declined sharply in the 1990s as a consequence of economic restructuring with major job losses concentrated in industry and agriculture, but also a population decrease of more than 100 000 between 1989 and 1996.⁴ The total number of employed people dropped from over 760 000 at the beginning of the 1990s to 572 000 by 2000. Since the second half of 2000 employment has increased, but altogether it has fallen by 200 000 persons, or more than a quarter from its 1990 level.

⁴ This is mostly attributable to the emigration of part of the Russian-speaking minority and Soviet military with families, but is also due to a declining birth rate.

The employment rate in 2002 was 61.7%, and was thus below the average for the EU (64%). Employment rates are below the EU average for men aged 25-49 and for both men and women in the age group 15-24. The employment rate of women in Estonia (57.8 %) is higher than the EU average (54.9%) and, at present, exceeds the target set for 2005 (57%).

Table 3. Employment rate by age group and gender, 1998–2002
(annual average, %)

	1998	1999	2000	2001	2002
Males and females					
15-64	64,5	61,6	60,7	61,1	61,7
15-24	37,1	32,1	31,5	31,1	27,8
25-54	79,3	76,7	75,7	76,0	76,7
55-64	46,8	45,0	44,0	45,7	51,4
65+	6,7	7,6	8,1	8,5	9,5
Males					
15-64	68,9	65,6	64,8	65,2	66,0
15-24	40,9	36,1	35,8	37,2	33,9
25-54	82,2	79,1	78,2	78,5	80,2
55-64	57,9	55,8	54,7	54,5	58,1
65+	10,9	11,9	12,0	12,4	12,2
Females					
15-64	60,5	57,9	57,0	57,3	57,8
15-24	33,1	28,0	27,0	24,6	21,6
25-54	76,7	74,6	73,4	73,7	73,5
55-64	38,4	36,7	36,0	39,1	46,4
65+	4,6	5,6	6,2	6,6	8,1

Source: Statistical Office of Estonia, Labour Force Surveys

In the 1990s a significant restructuring of the labour force between economic sectors took place. Employment in agriculture and industry decreased substantially (by 2/3 and 1/3 since 1989), whereas the services sector expanded at a rapid pace. Wholesale and retail trade and communication are now among the most dynamic economic activities. Also, the number of people involved in financial services, insurance and real estate business, public administration and education has increased remarkably. Such developments have led to similar employment patterns as in the EU countries.

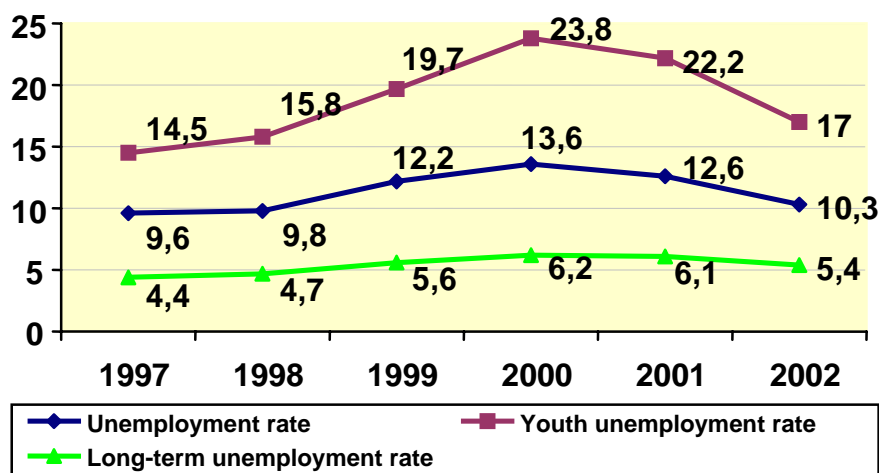
Table 4. Employment by sector of economy, 1998–2002 (%)

	1998	1999	2000	2001	2002
Agriculture	8,9	8,1	7,2	6,9	6,9
Industry	33,1	32,1	33,3	33,0	31,3
Services	58,1	59,8	59,5	60,1	61,7
Total	100,0	100,0	100,0	100,0	100,0

Source: Statistical Office of Estonia, Labour Force Surveys

The unemployment rate increased rapidly in the first half of the 1990s – from 1.5% in 1991 to 9.7% in 1995 – mainly as a result of a reduction in the workforce in the course of economic and labour market restructuring. The major economic crisis in Russia in 1998-1999 did not leave Estonia untouched but brought about a series of bankruptcies and raised the unemployment rate to its 'record' level of 14.6% in the first quarter of 2000. The labour market situation did not improve until 2001, when the unemployment rate fell to 12.6%. In the second quarter of 2002, the unemployment rate dropped to its lowest level (9.4%) for five years. Compared to the EU average (7.4%), the unemployment rate in Estonia is considerably higher (10.3%).

Figure 1. Unemployment rates in Estonia 1997-2002



Source: Statistical Office of Estonia, Labour Force Surveys

The proportion of people looking for work for 6 months on average has been around 1/3 over the years. The exception was 2000, when a large number of new job seekers increased the relative share of short-term unemployment to 40%. In 2001 there were 40,000 long-term unemployed (people searching for a job for 12 months or more), amounting to 48% of the total number of the unemployed.

Table 5. Unemployment rate by age group and gender, 1998–2002 (annual average, %)

	1998	1999	2000	2001	2002
Males and females					
15-74	9,8	12,2	13,6	12,6	10,3
15-64	10,0	12,4	13,8	12,8	10,5
15-24	15,8	19,7	23,8	22,2	17,6
25-54	9,7	12,1	12,8	11,8	10,0
55-64	5,7	7,2	9,6	9,0	7,5
Males					
15-74	10,8	13,4	14,5	12,9	10,8
15-64	11,0	13,7	14,9	13,2	11,0
15-24	17,0	20,6	23,9	19,3	14,3
25-54	10,3	13,3	13,6	12,7	10,8
55-64	8,1	8,7	12,1	9,1	8,3
Females					
15-74	8,8	10,9	12,6	12,2	9,7
15-64	8,9	11,1	12,8	12,3	10,1
15-24	14,2	18,5	23,7	26,4	22,5
25-54	9,1	10,9	12,1	11,0	9,2
55-64	2,7	5,3	6,5	8,9	6,6

Source: Statistical Office of Estonia, Labour Force Surveys

Comparison of 1995 data with those from 2000 shows that the absolute number of the long-term unemployed has almost doubled. Long-term unemployment is a problem for both

Estonians and the non-Estonians. The relative share of men and women among long-term unemployed was respectively 52% and 44% in 2001. A sharp increase in the share of long-term unemployment was observed in the first half of 2002, when the number of new job seekers shrank.

Table 6. Unemployed persons by ethnic nationality⁵ and duration of unemployment, 1997-2002 (annual average, %)

	1997	1998	1999	2000	2001	2002
Total						
Less than 6 months	33,0	34,7	34,3	39,7	36,1	31,7
6-11 months	21,2	18,3	19,8	14,9	15,6	15,4
12 months or more	45,8	47,1	45,9	45,4	48,3	52,9
24 months or more	27,0	25,8	26,5	26,7	30,8	34,3
Total	100,0	100,0	100,0	100,0	100,0	100,0
Estonians						
Less than 6 months	35,8	38,3	37,1	40,7	41,1	34,3
6-11 months	21,5	18,1	18,9	14,6	15,1	14,1
12 months or more	42,7	43,6	44,0	44,6	43,7	51,6
24 months or more	25,9	24,0	26,0	27,8	26,4	33,2
Total	100,0	100,0	100,0	100,0	100,0	100,0
Non-Estonians						
Less than 6 months	29,7	30,6	31,3	38,6	30,1	28,9
6-11 months	20,9	18,5	20,8	15,1	16,2	16,8
12 months or more	49,4	50,9	47,9	46,2	53,7	54,3
24 months or more	28,3	27,9	27,0	25,6	36,0	35,4
Total	100,0	100,0	100,0	100,0	100,0	100,0
	1997	1998	1999	2000	2001	2002

Source: Statistical Office of Estonia, Labour Force Surveys

Table 7. Composition of the population of Estonia by ethnic nationality

Ethnic nationality	Percentage	Number
Estonian	67,9	930.219
Russian	25,6	351.178
Ukrainian	2,1	29.012
Byelorussian	1,3	17.241
Other	3,1	42.402
Total	100	1.370.052

Source: Statistical Office of Estonia, 2000 Population and Housing Census. II. Citizenship, Nationality, Mother Tongue and Command of Foreign Languages

⁵ Ethnic nationality was recorded according to self-determination — the nationality named by the person himself/herself. The person had the right to consider himself/herself to be a member of that nationality who he/she felt to be most closely connected to ethnically and culturally.

The number of discouraged persons⁶ decreased for the first time in recent years from 22 000 in 2001 to 18 000 in 2002. However, the numbers are still high, with the vast majority of discouraged persons living in rural areas. Persons released from the prison as well as persons with alcohol or drug problems and the homeless are probably among the most excluded groups from the labour market. The latter two groups are nowadays likely to be 'out of the sight' of employment offices.

The education level of the employed population in Estonia is relatively high. The share of the workers with higher education among the total employed amounted to approximately 21% in 2001. In total, 32% of employed people had third-level education. The respective figure is going to increase in future, since the number of educational institutions and opportunities for learning has increased over the last few years. Vocational education, not flexible enough to meet the labour market requirements, is still a problem.

*Table 8. Labour force (aged 15-74) by education and sex, 2001
(annual average, in thousands)*

Education level (ISCED 97)	Employed	%	Unemployed	%
I level and less	53.9	9.2	14.0	20.9
men	33.4	5.8	9.4	14.0
Women	20.5	3.5	4.7	7.0
II level	338.0	57.7	41.3	61.5
men	188.6	32.2	21.5	32.0
Women	149.5	25.5	19.8	29.5
III level				
men	75.5	12.9	5.3	7.9
women	118.1	20.2	6.5	9.7
Post-secondary technical after secondary education	66.0	11.3	5.9	8.8
men	19.5	3.3	2.2	3.2
women	46.5	7.9	3.8	5.7
Higher education	127.6	21.8	5.9	8.8
men	56.0	9.6	3.1	4.6
women	71.6	12.2	2.8	4.2
TOTAL	585.5	100.0	67.1	100.0

Source: Statistical Office of Estonia

2.2.3 Conclusions

Relatively favourable economic development alone has not brought about a significant job growth and unemployment reduction in Estonia, for the following reasons:

- Unemployment is structural: in spite of high unemployment, there is an insufficiently qualified labour force in Estonia. The education, skills and work experience acquired years ago are no longer competitive and do not meet the rapidly changing needs of the economy and the labour market.
- Unemployment is regional: the unemployment rate varies from a low 5.8% in Tartu County (Southern Estonia) to 18.9% in Ida-Viru County. Unemployment is well above the Estonian average also in the south-eastern regions that suffered the most from the

⁶ Persons who have given up job-seeking because they do not believe any more in finding a job.

economic restructuring. Labour supply and vacant jobs are often located in different regions, whereas labour mobility is restricted for several reasons (lack of financial resources, differences in living costs, inadequate public transport, etc.).

- Long-term unemployment has a high prevalence: the proportion of the unemployed out of work for more than one year increased from 30% in 1995 to 48% in 2001, with long-term unemployment affecting some 6% of the labour force.

2.3 Labour Market Analysis in terms of discrimination and inequalities

The analysis undertaken in preparation of the Joint Inclusion Memorandum identified that factors such as age, low or disrupted educational achievement, outdated qualifications and skills, disability or insufficient knowledge of Estonian language predetermine vulnerability in the labour market. This leads to the following risk groups in the Estonian labour market:

- young people (the youth unemployment rate was 17.6 % in 2002), who find it difficult to enter the labour market where high skills are demanded which can often only be gained from work experience and access to in-company training opportunities;
- long-term unemployed (particularly in the 45+ age group and with a low level of education or outdated qualifications), who formed 53% of the unemployed in 2002;
- people with disabilities and long-term health problems, whose employment rate is 25% compared to 61% of the non-disabled population of working age;
- non-Estonians, owing to the lack of Estonian language skills and their concentration in areas with high unemployment: the unemployment ratio of Estonians and non-Estonians was 7.9%: 14.9% in 2002

Similar risk groups have also been highlighted in many other countries.

The existing data show that gender disparities in unemployment and poverty rates are rather insignificant (the unemployment rate of men exceeds that of women by 1.1% and long-term unemployment is more prevalent among men). However, the employment rate of women has been in constant decline since the beginning of 1990s. Furthermore, wages paid to women are, as a rule, 25% lower than those paid to men, and this applies to all occupations.

Table 9. Gender pay gap

	1998	1999	2000	2001
Women's bruto wage of men's bruto wage (%)	74,2	73,5	75,4	75,7

Source: Statistical Office of Estonia, Labour Force Surveys

Women and men appear to be prone to different vulnerability factors. Women are more likely than men to:

- become economically inactive after becoming unemployed;
- become a single parent or take care of elderly or disabled family members;
- live alone in old age and have to rely on a single income;
- become a victim of domestic violence⁷;
- end up in prostitution and be stigmatised and socially excluded.

⁷ The 2001 study highlighted that there are 285 cases of physical and sexual violence against women per day, 44 000 acts of violence against women resulting in physical injuries, two-thirds of cases of violence against women occur at home, in 9 cases out of 10 the victim of domestic violence is a woman and the victims of domestic violence do not search for help through the public institutions (only 10% of victims report the matter to the police).

For men, the following vulnerabilities occur:

- high drop-out rate from school;
- alcohol and drug abuse;
- men comprise majority of homeless and the same applies to ex-convicts;
- men have higher mortality from most causes of death and they are more often engaged in health-damaging behaviour.

The Joint Inclusion Memorandum highlights the need to expand and resource active labour market measures so as to support the reintegration into the labour market of those who are unemployed, especially the long-term unemployed and other vulnerable groups. The JIM emphasizes the importance of providing more individualised and tailor-made help through developing and implementing individual employment action plans.

The analysis broken down according to the different forms of discrimination:

Non-Estonian population

The relatively large share of non-Estonians among the population is one of the characteristic features of Estonia. More than 1/3 of the population speaks Russian as the first language and has difficulties communicating in Estonian. Living in compact communities in Tallinn and the industrial cities in the north-eastern part of Estonia, they form a social group that is only weakly related to the society and culture of Estonia. The competitiveness of the non-Estonian population on the labour market is often poor because of their insufficient Estonian language skills. The integration of the non-Estonian inhabitants with the labour market and the whole society is a socially, economically and demographically complicated task to be addressed. For that purpose, Estonia is implementing the following integration policies aimed at:

- Language training opportunities provided for all age groups and speciality-related language training for adults;
- Maintenance of the culture and identity of non-Estonian national groups and increasing their social competence;
- Improved youth work among the Russian-speaking youth;
- Increased media consumption of Estonian and Russian programmes produced in Estonia among the Russian speaking population;
- Provision of support to Russian-speaking groups in the population who are exposed to social risk factors (AIDS, drugs, crime).

Table 10. Main labour market indicators (age 15-64)

	1998	1999	2000	2001	2002	2003
Estonians						
Labour force, thousands	430,4	413,7	411,1	420,3	414,1	415,8
...employed, thousands	396	372,1	364,2	375,4	379,9	384,6
...unemployed, thousands	34,4	41,7	46,9	44,9	34,2	31,2
Inactive population, thousands	175,2	180,5	176,9	186,5	192,9	184,8
Total, thousands	605,6	594,3	588	606,8	607	600,7
Activity rate, %	71,1	69,6	69,9	69,3	68,2	69,2
Employment rate, %	65,4	62,6	61,9	61,9	62,6	64
Unemployment rate, %	8	10,1	11,4	10,7	8,3	7,5
Non-Estonians						
Labour force, thousands	228,3	230,1	234,1	221,8	217,9	223,1
...employed, thousands	197	191,7	191,7	184,7	185,6	188,3
...unemployed, thousands	31,3	38,3	42,4	37,1	32,3	34,8
Inactive population, thousands	85,2	91,3	93,8	87,9	91,3	92,1

Total, thousands	313,5	321,3	327,9	309,7	309,2	315,2
Activity rate, %	72,8	71,6	71,4	71,6	70,5	70,8
Employment rate, %	62,8	59,7	58,5	59,6	60	59,8
Unemployment rate, %	13,7	16,7	18,1	16,7	14,8	15,6
Total						
Labour force, thousands	658,7	643,8	645,2	642,1	632	638,9
...employed, thousands	593	563,8	555,9	560,1	565,6	572,9
...unemployed, thousands	65,8	80	89,3	82	66,5	66
Inactive population, thousands	260,3	271,8	270,7	274,4	284,2	276,9
Total, thousands	919,1	915,6	915,9	916,5	916,3	915,8
Activity rate, %	71,7	70,3	70,4	70,1	69	69,8
Employment rate, %	64,5	61,6	60,7	61,1	61,7	62,6
Unemployment rate, %	10	12,4	13,8	12,8	10,5	10,3

Source: Statistical Office of Estonia, Labour Force Surveys

Age

In most countries, unemployment rates have been traditionally higher among the young people (aged 15-24) than the total unemployment rates. In Estonia, the unemployment of youth has been increasing on a constant basis. In 2000, more than 6,000 young unemployed persons were added to the list of jobseekers; by the end of year the total number of young unemployed amounted to 25 000. In the IV quarter of 2000 the unemployment rate among youth was 26.4%, while at the same time the respective figure in the European Union was 15.8%. In 2001, the unemployment of the young dropped to 22.2%; the decline continued in 2002 in line with the decline in total unemployment rates, amounting to 17.3% during the II quarter of 2001. In Estonia, the situation of the youth is made even more complicated by the fact that the retirement age is being raised every year⁸ and the number of job vacancies is decreasing. The number of jobs created is limited, and as new employees are hired, they are expected to have some previous working experience, often absent in the case of the graduates.

Table 11. Youth unemployment ratio by age group and gender, 1998–2002 (annual average, %)

	1998	1999	2000	2001	2002
Males and females					
15-19	5,3	5,2	6,7	6,8	2,9
20-24	8,7	10,7	13,3	11,1	9,3
15-24	7,0	7,9	9,9	8,9	6,0
Males					
15-19	6,4	6,2	6,5	6,3	3,3
20-24	10,5	12,8	16,4	11,8	8,2
15-24	8,4	9,3	11,3	8,9	5,7
Females					
15-19	4,2	4,2	6,9	7,4	2,5
20-24	6,9	8,6	10,1	10,4	10,4
15-24	5,5	6,4	8,4	8,8	6,3

Source: Statistical Office of Estonia, Labour Force Surveys

⁸ Since 2001 retirement age for men is 63 years. Retirement age for women will be raised to the same level by 2016.

When it comes to age groups, in addition to young people the situation is the most difficult for those aged 50-54. The number of unemployed in this group has been increasing very fast over the last three years – by 78%. These are people who have not yet reached retirement age and lack the right to get a preliminary pension. For them it is difficult to find a new job, as employers prefer to hire younger people. Many men and women aged 50 or more have given up job seeking and have become inactive. Therefore it can be expected that unemployment among the elderly is higher than demonstrated by statistics.

