

COHESION POLICY: STRATEGIC REPORT 2013

Factsheet: Human capital



Strategic Report 2013 – Programme implementation 2007-2013

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This factsheet has been produced in support of the Commission 2013 Strategic report on cohesion policy programme implementation (2007-2013). It should be read in conjunction with that report (COM(2013) 210) and the accompanying Staff Working Document (SEC(2013) 129) available on this website:

http://ec.europa.eu/regional_policy/how/policy/strategic_report_en.cfm

1. Overview

The ESF invests in human capital in all Member States. Human capital focuses on developing skills and education for those both in and out of employment. The following headings/categories are reported on:

- Development of lifelong learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation.
- Design, introduction and implementation of reforms in education and training systems in order to develop employability, improving the labour market relevance of initial and vocational education and training, updating skills of training personnel with a view to innovation and a knowledge based economy.
- Measures to increase participation in education and training throughout the life-cycle, including through actions to reduce early school leaving, decrease gender-based segregation and promote access to and quality of initial vocational and tertiary education and training.

These 3 main headings/categories represent a "narrow" grouping of activities. It does not include the mainly ESF-supported category "Developing human potential in the field of research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses' of women" which is reported on in the "Innovation and RTD" factsheet.

Investment in human capital is a key driver for growth and competitiveness. A number of studies using up-to-date econometric techniques examine a large number (over 60) of potential growth determinants¹. They concluded that human capital is the single most important factor of growth in the medium- to long-term. An increase of 10 % in the share of highly educated in working-age population tends, on average, to raise GDP per capita growth by 0.6 percentage points a year.

Low unemployment rates, which reflect the sound operation of labour markets as well as regional flexibility and social cohesion, also favour growth. Infrastructure is a necessary but not sufficient condition for growth. It is only relevant if human capital and innovation are also present.

¹ See f.i. OECD (2009), Investing for Growth: Building Innovative Regions, Background Report for the Meeting of the Territorial Development Policy Committee at Ministerial Level; OECD (2009) How Regions Grow: Trends and Analysis.

Growth is additionally affected by the policy and institutional context which encompasses aspects such as the quality of governance or the macroeconomic framework.

The EU has committed to improving education levels by reducing the school drop-out rate to 10 % or less and by increasing completion of tertiary or equivalent education to 40 % by 2020. All Member States have a strong policy commitment to Life Long learning (LLL) which has increased in recent years in most cases by setting up national LLL strategies.

All 27 Member States are addressing the topic of human capital through ESF:

- Nine out of ten ESF OPs include the topic of human capital;
- Half of the ESF priority axes contain relevant interventions;
- In relative figures, Portugal, Denmark and the Netherlands dedicate the highest proportion of their Cohesion priority budget to human capital;
- Sweden, Finland and Belgium use Cohesion funds to a lesser extent for human capital.

2. Project examples

CY	OP "Employment, Human Capital and Social Cohesion"	Fund: ESF	EU: € 9.3 m
Title: Educational Priority Zones			
Programme for the prevention of early school drop-out, school failure and delinquency in areas of educational priority. It aims to improve the quality of education offered in certain zones that have been identified as a priority due to their location or the social-economic profile of residents.			
DK	OP "More and better jobs"	Fund: ESF	EU: € 2 m
Title: From unskilled to skilled in record time			
The purpose of the project is to ensure a significant increase in the number of people with a vocational education in the Hovedstaden Region. It aims to up skill the labour force in order to be able to take advantage of new job opportunities and increase regional competitiveness.			
FI	OP for Mainland Finland	Fund: ESF/ ERDF	EU: € 3.3 m
Title: University Consortium of Pori			
The University Consortium is a centre that provides an umbrella organisation for four universities co-operating in the area of Pori. The University consortium offers master and doctoral degrees in art, economics, industrial management, technology, social sciences and culture. 23 % of its financing derives from the structural funds. The Consortium has a very significant role in regional development in the area of Pori.			

IT	Regional OP Emilia Romagna	Fund: ESF	EU: € 6.8 m
Title: Supporting polytechnic network in Emilia Romagna			
The project's aim is to support high vocational training offer, by linking it to a new regional polytechnic network. The network offer training opportunities to increase professional, technical and technological knowledge through the integration of different actors such as professional high schools, training centres, universities, research centres, and their link with local enterprises.			

