

**The Employment & Human Resources Development  
Operational Programme (2000-2006)**

**Annual Implementation Report for 2002**

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Appendix 1 Measure Progress Reports

## 1. The Socio Economic & Policy Context in Ireland in 2002

### 1.1. The Economic Climate in Ireland in 2002

From 1997 to 2001 Ireland experienced an unprecedented level of growth in the region of 10% year on year (in both GNP and GDP). This reflected an economy that had a huge capacity for growth. Nevertheless, in 2001 and 2002 Ireland's growth rate slowed down under the influence of negative global economic conditions. However, the main economic institutions agree that the medium term picture is for more sustainable growth and job creation. (See Tables A & B)

While employment continued to grow in 2002, the rate of employment growth continued to decline. This is reflected in a growth in employment of 1.4% in 2002 compared to 2.9% growth in 2001. Total employment at end-2002 was 1.77 million out of a total labour force of 1,854,700, a nominal increase of some 17,800 year on year.

Unemployment stood at 4.5% at end-2002 compared with a rate of 4% at end-2001. The rate of long-term unemployment was 1.3% in December 2002, marginally up from the December 2001 figure of 1.2%. The level of notified redundancies rose significantly in 2002 to 25,358 from 19,977 in 2001. Given the overall economic climate, it is unlikely that the unemployment rate will fall in the next year or so but the medium term picture indicates more sustainable economic and jobs growth.

The latest economic forecast for the next two years are as follows:

#### 2003

**Table A**

Forecaster	Publication	GNP	GDP	Employment Growth	Unemployment rate
Dept. Finance	Stability Programme	1.8%	4.5%	1%	5%
Central Bank	Spring 2003	1.75%	3.25%	-0.5%	5.75%
ESRI	Quarterly Commentary	2.5%	3.0%	minute	5.3%
EU Cion	Quarterly Review	-	4.2%	1.4%	4.9%
OECD	Economic Outlook	2.5%	3.6%	-	5.1%

#### 2004

**Table B**

Forecaster	Publication	GNP	GDP	Employment Growth	Unemployment rate
Dept. Finance	Stability Programme	2.25%	3.5%	1%	5.25%
ESRI	Quarterly Commentary	3.5%	3.7%	minute	5.5%
EU Cion	Quarterly	-	5.2%	1.9%	4.8%

	Review				
OECD	Economic Outlook	3.3	4.4	-	5.3

## 1.2. The Irish Labour Market in 2002

In moving on to discuss the Labour Market in 2002, it is important to recall that the overall aim of Irish labour market policy has been “to promote quality employment, meet the labour supply and skill needs of the economy, foster social inclusion, protect the welfare of workers, facilitate industrial peace and promote social policy as a productive factor”.

As already noted in our brief overview of the economy in 2002, Ireland has enjoyed rapid economic growth in recent years. This has resulted in significant gains in employment. Indeed, employment levels doubled during the decade to 2000. Allied to this progress, skills and labour shortages manifested themselves, particularly during recent years, with consequent upward pressure on wages particularly for the higher skilled, although these effects were somewhat ameliorated by the slowing of growth during 2001. The medium term outlook from 2002 suggests that the labour market will remain tight. (See Table C)