Education and Skills

Long-term unemployment is one of the most persistent and serious problems faced by many developed industrial countries. As the period of unemployment extends, it becomes more difficult to bring a person back to working life. It also becomes more expensive for the state. Elderly unemployed and people with low levels of education are at greater risk of becoming long-term unemployed. In 2001, the long-term unemployed amounted to 48% of the unemployed.

Table 13. Long-term unemployment rate by gender, 1998-2002
(annual average, %)

	1998	1999	2000	2001	2002
Males and females	4,7	5,6	6,2	6,1	5,5
Males	4,9	6,4	6,9	6,8	6,4
Females	4,4	4,8	5,4	5,4	4,5

Statistical Office of Estonia, data of the Estonian Labour Force Survey

Disability

The employment rate of disabled people, retired people and people in pre-retirement age has decreased considerably. While in 1990, 24.2% of disabled people in receipt of incapacity for work pensions were working; the rate had dropped to 13% by 1999. At the same time the number of people becoming inactive because of disease or disability has increased from 26,500 in 1991 to 48,100 in 2000. In 2002, according to the Labour Force Survey, 25% of working age population with long-standing health problems or disabilities was in employment as compared to 61% of their non-disabled counterparts.

3 THE POLICY CONTEXT FOR ACTION UNDER EQUAL

3.1 Introduction

The European Employment Strategy (EES) is laid down in the Employment Title of the Treaty of Amsterdam. Through a set of Employment Guidelines, the EES supports and guides Member States' work over the medium term towards combating unemployment, increasing employability and flexibility, improving the adaptability of the labour market, and improving gender equality in the workplace. The EES takes a non-regulatory approach to dealing with labour market issues, with action taken within its overall framework by Member States at national, regional and local levels according to their individual labour market needs and institutional structures.

The Member States agree on Employment Guidelines annually to steer the development of their employment policies, and report upon progress each year in their Employment Action Plans. The Plans in turn inform the Joint Employment Report by the Commission and Council and support peer reviews and exchange of best practice.

3.2 The European Policy Context

3.2.1 *European Employment Strategy, Joint Assessment Papers and the Joint Inclusion Memoranda.*

Labour market policy in Estonia is implemented in accordance with the priorities set in the Employment Action Plans of the Republic of Estonia, Joint Assessment of Employment Priorities in Estonia (JAP), National Development Plan – Single Programming Document for 2004-2006 and starting in 2004 Joint Inclusion Memoranda (JIM) as well as subsequent National Action Plan on Social Inclusion (NAP Inclusion).

“Estonian National Development Plan for the Implementation of the EU Structural Funds – Single Programming Document 2003-2006” will serve as a basis for the common activities of Estonia and the EU in promoting Estonia’s social and economic development.

Estonia has prepared three Employment Action Plans so far, for the year 2000 IVq-2001, 2002 and 2003, all based on the EU Employment Guidelines. The Employment Action Plan for 2004 will follow the new Employment Guidelines adopted by the Council in July 2003.

One of the priorities of the Estonian labour market policy is the development of all active labour market measures pursuant to the needs of the risk groups and the requirements of the labour market. The Employment Action Plan defines risk groups as the young at the age 16-24, the disabled, the long-term unemployed, mothers with small children, job seekers who have lost their qualification, people at pre-retirement age, people released from penal institutions and those who cannot speak Estonian. Special attention shall be paid to the young, disabled and long-term unemployed.

The main labour market policies in response to economic inactivity and unemployment are discussed in the Joint Assessment of Employment Priorities in Estonia, where the focus is on facilitating participation in employment for the disadvantaged groups.

The recently drafted Joint Inclusion Memoranda sets up as a key challenge developing an inclusive labour market, as exclusion from the labour market is the main single cause of living in poverty in Estonia. Promoting employment of all those who can work is thus not only a key way out of poverty, but also one of the best means of preventing poverty and social exclusion. This challenge involves promoting entrepreneurship, making the education system more responsive to the needs of the labour market and providing assistance to the already unemployed. Furthermore, helping the most excluded into work requires effectively addressing personal, family or social obstacles to labour market participation as well as creating employment opportunities where engagement on the open labour market is not (yet) feasible.

Joint Inclusion Memoranda sets out the following labour market related policy priorities:

- Ensure more individual help through tailoring the services to meet specific needs
- Address personal, family and social obstacles to labour market participation
- Timely intervention and support for those at risk of losing their job
- Job creation through more flexible and diverse working patterns
- Integrated measures to support employment of older workers
- Taking an over-the-lifetime approach to employment and training needs to prevent exclusion from employment on account of family or social needs.

3.2.2 The Policy Frame of Reference

The ESF Policy Frame of Reference sets out Estonia's policy for human resource development to promote employability in the country for the period of 2004-2006. The framework provides a planning tool and a policy rationale for ESF support, covering employment-related activities in various fields.

Human resource development is seen as the most crucial means for ensuring sustainable development of the economy and the whole society. The availability of a well-educated and flexible labour force capable of adapting to the rapid changes in the information society is a strong prerequisite for enhancing the competitiveness of the economy. More skilled labour force enables the use of new and more advanced technologies, development of the potential of businesses and creation of new jobs. Also, qualified labour force will serve as one of the main prerequisites for effective implementation of development plans of a structural nature.

The main objective of the Estonian employment policy for 2010 is to provide employment for as many people as possible. This could be realised through enhancing the competitiveness of labour and regions supported by the smooth implementation of educational reforms, promotion of lifelong learning, increasing the administrative capacity of public employment services, extending active labour market measures, and involving social partners in the middle of the process. In developing new measures and activities, the principle of promoting gender equality shall be followed.

The Human Resource Development priority is implemented through four measures. The first one "Educational System Supporting the Flexibility and Employability of the Labour Force and Providing Opportunities of Lifelong Learning for All," is targeted to improving the educational system and increasing people's access to education and life-long learning. The second measure "Human Resource Development Increasing the Competitiveness of Enterprises" mainly focuses on continuing training for the employed people and entrepreneurship training for potential entrepreneurs. Third ESF measure "Inclusive labour market" in Estonian SPD is providing active labour market services and other activities supporting the integration into the labour market for the unemployed, including long-term unemployed and discouraged people. The fourth measure in Human Resource Development priority "Enhancing Administrative Capacity" provides training opportunities for civil servants of central government and municipal institutions.

Thus all the five ESF policy fields are covered. As the overall strategy for employment policy is set out in the Estonian National Action Plan for Employment, the ESF supported activities are also closely linked to the NAP. However, the operations foreseen in ESF measures are rather broad-based and targeted to a wide group and their innovativeness is generally also limited. Therefore, a more targeted approach and a degree of novelty is expected from the EQUAL program, which can provide a useful means to test ideas which can be mainstreamed to other Structural Fund programmes and national policies and this way help to improve on the performance set out in the NAP.

3.3 National policy overview

The task of developing a labour market policy in Estonia lies with the Ministry of Social Affairs. On October 1, 2000, two legal acts took force: the Social Protection of the Unemployed Act and the Employment Service Act. The Unemployment Insurance Act took force on January 1, 2002.

The responsibility for the implementation of labour market policies lies with the Labour Market Board, administrating 16 regional employment offices. Employment offices provide labour market services, register the unemployed and pay them unemployment benefits.

All registered unemployed persons are entitled to the following labour market services provided by local employment offices: information on the labour market situation, training and employment opportunities (vacancies); vocational counselling and guidance; labour market training; employment mediation; employment⁹ and business start-up subsidies; community placement.

Since 2001 the National Employment Action Plans¹⁰ have been prepared annually to develop active labour market measures and launch initiatives targeted at integration of vulnerable groups into the labour market. The action plans focus on the following vulnerable groups: young and long-term unemployed, disabled persons, older workers, and Russian-speaking job seekers with insufficient command of Estonian. To help these vulnerable groups into employment, the following have been put in place:

- Vocational counsellors and long-term unemployment consultants have been hired in the local employment offices to allow for individual work with the unemployed and the preparation of personalised action plans.
- Special projects have been designed and targeted at disadvantaged groups. Ongoing examples are the projects to provide individual support to long-term unemployed (counselling, adjustment training, employment subsidies) and to create subsidised jobs for disabled young people. At the same time, an in-work practice measure is being developed and piloted to enable long-term unemployed without specific skills or work experience to acquire simpler skills, work habits and experience.
- For tackling regional unemployment a special regional employment programme has been put in place in IDA-VIRU County. The programme addresses structural causes of high levels of unemployment and long-term unemployment. The activities facilitate among other things labour market participation of the Russian-speaking population, who form the majority in that region.
- The PHARE-funded project 'Enhancing employment opportunities for disabled persons' (2003-2004) in partnership with the UK Department of Work and Pensions aims at helping disabled persons into the labour market through reviewing employment, rehabilitation and benefit services to achieve a better match with the needs of the disabled; promoting collaboration among employment offices, vocational and rehabilitation institutions and benefit departments; designing workplace adaptation schemes; working with employers to raise their awareness of disability issues and provide assistance in recruitment and disability management.
- The other PHARE project (2003-2004) aims at working out integrated labour market measures 'packages' and apprenticeships for young unemployed (16-24).

⁹ An employment subsidy is granted to employers who employ 'less competitive' persons: disabled, young and long-term unemployed, pregnant women and persons raising children under six years of age, persons who attain retirement age within five years and ex-convicts. The subsidy is paid for the 12 months of employment. It is equivalent to the minimum wage for the first six months and 50% of the minimum wage for the remaining six months.

¹⁰ The NAPs Employment are prepared in accordance with the objectives set out in the European Employment Strategy and the priorities set out in the JAP. The latter emphasises that "given the limited resources available, it is important to ensure that active labour market programmes remain targeted at the most disadvantaged job-seekers, that their impact is closely monitored, and that they are linked to the priorities of an overall activation strategy."

The labour market services are, in principle, accessible to all registered unemployed persons through local employment offices. However, in practice, the availability of and access to services is limited.

Limited funding hinders the more extensive implementation of active labour market measures as well as widening their range – the range of labour market services described above can be characterised as traditional. Furthermore, the prevailing approach has been to match individual needs with existing measures, as opposed to providing more individualised help. Insufficient human resources can explain the latter to a certain extent: the ratio of the registered unemployed and staff in local employment offices is 194:1. Although the staff members have obtained training to offer more individualised services, they still lack competence and skills to deal with specific vulnerable groups, such as disabled job seekers.

Several pilot projects have been successful in providing more integrated support ‘packages’ for the disadvantaged groups, but again the number of participants is marginal compared to the total number of unemployed. Pilot initiatives have yet to be mainstreamed into an overall and integrated strategy for inclusion of the disadvantaged groups in the labour market.

An employment subsidy for employers who employ less competitive persons is the only specific measure targeted at the disadvantaged groups. In practice, the employment subsidy has been mostly used as a wage subsidy. There are successful examples of job creation through such subsidy schemes, but given the multiplicity of difficulties the disadvantaged groups face in the labour market, such a single measure can hardly meet all their needs. Furthermore, as is demonstrated by the analysis of the case of disabled people, the use of the subsidy as a wage subsidy appears to imply, wrongly, that disabled people are more expensive to employ than others.

The disadvantaged groups’ participation in the labour market is often further limited for personal (chronic illness, raising children, taking care of elderly or disabled family members) or social (e.g. housing or mobility and access-related problems) reasons. Today such problems remain largely unaddressed on account of the limited coordination of employment, welfare and other services and the little collaboration between employment offices and local municipalities.

3.4 Swot analysis and conclusions

<p>Strengths</p> <ul style="list-style-type: none"> • The importance of paying attention to risk groups has been acknowledged in strategic documents (e.g. NAP Employment) • Commencement and development of the social inclusion process in Estonia (preparation of Joint Inclusion Memorandum, NAP Inclusion) • Preparation of the new employment strategy that foresees individual approach to integrate job seekers to the labour market • Experiences and lessons from projects already carried through and from currently running projects (e.g. for disabled people) can be used for designing and implementing EQUAL DP-s. • Some groups (e.g. people with different kinds of disabilities) have their own organisations representing their interests that could potentially participate as partners in EQUAL DP-s. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of actual policy and actions for improving the situation of risk groups on the labour market • Too rigid and homogeneous legislation and services that are not suitable for the specific needs of different risk groups • Lack of local initiative and cooperation between local authorities and organisations representing the interests of risk groups. • Lack of thorough and precise information and statistical data concerning different risk groups • Lack of monitoring and evaluation of labour market programmes for risk groups • High volatility and work load of civil service staff, lack of knowledge and skills for drawing up high quality action plans and required reports • Mismatch between labour supply and demand (e.g. inadequate skills for changed demand)
<p>Opportunities</p> <ul style="list-style-type: none"> • Implementing European Employment Strategy, following common guidelines • Possibilities to exchange information and practices with countries more experienced in the field of inclusive labour market policy and programmes • Relatively high economic growth • Resources from the structural funds of the EU contribute to human resource development 	<p>Threats</p> <ul style="list-style-type: none"> • Unfavourable tax policy increases inequalities in living standard • Liberal economic policy does not support the promotion of equal opportunities on the labour market • Unsystematic regional policy, persisting regional differences in unemployment rates and employment opportunities • Insufficient cooperation between institutions responsible for education, economy and employment/social affairs; fragmented development and implementation of policies, programmes and activities.

As the SWOT analysis shows, both supporting and restricting factors for the successful development of inclusive labour market are equally present in Estonia. Furthermore, the weaknesses are clearly present in reality, whereas the strengths are of somewhat doubtful nature, reflecting rather potential than actual strengths. Nevertheless, such positive developments are worth being noted, as they are likely to support the proposed actions under EQUAL. At the same time, it is important to make use of the opportunities arising from external factors, primarily from the EU policies, cooperation possibilities with other countries and developments in other government policies that might have an effect on the labour market. It is of critical importance to make efficient use of those opportunities so that they contribute to overcoming the most severe problems in Estonia. Those considerations arising

from the SWOT analysis were taken into account when deciding upon the choice of EQUAL themes for Estonia.

4 PRIORITY THEMES

4.1 Choice of themes

As recommended to the new Member States (especially those with small budgets), Estonia has decided to limit the number of priority themes by focusing on 2 or 3 key areas.

Estonia will implement the following EQUAL themes:

4.1.1 Theme A: Facilitating access and return to the labour market for those who have difficulty in being integrated or reintegrated into a labour market which must be open to all.

The objective is to develop new methods and solutions for those who experience difficulty in entering the open labour market.

High unemployment rate, high rate of long-term unemployed and mismatch between labour demand and supply that are all characteristic features of Estonian labour market, indicate that increasing employability is one of the most urgent challenges. Therefore the choice of theme A is well justified. As theme A is very broad, it allows covering many issues and groups and provides various opportunities for DP-s. Therefore it is suitable for a small country as Estonia.

In order to avoid direct overlapping and ensure complementarity between EQUAL and the mainstream ESF measures, Theme A of EQUAL will focus primarily on those groups that are in especially difficult situation and/or poorly targeted via other policies or programmes. Therefore, the EQUAL programme will focus on

- People subject to multiple risks on the labour market (e.g. non-Estonian women, disabled youngsters);
- Especially disadvantaged groups not covered or poorly covered by other policy means (e.g. the homeless, discouraged persons, ex-prisoners, substance or gambling addicts etc);
- All groups subject to the main forms of discrimination on the labour market (based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation);
- Victims of human trafficking and prostitution.

As support for victims of trafficking is one of the new priorities for the second round of EQUAL, the choice of topic is in accordance with the general principles and trends of the EQUAL programme. Although human trafficking has several branches, most of it is related to prostitution, thus it is reasonable to consider these two issues together.

According to the estimation of International Migration Organisation, each year approximately 500 girls and women of Estonian origin are victims of human trafficking¹¹. A recent survey claims that there are more than 1000 prostitutes in Tallinn¹². Considering the small and decreasing number of Estonian population (1.4 million) these are significant numbers.

¹¹ Luht, Kristiina, 2002. "Naistega kaubitsemine ja prostitutsioon", in *Sotsiaaltöö [Social Work]* 6/2002

¹² Pettai, Iris, Helve Kase, 2002. *Prostitutsioon ja naistega kauplemine kui lahendamata probleem Eestis*. Presented in the Third Baltic Sea Women's Conference "WoMen and Democracy". Tallinn 2003.

A survey done in 2002 shows that many people are either ignorant or do not believe that themselves or their friends and relatives might be in potential danger of being involved in human trafficking¹³. Currently there is no system in Estonia for helping prostitutes return to normal working life. However, in most cases the women are not able to leave the network without external help.

Within a campaign against trafficking of women in 2002 a survey was conducted on the capacity of the Estonian state for hindrance and prevention of trafficking women. The campaign provided valuable information about the current situation in Estonia, as well as recommendations for future actions. Based on the existing analysis and suggestion for action plans, proposed activities within this topic include - raising public awareness of the consequences of prostitution and trafficking in women, increasing the police's competence and capacity to prevent prostitution and trafficking, establishing an institutional network for aid to victims.

As trafficking is a cross-border phenomenon, it is important to work in cooperation with other countries to fight the problem effectively. Exchanging views and experiences on how to combat trafficking might help achieve better results. The partnership principle of EQUAL offers promising opportunities for joint actions.

4.1.2 Theme G: Reconciling family and professional life, as well as the re-integration of men and women who have left the labour market, by developing more flexible and effective forms of work organisation and support services.

The objective is to develop and pilot measures for improving reconciliation of family and professional life focusing on activities such as the development of family-friendly work organisation, including telework and development of care and support services.

Focus: Parents of young children, people with care responsibilities (care for elderly, disabled and sick dependants etc), employers, the general public.

Inequality between women and men is not directly evident in unemployment and poverty rates, but there is a remarkable difference in wages paid to women and men, which reflects the general attitudes regarding gender on the labour market. Furthermore, women are more often than men subject to vulnerability factors related to family patterns (e.g. being a single parent, living alone in old age, taking care of elderly or disabled family members etc.) Therefore it is necessary to develop ways for better unification of work and family life in order to reduce the potential gender inequalities rising for lack of such opportunities. Theme G is also appropriate because of the wide range of issues and groups it covers. Moreover, since Estonia in general has relatively high levels of information and communication technologies, there is good basis and potential for developing different forms of network organisations and telework possibilities in various fields.

The choice of topics also fits the goal of countering inequality and discrimination suffered by both the jobless and the unemployed. Theme A is primarily directed to the unemployed whereas theme G takes account of the employed people as well, therefore balancing the strategy. Although the other thematic fields are also important, there are adequate reasons for not choosing them as priorities. They are either more narrow and can be dealt with under

¹³ Pettai, Iris, Helve Kase, 2002. *Prostitutsioon ja naistega kauplemine kui lahendamata probleem Eestis*. The Third Baltic Sea Women's Conference "WoMen and Democracy". Tallinn 2003

the chosen themes, or the problems are less severe in Estonia at the moment or covered to some extent with some other policies or programmes.

4.1.3 Theme I: Supporting the social and vocational integration of asylum seekers

The preparation of a common policy on Asylum, including common European arrangements for Asylum is a constituent part of the European Union's objective of gradually creating an area of freedom, security and justice open to those who, forced by circumstances, legitimately seek protection in the European Union.