SE	OP for regional competitiveness and employment	Fund: ESF	EU: € 3.1 m
Title: The SOL project - in the cities Södertälje, Oskarshamn and Luleå			
The international economic crisis in 2008 hit Sweden's export oriented industries, and their sub-suppliers, hard. Several ESF supported projects were started to counteract this, to on the hand strengthen the general know-how and competences of employees at risk of dismissal to enable them to move to other jobs, also in other industry sectors if needed, and at the same time strengthen the know-how and competitiveness of companies threatened by the crisis. The SOL project was one such project, which focused on a manufacturer of heavy vehicles, its factories and sub-suppliers in different parts of Sweden. By its end in 2011, the project had provided training for some 5000 employees, which increased their adaptability to changes within their current employer companies or for new employments when needed.			

SK	OP "Education"	Fund: ESF	EU: € 2 m
Title: Like School like Home			
All-day educational programme and counselling on further vocational development are offered to elementary school graduates (mostly socially excluded Roma) at the elementary school in Markusovce (Kosice Region).			

3 Assessment of Implementation

3.1 Tracking EU financial input

Table 1.1 presents the overall rates of progress across the three categories.

Human capital is a priority throughout the European Union. This is reflected in how the Member States use the Structural Funds – see **Tables 1.2 and 1.3**.

The theme of human capital for employees is subject of ESF/ERDF earmarking in every Member State, except in Ireland and Luxembourg. The theme of design and introduction of reforms in education and training systems is a priority for every Member State. Measures to increase participation in education and training throughout the life cycle are a Structural Funds priority in all Member State except in Sweden and Denmark. The theme of research and innovation is present in all Member States except in Cyprus, Denmark, Ireland and Sweden.

Rate of overall selection of projects

- The Netherlands has the highest global rate of projects selection for human capital headings (210%) while Austria has the lowest one (46%).

- On the "Design, introduction and implementation of reforms in education and training systems in order to develop employability" priority, most of Member States are over the European average of projects selection (75%) which is brought down by two Member States with very low average (Hungary 31% and United Kingdom 43%).

The data reported by Member States was extracted as at 31 December 2011 and has evolved with on-going selection processes during 2012.

3.2 Outputs and results

The number of persons participating in ESF actions increased sharply, from almost 1 million in 2007 to 15.6 million in 2010 and 2011– see **Tables 2.1-2.3 in the annex to the Staff Working document**. Within the increasing number of participations, there have been significant changes in the proportion of individuals from different ESF beneficiary groups, showing a shifting focus. The following key points can be made with regard to the different beneficiary groups:

- Between 2007 and 2011, the proportion of employed participants increased from 26% to 37%.
- Increased focus on participants with tertiary education levels. The proportion of participants with tertiary education level doubled between 2008 and 2011. In parallel, there has been a doubling of the proportion of participants who were in education and training in the same period.
- A doubling (from 11 to 22%) of the proportion of participants who are already in training or education to about 3.4 million in 2011.

The above trends could be explained with the deterioration of the overall labour market situation and the fact that during the crisis persons with higher levels of qualification have had to seek ESF assistance in finding a job or further education and training opportunities. The same applies for the extended periods of participation in education and training courses. In some cases, the imminent risk of dismissals and subsequent placing of workers in ESF-supported short-term employment and training measures is also a factor contributing to the overall increase of the pool of employed participants in ESF actions.

The ESF does not aim at promoting a separate framework and services but rather to support and improve existing national systems and priorities. There are significant variations between Member States, reflecting the differing national labour markets and national priorities (and also in some countries, regional variations). The key variations noted are:

- The focus of target groups – most countries have targeted young people but in EL for example, the overwhelming focus is on the low-skilled aged 24 years or more.
- The choice of target groups – there is no set definition of groups and the target groups (and their precise focus) vary. In some cases rather than target low skilled workers there is a focus on groups marginalized from the labour market including those having lower level skills.

- The choice of measures – the policy focus varies as evidenced by national strategies. In AT for example, activities for young people are focused largely on early school leavers and helping young people gain qualifications whereas in ES there is a stronger focus on integrating young people into the labour market.

An evaluation² of the contribution of the ESF to Life Long Learning (LLL) showed significant achievements in terms of the outreach of the actions, the employment rates after the Structural Funds intervention and in the progression in training and learning, leading in the long term to sustainable employment.