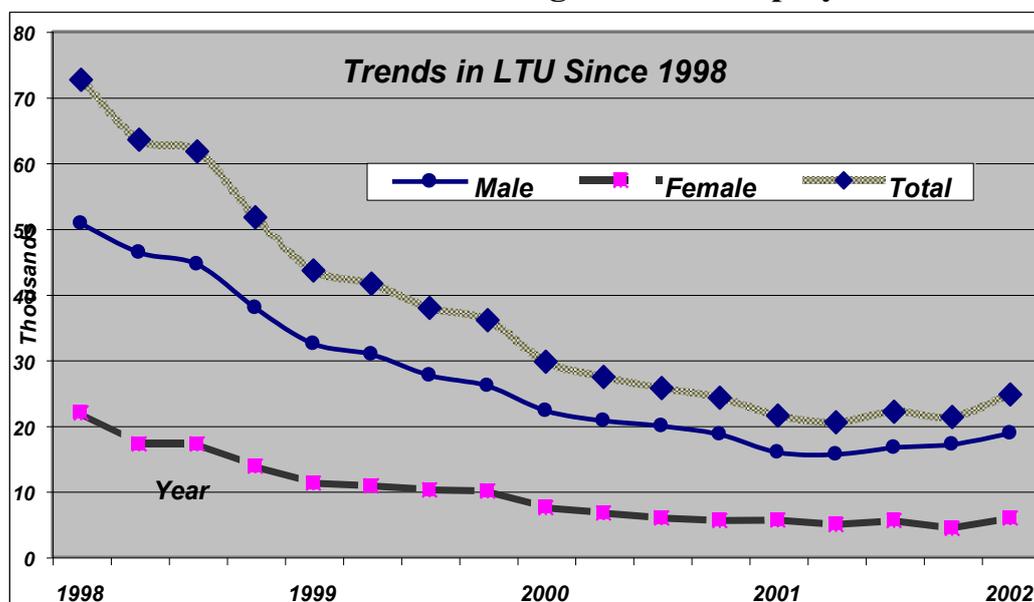
At the end of 2002, the total number of persons at work in Ireland<sup>1</sup> was 1.770.7 million. This represented an annual rate of increase in employment of 1.4% or an additional 23,600 persons at work. In contrast, the numbers of redundancies notified to the Department of Enterprise, Trade and Employment under the relevant legislation during 2002 totalled 25,358 compared to 19,828 in 2001, an increase of almost 28%. At the end of the year the unemployment rate was 4.5% compared to 4% one year earlier. This is still within one percentage point of the lowest ever rate of 3.7% in 2001. The long-term unemployment rate was 1.3% compared to 1.2% a year earlier. The labour force now totals 1,854,700, an increase of 29,200 year-on-year with an increased female participation rate of 48.9 per cent (up 0.3 per cent) and a decrease male participation of 70.8 per cent (down 0.3 per cent).

The number of persons employed in other production industries showed a seasonal decrease of 24,100 in the final quarter of 2002 and went down 15,800 or 5% during the course of the year. Other sectors showing decreases were Agriculture, forestry and fishing (-4,600) and Financial and other business services (-2,900). While Health (+11,700), Construction (+6,000), Public Administration & Defence (+5,700) and Education (+5,300) continued to record employment growth in the year.

In the year to the 4th quarter 2002, employment grew by 12,800 (2.9%) in the Border, Midland and Western region, and by 5,000 (0.4%) in the Eastern and Southern region. The rate of unemployment for the Border was the highest at 6.9% with the Mid-East region recording the lowest at 3.5%.

<sup>1</sup> Quarterly National Household Survey (QNHS) 4th quarter

Table C **Rate of Long Term Unemployment**



Also during 2002, over 40,321 Work Permits were issued by the Irish authorities compared to 36,400 the previous year and 18,000 in 2000. Taking account of the fact that the increased demand for work permits contrasted with a rise in job losses in the domestic economy, the Irish Authorities brought forward new procedures whereby employers seeking to engage non-EEA workers would now be required to advertise all job vacancies with FAS, the Employment & Training Authority, for a period of four to six weeks.

The new Employment Permits Act 2003, which became law on 11 April 2003, provides that nationals of the 10 EU Accession States will be free to come to work in Ireland without needing an employment permit upon accession in May 2004. At present, nationals of these countries account for about 35% of all permits issued. However, the impact of EU enlargement on Irish economic migration trends may be greater than just this 35%. The aim is to ensure maximum mobilisation of labour from within the EU/EEA before having recourse to the work permits scheme.