The reason for including the topic to the EQUAL programme is the growing number and difficult position of asylum seekers throughout the European Union. In 2002 the total number of asylum applications in the EU as a whole was close to 400 000¹⁴. In most countries, access to labour market is either forbidden or restricted for asylum seekers. The number of asylum seekers in Estonia is insignificant – since 1997 82 asylum applications have been submitted, in 2003 the number was 13¹⁵. Even though Estonia is not currently among attractive destination countries for asylum seekers and there is no reason to expect that the number of asylum seekers would increase significantly in the nearest future, Estonia has prepared for the possible increase of asylum seekers. Estonia has ratified the UN Convention relating to the Status of Refugees. The Refugees Act was passed in 1997. A reception centre with 35 places for asylum seekers was opened in 2000. In addition to government actions, the Estonian Refugee Council is providing support to the asylum seekers in exercising their rights and finding solutions to their problems.

In the current situation there is not any special need to implement large-scale programmes related to asylum seekers and the labour market. A "light" DP will be implemented in order to support setting up of appropriate networks dealing with asylum seekers, to increase institutional capacity and organise training for staff working with asylum seekers and to work on possible horizontal solutions for providing assistance and support. In doing so, complementarity with the European Refugee Fund will be taken into account. As the Ministry of Internal Affairs is responsible for coordinating the implementation of the European Refugee Fund, a representative of the Ministry of Internal Affairs will be among the members of the Monitoring Committee of EQUAL.

4.2 Complementarity between EQUAL and the SPD of Estonia

The choice of themes to be implemented under EQUAL was informed and influenced by the priorities and measures of the SPD. The general 9 themes of EQUAL that are determined on the level of the European Union include topics concerning education and entrepreneurship, but these topics were not chosen for EQUAL in Estonia as they might directly overlap with the measures 1.1. and 1.2. of the SPD.

Some issues that are especially problematic for Estonia (e.g. long-term unemployment, unemployment among non-Estonians) are priorities in both the SPD and in the EQUAL programme. However, this does not mean that the activities carried out under the two programmes will be the same. Due to the importance of the problems it is important to implement more widely the traditional measures (under the SPD) as well as test and develop

¹⁴ Source: European Council of Refugees and Exiles <http://www.ecre.org/>

¹⁵ Source: Illuka Reception Centre for Asylum Seekers <http://www.vastuvotukeskus.ee>

new ones (under EQUAL). Thus, the SPD and EQUAL will complement each other by providing different types of support to the target groups.

The two programmes are similar in terms of the broad objectives, problems encountered and target groups, but they are different in terms of approaches, activities, ways of working and types of expected results. Thus, being implemented in parallel, the mainstream ESF projects and DPs funded under EQUAL allow tackling the problems from different sides and thus achieving better and broad-scale results.

Even if the activities are to some extent similar, the different approaches, objectives and requirements for projects/DPs carried out under the SPD and the EQUAL programme will ensure that there will not be direct overlaps between the two programmes. The actions foreseen under the ESF measures in the SPD are rather broad-based and aimed at wide groups. A more targeted approach and a degree of novelty is expected from the EQUAL programme. DPs under EQUAL are expected to include several actors from different sectors and combine different activities and means directed to one central problem issue in order to develop new complex and coherent means for combating the problems on the policy level. Mainstream ESF projects, on the other hand, are mainly targeted towards a concrete problem determined by a specific area or target group.

The focus of EQUAL is on reducing discrimination. As discrimination and unequal opportunities are to a large extent related to attitudes and habits, the actions under EQUAL concentrate primarily on changing those aspects. That is an important feature that distinguishes EQUAL from mainstream ESF projects which mostly aim to raise the qualification and skills of people, but do not pay much attention to external reasons of discrimination and exclusion.

As stipulated in the EQUAL guidelines for the second round, each thematic field is fully accessible to all groups subject to the main forms of discrimination (based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation). Therefore, it is neither possible nor desirable, given the objectives of the EQUAL programme to strictly determine the target groups. Rather, the general characteristics in connection to the labour market of the target groups are described (e.g. those that are in the worst situation and lack support under other programmes).

The possible overlaps will also be avoided via active exchange of information. The Ministry of Social Affairs fulfils the tasks of the Managing Authority both for EQUAL and for SPD measures financed by the European Social Fund. Similarly, the Labour Market Board is the National Support Structure for EQUAL and the final beneficiary for measure 1.3. under SPD, which is closest to EQUAL. Thus, as the key institutions are the same, it is relatively easy to exchange information operatively.

Table: Principles and approach

Principles	SPD priority 1 (ESF)	EQUAL
Choice of priorities, measures and themes	Part of a coherent strategy, based on the analysis of the Estonian labour market, policy context of the EU and the Estonian state	Themes chosen from among the ones decided upon at the EU level
Applicants	A single organisation	Development partnership
Range of cooperation	Primarily national	International cooperation required
Expected results	Emphasis is on more unemployed persons participating in active labour	Emphasis is on innovative methods and means tested and developed, results

	market measures; higher placement rate after participation etc.	analysed and conclusions made, information and recommendations communicated to decision-makers and the general public
Consideration of gender equality	Gender equality is taken into account as one of the horizontal policies of the EU	Being one of the main concerns of EQUAL, promotion of gender equality and gender mainstreaming is particularly sought under each thematic field
Innovation	Favoured, but not implicitly required	One of the key requirements

These significant differences in the main principles already ensure that there cannot be direct overlaps between the SPD and the EQUAL programme, even if the topic or target groups are similar. The substance of the programmes will be compared in the following tables.

Table: Overall objectives

Overall objective	<p>SPD: Making better use of the learning capacity of the country's human resources and seize the opportunities presented by new technologies and expanding markets.</p> <p>SPD Priority 1 (ESF): Human resource development</p> <p>Measure 1.3: Inclusive labour market: More extensive and efficient prevention and alleviation of unemployment and, thus, poverty and social exclusion, and enhancing social inclusion.</p>	<p>EQUAL: Promoting new means of combating all forms of discrimination and inequalities in connection with the labour market, through transnational co-operation.</p>
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Due to the different range of the programmes, the scope of objectives is different. Thus, it is necessary to compare the EQUAL programme with the sub-levels of the SPD. Measures 1.1., 1.2., and 1.4. are not as directly related to the chosen topics of EQUAL as measure 1.3. which is in broad terms similar to EQUAL. Therefore, complementarities between EQUAL and measure 1.3. need to be paid specific attention to. The following tables present a description of themes, actions and target groups and point out the main similarities and differences.

Table: SPD ESF measures and EQUAL

	SPD ESF measures	EQUAL
Specific objectives/ themes	4 Measures: 1.1: Educational system supporting the flexibility and employment of the labour force and providing opportunities for lifelong learning for all 1.2: Human resource development for increasing the competitiveness of enterprises 1.3: Inclusive labour market 1.4: Enhancing administrative capacity	3 Themes: 1. Facilitating access and return to the labour market for those who have difficulty in being integrated or re-integrated into a labour market which must be open to all 2. Reconciling family and professional life, as well as the re-integration of men and women who have left the labour market, by developing more flexible and effective forms of work organisation and support services 3. Supporting the social and vocational integration of asylum seekers
Scope	Wide approach	Focus clearly on inclusive labour market
Logic of division of measures/ themes	Measures are based on structural factors that influence the labour market on the wide scale (education, entrepreneurship, administrative capacity)	Themes are concerned with a specific target group (those most excluded from the labour market, asylum seekers) or an issue that constitutes a significant barrier to inclusive labour market (lack of possibilities for reconciling family and professional life).
Relation of themes to inclusion to the labour market	Only measure 1.3. is directly aimed at inclusive labour market while other measures concentrate on related influential structures	All themes are directly focusing on integrating all groups of society to the labour market

Table: SPD ESF measures and EQUAL

	Measure 1.3. in SPD	EQUAL
Overall objective	More extensive and efficient prevention and alleviation of unemployment and, thus, poverty and social exclusion, and enhancing social inclusion.	Promoting new means of combating all forms of discrimination and inequalities in connection with the labour market, through transnational co-operation.
Specific objectives/ themes	-Faster and more extensive integration to the labour market of the unemployed and employees at the risk of becoming unemployed due to declared redundancy; -Facilitating access to employment of those the most excluded from the labour market; -Improving the efficiency and quality of employment services.	- Facilitating access and return to the labour market for those who have difficulty in being integrated or re-integrated into a labour market which must be open to all - Reconciling family and professional life, as well as the re-integration of men and women who have left the labour market, by developing more flexible and effective forms of work organisation and support services -Supporting the social and vocational integration of asylum seekers
Actions	-Retraining and continuing training of the unemployed and job seekers	Activities containing innovative aspects and testing untraditional approaches in

	<p>declared redundant</p> <ul style="list-style-type: none"> -Supporting work capacity and employability of the most excluded from the labour market through rehabilitation and re-socialisation provisions -Providing labour market related Estonian language training in order to support the integration of persons with insufficient knowledge of the Estonian language to the labour market -Employment aid -Aid for self-employment -Diminishing the barriers for women in entering/returning to the labour market -Accompanying measures in the provision of services to beneficiaries -Developing and adjusting existing labour market measures and elaborating and implementing new ones -Training of staff of employment services and other services supporting inclusion to the labour market -Modernisation of employment services 	<p>order to gain information on the effectiveness of different measures and disseminate and mainstream the knowledge and propositions for further actions.</p> <p>(E.g. innovative and complex service packages for the disadvantaged groups; training and consultancy methods for the employers; awareness campaigns for the general public; DPs involving studies to identify needs for services to improve the possibilities for reconciling family and professional life and pilot projects for targeting those needs)¹⁶</p>
Target groups	<ul style="list-style-type: none"> -Unemployed people (both registered and unregistered) -People excluded from the labour market -People subject to redundancy -Employment Offices and other institutions providing employment services. 	<ul style="list-style-type: none"> -People subject to double risks (e.g. non-Estonian women); -People poorly covered by other policies or programmes (e.g. the homeless, discouraged persons, substance abusers, addicts etc); -People subject to the main forms of discrimination (based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation) -the disadvantaged groups that are set as prioritised groups under EQUAL at the EU level (victims of human trafficking, asylum seekers, the Roma)

4.3 Evaluation of the expected impact

As EQUAL is a new initiative for Estonia and the previous experience with this type of programmes is non-existing, the expected impact is complicated to evaluate. The expectations can be based on the experience gained so far in the selected priority areas and the amount of resources allocated to the program for the current programming period.

¹⁶ The actions will be further specified in the Programme Complement

Estonia is addressing three themes instead of all nine. As a new Member State with limited experience, but also a small country with corresponding amount of resources available, the concentration to certain themes rather than covering all is reasonable. As for the expected impact, the scope is consequently narrower but probably more influential in the selected fields.

The first selected theme – Theme A: Facilitating access and return to the labour market for those who have difficulty in being integrated or reintegrated into a labour market which must be open to all – would usually have an impact rather to persons, but results can also be achieved through developing structures and systems. EQUAL provides an opportunity to find new ways of easing the access to the labour market and does not necessarily have large quantitative impact in the strict sense. Through the EQUAL program, the existing network of potential promoters in this field will be encouraged to develop new methods to tackle certain risk group specific problems. Thus the results and impact can rather occur in qualitative terms like enhanced cooperation and tested innovative measures than large numbers of unemployed (re)integrated into the labour market.

Theme A also includes supporting social and vocational integration of victims of human trafficking. It is an innovative topic for the new Member States as well as current members. Nevertheless EQUAL can contribute to the raised awareness and networking, including transnational cooperation that is vital in this field. The main expected impact here is more efficient prevention of trafficking and prostitution. In order to improve the situation of those who have become victims already, establishing of support system for social and vocational integration together with all relevant partners is necessary. The first steps on this can be taken in the framework of EQUAL program.

Regarding Theme G: Reconciling family and professional life, as well as the re-integration of men and women who have left the labour market, by developing more flexible and effective forms of work organisation and support services – the previous experience is rather limited. As explained in the previous chapter, the obstacles people face trying to combine work and family life are still eminent and this concerns both – employed and unemployed. In order to achieve success with Theme G, the emphasis must clearly be on partnership which makes EQUAL a promising tool in this field. Similarly to Theme A, the expected impact is related to better cooperation and dialogue between social partners and state and piloted ways of flexible forms of work whereby the number of direct beneficiaries will probably be limited.

The third selected theme – Theme I: Supporting the social and vocational integration of asylum seekers – will support the establishment and improvement of appropriate reception conditions, developing guidance and counselling services responsive to actual needs of asylum seekers increasing the competence of staff as well as raising the awareness and tolerance of the general public in terms of issues related to asylum seeking. As the number of asylum seekers to Estonia is currently very small, the activities carried through under EQUAL theme I are expected to contribute to the preparedness of the relevant structures for coping with the possible rise in the influx of asylum seekers in the future.

Deriving from the logic of EQUAL, the results will affect more the systems and networks dealing with various issues and not so much individuals as such. However, through mainstreaming of the best practices this impact can also be extended to wider programmes and integrated into policies and thus contribute to improving the situation of numerous individuals as well.

4.4 Financial allocation

The emphasis will be put on the first two themes which is also reflected in the financial allocation.

Theme A – 50 % of the budget

Theme G – 40 % of the budget

Theme I – 2 % of the budget

Technical assistance - 8 % of the budget

Theme A – facilitating access and return to the labour market for disadvantaged groups - is a wide topic, encompassing all groups subject to unequal opportunities and treatment on the labour market. As the labour market analysis presented in chapter 2 demonstrates, Estonia is faced with severe challenges as there are several large groups that are clearly in a disadvantaged position on the labour market. Moreover, theme A is also aimed at preventing human trafficking and prostitution and supporting the victims thereof, in order to facilitate their entry or return to the labour market. In order to enable carrying through complex activities for such a wide range of groups, theme A will be allocated the highest amount of resources.

Theme G, focusing on developing flexible and effective forms of work organisation and support services, is more specific as to its content and scope than theme A. However, it is an important topic that has been to a large extent neglected in Estonia. Furthermore, while the objectives and main target groups of theme A are relatively similar to mainstream ESF programmes or other programmes and activities within the framework of labour market policy, the topic of reconciling family and professional life is not significantly covered by other programmes. Therefore, it is duly justified that these issues will be emphasised within EQUAL and an amount of resources comparable to these of theme A will be devoted to theme G.

Theme I – supporting the social and vocational integration of asylum seekers - is a minor topic compared to the former two. Taking into account that the scope of the problem is relatively small in Estonia, the number of institutions and people involved in the issue is limited and the European Refugee Fund will support activities similar to theme I of EQUAL, a small amount of resources will be allocated to theme I.

5 THE AIM AND PRINCIPLES OF EQUAL

The aim of EQUAL is to promote new means of combating all forms of discrimination and inequalities in connection with the labour market, through transnational cooperation.

5.1 Innovation

EQUAL will test innovative approaches to policy delivery. Each Development Partnership must contribute to the innovation of policies or their implementation. Three types of innovation are differentiated in the context of EQUAL:

- Process-oriented innovations – development, testing and adoption of new methods, tools or approaches as well as the improvement of existing methods;

- Goal-oriented innovations – formulation of new objectives regarding qualifications and areas of employment;
- Context-oriented innovations – development of political and institutional structures in connection with the labour market.

5.2 Partnership approach

EQUAL will fund activities implemented by strategic partnerships, called Development Partnerships (DPs). These partnerships bring together all interested actors with relevant competence who will co-operate to develop an integrated approach to the multi-dimensional problems, identify the causes of problems, pooling efforts and resources, and pursuing innovative solutions to common problems. The DPs should include public authorities, NGOs, the business sector (especially small and medium size enterprises), and the social partners. Local and regional authorities should be included to ensure coherence between the planned activities and the development needs of the territory. The partners shall work together to identify the factors leading to inequality and discrimination on the labour market, within their chosen thematic fields. They shall pool their efforts and resources in pursuit of innovative solutions to jointly defined problems and common goals.

5.3 Empowerment

Those involved in the implementation of activities should also take part in the decision-making. All individuals or groups targeted by the work of a DP should also be involved in the design, development, delivery and evaluation of activities delivered by a DP. All actors of a DP, and all participants in its activities will be given the opportunity to contribute to capacity building, to participate in common learning processes, and to take part in the decision making. DPs should promote the process of mobilising joint resources, the development of skills to actively shape one's own future and the involvement and cooperation of all stakeholders from the early stage of the DP strategy.

5.4 Mainstreaming – integrating the results into policy and practice

The EQUAL initiative aims to influence local, national and European employment-related policies through the dissemination of innovative solutions and integration into policy and practice. In order to obtain the maximum impact from EQUAL, the results must be analysed, benchmarked and disseminated both within Estonia and across the EU. This process includes identifying lessons, clarifying the innovative element and approach that produced the results, their dissemination, validation and transfer. Mechanisms to assess and compare the results of any DP and to disseminate good practice will be established.

5.5 Transnational co-operation

Transnational co-operation is an essential element of the EQUAL programme for promoting the transfer of know-how and good practice between partnerships and between Member States. Transnational co-operation can bring significant added value to DP operators working with others in similar situations and help achieve considerable policy innovation. DPs from different countries are expected to work together to develop joint activities, exchange information and experience and to share good practice through EQUAL.

The transnational co-operation under EQUAL will be organised at three levels:

1. Between Development Partnerships

In order to achieve results, DPs from several Member States need to share a common view to tackling specific problems, developing similar and/or complementary strategies, approaches and objections, and agreeing on strategies for joint action.

At the end of Action 1, each DP has to conclude a Transnational Cooperation Agreement with at least 1 DP from another Member State. Such cooperation may also include similar projects from non-Member States under the PHARE, TACIS or MEDA or CARDS programmes. Within the framework of transnational cooperation, each DP is in contractual relation¹⁷, for those issues concerning itself, with the Managing Authority. Nevertheless, the various DPs are connected among themselves by a Transnational Cooperation Agreement which specifies the objectives and common work methods of their co-operation network. This agreement connects partners of different countries brought together around a joint project and requires management at the European level. To this end the Commission will set up on its own servers, via a Web interface, the tools necessary to present, update and allow the approval of the various Transnational Cooperation Agreements. The DP which assures the secretariat of the cooperation network will enter the data concerning the transnational partners and the agreements concluded. An electronic validation by the various contracting transnational partners and by the various management authorities concerned will be necessary.

Each cooperation network will specify in its transnational co-operation agreement:

- The partners;
- The objectives pursued by cooperation and the value added expected by each partner;
- The detailed work programme (nature of activities, budget allocated to each activity, timetable for implementation);
- The role of each DP (financial amount allocated to cooperation, responsibilities in relation to implementation);
- The collective decision-making methods (description of the mechanism);
- The management methods (co-ordination, secretariat)
- The mechanisms of evaluation of cooperative efforts.

2. Between national thematic networks of Development Partnerships

Managing Authority will organise thematic networks at national level in Estonia. Co-operation between these national networks will be coordinated by the European Commission, in order to facilitate thematic reviews of the strategic approaches and the results achieved; identification of good practice, to be reflected in the NAP Employment and the NAP Inclusion processes; dissemination of good practice solutions into Europe-wide discussion forums.