The ESF has been a major funder of LLL across the European Union. However, ESF support to LLL often does not finance a holistic pathway for participants and is not supported by referral and tracking systems, where they exist. This makes it difficult to adequately assess the impact of the ESF intervention.

The achievements of LLL need to be seen in the context of the economic crisis from 2008 onwards with rising levels of unemployment (especially amongst younger people), an increase in vulnerable jobs as businesses close or downsize, and a reduction in new employment opportunities.

Table 1.1: 2007-2011 – Overview of codes reported by Member States

Code	Category	Decided Ops - Million € (a)	% Decided OPs of Total Decided (b)	Allocated to selected projects AIR 2011 - million € ©	% (d=c/a)
62	Development of life-long learning systems and strategies in firms; training and services for employees ...	8,682.5	2.5%	6,076.2	70.0%
72	Design, introduction and implementing of reforms in education and training systems ...	8,402.3	2.4%	6,340.7	75.5%
73	Measures to increase participation in education and training throughout the life-cycle ...	12,584.2	3.6%	8,953.1	71.1%
	Total Human capital	29,669.1	8.6%	21,370.1	72.0%
	Total all themes	346,717.2		246,983.9	71.2%

² Evaluation of the ESF support to lifelong learning, Ecorys

Table 1.2: 2007-2011 – Project selection reported by MS.

Human capital				
Country	Decided OPs (a) - in M.€	% of National SF/CF	Allocated to selected projects AIR 2011 (b) - in M.€	% (c=b/a)
PT	4,579.3	21.39 %	2,872.6	62.7%
PL	3,858.5	5.74 %	3,079.7	79.8%
DE	3,824.3	15.00 %	2,281.2	59.6%
IT	2,644.2	9.46 %	1,892.2	71.6%
CZ	1,906.4	7.18 %	1,559.9	81.8%
HU	1,751.7	7.03 %	512.1	29.2%
GR	1,687.8	8.35 %	1,237.8	73.3%
UK	1,604.1	16.22 %	1,422.7	88.7%
RO	1,577.4	8.21 %	1,341.2	85.0%
FR	1,423.2	10.58 %	974.1	68.4%
ES	1,306.5	3.77 %	786.1	60.2%
SK	450.6	3.92 %	309.2	68.6%
BG	438.8	6.57 %	286.5	65.3%
NL	429.9	25.90 %	901.0	209.6%
LT	368.1	5.43 %	283.9	77.1%
BE	250.3	12.13 %	175.7	70.2%
SI	228.5	5.57 %	191.1	83.6%
CB	222.0	2.81 %	153.0	68.9%
AT	176.2	14.63 %	80.2	45.5%
IE	158.7	21.14 %	154.5	97.4%
DK	140.6	27.60 %	113.4	80.6%
LV	140.4	3.10 %	124.8	88.9%
FI	134.5	8.43 %	218.4	162.4%
SE	121.9	7.50 %	191.7	157.3%
EE	121.8	3.58 %	106.7	87.6%
CY	66.6	10.87 %	55.0	82.7%
MT	48.0	5.71 %	54.4	113.4%
LU	8.9	17.60 %	10.9	122.6%
EU	29,669.1		21,370.1	72.0%