**Main features of CSO 4th Quarter 2001 Quarterly National Household Survey**

Table D	4 <sup>th</sup> Q 2001 ('000s)	4 <sup>th</sup> Q 2002 ('000s)	Change %
<b>4 Employment</b>	<b>1752.9</b>	<b>1770.7</b>	<b>+1%</b>
Male	1024.2	1031.8	+0.7%
Female	728.7	738.9	+1%

<b>5 Unemployment</b>	<b>72.6</b>	<b>84.1</b>	<b>+16%</b>
Male	44.9	51.7	+15%
Female	27.7	32.4	+17%
<b>Unemployment Rate</b>	<b>4.0%</b>	<b>4.5%</b>	<b>N/A</b>
Male	4.2%	4.8%	N/A
Female	3.7%	4.2%	N/A
<b>Long-Term Unemp.</b>	<b>21.3</b>	<b>24.7</b>	<b>+1.6%</b>
<b>LTU Rate</b>	<b>1.2</b>	<b>1.3</b>	<b>N/A</b>

### 1.3. Labour Market Policies in the Changed Economic Environment

The most recent QNHS illustrated that our labour market is remarkably strong given the current global economic position. As most forecasters agree that the outlook is for more sustainable growth in the medium term, the main indicators should meet predictions for a slight softening of the labour market.

In this context, the key elements of our employment and training strategies are still relevant:

- A significant emphasis on services to employers and employed people;
- A greater focus on mobility and flexibility, through the “upskilling” of the workforce;
- The promotion of employment through greater mobilisation of labour supply from all available sources, and;
- Continuing to improve services for unemployed people particularly those who are marginalized with an emphasis on:
  - A focussed approach, tailored to individual needs;
  - Using the Employment Service as a “gateway” to all labour market services;
  - A guarantee of service to unemployed people.

### 1.4. The National Employment Action Plan/European Employment Strategy

**Article 1 of the European Social Fund Regulation (EC) No1262/99 states that “the Fund shall contribute to the actions undertaken in pursuance of the European Employment Strategy and the Annual Guidelines on Employment”. The EHRD-OP Measures co-funded by the ESF are directed towards the achievement of the following objectives:**

- **The mobilisation of labour supply in order to minimise the disruptive effects of generalised labour scarcity, while recognising the continuing importance of unemployment prevention**

- **The encouragement of enterprises, and particularly SMEs, to improve their productivity and value added in order to underpin future competitiveness**
- **The enhancement of the skills and competencies of individuals, through lifelong learning, thereby enabling their participation and progression in the labour market**

**The National Employment Action Plan in Ireland shares the strategic goals of the Lisbon Summit in 2000, which sought to allow Europe “to become the most competitive and dynamic knowledge based economy in the world capable of sustainable economic growth and with more and better jobs and greater social cohesion.**

**Ireland’s Employment Action Plan 2002 provided the strategic objectives for the year ahead. The key objectives of labour market policy in Ireland as pursued in the annual National Employment Action Plans are twofold:**

- **To reduce the rates of unemployment and long term unemployment**
- **To increase the labour market participation levels and job progression rates among marginalized and excluded groups.**

The National Employment Action Plan (NEAP) for 2002 was prepared in consultation with other relevant Government Departments and the Social Partners and submitted to the EU as required under the EU Employment Strategy and it resulted in three recommendations from the European Commission. These were in the areas outlined below:

#### **6      *Job creation***

Take further comprehensive action to address regional imbalances in employment, unemployment and job creation, including through assistance from the structural funds.

#### **7      *Lifelong Learning***

Increase in-company training (18A ESF & 18B ESF) and expedite the implementation of a coherent lifelong learning strategy, with overall targets. Promote the active involvement of the social partners in pursuing these objectives.

#### ***Gender Equality***

Strengthen efforts to mobilise and integrate into the labour market economically inactive people, in particular women, by continuing to remove tax barriers, increasing the number of affordable childcare places and addressing the factors underlying the gender pay gap.

Ireland has sought to address these recommendations in a variety of ways, not least through many of the activities being supported under the Employment and Human Resources Development Operational Programme (EHRD-OP).