3. Between the responsible National Authorities and key actors across the EU.

Collaboration and mutual learning at this level will be done within the framework of working groups and meetings co-ordinated by the European Commission, and via direct co-operation between Member States.

5.6 Thematic Approach

The second round of EQUAL continues the thematic approach established in the first round with the objective of benefiting those subject to the main forms of discrimination (based on

¹⁷ The relation between the Managing Authority and the DP will be specified in the Programme Complement

sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation) and inequality. Each thematic field is fully accessible to all such groups. In accordance with Article 1 of Regulation (EC) No 1260/1999^[3] the promotion of equality between women and men is integral to all thematic fields as well as being targeted through specific actions.

Estonia has chosen the topics according to the most severe challenges faced by labour market policy and taking into account the policy developments. The choice of topics also fits the goal of countering inequality and discrimination suffered by both the jobless and the employed. Theme A is primarily directed to the unemployed whereas theme G takes account of the employed people as well, therefore balancing the strategy. The other themes are either more narrow and can be dealt with under the chosen themes, or the problems are less severe in Estonia at the moment or covered to some extent with some other policies or programmes.

5.7 Gender mainstreaming

Gender mainstreaming is a tool which will be applied in the Estonian EQUAL Programme to achieve equality between women and men which goes beyond promoting equality through the implementation of specific measures to help women, and mobilises all general policies and measures specifically for the purpose of achieving equality by actively and openly taking into account, at the planning stage, their possible effects on the respective situation of men and women (gender perspective). This means systematically examining measures and policies and taking into account such possible effects when defining and implementing them (COM (96)67final: Incorporating equal opportunities for women and men into all Community policies and activities).

The Estonian EQUAL Programme supports both specific measures to improve women's access to and participation in the labour market, as well as gender impact assessment in order to take into account, within all measures, equal opportunities for women and men as part of the mainstreaming approach.

The Managing Authority will take steps to ensure that gender perspective and promotion of equal opportunities thus needs to be taken into consideration when planning, selecting, implementing and evaluating the DPs, as well as when the good practices will be mainstreamed. National expertise on gender mainstreaming will provide guidance for example to DPs, the selection committee, Managing Authority, NSS and evaluators when implementing gender mainstreaming. DPs will be advised to take gender perspective into account in their work plans. In the selection process, DPs contributing to gender equality will be given priority under all themes. Gender balance will be sought in the composition of the Monitoring committee, and other supporting structures to EQUAL. Indicators used to evaluate the impact of the interventions will be split by gender. When mainstreaming the results, special attention will be paid to good practices promoting gender equality.

5.7.1 Gender mainstreaming in Estonia

The awareness of gender equality issues is rather inadequate in Estonia. The low level of awareness of gender equality was conditioned, firstly, by the ways in which the issue was approached during the Soviet period. During the process of democratization and transition, due to many political and economic problems, gender equality was not identified as a priority either by society at large or by decision-makers.

The inadequate awareness of gender equality has been one of the reasons causing the slow legislative proceeding of the draft Gender Equality Act. The draft act has been approved by

the Government of Estonia on the 8th of January 2004 and has been submitted to the Parliament. The draft Gender Equality Act aims at establishing equality on the labour market, employment and occupation, education, social security and other spheres. Direct discrimination will be prohibited, measures against indirect discrimination will be provided. The Act would allow certain positive measures to promote the situation of women who are in a less advantageous position compared to men. The authorities would be obliged to promote equality between men and women. The Act would specify the ways of seeking justice in the courts as well as via proceedings provided by other relevant institutions indicated in the Act.

According to the Government of the Republic Act, art 67, the Ministry of Social Affairs, in particular the Department of Gender Equality is responsible for coordinating the activities targeted at elimination of gender inequalities. There are no other institutions in the government sector working actively with gender equality issues.

The implementation of previous EU Phare, UNDP, ILO have identified numerous gaps in the existing capacity of the Estonian public and local authorities to implement the principles of gender mainstreaming, among them:

- Lack of knowledge about gender equality and the integration of gender equality concerns into regular policy work on all levels.
- Lack of skills to ensure that all general measures and operations take into account their effects on the respective situations of women and men during planning, implementation, monitoring and evaluation.
- General lack of understanding of what the mainstreaming commitment entails for the management and staff of public and local authorities.
- Absence of a training framework to equip civil servants and local government officials with relevant knowledge and skills.

Gender mainstreaming, as defined above, is a new concept for Estonia. There are no gender mainstreaming officials, and no gender focal points providing decentralized gender expertise at different levels. Therefore it is necessary to introduce to Estonian decision-makers and policy designers the working methods, tools and standards applied in EU Member States to guide officials in the implementation of gender mainstreaming across all policy areas.

The Inter-ministerial commission on promoting gender equality, established by Decree No 776-k of the Government of the Republic of Estonia (27.11.2003) is to work out a national programme and concrete sub-programmes for the integration of the gender equality principle in all areas of life proceeding from the Amsterdam Treaty.

A gender mainstreaming project, funded by the Phare programme, is being prepared. The project is aimed at raising the knowledge and competence of government officials in terms of taking account of the gender perspective in their everyday activities, policies and programmes. The activities of the project include training of teachers of higher education institutions and civil servants, and creating a digital competence centre on gender mainstreaming, containing the relevant terms and strategies.

The EQUAL programme is first of all expected to contribute to wider acknowledgement and understanding of the importance of gender equality and the essence of gender mainstreaming. In addition, the work of the Development Partnerships is expected to increase the level of information and knowledge concerning the actual situation on the labour market, the gender-specific influence of different factors and the gender-specific influence of specific measures tested by the Development Partnerships. The recent and forthcoming developments in the field of gender mainstreaming (establishment of the inter-ministerial commission on promoting gender equality, implementing the Phare 2003 gender

mainstreaming project) are likely to facilitate the take-up of lessons and validated results from the EQUAL programme.

6 ACTIONS UNDER EQUAL

EQUAL is implemented in three phases or actions.

6.1 Setting up Development Partnerships and its strategy including transnational co-operation (Action 1)

This is the starting phase, which will in most cases last no more than six months, to consolidate a Development Partnership and its relation with partnerships in other countries.

Development Partnerships must identify at least one partner from another Member State. Cooperation may also extend to similar projects supported in a non Member State eligible for funding under Phare, Tacis, Meda or Cards programmes.

The key tasks for DPs during Action 1 include developing and refining the planned activities; ensuring that the partnership includes the full range of organisations needed to deliver all the planned activities; setting up appropriate management, payment and delivery structures; defining the roles and responsibilities of each DP partner; setting up mechanisms for the ongoing assessment of activities; securing a genuine commitment from each partner to co-operate in national and transnational work; prepare a detailed work programme; agree on intellectual property right of possible DP products and include in DP agreement; prepare a Development Partnership agreement.

The Development Partnership Agreement is a formal contract between all partners in the DP which includes the Transnational Co-operation Agreement (a formal contract between a number of DPs in two or more Member States) Each DP submits the Development Partnership Agreement at the end of Action 1. The Development Partnership Agreement documents the consensus of the partners and presents their common strategy and identifies the main factors for success of the Development Partnership. Therefore it should contain:

- a diagnosis and an assessment of the specific problems in relation to labour market exclusion, discrimination and inequality, to be tackled;
- a stakeholder analysis; identifying and discussing the interest and expectations of people, groups, or organisations that may influence or be influenced by the solution to be developed and tested, and a description of the roles of relevant stakeholders in the work of the Development Partnership;
- objectives and the strategy to attain them, reflecting learning from the first round of EQUAL and any other relevant action;
- a description of the assumptions, risks and flexibility requirements;
- a detailed work programme accompanied by a realistic budget, both broken down by national and transnational activities/costs;
- a clear identification of the role of each partner, including the arrangements for steering and managing the partnership and administering the financial support preferably using a commonly agreed system;
- a Transnational Co-operation Agreement specifying the common interests, the added value of the transnational activities, and the transnational workplan and budget. The contributions and roles of each transnational partner, the methods of decision making and the organisational arrangements for implementing the common work programme as well as the methodologies for monitoring and assessment of joint activities should

be set out. This Transnational Co-operation Agreement must be presented on the basis of the common format described in the Guide on Transnationality¹⁸, and must be entered into the common database 'EQUAL transnational co-operation internet module' (ETCIM). A paper version of the database entry should be annexed to the draft Development Partnership Agreement.

- the methodology and mechanism for on-going assessment of activities and achievements, including a description of verifiable indicators which demonstrate how the objectives, outputs and results will be measured and assessed ;
- the corresponding methodology and mechanisms for monitoring and assessment of joint activities in the transnational co-operation;
- the commitment of the Development Partnership including their transnational partners to collaborate on mainstreaming activities at national and European levels;
- the strategy and mechanisms for implementing a gender mainstreaming approach.

The Development Partnership work programme would normally operate for a period of up to 3 years.

The Managing Authority and the National Support Structure will provide ongoing practical and technical help to DPs throughout Action 1.

Upon receipt of the draft Development Partnership Agreement, Managing Authorities will confirm, normally within 8 weeks, the initial selection of the Development Partnership, including the multi annual budget available to implement the work programme.

6.2 Implementation of the work programmes of Development Partnerships (Action 2)

Action 2 is the key phase of delivery, in which the national and transnational work programmes of the Development Partnerships are carried out. The work programmes may include:

- conducting studies and analysis of labour market discrimination and inequality;
- raising awareness about the causes and effects of discrimination;
- preparing information and publicity;
- designing and developing materials, courses, training and other employment aids;
- offering work placements;
- delivering guidance, counselling and training;
- creating and sustaining jobs;
- improving employment services.

This phase lasts for normally up to 36 months.

6.3 Thematic networking, dissemination of good practice and making an impact on national policy (Action 3)

18 http://europa.eu.int/comm/employment_social/equal/

index.cfm?file=listdoc.cfm&nav_id_menu=10038&lang_id=6

Action 3 involves networking, dissemination and mainstreaming activities. Those activities tend to be based around particular themes, are organised at the national level and link with similar activities at the European level.

In order to provide knowledge about the context, design, delivery and impact of activities, information on experiences gained through EQUAL will be disseminated to individuals and organisations via press releases, newsletters, executive summaries, research findings, evaluation reports, audio-visual materials, websites, events, conferences, seminars and workshops and discussion or focus groups.

The Managing Authority will establish a mainstreaming strategy to be endorsed by the Monitoring Committee, outlining objectives, mechanisms and resources, including networks which will facilitate mainstreaming at local, regional, national and European level. These mechanisms will aim at:

- identifying factors leading to inequality and discrimination and monitoring and analysing the impact or potential impact of the DPs on the policy priorities and on the different grounds of discrimination and inequality in connection with the labour market;
- identifying and assessing the factors leading to good practice and benchmark performance;
- disseminating good practice.

The DPs should include partners that can contribute to both horizontal and vertical mainstreaming. When designing their work programmes, the DPs should consider mechanisms which will facilitate

- horizontal mainstreaming – broad sharing of experience between key actors and promoters working on common or similar problems and to other organisations working within relevant areas at the regional, national and European levels.
- and vertical mainstreaming – networking with policy makers and social practitioners who are able to influence change in employment-related systems and policies at the institutional, political, regulatory or administrative level.

At the national level networking is carried out by National Thematic Groups (NTGs) organised by the NSS, which allow DPs to work together to identify and assess good practice.

At the European level European Thematic Groups (ETGs) are established which help share good practice across the EU.

Action 1 and 2 are consecutive. Action 3 operates in parallel to Action 2.

6.4 Technical assistance

Technical assistance activities support and monitor implementation of the Community Initiative Programme. Technical Assistance funding will be used for services to support preparation, implementation, monitoring and evaluation to the CIP, and to provide advice and support to individual DPs and their networks. More specifically, Technical Assistance funding will cover on the one hand, the expenditure related to the National Support Structure set up to provide adequate support to the DP promoters during the whole programme (in finding relevant partners, developing agreements, practicalities), the maintenance of the database, the implementation of the publicity strategy etc. On the other hand, Technical Assistance funding will be used to finance services provided by external service providers (e.g. for organising events).

7 CIP IMPLEMENTATION

7.1 Managing Arrangements

7.1.1 Managing Authority

The Managing Authority has overall and final responsibility for the implementation of EQUAL in Estonia. Ministry of Social Affairs will act as the Managing Authority of the programme. Managing authority for the SPD 2004-2006 is the Ministry of Finance. Ministry of Social Affairs is the Intermediate Body for the Priority 1 "Human Resource Development" and for the Measure 1.3 "Inclusive Labour Market". This allows to make efficient use of resources and achieve consistency between EQUAL and mainstream ESF programmes.

According to the general regulation No1260/1999, The Managing Authority will be responsible for the efficiency and correctness of management of EQUAL, in particular for

- setting up a system for the collection of reliable financial and statistical data on the implementation of the programme for monitoring and evaluation activities;
- making adjustments to the programme as set out in the Programme Complement;
- preparing an implementation report each year;
- organising the mid-term evaluation, in co-operation with the Commission;
- ensuring that all organisations involved in the implementation of EQUAL maintain a proper accounting system;
- ensuring the correctness of operations financed under EQUAL, particularly by implementing internal controls in keeping with the principles of sound financial management;
- ensuring compliance with the Community policies in the implementation of EQUAL;
- providing support and guidance to DPs, ensuring arrangements for EQUAL-specific activities (provide information to the potential applicants and the Development Partnerships; prepare and distribute application forms for support under EQUAL; organise the call for proposals; develop selection procedures and criteria for the selection of DPs; notify successful applicants of the outcome of selection; organise an appeals procedure; assess Transnational Cooperation Agreements involving DPs from Estonia; ensure that policy makers receive input from EQUAL; prepare a mainstreaming plan and support its implementation; organise, co-ordinate and manage national thematic networking groups; establish appropriate links with European Thematic Groups (ETGs); organise dissemination of experiences and results.)
- establish a communication plan for EQUAL

The representative of the Managing Authority will take part in the Heads of Mission meetings organised by the European Commission.

The Managing Authority will work in close co-operation with the National Support Structure. The detailed arrangements of cooperation and division of tasks/functions will be specified in the Programme Complement.

7.1.2 Control arrangements

The main responsibility of the Financial Control Department of the Ministry of Finance, as the Competent National Financial Control Authority, is to audit internal control (including financial control) systems of ministries and their governing area. The Financial Control Department

will be designated (stipulate in the Structural Aid Act) as the Auditing Authority of the Structural Funds in Estonia. Also, the Department is responsible for checking whether the financial contributions made by the European Union Structural Funds and the Cohesion Fund are used purposefully and in compliance with EU Regulations. The Financial Control Department is authorised to carry out audits on the distribution of funds at every management and control level up to the Final Recipient. An audit manual has been composed, which gives detailed descriptions of the Structural Funds auditing procedures. The Financial Control Department is independent from the Managing Authority and, Paying Authority i.e. it does not participate in the management processes. While carrying out financial control related duties, the Financial Control Department shall rely on the detailed rules for the implementation regarding the management and control systems for assistance granted under the Structural Funds (Articles 5, 10, 11, 12, 15, 16 of Commission Regulation (EC) 438/2001, amended by 2355/2002).

7.2 Monitoring Arrangements

7.2.1 Monitoring Committee

The Monitoring Committee for EQUAL will be established to supervise the strategy, policy, monitoring and evaluation. The Committee will be chaired by a representative of the Ministry of Social Affairs that will be the managing authority for EQUAL in Estonia.

The Monitoring Committee consists of representatives from different organizations, for example Department of Gender Equality of Ministry of Social Affairs, Welfare Department of Ministry of Social Affairs, Ministry of Education, Ministry of Internal Affairs, , local governments, the Bureau of Minister of Population, Foundation of Integration of Non-Estonians, Trade Unions, Employers' Organisations, Regional Partnership Organisations, Chamber of Disabled People. Social partners and NGOs representing people/groups with direct experience of the main forms of discrimination and inequalities on the labour market will be involved among the members of the Monitoring Committee. The European Commission will be represented in an advisory role. This wide range of members should ensure the broader political and societal base for the programme to be implemented in. The balance regarding gender is applied while forming the Committee.

The tasks of the Monitoring Committee are (Article 35 of Council Regulation No 1260/1999):

- confirming or adjusting the programme complement, including the physical and financial indicators to be used to monitor the assistance;
- considering and approving the criteria for selecting the DPs to be financed;
- periodically reviewing progress made in reaching the goals of the EQUAL programme in Estonia;
- examining the achievements of the targets set for the EQUAL programme;
- examining the mid-term evaluation of the EQUAL programme;
- considering and approving the annual and final reports by the Managing Authority before they are sent to the Commission;
- giving its approval to the proposed amendments to the CIP;
- taking the initiative and make suggestions to the Managing Authority that will increase the quality of the implementation of EQUAL in Estonia;
- approving the mainstreaming strategy.

The specific rules of procedure for the Monitoring Committee will be laid down in the Programme Complement and in respective regulations.

7.3 Financial Arrangements

7.3.1 Paying Authority

The paying authority is responsible for drawing up and submitting payment applications and receiving payments from the Commission. The Ministry of Finance will act as the Paying Authority for the ESF mainstream programme and EQUAL.

The Paying Authority shall be responsible for the transfer of funds from the Commission budget to the Final Recipient.

The Paying Authority performs its duties pursuant to Article 32 of Council Regulation (EC) No 1260/1999 and other EU set requirements for financial management. The Department of National Fund in co-operation with other relevant departments performs the functions of the Paying Authority in the Ministry of Finance.

7.4 Technical Assistance

7.4.1 Arrangements for the National Support Structure

Technical support to the Managing Authority relating to the preparation, implementing and monitoring of the EQUAL CIP will be provided by the National Support Structure (NSS).). The Managing Authority will ensure that the National Support Structure will be operational in the first quarter of 2004. As Estonia is a small unitary country with a relatively small budget for EQUAL, the transaction costs associated with outsourcing the functions of the NSS would be unproportionally high. Therefore, it is appropriate and effective to organise technical assistance inside the public sector. The functions of the NSS will be performed by the Labour Market Board, which is an executive agency in the area of government of the Ministry of Social Affairs. Such arrangement allows for:

- Maintaining a link between EQUAL and policy making which allows effectively mainstream the experiences gained during the implementation of EQUAL;
- Efficient use of resources as the labour market board is also the implementation unit for mainstream ESF programmes;
- Obtaining a general overview of all programmes;
- Direct exchange of information between the Managing Authority and the NSS.

The services of the NSS will be available to support the implementation of the CIP and will be used particularly:

to advise on and facilitate the consolidation of partnerships and the search for suitable transnational co-operation partners (Action 1);

to collect, edit and disseminate the experience and results, including annual reports of the DPs (Action 2);

to support the thematic networking, the horizontal dissemination activities and the setting up of mechanisms for policy impact (Action 3);

for co-operation in European networking and to ensure the sharing of all relevant information with the other Member States and the Commission (Actions at European level).

7.4.2 Eligibility of expenditure related to Technical Assistance

The Technical Assistance activities are divided into two categories defined by the eligibility rules in the Eligibility Regulation (1685/2000 amended by 1145/2003) and by the EQUAL Communication.