Graph 1: Rate of Project selection

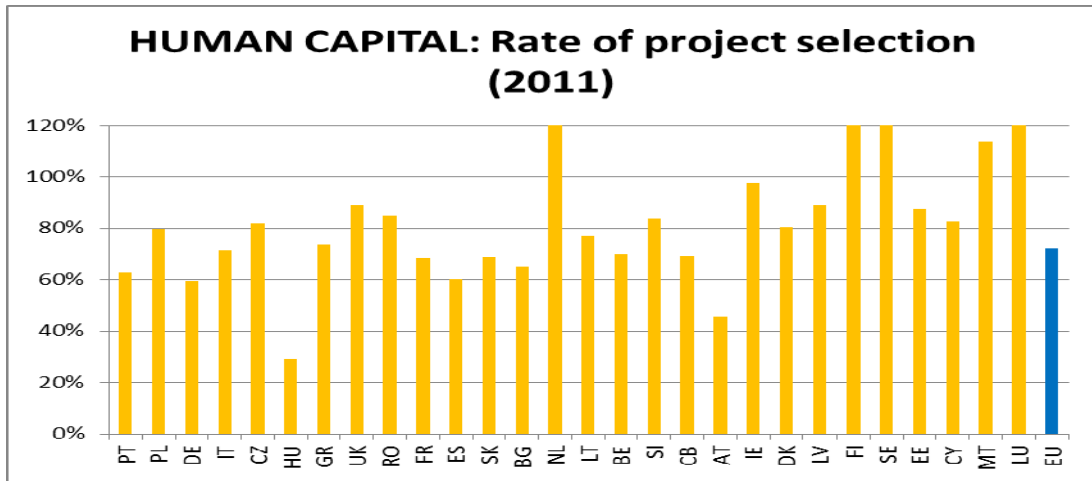
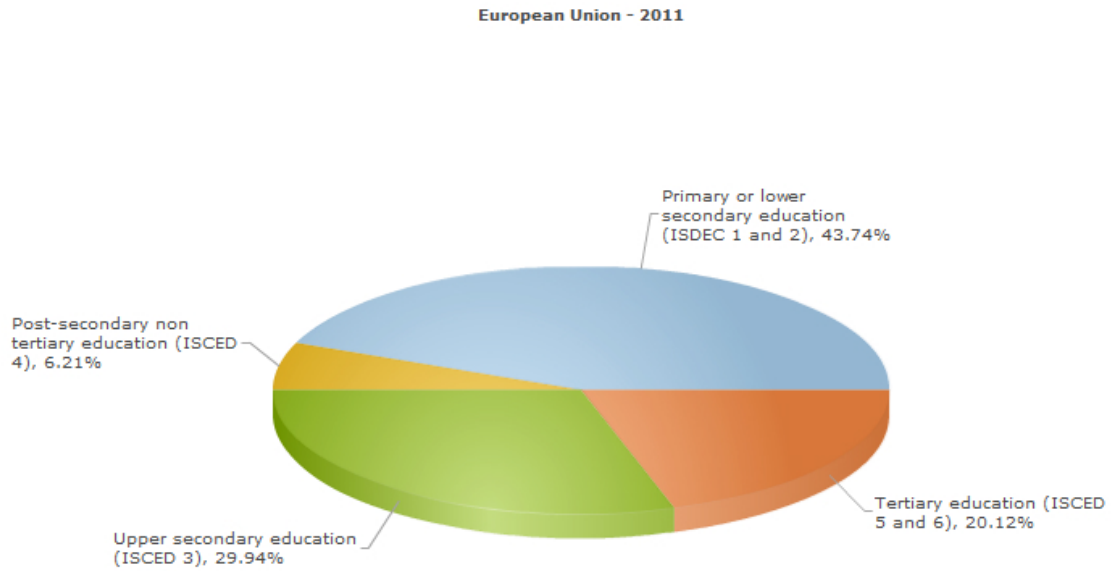


Table 1.3: 2007-2011 – Overview of project selection reported by Member States by specific categories

MS	62 - Lifelong learning	72 - Reforms in education systems	73 - Increase participation in education
AT	51,1%	100,0%	34,4%
BE	58,9%	61,3%	112,4%
BG	61,6%	67,2%	66,1%
CY	116,4%	230,0%	25,5%
CZ	98,5%	75,9%	58,0%
DE	41,7%	110,9%	56,6%
DK	78,9%	83,9%	
EE	43,4%	102,3%	112,3%
ES	36,8%	51,9%	100,9%
FI	171,6%	195,2%	96,4%
FR	19,6%	49,7%	152,5%
GR	22,9%	90,3%	81,0%
HU	35,0%	31,1%	22,5%
IE			97,4%
IT	43,4%	72,6%	89,5%
LT	86,2%	143,2%	37,2%
LU		236,5%	57,5%
LV	1,1%	96,0%	99,0%
MT	86,8%	141,4%	96,6%
NL	260,8%	108,4%	14,0%
PL	113,3%	57,5%	78,4%
PT	46,6%	138,2%	64,3%
RO	51,9%	117,8%	91,5%
SE	125,0%	260,4%	
SI	24,3%	85,6%	143,0%
SK	279,5%	92,9%	29,6%
UK	96,4%	42,6%	74,9%
EU27	70,2%	75,5%	71,4%

Graph 2: Participation by educational attainment



Graph 3: Participation by status on the labour market