Under the EU Employment Guidelines, the Irish Government has committed to:

- Intervening with all unemployed young people before they reach 6 months of unemployment with a view to offering them a job, training or other employability support;
- Intervening with all adult unemployed before they reach nine months unemployment, with a view to making a similar offer to them.

The outcomes from this process have been extremely positive. At the end of December 2002 the following outcomes were achieved:

- Of the 9,809 under 25s approaching 6 months on the Live Register referred to FAS, 6,109 (62%) had signed off the Live Register at the end of December 2002.
- Of the 9,284 25-34 year olds approaching 9 months on the Live Register referred to FAS, 5,388 (58%) had signed off the Live Register at the end of December 2002.
- Of the 7,262 35-44 year olds approaching 9 months on the Live Register referred to FAS, 3,872 (53%) had signed off the Live Register at the end of December 2002.
- **Of the 4,662 45-54 year olds approaching 9 months on the Live Register referred to FAS, 2,537 (54%) had signed off the Live Register at the end of December 2002.**

## 1.5. Social Inclusion/Poverty

**Social Inclusion/Poverty is one of the key policy contexts within which the Employment & Human Resources Development Operational Programme was prepared in terms of the needs to be addressed and the strategies and policies put in place at EU and national level. The EHRD-OP Co-ordinating Managing Authority is represented on the NDP/CSF co-ordinating Committee for Social Inclusion/Equal Opportunities. All Implementing Agencies for Measures funded under the OP are required to report twice yearly to the OP Monitoring Committee on progress in relation to Social Inclusion/Poverty with regard to their Measures.**

**The revised National Anti Poverty Strategy, (NAPS) which was agreed in 2002, notes that if consistent poverty is to be eliminated and the risk of poverty reduced, policies must address the patterns of risk and incidence that underlie poverty processes. Accordingly, the objective is to provide maximum opportunity for the most vulnerable members of society to gain employment and to progress to better paid and more fulfilling employment. Three key targets have been set:**

- **The elimination of long-term unemployment as soon as circumstances permit but, in any event, not later than 2007**
- **The reduction in the level of unemployment experienced by vulnerable groups towards the national average by 2007**

- **The achievement of the objectives set out in the National Employment Action Plan to increase employment rates**

**The National Anti Poverty Strategy also has a specific target to reduce the number of young people who leave the school system early so that the percentage of those who complete upper second level or equivalent will reach 85% by 2003 and 90% by 2006 from a baseline figure of 81.6% in 1999. In the context of the EHRD OP the School Completion Programme, combining the Early School Leaver Initiative and the School Retention Initiative are among a number of measures aimed at meeting this objective.**

**The approach towards achieving the objectives include:**

- **Having in place a proactive policy of engagement with people of working age on social welfare to ensure that, where possible, they have the opportunity to avail of employment, education and training options**
- **Creating new opportunities for unemployed people and for marginalized groups to access employment and training**
- **Eliminating any remaining gaps or disincentives to employment/training in the application of the secondary benefit systems so that, at a minimum, nobody is materially worse off as a result of taking up employment, training, or education opportunities.**
- **Ensuring that those in low paid and low skilled jobs have access to higher incomes and the opportunity to progress to better paid and more highly skilled employment**

**In terms of supporting the Long Term Unemployed, those who have become redundant and those in low-skilled employment, the objectives are to equip people with the skills to give them access to good quality and secure employment over their lifetime and to continue the re-integration of the long term unemployed and of disadvantaged groups into the open labour market, with a focus on progression opportunities.**

**As a result:**

- **The preventative strategy outlined in the National Employment Action Plan will be extended, on a phased basis, to all persons on the Live Register for longer than six months.**
- **The new High Supports Process aimed at helping those experiencing particular employability barriers, will be implemented in a number of pilot areas in 2003.**
- **Further targeted measures will be developed, in consultation with the social partners, to support labour market integration of women returners, people with disabilities, older workers and other vulnerable groups. In this connection, the recently launched Workforce Gateway for Women**