A. (Eligibility rule 11.2.) Technical assistance (4% of the total ESF contribution) is available to support

- expenditure relating to the preparation, selection, appraisal and monitoring of the assistance and of operations (but excluding expenditure on the acquisition and installation of computerised systems for management, monitoring and evaluation);
- expenditure on meetings of monitoring committees and sub-committees relating to the implementation of assistance. This expenditure may also include the costs of experts and other participants in these committees, including third-country participants, where the chairperson of such committees considers their presence essential to the effective implementation of the assistance;
- expenditure relating to audits and on-the-spot checks of operations.

B. (Eligibility rule 11.3.) Other actions which can be co-financed under technical assistance, and which are not subject to a maximum contribution of 5% (4% of the total ESF contribution),

- studies, seminars, information actions, the collection, editing and dissemination of the experience and results;
- support to thematic networking, dissemination activities and the setting up of mechanisms for policy impact;
- co-operation in European networking and ensuring the sharing of all relevant information with other Member States and the Commission
- evaluation,
- the acquisition and installation of computerised systems for management, monitoring and evaluation.

The overall share of Technical Assistance is 8% taking into account the additional administrative requirements its management involves and the modest numbers of EQUAL total budget in absolute terms (8% of Estonian total EQUAL allocations accounts 325 488 EUR).

7.5 Development Partnerships

EQUAL will fund activities implemented by strategic partnerships, called Development Partnerships (DPs). The Development Partnerships will preferably include organizations from different sectors (public, private, non-governmental), from different levels of administration (national, municipal), Public Employment Service and different types of organizations providing other services aiming at inclusive labour market. The social partner organizations as well as educational institutions and possibly others will be targeted and encouraged to

participate in order to achieve the maximum involvement of all relevant stakeholders to the process.

DPs should have the core of partners from the outset. It should be ensured, however, that relevant actors could become involved during the life of the partnership. All partners take part in decision-making on an equal basis. Nevertheless, each DP contains a lead partner who is responsible for administrative and financial arrangements.

The Development Partnerships must fulfil the following conditions:

- o Financial viability: The DP has to meet financial requirements laid down in the Programme Complement and the secondary legislation.
- o Transparency: Public access to the results obtained (products, instruments, methods, etc.).
- o Capacity-building and empowerment: The DP has the capacity to mobilise and enable different actors to work together effectively around their common strategy. Particular attention will be given to the arrangements for ensuring that all relevant actors, such as: public authorities; the public employment service; NGOs; the business sector (in particular small and medium sized enterprises); and the social partners, can become involved during the life of the partnership. The Development Partnership must show that all partners have fully participated in the planning and development of the Development Partnership Agreement.
- o Learning spirit: the capacity and willingness to learn from others, and to actively co-operate in networking, dissemination and mainstreaming activities at both national and European level.

The budgetary limits for the DPs would have to take into account the relatively small sum allocated to EQUAL in Estonia for the current programming period (4,07 million EUR).

7.5.1 Selection of Development Partnerships

The potential applicants will be provided with information concerning the essence and objectives of EQUAL, the thematic priorities, available funding, implementation mechanisms, selection process etc.

There will be a single selection procedure for funding. The timetable is as follows:

Event	Deadline
Call for proposals	July 1, 2004
Final date for applications	August 31, 2004
Date of grant letter	November 30, 2004
Submission of data into ECDB	December 15, 2004
Transnational window	January 1, 2005
Submission of Development Partnership Agreement (including Transnational Cooperation Agreement)	May 1, 2005
Confirmation of DPA and TCA	July 30, 2005
Submission of data on TCA into ECDB	September 1, 2005

The selection procedure will be based upon an application submitted jointly by a number of organisations (Development Partnership initiators). The application will identify:

- The partners to be involved in the DP; the arrangements for ensuring that all relevant stakeholders can become involved during the life of the partnership including, in particular, appropriate small organisations; and the arrangements for handling the administrative and final responsibilities.
- An outline of the rationale for the partnership, a diagnosis of the problem to be addressed, and an outline of the objectives of the partnership;
- an assessment of the relevance of the problem addressed and of the solution to be tested, an explanation of how discrimination and inequality will be tackled, and an outline of how the results could be disseminated and transferred to policy and practice;
- the expectations from transnational co-operation;
- an outline of the activities foreseen for developing and testing the innovative approach for the entire period, including an indicative budget (estimate);
- a detailed work plan, methodology and management tools for developing and finalising the Development Partnership Agreement, including budget

The Managing Authority is responsible for establishing the procedures for selecting Development Partnerships. The selection criteria reflect the general principles of EQUAL and the Managing Authority will ensure that there is no conflict of interest in the selection procedure. The main criteria will be:

- The DP must comply with the aims of the EQUAL programme and correspond to the objectives of the particular theme under which funding is applied for;
- The DP must be relevant in terms of its content and timing – based on the relevant surveys, development plans and motivated needs;
- The DP must include activities for developing and testing innovative measures and complex solutions to the targeted problems, studying and analysing the results and disseminating the lessons to be learned;
- The DP must include different actors and promote networking;
- The DP must have positive effect on employment situation;
- The DP must promote gender equality;
- The DP must be able to carry out the work plan.

The applications will be submitted to the Labour Market Board. Independent experts will assess and determine the relative merits of the applications. The Monitoring Committee will be informed about consolidated opinions of the experts and the Managing Authority will decide upon the selection of the Development Partnerships. Unsuccessful applicants will be given reasons for their non-selection and be informed of the appeal.

Further details on the selection process and procedures (the arrangements for assessing applications, the selection criteria, the arrangements for notifying the applicants, the appeals procedure) will be provided in the Programme Complement and the respective implementing regulation.

The Managing Authority will be responsible for launching the calls for proposals and the completion of the EQUAL Common Database (ECDB). Data on development partnerships must be entered into the ECDB before January 1, 2005.

7.6 Complementarity and Compatibility with Community policies

7.6.1 Complementarity

The overall framework for implementing EQUAL is set by the European Employment Strategy. The new structure of the EES has three overall objectives of full employment, improving quality and productivity at work and strengthening social cohesion and inclusion. These objectives and the ten guidelines of the renewed EES will provide a basis for the National Employment Action plan which will be prepared during the first half of year 2004. Until 2003 Estonia has drafted three NAPs following the former four-pillar structure of the EES in order to become accustomed to the process and mobilise all relevant actors. They have been used only in Estonia and not formally communicated to the Commission.

Given the nature and objectives of the EQUAL Community Initiative, the social inclusion process with its JIM and NAP Inclusion are to be taken into account as well. While JIM has been signed in 2003, the first Estonian NAP Inclusion is planned to be ready by autumn 2004.

Both of these documents prepared in accordance with EU objectives and guidelines and adapting them to Estonian needs and current labour market situation have also been considered during the preparation of the SPD 2003-2006.

The SPD consists of four priorities the first of which is Human Resource Development financed by ESF. The priority is implemented through 4 measures that aim at improving the educational system and life-long learning opportunities, enhancing the competitiveness of enterprises by training their employees, providing active labour market measures to the unemployed and increasing administrative capacity by training of civil servants. Thus the activities implemented in the framework of the SPD financed from the ESF are diversified and the target group is large.

7.6.2 Compatibility with Community policies ('State Aids')

According to Article 12 of the Council Regulation 1260/1999, measures financed by the Structural Funds or the FIFG must be in keeping with the provisions of the Treaties, Community legislation based on the treaties, and Community policies. This compatibility is checked when funding applications are examined and while the measures are being carried out. In this connection, the following principles must be observed.

7.6.3 Compliance with state aid legislation

General framework

Within the EQUAL Initiative, activities are carried out by Development Partnerships (DP) which are consortia, or legal entities consisting of several partners that might also include private undertakings, or by the individual partners of a DP. In the framework of the Structural Funds, the Development partnerships are final beneficiaries in the meaning of Regulation 1260/1999.

Article 87 of the EC Treaty prohibits any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods. The EC Treaty, however, allows exceptions to the ban on State aid where the proposed aid schemes may have a beneficial impact in overall Union terms.

Therefore, pursuant to Articles 12, 17.1 and 19.2 of Council Regulation (EC) No 1260/1999, the Managing Authority will hold the overall responsibility for ensuring the compliance of all

operations financed under this EQUAL CIP with the provisions of the Treaty as regards State aid.

By and large, grants awarded to undertakings under EQUAL do not constitute any State aid within the meaning of Art. 87.1 of the Treaty, because most of them involve only smaller amounts (and therefore will fall under the "de-minimis" rule¹⁹). Where they constitute State aid, as they are intended to facilitate access to work, or reducing risky employment situations for disadvantaged people, they would mostly fall under the block exemption for aid to SMEs²⁰, Employment aid²¹ or training aid²².

Responsibilities

Compliance with Community policies will be checked on five levels:

- 1) All undertakings participating financially in EQUAL keep track of all respective public funding they have received, and of its respective justification. They are therefore aware of checking compliance with the "de-minimis" rule, if needed.
- 2) For each Development Partnership, the body in charge of administering the public funds, will identify if undertakings are intended to receive financial support under EQUAL, collect the relevant information from them, make a first check of compliance with State aid rules (block exemptions) and include a justification for the envisaged grant(s) in any financial proposal made to the Managing Authority.
- 3) The Managing Authority, as required under Article 34(1)(g) of Council Regulation No. 1260/1999, will ensure that grants to Development Partnerships are only issued if
 - a) all relevant information needed for a compliance check has been submitted by the Development Partnership as part of its proposals for funding, or for any modification of the grant under EQUAL;
 - b) the conditions under which the grant is awarded to an undertaking qualify for the block exemptions for employment aid, aid to SMEs, or training aid, or if they comply with the provisions of the "de-minimis"-rule, or if the grant has been formally approved under the Interim Mechanism laid down in Annex IV.3 of the Accession Treaty where applicable or by the Commission as laid down in Article 88 EC and Regulation 659/1999, and
 - c) in case the "de minimis "rule needs to be applied, the individual undertaking has been informed, before issuing the grant letter, that the support is of a "de minimis" nature and, if the firm has verified and confirmed that all other "de minimis " aid received by them will remain within the threshold and where the Managing Authority has checked that this will not raise the total amount of *de minimis* aid received during the relevant period of three years to above the threshold set out in the *de minimis* threshold or where a central register has been set up, it has been verified that the threshold has not been exceeded.
- 4) The Managing Authority will, as part of its monitoring system, collect all information as regards grants to enterprises for checking compliance with the "de-minimis" rule and the block exemptions. In case the latter cannot be applied, i.e. if individual grants

¹⁹ Commission Regulation (EC) No. 69/2001 of 12 January 2001 on the application of the Articles 87 and 88 EC Treaty on "de-minimis"-State aid

²⁰ Commission Regulation (EC) No.70/2001 of 12 January 2001 on the application of the Articles 87 and 88 EC Treaty on State subsidies to small and medium-sized enterprises and as amended by the Commission regulation (EC) No 364/2004 of 25 February 2004

²¹ Commission Regulation (EC) 2204/2002 of 5 December 2002 on the application of Articles 87 and 88 of the EC Treaty to State aid for employment

²² Commission Regulation (EC) No. 68/2001 of 12 January 2001 on the application of the Articles 87 and 88 of the EC Treaty on training aid as amended by the Commission Regulation (EC) No 363/2004 of 25 February

represent aid in accordance with Art. 87(1) the EC, such funding will need to be notified as State aid and submitted to the European Commission for approval.

- 5) The Managing Authority will, in addition, establish a formal consultation mechanism with the Ministry of Finance which is the designated national authority for State aid control, and which has established the adequate mechanisms for control of the cumulation of State aid.

Funding under EQUAL granted to undertakings not covered by an exemption regulation or Commission approval is illegal and subject to the consequences set out in the procedural regulation for State aid, and its part-financing would be treated as an irregularity within the meaning of Articles 38 and 39 of Regulation (EC) No 1260/1999.

Consequently, the Commission will not accept requests for interim and final payments under Article 32 of the Regulation for measures being part-financed with new or altered aid, as defined in the procedural regulation for State aid, granted under aid schemes or in individual cases, until such aid has been notified to and formally approved by the Commission.

Relevant State Aid rules

The following rules are the most relevant rules for checking compliance with State aid legislation.

The table below summarises the main provisions only; details have been specified in the actual legal documents referred to above.

Block exemption	Company characteristics	Scope and EQUAL specific activities exempted	Maximum aid intensity for EQUAL Estonia exempted	Maximum amount of aid exempted	Further conditions for exemption
"De minimis" rule	All companies, but does not apply to the transport sector and the production, processing or marketing of certain agricultural and fisheries products	no restrictions	100%	€ 100,000 over a rolling 3-year period	No need for notification to the Commission. Estonia has to set up a register of de minimis aid, or to inform companies of and check whether an additional aid does not raise the total amount above the ceiling.
Training aid	All companies	training activities which favour firms by reducing costs of training of their employees for acquiring new skills. Costs covered: trainers' personnel costs, travel costs or trainers and trainees, other current expense (material, supplies, etc.), depreciation of tools and equipment used exclusively for mentioned training, guidance and counselling and trainees' personnel costs	Specific training: 35% ²³ Further increases for: SME : 10% Disadvantaged workers:10% General training: 60% ²⁴ Further increases for: SME : 20% Disadvantaged workers:10%	€ 1,000,000	Commission needs to be informed within 20 working days
Aid for employment	All companies	Creation of jobs, recruitment of disadvantaged or disabled people, employing disabled people (additional costs only). Disadvantaged people include young persons below 25 or within 2 years from	Job creation: Regional aid ceiling Recruitment of disadvantaged people: 50% Recruitment of disabled	€ 15,000,000 over 3 years for a single enterprise	Commission needs to be informed within 20 working days. Other types of job related support are not exempted (aid

²³ 25%+10% (Art.87 (3) (a) regional increase

²⁴ 50% + 10% (Art. 87 (3) (a) regional increase)

		<p>completing full-time education, migrant workers, members of ethnic minorities, long-term unemployed, unskilled and under-educated, elderly, women absent from working life or ex-prisoners.</p> <p>For conditions include net increase in no of jobs, maximum duration of aid</p>	<p>people: 60%</p> <p>Aid for additional costs of employing disabled people: 100%</p>		<p>for job sharing, aid for other types of disadvantaged workers, ...)</p>
<p>The aid for small and medium-sized enterprises</p>	<p>SMEs with less than 250 employees</p>	<p>Tangible (land, buildings, plant/machinery) and intangible investment (expenditure entailed by technology transfer) and soft aid in SMEs. The costs of services provided by outside consultants and the costs of the first participation of an enterprise in a fair or exhibition are also eligible.</p>	<p>Services by outside consultants and participation in fairs: up to 50%</p> <p>Investment:</p> <p>Regional aid ceiling + 15%;</p> <p>Maximum aid intensity: 75%</p>		<p>Commission needs to be informed within 20 working days</p>

State Aid Table

This EQUAL CIP provides public funding for three measures. To the extent that undertaking participate in a Development Partnership, the Managing Authority will ensure that any grant to such an undertaking will comply with the rules State in the following table

Measure description	Block exemptions			Other cases	
1. Facilitating access and return to the labour market for those who have difficulty in being integrated or re-integrated into a labour market which must be open to all	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification
2. Combating racism and xenophobia in relation to the labour market	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification
3. Opening up the business creation process to all by providing the tools required for setting up in business and for the identification and exploitation of new possibilities for creating employment in urban and rural areas	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification
4. Strengthening the social economy (the third sector), in particular the services of interest to the community, with a focus on improving the quality of jobs	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification
5. Promoting lifelong learning and inclusive work practices which encourage the recruitment and retention of those suffering discrimination and inequality in connection with the labour market	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification
6. Supporting the adaptability of firms and employees to structural economic change and the use of information technology and other new technologies	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification
7. Reconciling family and professional life, as well as the re-integration of men and women who have left the labour	Aid for employment	Aid for training	Small and medium -sized	De minimis rule	Ad hoc notification

market, by developing more flexible and effective forms of work organisation and support services			enterprises		
8. Reducing gender gaps and supporting job desegregation	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification
9. Supporting the social and vocational integration of asylum seekers.	Aid for employment	Aid for training	Small and medium -sized enterprises	De minimis rule	Ad hoc notification

In conformity with its duties under Article 34(1)(g) of Council Regulation No 1260/1999, the Managing Authority will keep the above State aid table up-to-date and will inform the Commission of any modification of the table.

For ensuring the conformity of all single DPs with Community policies, in addition to orientations defined by the programming document and Programme Complement in relation to selection and implementation of single DPs, detailed rules and procedures set by national legislation will be observed. Especially on the DP level, conformity with EU competition policy, environmental policy and equal opportunities policy will be observed.

The observation of equal opportunities policy on DP level will be guaranteed by introducing a gender dimension to the processing of DP proposals. A requirement of applying the gender equality aspect in DP preparation and drafting will be set in order to ensure that a DP will promote gender equality related to the labour market, or at least does not lessen gender equality.

7.7 Reporting

7.7.1 Monitoring and reporting - common minimum

As a minimum, the Managing Authority will collect, annually, the **quantitative** and **qualitative** data on EQUAL. The list of the data to be collected can be updated on the basis of agreement between the Commission and all the Member States. The information will be **aggregated** by **call for proposal**, by **action** and by **theme** and globally **for the entire programme**. It will be forwarded electronically to the European database and also included in the annual report. Data on number of applications submitted/approved will also be provided. Details will be provided in the Programming Complement.

The arrangements for the mid-term evaluation will ensure that qualitative information relating to the key principles of EQUAL is provided to the Commission, through the annual report.

7.7.2 Annual Implementation Report (Article 37 of R. 1260/99)

The Managing Authority will, within six months of each full calendar year of implementation, submit to the Commission an annual implementation report. The report will be examined and approved by the Monitoring Committee before it is sent to the Commission.

Certain homogeneity in the annual reports of the various Member States is desirable for the good monitoring of the overall implementation of the Initiative and to co-ordinate the networking efforts at national and European levels.

The quantitative minimum common data concerning implementation, to be transmitted at the time of the annual report, will be covered by the transmission to the ECDB (*annex B*). The other relevant indicators of situation, result or impact, as anticipated by this CIP, will also be communicated, by means of the annual report.

Insofar as the implementation of EQUAL will be progressive, a common format cannot be determined in advance. Each year, in good time, a common structure for the annual reports will be determined in close co-operation between the Commission and the representatives of the Managing Authorities. This common structure by no means prevents the Managing Authority and the Monitoring Committee from adding to it any element that it will judge relevant.

7.8 Information and Publicity

As required by Articles 18.3 (d) and 46 of Council Regulation 1260/1999 and Article 2 of Commission Regulation (EC) No 1159/2000, the Managing Authority is responsible for

- informing the general public about the role played by the European Union in cooperation with the Estonian state in EQUAL and its results.
- informing the potential beneficiaries, regional and local authorities and other competent public authorities, the economic and social partners, non-governmental organisations, DP operators and promoters, trade organisations and business circles about the opportunities offered by EQUAL in order to ensure the transparency of the programme;

The general objectives of the communication related to the EQUAL programme are the following:

- Raising public awareness on the existence, the aims and the strategy of the EQUAL programme;
- Promoting cooperation with disadvantaged groups and getting feedback from them;
- Ensuring access to information to all disadvantaged groups;
- Raising awareness of potential recipients on the opportunities under EQUAL and information sources;
- Dissemination of continuous reliable information on the results and efficiency of implementing EQUAL;
- Highlighting best practices, positive models and examples;
- Ensuring information of approved and financed DPs.

The EQUAL information dissemination is based on general publicity principles, such as openness, objectivity, reliability, immediateness, clarity, accessibility.

The general public will be informed about the importance to people of the EQUAL programme and the activities implemented within its framework.

To potential beneficiaries (state agencies, local municipalities, local governments' associations, entrepreneurs and their unions, non-governmental organisations, foundations and their associations, universities, research and training institutions, other social and economic partners) sufficient and clear information will be provided on the content of the EQUAL themes, financing opportunities and conditions, application process and procedures, co-financing related obligations and the contribution of the European Social Fund.

For the National Support Structure aid and guidance materials that should be followed in preparing DPs and writing applications will be prepared.

The Managing Authority and the National Support Structure will provide information and guidance to potential applicants via press releases, website and mailing lists, brochures, seminars, workshops and information events and personal advice. Information on the deadlines and conditions of calls for applications will be provided via the Internet websites of the Managing Authority, the National Support Structure and the Estonian Internet website of the Structural Funds; daily newspapers of state-wide distribution; mailing lists of potential applicants and partners; and press releases.

Pursuant Article 3 of the Commission Regulation 1159/2000 the Managing Authority is responsible for drawing up a communications action plan, which will include:

- the aims and target groups of the communications;
- the content and strategy of the communication and information measures;

- the indicative budget;
- the administrative departments or bodies responsible for implementation;
- the criteria to be used to evaluate the measures carried out.

The communications action plan will be included in the Programme Complement. Based on the action plan, the Managing Authority ensures transparent and purposeful use of EQUAL assistance and informs the European Commission on the implementation of the communications action plan.

The Managing Authority and the National Support Structure will provide information and guidance to potential applicants via media press releases, website and mailing lists, brochures, seminars, workshops and information events and personal advice.

7.9 Co-operation with third countries

Co-operation under this Programme may also extend to similar projects supported in a non-Member State eligible for funding under the PHARE, TACIS or MEDA Programmes.

8 FINANCIAL ISSUES

8.1 Financial Plan

The financial plan will be presented in Annex A

8.2 Co-Financing

As laid down in the financial plan, the co-financing is provided from the public sources only. The main reason for that is to avoid additional complexity accompanying the multi-source co-financing and keep the system as simple as possible. In order to achieve this, it is intended that the co-financing schemes for EQUAL DPs will include automatic national single source financing for the selected DP-s, so that DPs do not need to find co-financing from public sources (in addition to the state budget, the public sector co-financing includes financing from municipalities, companies and foundations controlled by municipalities and public sector) themselves. However, the exact co-financing schemes will be defined in the preparation process of the 2005 state budget and explained for the applicants in the Programme Complement, the secondary legislation and guidance materials made available before the launch of the call for proposals.

The rate of ESF support to Estonia as an Objective 1 area is 75 per cent.

8.3 Eligibility of activities

As EQUAL forms a part of the ESF in financial terms, the ordinary rules of eligibility of activities for ESF apply. EQUAL may fund actions eligible under the European Regional Development Fund (ERDF), European Agricultural Guidance and Guarantee Fund (EAGGF) or Financial Instrument for Fisheries guidance (FIFG) rules. The scope of this type of activities to be funded in Development Partnerships and the detailed rules for the applicants will be settled in the Program Complement and in secondary legislation. In any case the use

of capital expenditure has to be duly justified and its added value to the certain ESF activities has to be demonstrated.

9 SHARING OF MONITORING DATA

9.1 Sharing of data at an European level

Estonia will share specific monitoring data by participating in the common electronic system of data collection set up by the Commission for the specific management of the EQUAL Initiative called: "EQUAL Common Database" (ECDB). The objective of this database is to facilitate the transnational co-operation of the DPs, to stimulate thematic co-operation between key actors at European level and to indicate results and achievements.

Based on agreements between the Commission and the Member States, specific fields were identified. Set out in Annex B, they constitute the exhaustive²⁵ list of the common quantitative data to be transmitted at the European level. In addition to monitoring data shared at European level, the DPs are required to transmit further monitoring data needed for programme management at the national level, as described in section 7.7.1. Monitoring and reporting. The set of data shared at EQUAL level is summarised in the Annex B.

The Managing Authority will make the necessary provisions in order that the open fields (text fields) are translated at least into English (in addition to the Estonian language).

The Managing Authority is responsible for data collection and transmission of data to the Commission. The National Support Structure will perform the task of collecting the physical data from the Development Partnerships on the basis of Estonian methods of data collection. It will transfer the data concerning the Development Partnerships as well as those collected at the level of the programme to the ECDB on the basis of the technical protocols defined by the Commission. These data will be updated continuously and will be transferred to the Commission at least once per week.

The Managing Authority will transmit the data relating to the CIP annual report at least once a year and at the latest on 30 June following the reference year.

The Commission, by means of suitable IT system, will make available on the Internet the information²⁶ transmitted by the Member States.

²⁵ Except financial information included in the "Vademecum for the Plans and Programming documents of the Structural Funds" which will be collected by the SFC database.

²⁶ On the basis of decisions taken in a concerted way, access to certain fields could be restricted.

9.2 Data collection at national level

In addition to the data required for the European level, at national level the following data will be collected:

The total number of persons started within the project

Number of started persons employed

Number of started persons working as entrepreneurs

Number of started persons who are unemployed

Number of started unemployed persons who are long-term unemployed

Number of finished persons who are employed

Number of finished persons who have a private enterprise

Number of finished persons who have started studying

Number of persons who dropped out because of employment

Number of persons who dropped out because of training

Number of persons who dropped out for other reasons

Number of persons who participated in activities related to reconciling family and professional life and are satisfied with the activities

Newly created jobs

Number of persons who found a job or started studying as a result of the DP activities and are still employed or continuing studies 1 year after the end of the DP activities.

Newly created enterprises (1,5 a after the end of the DP activities)

10 EVALUATION

Articles 40-43 of Regulation (EC) 1260/1999 set out the requirements for evaluating the Estonian EQUAL Community Initiative Programme.

The evaluation of the Estonian EQUAL CIP needs to reflect the experimental approach of this Community Initiative and therefore covers not only the classical evaluation dimensions such as relevance, efficiency, effectiveness, utility and sustainability, but also focuses on the processes, support structures and policy delivery systems.

In order to effectively extract the good practice generated and tested under EQUAL and mainstream it, it is essential to maintain an evaluation function in all actions of EQUAL, and an observatory function to integrate experience and evidence generated elsewhere.

10.1 Self-Assessment of Development Partnerships

The Transnational Co-operation Agreement presented at the end of Action 1 by each Development Partnership, must contain

- a mechanism for on-going assessment, including the presentation of data and information on the DP and the analysis of results;
- the methodologies for monitoring and assessment of joint activities.

The self-evaluation of DPs consists of three levels:

- monitoring of activities and outputs;
- assessment of the impact of actions;
- assessment of the way activities were executed, or the functioning of the partnership itself.

Self-evaluations should lead to a better understanding of the problems EQUAL aims to address and increase knowledge on good practices and their implementation. The results of a self-evaluation create a basis against which strategies, activities and results can be measured.

The Managing Authority will provide the DPs with guidance on the methodology of self-evaluations.

The Managing Authority will establish an Evaluation Steering Group to monitor the evaluation process and results at national level. This Steering Group will be composed of representatives of the Managing Authority and the key stakeholders/ members of the Monitoring Committee, and will also include leading national labour market and social inclusion experts. The European Commission will also participate in this Steering Group in the spirit of partnership.

The mandate and composition of this Steering Group will be described in the Programming Complement, as well as the thematic focus, milestones, reporting dates, and the interfaces and linkages between evaluation activities at the level of DPs, and of the EU.

10.2 National Evaluation

10.2.1 Ex ante evaluation

The ex ante evaluation of this Programme, carried out in accordance with Article 41 of the General Regulation, is attached as an Annex C to the programme document.

10.2.2 On-going evaluation

In an innovative, transnational programme like EQUAL it is important to make use of the 2004-2006 period to build and develop capacity to carry out evaluation of the programmes and to draw lessons for the next programming period.

The Managing Authority will therefore design and carry out an on-going evaluation for the whole period, focussing on the lessons learnt for capacity building, networking, gender mainstreaming, inclusion of minorities, and transnational cooperation. Details will be described in the programming Complement.

In defining the terms of reference for the on-going evaluation, the Management Authority will apply the Guidelines for monitoring and evaluating EQUAL²⁷, synchronise delivery dates, follow a common methodological approach, and focus on common issues in order to exploit synergies between national and EU evaluations.

The evaluation should look both at the policy side, notably the impact of the programme on the labour market context, its policies and practices and the effectiveness of the implementation mechanism in the country. The results from the Development Partnerships evaluation are an important source of information for evaluation.

²⁷ "Guidelines for systems of monitoring and evaluation for the Human Resources Initiative EQUAL in the period 2000 – 2006". DG Employment and Social affairs, July 2000;
Updated version of key issues for the mid-term evaluation of EQUAL CIP in the Member States, DG Employment and Social Affairs 03/09/2001,

The first step of the on-going evaluation at CIP level will update the baseline audit presented in this Programming Document. The evaluation will focus on management systems, programme implementation dynamics, monitoring systems, selection procedures and the process of setting up Development Partnerships. A report on these should be foreseen by the end of 2005. The fact that Member States participating in the first round have already carried out an evaluation of the first round could provide some useful lessons for Estonia to follow. A particular focus on the initial phase of the on-going evaluation will be providing lessons for the future programming period.

The Estonian evaluation system for EQUAL will ensure that the results from the EQUAL programme will be developed to ensure a continuous feed-back to programme implementation and as a vehicle to contribute to the validation experiences and results from the EQUAL DPs, and to their transfer to the relevant stakeholders and decision-makers.

The on-going evaluation will be trusted to independent external experts. These will be selected in compliance with national and EU rules for public procurement. The Managing Authority will launch the selection procedure of an on-going evaluation, to be carried out by an independent evaluator, in the second quarter of 2004.

10.3 Evaluations undertaken by the Commission

European Commission is responsible for EU-wide evaluation of EQUAL Community Initiative, its CIPs and their DPs. The evaluation will be built on national evaluation reports and carried out by external experts.

Ex-post evaluation shall be the responsibility of the Commission, in collaboration with the Member States and the managing authorities.

ANNEX A FINANCIAL TABLES FOR OPERATIONAL PROGRAMME

Priority/ Year	Total Eligible Cost (+2+9+10)	Total Public Eligible Cost (3+4)	ESF participation	Total National Public Participation (5+6+7)	National Public Participation				Private Eligible Cost (est.)
					Central	Regional	Local	Other (to be specified)	
	1	2	3	4	5	6	7	8	9
Theme A	2,712065	2,712065	2,034049	0,678016	0,678016				
2004	0,662448	0,662448	0,496836	0,165612	0,165612				
2005	0,900929	0,900929	0,675697	0,225232	0,225232				
2006	1,148688	1,148688	0,861516	0,287172	0,287172				
Theme G	2,169652	2,169652	1,627239	0,542413	0,542413				
2004	0,529959	0,529959	0,397469	0,132490	0,132490				
2005	0,720743	0,720743	0,540557	0,180186	0,180186				
2006	0,918950	0,918950	0,689213	0,229737	0,229737				
Theme I	0,108483	0,108483	0,081362	0,027121	0,027121				
2004	0,026497	0,026497	0,019873	0,006624	0,006624				
2005	0,036037	0,036037	0,027028	0,009009	0,009009				
2006	0,045949	0,045949	0,034461	0,011488	0,011488				
Technical Assistance	0,433929	0,433929	0,325447	0,108482	0,108482				
2004	0,105992	0,105992	0,079494	0,026498	0,026498				
2005	0,144148	0,144148	0,108111	0,036037	0,036037				
2006	0,183789	0,183789	0,137842	0,045947	0,045947				
Total	5,424129	5,424129	4,068097	1,356032	1,356032				
2004	1,324896	1,324896	0,993672	0,331224	0,331224				
2005	1,801857	1,801857	1,351393	0,450464	0,450464				
2006	2,297376	2,297376	1,723032	0,574344	0,574344				

Annex B: Data shared through the Equal common database (ECDB)

A. General information (ongoing information)

FIELDS

Type of data / Items...

A1.	Id Codes	European = Country + national ID <i>Each DP receives a unique code at European level. It is made up of a maximum of 4 letters identifying the Member State and x characters as decided by the Member State.</i>
A2.	Status of the application	<i>Indicate the status of the application in MS</i> Multiple choice <input type="checkbox"/> in selection process <input type="checkbox"/> selected <input type="checkbox"/> transnational cooperation completed <input type="checkbox"/> DP ended

B. Set up of the Development partnership (action 1 - ongoing information)

B1.	Dates	<input type="checkbox"/> Application date : date field <input type="checkbox"/> Selection date : date field
B2.	Title of the DP National language	Text field – max 80 characters <i>Simple & short</i>
B3.	Title of the DP International characters	Text field – max 80 characters <i>Latin alphabet without accented letters...</i>
B4.	Applicant partners	<i>For each Item, click in the list of the members</i> Concerns DP initiators <input type="checkbox"/> Partner 1 <input type="checkbox"/> Partner 2 <input type="checkbox"/> Partner ...n
B5.	DP managing organisation	One choice in the table of the partners <i>Concerns the partner who has administrative and financial responsibility within the DP. If the DP has its own legal constitution, that structure will be identified in the list of partners.</i> <i>Click in the list of the members</i>
B6.	Other responsibilities	<i>For each item, click in the list of the members</i> <input type="checkbox"/> Design of the DP strategy and planning <input type="checkbox"/> Co-ordination of experimental activities <input type="checkbox"/> Monitoring, data collection <input type="checkbox"/> Evaluation <input type="checkbox"/> Coordination of Transnational partnership
B7.	EQUAL Theme – Measure	Max 1 choice <input type="checkbox"/> Employability - Access to the labour market

		<input type="checkbox"/> Employability - Combating racism <input type="checkbox"/> Entrepreneurship - Business creation <input type="checkbox"/> Entrepreneurship - Social economy <input type="checkbox"/> Adaptability - Life long learning <input type="checkbox"/> Adaptability - Information technology <input type="checkbox"/> Equal opportunities – Reconciling family and professional life <input type="checkbox"/> Equal opportunities - Reducing gender gaps <input type="checkbox"/> Asylum seekers
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B9.	Geographical/sectoral	Max 1 choice <i>Size of the geographical area linked with a Nuts table</i>
	If geographical	<input type="checkbox"/> Rural area <input type="checkbox"/> Urban area <input type="checkbox"/> Other geographical
	If sectoral	Max 1 choice <ul style="list-style-type: none"> • Economic sector : <ul style="list-style-type: none"> <input type="checkbox"/> Agriculture <input type="checkbox"/> Industrial <input type="checkbox"/> Services • <input type="checkbox"/> Specific discrimination and inequality problems

B10.	DP status	Max 1 choice
	Legal form	<input type="checkbox"/> Association without legal form <input type="checkbox"/> Non-profit making organisation <input type="checkbox"/> Consortium <input type="checkbox"/>

B10b	Pre-existing partnership	Max 1 choice
		<input type="checkbox"/> No <input type="checkbox"/> Yes ≤ 2 years <input type="checkbox"/> Yes > 2 years
		Text field : explanation of the pre-existing partnership

B11.	DP linguistic skills	4 Scroll down menus
		1° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv 2° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv 3° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv 4° Choice : es/cs/da/de/et/el/en/fr/it/lv/lt/hu/mt/nl/pl/pt/sk/sl/fi/sv

B12.	DP background in CI	Max 1 choice
		<input type="checkbox"/> One partner involved in ADAPT/EMPLOYMENT/EQUAL 1 st Round <input type="checkbox"/> Two and more partners involved in A/E/E <input type="checkbox"/> Nobody involved in A/E/E

B13.	Rationale for the DP	Rationale for the partnership, assessment of the relevance of the problem addressed, of the solution to be tested. Text field:.
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).

B14.	Objectives of the DP	Response to the rationale; objectives of the partnership Text field :
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).

B15.	Nature of the experimental activities	Multiple choice.																				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">+</th> <th style="text-align: center;">++</th> <th style="text-align: center;">++</th> <th style="text-align: center;">++</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Assistance to persons</td> <td></td> <td></td> <td style="text-align: center;">+</td> <td style="text-align: center;">++</td> </tr> <tr> <td> <input type="checkbox"/> Guidance and counselling <input type="checkbox"/> Training <input type="checkbox"/> Training on work place <input type="checkbox"/> Work placement <input type="checkbox"/> Job rotation and job sharing <input type="checkbox"/> employment aids (+ for self-employment) <input type="checkbox"/> Integrated measures (pathway to integration) </td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Assistance to structure and systems and accompanying measures</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		+	++	++	++	<input type="checkbox"/> Assistance to persons			+	++	<input type="checkbox"/> Guidance and counselling <input type="checkbox"/> Training <input type="checkbox"/> Training on work place <input type="checkbox"/> Work placement <input type="checkbox"/> Job rotation and job sharing <input type="checkbox"/> employment aids (+ for self-employment) <input type="checkbox"/> Integrated measures (pathway to integration)					<input type="checkbox"/> Assistance to structure and systems and accompanying measures				
	+	++	++	++																		
<input type="checkbox"/> Assistance to persons			+	++																		
<input type="checkbox"/> Guidance and counselling <input type="checkbox"/> Training <input type="checkbox"/> Training on work place <input type="checkbox"/> Work placement <input type="checkbox"/> Job rotation and job sharing <input type="checkbox"/> employment aids (+ for self-employment) <input type="checkbox"/> Integrated measures (pathway to integration)																						
<input type="checkbox"/> Assistance to structure and systems and accompanying measures																						

	<input type="checkbox"/> Employment creation and support <input type="checkbox"/> Training of teachers, trainers and staff <input type="checkbox"/> Improvement of employment services – Recruitment structures <input type="checkbox"/> Conception for training programmes - certification <input type="checkbox"/> Anticipation of technical changes <input type="checkbox"/> Work organisation, improvement of access to work place <input type="checkbox"/> Guidance and social services <input type="checkbox"/> Awareness raising, information, publicity <input type="checkbox"/> Studies and analysis of discrimination features				
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B16.	Innovation	Multiple choice				
			+	++	++	++
		<input type="checkbox"/> Process-oriented <input type="checkbox"/> Goal-oriented <input type="checkbox"/> Context oriented				
		Text field				

B17.	Discriminated groups and fields of discrimination	Multiple choice in each section	<i>In percentage</i>			
		<input type="checkbox"/> Assistance to persons	M	F		
		<input type="checkbox"/> Unemployed <input type="checkbox"/> Employed <input type="checkbox"/> Others (without status, social beneficiaries...)			100	
		<input type="checkbox"/> Migrants, ethnic minorities, ... <input type="checkbox"/> Asylum seekers <input type="checkbox"/> Population not migrant and not asylum seeker			100	
		<input type="checkbox"/> Physical Impairment <input type="checkbox"/> Mental Impairment <input type="checkbox"/> Mental Illness <input type="checkbox"/> Population not suffering from a disability			100	
		<input type="checkbox"/> Substance abusers <input type="checkbox"/> Homeless <input type="checkbox"/> (Ex-)prisoners <input type="checkbox"/> Specific discrimination <input type="checkbox"/> Without specific discrimination			100	
		<input type="checkbox"/> < 25 year <input type="checkbox"/> 25 – 50 year <input type="checkbox"/> > 50 year			100	
		<input type="checkbox"/> Assistance to structure and systems and accompanying measures	+	+	+	+
		<input type="checkbox"/> Age <input type="checkbox"/> Asylum <input type="checkbox"/> Disabilities <input type="checkbox"/> Gender discrimination <input type="checkbox"/> Low qualification <input type="checkbox"/> Racial discrimination <input type="checkbox"/> Religion <input type="checkbox"/> Sexual orientation <input type="checkbox"/> Support to entrepreneurship <input type="checkbox"/> Unemployment				

B18.	Empowerment	
	1° National partners	Text field: Text field: optionally, translation in English
		Multiple choice

2° Participants - Stakeholders	<input type="checkbox"/> Promoting individual empowerment <input type="checkbox"/> Developing collective responsibility and capacity for action <input type="checkbox"/> Participation in the DP design <input type="checkbox"/> Participation in running and evaluating activities <input type="checkbox"/> Changing attitudes and behaviour of key actors
	Text field:
	Text field: optionally, translation in English

B19.	ESF budget	Max. one choice
		Total budget for the duration of the DP (ESF + national) <input type="checkbox"/> < 250 000 € <input type="checkbox"/> 250 000 – 500 000 € <input type="checkbox"/> 500 000 – 1 000 000 € <input type="checkbox"/> 1 000 000 – 1 500 000 € <input type="checkbox"/> 1 500 000 – 2 000 000 € <input type="checkbox"/> 2 000 000 – 5 000 000 € <input type="checkbox"/> > 5 000 000 €
		% of total budget for transnational activities

B21.	Transnational co-operation intended or searched	Multiple choice	+	+	+	+
				+	+	+
					+	+
					+	+
					+	+
		- Exchange of information and experiences - Parallel development of innovative approaches - Import, export or adoption of new approaches - Joint development - Exchange of trainees/trainers/staff				
		Text field				
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).				