**Initiative is aimed at supporting and further developing services for women wishing to return to work**

- **The Government will examine how the positive role of the Community Employment Scheme and other schemes such as the Jobs Initiative, the Social Economy Programme and the Back to Work schemes can best meet the needs of both the long-term unemployed and communities, taking account of the various reviews currently underway**
- **The Government will continue to seek to address any barriers or disincentives to taking up employment**

**In addition, FAS will continue to play an active role in respect of company layoffs and closures through a process of engagement with redundant workers which is put in place as required and can be rapidly adapted to meet the needs of a particular situation.**

**FAS will also continue to provide training for low-skilled workers through a number of programmes such as Skills Training, Community Training, Bridging Foundation and Traineeships. They will continue and develop their broader supports for companies providing training for employees.**

Specific measures/strategies include the following: -

### **Preventing long-term unemployment**

Under the Employment Strategy, a process of intervening with people before they crossed certain thresholds of unemployment was instituted. In 2001 24,119 persons were referred to FÁS and 63.7% signed off the Live Register. It has been agreed to roll out this process on a phased basis to all persons who are over six months on the live register from April 2003, beginning with the Dublin County region. Up to now this process was used as a preventive strategy to stem the flow into long-term unemployment. The roll out will involve engaging with those who have been long-term unemployed for many years. The new enhanced process should have a major impact in terms of engaging with and activating those in unemployment with a view to progressing them towards gainful employment.

### **High Supports Process**

The HSP is a flexible process designed to assist Employment Service placement officers in implementing flexible responses for clients who are experiencing barriers in progressing from unemployment to the world of work.

The Programme will be implemented on a pilot basis in the following areas, Dublin, Dundalk, Galway, Limerick City, Waterford City, Wexford Town, Kilkenny Town, Sligo Town, Letterkenny and Cork City.

A fund up to a maximum of 2,200 Euro per client will be available for the purchase of the required support and should only be used to purchase supports not already available within existing structures.

## **The Social Economy Programme**

The Social Economy Programme (19A ESF), which is ESF co-funded, was introduced in September 2000 to provide start-up capital to social economy enterprises that create permanent sustainable employment for the long-term unemployed people over the age of 35 and other disadvantaged groups. The allocations have increased from €6.62m in 2001, to €20.55m in 2002. 2002 was a year of significant progress for the Social Economy Programme, with a total of 1,902 people participating by the end of the year

An evaluation of the Programme is being undertaken at present by the Work Research Centre on behalf of FAS and this will inform the future direction of the Programme.

## **Gateway for Women (FAS)**

Gateway for women is one of the ways in which FAS is adopting more flexible methods of delivering services to make it easier for women to return to work. It is a tailored response to individual needs and focuses on addressing concerns experienced by women returnees, such as flexibility of training and accessibility to services.

**All Implementing Agencies for the EHRD-OP were required, in respect of their Measures, to report to the Spring and Autumn Monitoring Committees in relation to the horizontal issue of Poverty Proofing. Details of how the individual Measures and Submeasures in the OP have impacted on our Social Inclusion objectives in the course of their delivery in 2002 are contained at Appendix 1.**

## **1.6 Other National Training Policy Advances**

**In relation to national training policy, developments in 2002 were as follows:**

- **The National Training Fund continued to support schemes operated by FAS, Enterprise Ireland, IDA Ireland, SFADCo and Skillnets Ltd. National Training Funding was also provided in 2002 to Forfas and the Continuing Professional Development pilot operated Institute of Engineers of Ireland (IEI)**
- **Vocational training and employment of people with disabilities was progressed and developed throughout 2002 by the Department of Enterprise, Trade and Employment through a three dimensional approach involving:**
  - **Developing the skills of people with disabilities for employment**
  - **Stimulating awareness amongst employers of the contribution which people with disabilities can make to their businesses**
  - **Providing a range of employment supports for people with disabilities and employers. (See Section 1.5)**