B22.	Transnational co-operation – Preferences	Multiple choice
		<input type="checkbox"/> BEfr <input type="checkbox"/> BEnl <input type="checkbox"/> CZ <input type="checkbox"/> DK <input type="checkbox"/> DE <input type="checkbox"/> EE <input type="checkbox"/> EL <input type="checkbox"/> ES <input type="checkbox"/> FR <input type="checkbox"/> IE <input type="checkbox"/> IT <input type="checkbox"/> CY <input type="checkbox"/> LV <input type="checkbox"/> LT <input type="checkbox"/> LU <input type="checkbox"/> HU <input type="checkbox"/> MT <input type="checkbox"/> NL <input type="checkbox"/> AT <input type="checkbox"/> PL <input type="checkbox"/> PT <input type="checkbox"/> SI <input type="checkbox"/> SK <input type="checkbox"/> FI <input type="checkbox"/> SE <input type="checkbox"/> UKgb <input type="checkbox"/> UKni <input type="checkbox"/> no preferences

B23.	Last update	<input type="checkbox"/> Date field
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C. Members of the DP (ongoing information)

C1.	Name	Text field
C2.	Acronym	(not compulsory) Text field
C3.	Address	Text field <i>link with postcode (nuts) and country</i>
C4.	Tel	Text field
C5.	Fax	Text field
C6.	Email	Text field
C7.	Web site	Text field

C8.	Type of organisation	Max one choice
		<input type="checkbox"/> Public authority (national, regional, local) <input type="checkbox"/> Enterprise <input type="checkbox"/> Employers' organisation <input type="checkbox"/> Trade Union <input type="checkbox"/> Financial institution <input type="checkbox"/> Chamber of commerce/industry/crafts <input type="checkbox"/> Organisation providing support and guidance for disadvantaged groups <input type="checkbox"/> Employment services <input type="checkbox"/> Social economy enterprise <input type="checkbox"/> Social services <input type="checkbox"/> Education / training organisation <input type="checkbox"/> University / Research organisation

		<input type="checkbox"/> Consortium created for managing the DP <input type="checkbox"/> Other			
C8b	Type of organisation	Description who the national partners are, what they do, their clients, the aim of the partner organisations, methodologies used etc... (not compulsory)			
		Text field			
		Text field: Translation in English and optionally in other(s) language(s) (provided by DP or Member state).			
C9.	Legal status	Max one choice			
		<input type="checkbox"/> Public organisation <input type="checkbox"/> Non-profit private organisation (including NGO...) <input type="checkbox"/> Semi-public organisation <input type="checkbox"/> Union, Confederation... <input type="checkbox"/> Co-operative <input type="checkbox"/> Private <input type="checkbox"/> Without legal status			
C10.	Contact person	Responsibility	Name	Email	Tel
C11.	Size of the organisation	Max one choice			
		<input type="checkbox"/> staff < 10 <input type="checkbox"/> staff 10 – 50 <input type="checkbox"/> staff 50 – 250 <input type="checkbox"/> > 250			
		<i>Permanent staff</i>			
C12.	Date of joining DP	Date field			
C13.	Date of leaving DP	Date field			
C14.	Last update on the DP's member	Date field			

D. Implementation of the work programme (transnational cooperation completed) (action2 - ongoing information)

D1.	Dates	<input type="checkbox"/> Date of transnational cooperation completed			
D2.	Title of the DP				
D3.	Title of the DP (international)				
D4.	Partners involved	<i>For each Item, click in the list of the members</i>			
		DP members <input type="checkbox"/> Partner 1 <input type="checkbox"/> Partner 2 <input type="checkbox"/> Partner ...n			
D5.	DP managing organisation				
D6.	Other responsibilities	See B			
D7.	EQUAL Theme – Measure	See B			
D8.	Sub-themes	See B			
D9.	Geographical/sectoral	See B			
D10.	DP status	See B			
D11.	DP linguistic skills	See B			
D12.	DP's background in CI	See B			
D13.	Rationale for the DP	See B			
D14.	Objectives of the DP	See B			
D15.	Nature of the experimental activities to be implemented	See B			

D16.	Innovation	See B
D17.	Discriminated groups and fields of discrimination	See B
D18.	Empowerment	See B
D19.	Budget	See B

D25.	DP Agreement	Text field : Summary of the DP agreement and, optionally, DP agreement in annexe.
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D25 A	Transnational partners	Multiple choice
		<i>Click in the list of the Development partnerships (cf. Id Code)</i>
		<input type="checkbox"/> Transnational partner 1 <input type="checkbox"/> Transnational partner 2 <input type="checkbox"/> Transnational partner ...n

G. Other information for monitoring at DP level (annually consolidated information)

G1.	Discriminated groups and fields of discrimination	Total number of beneficiaries during the year in "person * year" equivalent (1 day=7 hours, 1 week = 5 days, 1 month = 4 weeks, 1 year = 12 month)				
		Multiple choice in each section				
		<i>In percentage</i>				
		<input type="checkbox"/> Assistance to persons		M	F	
		<input type="checkbox"/> Unemployed <input type="checkbox"/> Employed <input type="checkbox"/> Others (without status, social beneficiaries...)				100
		<input type="checkbox"/> Migrants, ethnic minorities, ... <input type="checkbox"/> Asylum seekers <input type="checkbox"/> Population not migrant and not asylum seeker				100
		<input type="checkbox"/> Physical Impairment <input type="checkbox"/> Mental Impairment <input type="checkbox"/> Mental Illness <input type="checkbox"/> Population not suffering from a disability				100
		<input type="checkbox"/> Substance abusers <input type="checkbox"/> Homeless <input type="checkbox"/> (Ex-)prisoners <input type="checkbox"/> Other discriminated (religion, sexual orientation) <input type="checkbox"/> Without such specific discriminations				100
		<input type="checkbox"/> < 25 year <input type="checkbox"/> 25 – 50 year <input type="checkbox"/> > 50 year				100
		<input type="checkbox"/> Assistance to structure and systems and accompanying measures		+	+	+
<input type="checkbox"/> Age <input type="checkbox"/> Asylum <input type="checkbox"/> Disabilities <input type="checkbox"/> Gender discrimination <input type="checkbox"/> Low qualification <input type="checkbox"/> Racial discrimination <input type="checkbox"/> Religion <input type="checkbox"/> Sexual orientation <input type="checkbox"/> Support to entrepreneurship <input type="checkbox"/> Unemployment						

G2.	Expenditures	Evaluation by the DP of the total amount (ESF and national) spent during the year (rounded 1 000 €):
		Alphanumeric field

G3.	Breakdown of expenditures by experimental activities	<i>Percentage</i>												
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" data-bbox="574 250 1275 280">I. National activities</td> </tr> <tr> <td data-bbox="574 280 1102 857"> <input type="checkbox"/> Assistance to persons <ul style="list-style-type: none"> <input type="checkbox"/> Guidance and counselling <input type="checkbox"/> Training <input type="checkbox"/> Training on work place <input type="checkbox"/> Work placement <input type="checkbox"/> Job rotation and job sharing <input type="checkbox"/> employment aids (+ for self-employment) <input type="checkbox"/> Integrated measures (pathway to integration) <input type="checkbox"/> Assistance to structure and systems and accompanying measures <ul style="list-style-type: none"> <input type="checkbox"/> Employment creation and support <input type="checkbox"/> Training of teachers, trainers and staff <input type="checkbox"/> Improvement of employment services – Recruitment structures <input type="checkbox"/> Conception for training programmes - certification <input type="checkbox"/> Anticipation of technical changes <input type="checkbox"/> Work organisation, improvement of access to work place <input type="checkbox"/> Guidance and social services <input type="checkbox"/> Awareness raising, information, publicity <input type="checkbox"/> Studies and analysis of discrimination features </td> <td data-bbox="1102 280 1275 857"></td> </tr> <tr> <td colspan="2" data-bbox="574 857 1275 887">II. Transnational activities</td> </tr> <tr> <td data-bbox="574 887 1102 1043"> <input type="checkbox"/> Exchange of information and experiences <ul style="list-style-type: none"> <input type="checkbox"/> Parallel development of innovative approaches <input type="checkbox"/> Import, export or adoption of new approaches <input type="checkbox"/> Joint development <input type="checkbox"/> Exchange of trainees/trainers/staff </td> <td data-bbox="1102 887 1275 1043"></td> </tr> <tr> <td colspan="2" data-bbox="574 1043 1275 1072">Total</td> </tr> <tr> <td colspan="2" data-bbox="574 1072 1275 1081" style="text-align: right;">100 %</td> </tr> </table>	I. National activities		<input type="checkbox"/> Assistance to persons <ul style="list-style-type: none"> <input type="checkbox"/> Guidance and counselling <input type="checkbox"/> Training <input type="checkbox"/> Training on work place <input type="checkbox"/> Work placement <input type="checkbox"/> Job rotation and job sharing <input type="checkbox"/> employment aids (+ for self-employment) <input type="checkbox"/> Integrated measures (pathway to integration) <input type="checkbox"/> Assistance to structure and systems and accompanying measures <ul style="list-style-type: none"> <input type="checkbox"/> Employment creation and support <input type="checkbox"/> Training of teachers, trainers and staff <input type="checkbox"/> Improvement of employment services – Recruitment structures <input type="checkbox"/> Conception for training programmes - certification <input type="checkbox"/> Anticipation of technical changes <input type="checkbox"/> Work organisation, improvement of access to work place <input type="checkbox"/> Guidance and social services <input type="checkbox"/> Awareness raising, information, publicity <input type="checkbox"/> Studies and analysis of discrimination features 		II. Transnational activities		<input type="checkbox"/> Exchange of information and experiences <ul style="list-style-type: none"> <input type="checkbox"/> Parallel development of innovative approaches <input type="checkbox"/> Import, export or adoption of new approaches <input type="checkbox"/> Joint development <input type="checkbox"/> Exchange of trainees/trainers/staff 		Total		100 %	
I. National activities														
<input type="checkbox"/> Assistance to persons <ul style="list-style-type: none"> <input type="checkbox"/> Guidance and counselling <input type="checkbox"/> Training <input type="checkbox"/> Training on work place <input type="checkbox"/> Work placement <input type="checkbox"/> Job rotation and job sharing <input type="checkbox"/> employment aids (+ for self-employment) <input type="checkbox"/> Integrated measures (pathway to integration) <input type="checkbox"/> Assistance to structure and systems and accompanying measures <ul style="list-style-type: none"> <input type="checkbox"/> Employment creation and support <input type="checkbox"/> Training of teachers, trainers and staff <input type="checkbox"/> Improvement of employment services – Recruitment structures <input type="checkbox"/> Conception for training programmes - certification <input type="checkbox"/> Anticipation of technical changes <input type="checkbox"/> Work organisation, improvement of access to work place <input type="checkbox"/> Guidance and social services <input type="checkbox"/> Awareness raising, information, publicity <input type="checkbox"/> Studies and analysis of discrimination features 														
II. Transnational activities														
<input type="checkbox"/> Exchange of information and experiences <ul style="list-style-type: none"> <input type="checkbox"/> Parallel development of innovative approaches <input type="checkbox"/> Import, export or adoption of new approaches <input type="checkbox"/> Joint development <input type="checkbox"/> Exchange of trainees/trainers/staff 														
Total														
100 %														
G5.	National and transnational work	Text field												
G6.	National and European level networking	Text field												

ANNEX C

**Ex ante evaluation of the
EQUAL Community Initiative Programme**

By Maarja Kuldjäv

November 2003

1. INTRODUCTION

The aim of this ex ante evaluation is to assess the EQUAL Community Initiative Programme drawn up for Estonia. As at the time of compiling this ex ante evaluation the EQUAL Community Initiative Programme of Estonia was still in the process of being prepared, an important goal of this evaluation was to contribute to the completion of the final version of the programme. Thus, in addition to analysing and assessing the context and quality of the already prepared draft, the evaluation report will aim to give recommendations and suggestions for improving and refining the programme and completing the parts that are still in the process of being developed. The recommendations are based on the analysis of the labour market situation in Estonia, the documents concerning EQUAL, experiences from other countries etc.

2. *Content of the program*

The Communication from the Commission to the Member States establishes the requirements for the CIP proposals. The following section will briefly comment on the draft CIP in the light of these guidelines. Thereby a general overview of the contents of the CIP and the missing issues will be given, which will be discussed more thoroughly in the following parts of the evaluation report.

According to articles 61 and 62 of the EQUAL Communication the proposal for a CIP should contain the following parts:

- A description of the current situation as regards discrimination and inequality in the labour market in relation to the chosen themes, and as regards asylum seekers.
- An evaluation of the expected impact
- An outline of the strategy for the implementation of EQUAL
- A description of the relationship between the strategy and the prevailing NAP
- Summary of arrangements to ensure complementarity between EQUAL and other community instruments and programmes
- A summary description of the measures planned to implement the priorities
- A summary discussion on eligibility issues regarding ERDF, EAGGF and FIFG
- A description of the arrangements for technical assistance
- An indicative financing plan
- A description of the actions and methods planned to implement the gender mainstreaming approach effectively
- An account of the process of programming
- Provisions for the implementation, monitoring and evaluation of the EQUAL CIP
 - Description of the mechanism for calls for proposals
 - Types of contracts with final beneficiaries
 - National mechanisms to facilitate mainstreaming
 - Arrangements concerning the membership of the Monitoring Committee
 - Data that the DPs are required to produce annually
 - Parameters and indicators for the mid-term evaluation

At the time of carrying through the ex ante evaluation some of the abovementioned issues are not included in the CIP yet. Most of the topics that are covered need to be elaborated and expanded.

Chapter 2 of the programme contains a comparatively extensive and thorough overview of the situation in the labour market. In addition a summary of the general economic context is given which is useful as background information for understanding the main problems and possibilities for taking action.

Chapter 3 covers the policy context of EQUAL, including the description of the relationship between the strategy and the prevailing NAP.

Chapter 4 provides the list of the selected themes and a brief overview of the main objectives and the disadvantaged groups to be addressed within those themes. However, the current

description is very superficial and does not allow fully understand the strategy and the foreseen activities. The sections should be extensively elaborated and specified, concrete objectives should be added and quantified where possible. The chapter also provides and indicated allocation of financial resources between the three themes.

Chapter 5 describes very briefly actions under EQUAL and the indicative proportions of the budget to be allocated to each action.

Chapter 6 covers the implementation issues. It contains the main general provisions for managing, control and monitoring arrangements including preferred types of Development Partnerships.

Chapter 8 contains information on the data that will be gathered according to the guidelines presented in the model CIP.

All of the abovementioned aspects are addressed and assessed below. The following parts are still to be added to the CIP: evaluation of expected impact, arrangements for technical assistance, summary of arrangements to ensure complementarity, indicative financial plan, issues of eligibility of activities, actions for gender mainstreaming. An appropriate proportion must be found between the programme and the programme complement. While the programme should include specific quantified objectives in order to constitute a thorough and coherent strategy, it might be reasonable to provide the most detailed specifications in the programme complement to avoid overly fragmentation of the main CIP. Also, precise details of the selection process for Development Partnerships could be provided in the programme complement instead of the CIP.

3. The socio-economic context and rationale for EQUAL in Estonia

Chapter 2 of the proposed draft of the CIP comprises quite profound report of the developments and current situation on the Estonian labour market. The key problems and special features of unemployment in Estonia are pointed out, information on the positions of different groups is also provided. On the basis of the proposed draft of the Joint Inclusion Memorandum, the risk groups identified in the CIP are young people, long-term unemployed, people with disabilities and non-Estonians. Some data and statistics are presented regarding those groups in the labour market, but in order to design effective policies for the disadvantaged groups, more specific data of different sub-groups would be needed. In chapter 3 an overview of policies, specific programmes and actions is also presented.

However, these chapters remain rather descriptive and general, no clear conclusions of specific relevance for EQUAL are drawn. In order to provide a more focused and constructive basis for the further development of the CIP, the following part of this ex ante evaluation will provide a SWOT analysis of the current situation in Estonia regarding the situation of different groups on the labour market. The SWOT analysis is based on the analysis presented in CIP as well as wider information about the labour market in Estonia.