- **Policies in relation to the provision of vocational training and employment services were actively pursued in 2002 as part of Government policy for mainstreaming such services to people with disabilities.**
- **The outcome of an external evaluation of the Training Networks Programme operated by Skillnets Ltd was positive and as a result Skillnets was extended for a further three year cycle. An indicative fund of €15 million was allocated to Skillnets under the National Training Fund. This is to be matched by additional private sector funding. In April 2002 Skillnets was issued a new mandate by the Tanaiste. The new programme was launched in October 2002 with a call for proposals. 120 Network applications were received from this call. The assessment of the proposals will continue into 2003.**
- **The report on the Taskforce on Lifelong Learning was finalised in July 2002. The report was considered at the meeting of the Government on 22<sup>nd</sup> October 2002 at which the Government;**
  - **Noted the report of the Taskforce on Lifelong Learning**
  - **Authorised the immediate publication of the Report**
  - **Agreed that the National Adult Learning Council (NALC) be designated as the body to co-ordinate, review and report on the implementation of the framework set out in the report**
  - **Agreed that a ‘Steering Committee’ be established to oversee and direct the work of NALC insofar as it relates to the implementation of the Report of the Taskforce on Lifelong Learning.**

## 2. Overview of Operational Programme

### 2.1 General

While 2002 saw Ireland's growth rate slowing down under the influence of negative global economic conditions, the medium term picture is for more sustainable growth and job creation. The education and training needs addressed by the Operational Programme and arising from the labour market situation in 1999 remain valid. Expenditure in 2002 reached almost 95% of the full year forecast. On a cumulative basis the programme had achieved a spend rate of 88% of forecast to end December 2002. 68% of the ESF commitment for 2000-2002 had been spent by the end of December 2002.

**The Mid-Term Evaluation of the Operational Programme is due to be completed in Autumn 2003. The key objective of the evaluation is to provide an independent analysis of progress under the OP and developments in the programme environment to date and to make appropriate recommendations for programme adjustments on the basis of this analysis.**

### 2.2 OP Horizontal Objectives

**Three horizontal objectives have been set out in the Employment & Human Resources Development Operational Programme:**

*To strive for balanced regional development by addressing the existing and potential education, training and skills deficits of the BMW and SAE Regions*

*To contribute to the protection and improvement of the environment*

*To promote equal opportunities between women and men*

#### 2.2.1 Supporting Balanced Regional Development

**During 2002, employment grew by 12,800 (2.9%) in the Border, Midland and Western (BMW) region and by 5,000 (0.4%) in the Eastern and Southern region. Unemployment grew by less than 1,000 in the BMW region and by 10,800 in the Eastern and Southern region.**

**Spend on the Operational Programme in 2002, as a percentage of that forecast in the OP Financial Tables, was 99.8% in the BMW region and 91.9% in the SAE region. Cumulative spend to the end of 2002 as a percentage of the original forecast was 86.9% in the BMW region and 88.4% in the SAE region. The cumulative ESF expenditure to the end of 2002 against the original forecast was 65.18% in the BMW region and 69.68% in the SAE region. The roll out of measures under the OP is, therefore, progressing evenly across the two NUTS 11 regions.**

## 2.2.2 Environment

Environmental awareness continued to be an important component of many of the Measures implemented under the OP. The implementation of the FAS Environment Policy, together with the introduction of the FAS Litter Action Plan and a new environment module which was part of the Induction Module for all trainees encouraged the development of environment awareness among participants through day to day demonstration and reinforcement of environment related good practices. Environmental education and awareness continued to be an important component of Primary and Post-Primary education. In addition, improved access to education and training leads indirectly to individuals learning about and becoming aware of environmental issues.