<p>Strengths</p> <ul style="list-style-type: none"> • The importance of paying attention to risk groups has been acknowledged in strategic documents (e.g. NAP Employment) • Commencement and development of the social inclusion process in Estonia (preparation of Joint Inclusion Memorandum, NAP Inclusion) • Preparation of the new employment strategy that foresees individual approach to integrate job seekers to the labour market • Experiences and lessons from projects already carried through and from currently running projects (e.g. for disabled people) can be used for designing and implementing EQUAL projects. • Some groups (e.g. people with different kinds of disabilities) have their own organisations representing their interests that could potentially participate as partners in EQUAL projects. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of actual policy and actions for improving the situation of risk groups on the labour market • Too rigid and homogeneous legislation and services that are not suitable for the specific needs of different risk groups • Lack of local initiative and cooperation between local authorities and organisations representing the interests of risk groups. • Lack of thorough and precise information and statistical data concerning different risk groups • Lack of monitoring and evaluation of labour market programmes for risk groups • High volatility and work load of civil service staff, lack of knowledge and skills for drawing up high quality action plans and required reports • Mismatch between labour supply and demand (e.g. inadequate skills for changed demand)
<p>Opportunities</p> <ul style="list-style-type: none"> • Implementing European Employment Strategy, following common guidelines • Possibilities to exchange information and practices with countries more experienced in the field of inclusive labour market policy and programmes • Relatively high economic growth • Resources from the structural funds of the EU contribute to human resource development 	<p>Threats</p> <ul style="list-style-type: none"> • Unfavourable tax policy increases inequalities in living standard • Liberal economic policy does not support the promotion of equal opportunities on the labour market • Unsystematic regional policy, persisting regional differences in unemployment rates and employment opportunities • Insufficient cooperation between institutions responsible for education, economy and employment/social affairs; fragmented development and implementation of policies, programmes and activities.

As the SWOT analysis shows, both supporting and restricting factors for the successful development of inclusive labour market are equally present in Estonia. Furthermore, the weaknesses are clearly present in reality, whereas the strengths are of somewhat doubtful nature, reflecting rather potential than actual strengths. Nevertheless, such positive developments are worth being noted, as they are likely to support the proposed actions under EQUAL. At the same time, it is important to make use of the opportunities arising from external factors, primarily from the EU policies, cooperation possibilities with other countries and developments in other government policies that might have an effect on the labour market. It is of critical importance to make efficient use of those opportunities so that they contribute to overcoming the most severe problems in Estonia.

4. EQUAL thematic fields

As EQUAL is based on thematic approach, the EQUAL communication proposes four broad themes and 8 thematic fields that the member states have to choose from:

I Employability

II Entrepreneurship

III Adaptability

IV Equal Opportunities for women and men

Estonia has chosen to build the EQUAL strategy around three thematic fields:

- Employability
Theme A: Facilitating access and return to the labour market for those who have difficulty in being integrated or reintegrated into a labour market which must be open to all.
- Equal opportunities for women and men
Theme G: Reconciling family and professional life, as well as the reintegration of men and women who have left the labour market, by developing more flexible and effective forms of work organisation and support services.
- Theme I: Helping the integration of asylum seekers

4.1. *Theme A*

The proposed CIP does not provide any explanation or justification for the choice of themes. However, in order to follow the logic of the strategy and assess the coherence and feasibility of the programme, it is essential to describe more thoroughly the wider context of these themes as well as the specific actions that are foreseen under these headings.

High unemployment rate, high rate of long-term unemployed and mismatch between labour demand and supply that are all characteristic features of Estonian labour market, indicate that increasing employability is one of the most urgent problems. Therefore there is no doubt that the choice of theme A is well justified. As theme A is very broad and covers wide range of issues, it allows to cover many issues and groups and provides various opportunities for projects. Therefore it is suitable for a small country as Estonia. The disadvantaged groups that the programme will focus on – long-term unemployed, non-Estonians, and young people, people with disabilities – are based on the NAP Employment and other strategic documents. It is worth considering though; if EQUAL should pay attention to other potentially vulnerable groups as well (e.g. released prisoners, carers etc.) in order to ensure that some groups that need support for participating in the labour market would not be ignored. On the one hand it is necessary to set a focus, but too rigid approach should be avoided, as all thematic fields should be accessible to all groups potentially subject to discrimination.

4.2. *Theme G*

Inequality between women and men is not directly evident in unemployment and poverty rates, but there is a remarkable difference in wages paid to women and men, which reflects the general attitudes regarding gender on the labour market. Furthermore, women are more often than men subject to vulnerability factors related to family patterns (e.g. being a single parent, living alone in old age, taking care of elderly or disabled family members etc.) Therefore it is necessary to develop ways for better unification of work and family life in order to reduce the potential gender inequalities rising for lack of such opportunities. As in other transition countries, this topic has been largely neglected in Estonia. Due to rapid transition to contemporary market economy and especially liberal economic policy in Estonia, work has become to prioritise clearly over family. Theme G is also appropriate because of the wide range of issues and groups it covers. Moreover, since Estonia in general has relatively high levels of information and communication technologies, there is good basis and potential for developing different forms of network organisations and telework possibilities in various fields.

The choice of topics also fits the goal of countering inequality and discrimination suffered by both the jobless and the unemployed. Theme A is primarily directed to the unemployed

whereas theme G takes account of the employed people as well, therefore balancing the strategy. Although the other thematic fields are also important, there are adequate reasons for not choosing them as priorities. They are either more narrow and can be dealt with under the chosen themes, or the problems are less severe in Estonia at the moment or covered to some extent with some other policies or programmes. It must be kept in mind that gender mainstreaming approach should be adopted in each thematic field. It must be ensured that both women and men benefit from the projects. It is recommendable to include questions regarding gender issues into the application forms so that all the development partnerships would consider this aspect from the very beginning of their work.

4.3. Theme I

While the first 8 themes are based on the European employment strategy, theme I (helping the integration of asylum seekers) is a specific additional topic. The reason for choosing this theme is the complex position of asylum seekers throughout the European Union. In 2002 the total number of asylum applications in the EU as a whole was close to 400 000. In 5 Member States more than 30 000 applications were submitted in 2002, in 8 Member States the number of asylum applications was more than 10 000, in 15 Member States more than 1000. In 8 Member States the number of applications per 1000 inhabitants was more than 1. Among the new Member States, the differences are bigger. In 4 countries the number of applications in 2002 was more than was more than 5000, in 4 countries between 100 and 1000, in 2 countries less than a hundred²⁸. In most countries, access to labour market is either forbidden or restricted for asylum seekers which gave reason for adding the topic to the EQUAL programme.

4.3.1. Asylum seekers in Estonia

The situation in Estonia, however, is very different from most Member States. From 1997 to 2003 82 people altogether have applied for asylum, coming from 20 different countries. Refugee status has been granted to 4 people and residency permit to 20 people. 35 of the applicants have left Estonia, 8 applications are currently in procedure²⁹. Due to its social and economic conditions as well as geographical position Estonia is not among attractive destination countries for asylum seekers. As the applicants have come from 20 different countries, there is no evidence of a systematic flow of asylum seekers from a specific country or region. Also, the persons that have received refugee status are of 8 different origins, so that no homogeneous community of refugees is emerging in Estonia. On the contrary, the influx of asylum seekers has remained rather fragmented and unsystematic. Still, Estonia has prepared for the possible increase of asylum seekers. Estonia has ratified the UN Convention relating to the Status of Refugees, the Refugees Act was passed in 1997. A reception centre with 35 places for asylum seekers was opened in 2000. In addition to government actions, the Estonian Refugee Council has provided support the asylum seekers in exercising their rights and finding solutions to their situation.

To summarize the situation described above, the number of asylum seekers in Estonia is insignificant. Furthermore, there is no reason to expect that this number would increase significantly in the nearest future. In the current situation it would be impossible to implement large-scale programmes related to asylum seekers and the labour market. Therefore, it is very well justified that Estonia has decided to expand Theme I of EQUAL and carry out actions in other fields that are related to refugees, but more relevant for the country at the moment. Human trafficking and prostitution are, in contrast to asylum-seeking, rather serious problems in the region. As has been discussed during the meetings of ESF Heads of Missions of Community Initiatives, human trafficking is one of the issues that will be highlighted in the proposed modification of the EQUAL Communication. Although human

²⁸ Source: European Council of Refugees and Exiles <http://www.ecre.org/>

²⁹ Source: Illuka Reception Centre for Asylum Seekers <http://www.vastuvotukeskus.ee>

trafficking has several branches, most of it is related to prostitution, thus it is reasonable to consider these two issues together.

4.3.2. Human trafficking and prostitution

According to the current UN definition, trafficking in human beings is “the recruitment, transportation, transfer, harbouring or receipt of persons, by means of force or the threat of force. It may also involve abduction, fraud, deception, abuse of power or the giving and receiving of payments for the purposes of sexual exploitation, forced labour, slavery-like practices, servitude or the removal of organs³⁰”.

According to the estimation of International Migration Organisation, each year approximately 500 girls and women of Estonian origin are victims of human trafficking³¹. A recent survey claims that there are more than 1000 prostitutes in Tallinn³². Considering the small and decreasing number of Estonian population (1.4 million) these are significant numbers. Even though the causes of trafficking are complex and not easy to determine, main reasons seem to be unbalanced economic development between countries of origin and countries of destination as well as gender inequality. As poverty and unemployment rates are remarkably higher in Estonia than in Western European countries, women and girls, especially those belonging to most vulnerable groups (e.g. non-Estonians, people with low education or from regions with especially high poverty or unemployment rates) might relatively easily tend to rely on doubtful job offers and become victims of human trafficking or forced to work as prostitutes.

Prostitution is not directly illegal in Estonia. Intermediation of prostitution, promoting prostitution among adolescents and renting rooms for prostitution are, however, activities subject to punishment. Prostitution is therefore usually connected to other services such as accommodation, catering, striptease, massage, sauna etc. Both prostitution and trafficking are hidden phenomena and therefore very difficult to study, there are almost no statistics or reliable systematic information. However, it is evident that the problems are serious and effective measures should be taken to tackle them.

In 2002 a campaign against trafficking of women was conducted in the Nordic and Baltic countries. Within this campaign a survey was conducted on the capacity of the Estonian state for hindrance and prevention of trafficking women. The campaign provided valuable information about the current situation in Estonia, as well as recommendations for future actions. Therefore, it would be a suitable and useful basis for designing the activities under the respective theme within the EQUAL programme. Recommendations for a strategy include activities such as raising the awareness of the general public of the essence and consequences of prostitution and human trafficking; raising the capacity of the police; training civil servants and specialists, informing and training lawyers, creating institutional networks for helping prostitutes and victims of women trafficking; creating and developing/improving statistical information system in order to have an overview of the range and forms of prostitution and women trafficking. The Third Baltic Sea Women's Conference in February 2003 suggested that the most important issues regarding prostitution are focusing on buyers, raising awareness and setting up a support system for women and children involved in prostitution.

The activities proposed in the draft CIP under this theme - raising public awareness of the consequences of prostitution and trafficking in women, increasing the police's competence

³⁰ United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons
http://www.unodc.org/unodc/en/trafficking_human_beings.html

³¹ Luht, Kristiina, 2002. “Naistega kaubitsemine ja prostitutsioon”, in *Sotsiaaltöö [Social Work]* 6/2002

³² Pettai, Iris, Helve Kase, 2002. *Prostitutsioon ja naistega kauplemine kui lahendamata probleem Eestis*. Presented in the Third Baltic Sea Women's Conference “WoMen and Democracy”. Tallinn 2003.

and capacity to prevent prostitution and trafficking, establishing an institutional network for aid to victims – are in accordance with the existing analysis and suggestion for action plan. Undoubtedly there is need for such activities. The awareness about the essence, range and danger of human trafficking among the Estonian people is quite low. A survey done in 2002 shows that many people are either ignorant or do not believe that themselves or their friends and relatives might be in potential danger of being involved in human trafficking³³. Currently there is no system in Estonia for helping prostitutes to return to normal working life. However, in most cases the women are not able to leave the network without external help. As trafficking is a cross-border phenomenon, it is important to work in cooperation with other countries to fight the problem effectively. Exchanging views and experiences on how to combat trafficking might help achieve better results. The partnership principle of EQUAL offers promising opportunities for joint actions.

5. Strategy of EQUAL

5.1. The coherence and consistency of the programme

Due to the specificity of the Equal, the program is quite focused. It is reasonable to concentrate the efforts on relatively few specific targets and groups, instead of fragmented the amount of funding available between many themes. In addition, as a small country without experiences in such programmes, managing too many branches of themes might exceed the capacity of the programme managers. Therefore, the number of topics chosen is justified. For themes A and G 40% of the funding is granted, for theme I 12%. Such inequality is due to different weight and range of the chosen themes. While the first two themes are targeted to serious large-scale problems and involve many groups and a wide range of possible actions, the third one is more specific and defined.

5.2. Compatibility with national and EU policy

Estonian labour market policy is already closely linked to the European Employment Strategy and the Inclusion processes, as the Joint Assessment of Employment Priorities have been agreed between European Commission and Estonian Minister of Social Affairs in March 2001 and the Joint Inclusion Memoranda is prepared and will be concluded soon as well. Three consecutive Employment Action Plans have been prepared and implemented. So far the NAPs have been presented to DG Employment for information purposes and the feedback has been limited to informal comments.

Estonian Single Programming Document 2003-2006 contains four priorities the first being Human Resource Development funded by European Social Fund. The priority covers various aspects of human resource development, ranging from modernization of vocational education to training of civil servants. Thus the activities implemented in the framework of the SPD financed from the ESF are diversified and the target group is large. Several strategic documents and plans are named as the basis for the implementation of the measures, among them also the NAPs, NAP inclusion as well as education and SME development related strategies. As the two former ones are also included into the CIP, the overall coherence between the two programs should be in place.

In the field of employment and inclusion policy, the main national priorities seem to be integrated into the documents drafted during the EU integration, as no separate policy documents exist.

Within the administrative structure of the SPD, Ministry of Social Affairs is responsible for the Human Resource Development Priority financed by ESF, although Ministry of Finance is officially the Managing Authority. At the same time this division of tasks could contribute to better coordination of the two programs and the avoidance of overlaps. The target groups of

³³ Pettai, Iris, Helve Kase, 2002. *Prostitutsioon ja naistega kauplemine kui lahendamata probleem Eestis*. The Third Baltic Sea Women's Conference "WoMen and Democracy". Tallinn 2003

the EQUAL thematic fields are the same as in NAP, which also allows for coordinated actions and concentrated efforts.

5.3. Innovation, transnationality and mainstreaming

Focus on innovation, transnationality and active mainstreaming are the main features distinguishing EQUAL from other structural funds programmes. The draft CIP does not cover the aspects of innovation, transnationality and mainstreaming.

5.3.1. Innovation

As the previous experience in the field of employment with projects implementing innovative measures has been quite modest, the CIP should foresee concrete activities to promote this approach. This could come in the shape of elaborated guidelines for administration as well as project promoters explaining the essence of innovative actions and its specificities. In order to allow for innovation, the officials managing the programme must take an open-minded attitude and not reject projects that are different from traditional labour market policy measures. Learning about examples in other countries might help develop such approach. It must be kept in mind, however, that context is not the same in different countries and successful practices might need adaptation to the local situation.

The EQUAL guidelines specify three types of innovation: process-oriented, goal-oriented and context-oriented. These types must be put forward and defined in the CIP in order to give guidance for the Development Partnerships for planning their activities and providing adequate data for the EQUAL common database.

5.3.2. Transnational cooperation

The same applies to transnational cooperation – although several bilateral cooperation projects have been implemented, the experience has mostly concentrated on the national/government level. Thus the transnationality could be challenging for the Development Partnerships and therefore Support Structures should be willing and ready for assistance in finding appropriate partners and cooperation with them. The possibilities of gaining new experience and developing innovative approach should be expressed more explicitly.

5.3.3. Mainstreaming – integrating the results into policy and practice

Closely related to the innovation is the issue of mainstreaming as in most cases the positive experience from new methods of tackling labour market problems could be used more widely. Until now, the labour market policy has been quite 'traditional' and rigid meaning that mostly only a limited number of measures foreseen in the legislation have been implemented. At the same time in many cases a more flexible and better targeted approach would be useful. Here the EQUAL program could provide positive examples of innovative methods that thereafter could either be introduced to the legislation or simply enlarged to the wider group concerned. It would be recommendable to prescribe certain mainstreaming activities in the CIP in order to assure that the best practices (and also the lessons learnt) would find their way into the mainstream policy initiatives. In the proposed draft CIP no clear systematic way is foreseen for adapting the results of projects for future national policies. On the other hand, several key institutions that have a strong influence on policy decisions are involved in the preparation and implementation system of EQUAL. Therefore, there is reason to believe that in the case of effective and sustainable projects, the experiences are likely to be taken into account in future national policy making. Nevertheless, it is of extreme importance to pay attention to disseminating information and results to the key actors in the policy making process as well as to the general public. Channels of information should be planned and relevant information on the progress achieved should be provided actively and regularly. Besides the national level, successful practices should be disseminated on the EU level as well.

6. The implementation system of the programme

The draft of EQUAL CIP Estonia describes the implementation system of the programme only quite briefly. It is presented which organisation will fulfil which functions, but reasons for such arrangements and decisions are not made explicit. Therefore it is not clear to what extent the system is already in place or specifically planned, nor is it easy to assess the adequacy of the implementation structure. The transparency and clarity of the final CIP would benefit from a more detailed description of the organisational structure and functions as well as connections between EQUAL and mainstream ESF programmes.

The Managing Authority of EQUAL is the Ministry of Social Affairs. Such arrangement is different from other structural funds programmes. In general the Managing Authority of the structural funds in Estonia is the Ministry of Finance. As the Ministry of Social Affairs is responsible for labour market issues, however, it is reasonable that it is authorised to be the Managing Authority in order to use the existing structures and competencies in the most efficient way. Ministry of Social Affairs is also one of the Intermediate Bodies for managing the mainstream ESF programmes, close cooperation can easily be organised and there is no danger of unnecessary double functions. As the Managing Authority is the Ministry of Social Affairs and Paying Authority is the Ministry of Finance, the two functions are clearly separated and conflicts of interests are not likely to emerge.

Issues regarding the development partnerships are touched upon in a brief and general way. Their role and activities are not clearly defined. It is not comprehensible how the potential participants will be targeted and encouraged by the Managing Authority to participate in projects.

There is almost no information on project selection, publicity, partnership, dissemination and financial arrangements. It is essential to include these topics in the CIP. The final CIP and the programme complement should contain a more detailed description of the decision processes and responsibilities as well as schemes for informing the public.

It is mentioned that cooperation with third countries is possible but the nature of the potential cooperation is not specified. In order to allow better to understand the aims, essence and expected benefits of such actions, the nature of the possible cooperation projects with third countries should be explained more thoroughly.

Conclusion

As the labour market analysis in the draft CIP reveals, there are severe inequalities regarding participation in the labour market. Thus, there is clear need for a programme like EQUAL and the preparation and implementation of the programme should be taken seriously. The draft CIP contains some important information, but several topics are still to be added or elaborated. The main conclusion of the ex ante evaluation report, regarding the draft CIP and its improvement, are:

- The draft CIP contains an overview of the labour market situation in Estonia that provides useful background information.
- The choice of themes is well justified, but the more specific measures and actions need to be specified.
- The strategy is compatible with the EU policy and national policy
- The issues of innovation, transnationality and mainstreaming should be added and elaborated upon.
- The implementation system of the programme should be specified. The CIP and the programme complement should contain more detailed information on procedures of project calls, selection, implementation, reporting and evaluation.
- Financial plan must be added and explained.