## 2.2.3 Gender Equality

The Operational Programme continued, during 2002, to support and further the development of equal opportunities throughout its Measures. Significant contributions to this objective included:

- the recruitment of a gender equality expert to the ESF co-funded (31BESF) Gender Equality Unit of the Department of Justice Equality & Law Reform
- the signing of contracts by 20 projects approved for funding under the new strand of the Equality for Women Measure which is ESF co funded

The full impact of the new FAS support for childcare contributed greatly to the increased number of Community Training Workshops offering special 'return to work' programmes for women.

Female participation in apprenticeship, while remaining low, increased by 14% in 2002. FAS continued to promote the participation of women in apprenticeship through a number of steps including changes to the Apprenticeship promotional brochure to highlight female participation.

Integrate Ireland Language & Training Ltd have put in place a number of measures aimed at facilitating greater participation in direct language training by female students under the Refugee Language Support Measure. The female participation rate for 2002 was 37%, which is a decrease from the rate of 42% which existed during the second half of 2001 but an increase on the rate of 30% which existed at the commencement of the Programme in 2000. Particularly successful is an initiative, which allows a married couple to share one place in a class, with each attending on alternate sessions. The couple then assist each other in the evenings.

Under the Entrepreneurship Pillar, which is totally ESF co-funded, Enterprise Ireland (18BESF) have reported that the current rate of female participation in programmes supported by funding under 'EI' is 27% as opposed to 36% at the commencement of the Programme. Enterprise Ireland are, therefore, working with its stakeholders, both internal and external, to raise the level of awareness on issues of gender equality and to encourage greater participation of women.

On a more positive note, women comprised approximately 63% of grant-supported employees in the 258 Social Economy enterprises that commenced trading up to the end of 2002.

## 2.3 ESF Horizontal Objectives

The particular task of the ESF is to contribute to the actions in support of the current Employment Guidelines and the National Employment Action Plan framed on that basis. This is also defined around three horizontal objectives set out in the ESF Regulation:

*Support for Local Initiatives*

*The social and labour market dimensions of the Information society*

*Equal opportunities for women and men*

### 2.3.1 Local Development

FAS Programmes in support of Local Development are designed to support the 1999 White Paper, which emphasised, amongst other things, the importance of human resources development to the promotion of a sustainable rural population. FAS programmes to support rural and urban Local Development actions are implemented under the Active Measures for the Long Term Unemployed and Socially Excluded and under the Social Economy Programme.

Under the Active Measures for the Long Term Unemployed and Socially Excluded (03ESF) over 2000 FAS supported community projects were established throughout Ireland, categorised under the following headings:

*Community Enterprise:* Projects that encourage income generation and employment prospects within the community e.g. enterprise centres, community owned businesses and projects that support local tourist initiatives.

*Community Services:* Projects aimed at augmenting community services including the provision of advice, information, sports and recreational services

*Arts/Cultural/Heritage:* Projects involving the creation and development of genealogical research, theatre groups and artistic endeavour in a variety of disciplines.

The availability of on-line training courses by FAS Net College enabled the delivery of training throughout the whole country.

The Department of Education and Science is responsible for nine of the co-funded Measures/sub-Measures in the Employment and Human Resources Development Operational Programme. While the objective of ensuring that individuals optimise their employability via education is very much an aggregate objective, there will be an impact at local level where communities will have an enhanced labour supply which will be available to take advantage of employment opportunities.

Measures under the Employability Priority are framed within the overall objective of this pillar of mobilising all available sources of labour supply while preventing unemployment and promoting social inclusion. The Measures are primarily targeted at ensuring that individuals have the best possible opportunity available within the education system that will maximise their chances of employment. This priority is met on a number of levels ranging from the *School Completion Initiative* (05 ESF) (ensuring that students in the 8-15 year age group complete primary and secondary education) to *Third Level Access* (09 ESF) (promoting participation at third level education by students from socio-economically disadvantaged backgrounds and who are either mature or have disabilities).

**Within the Entrepreneurship Pillar the Social Economy Programme (19A ESF) progressed significantly during 2002 with 1,902 people participating at the end of the year. By the end of December 2002 a total of 857 applications from Community/Voluntary groups for Business Plan Grant support had been received, of which 601 were approved. 330 Social Economy businesses had been approved for full grant funding. Grants comprised contributions towards the recruitment of a manager and employees, training, capital, accountant and auditor services and overheads. The range of business activities for which enterprises have been approved includes: -**

- **Management of Community facilities**
- **Cultural & Heritage**
- **Transport services for disabled**
- **Community based childcare and parental support**
- **Tourist business facilities**
- **Rural transport initiatives**
- **Rural Tourism**

These activities are aimed at exploiting the employment and/or income generating potential of social economy enterprises in both urban and rural areas.

Under the **Adaptability** Priority the nature of the Measures has implications for local development in that individuals in the workforce will develop their skills to become more adaptable to technological and other changes impacting on employment. As a result, the Measures can be said to have a positive impact on local development if these individuals secure employment in local areas which will be better paid and have greater value-added than would have been available to them prior to developing their skills. There will also be a greater likelihood for employers to be attracted to peripheral and under-developed regions because of the availability of a skilled labour supply.

### 2.3.2 Employment Potential of the Information Society

Article 2 of Council Regulation 1262 of 1999 states that the Fund shall take account of: *'the social and labour market dimensions of the information society, notably by developing policy and programmes designed to harness the employment potential of the information society and by ensuring equal access to its facilities and benefits.'*

Ireland's [National Government Action Plan on Implementing the Information Society](#) states that: *"The Information Society represents a phenomenal challenge and opportunity for Ireland"*. In this regard, and in order to provide a comprehensive action framework, the Government has adopted an Action Plan which sets out a range of measures appropriate to the development of a true Information Society in Ireland.

FÁS supports the promotion of the EHRD OP aims related to the Information Society in two distinct areas:

*Through the application of ICT in delivering, managing and reporting on activities*

*By delivering training in and through the use of ICT*

#### A. Application of ICT in Delivering, Managing and Reporting on Activities

- Data Collection

FÁS continued to improve their data gathering systems to give more complete information on the range of clients accessing their services and the eventual outcomes of their participation on programmes.

- Database of skills courses and modules available in FÁS

In June 2002, FÁS introduced a new database (available on the FÁS intranet) containing information on over 80 skills courses and modules available in FÁS. This system provides comprehensive details of the Training Specification, Training Plan and objectives for all modules available in FÁS. This is the culmination of an on-going project to harmonise the title, content and structure of FÁS courses.

- Information Kiosks

As part of the strategy of expanding the use of new technology to improve the access of clients to FÁS services, 104 new self-service kiosks were installed in FÁS Offices throughout the country. These touch screen kiosks provide information on the range of courses, services and programmes delivered by FÁS.

- Innovative ICT Applications

The FÁS computerised career guidance tool 'Career Directions' is regularly updated and now hosts an extensive database on careers information. This

interactive programme allows users to perform self-assessments and access its careers database, which contains information on over 720 careers.

The programme was developed into a web-enabled package and also contains links to all current vacancies and training courses on the FÁS jobs web site. Career Directions is also available on multimedia CD, online at [www.careerdirections.ie](http://www.careerdirections.ie) and also through the FÁS Intranet and Extranet sites.

Career Directions is in constant use and has been distributed to over 1,250 locations nationwide, including FÁS Employment Offices and Training Centres, Guidance Counsellors, Youth Information Centres, Second Level Schools and publicly-funded careers services in third-level institutions.

- CallNet service

The FÁS National tele-services centre is now fully operational. CallNet takes vacancies from employers over the phone and via the Internet. These vacancies are then displayed over the Internet and are directed to local FÁS offices where they can be matched against the job-seeker database, advertised (using the touch-screen enquiry kiosks, front window displays) or job-seekers can be referred directly to the employer.

- Continued participation by FÁS in the future skills forecasting Group and Manpower Forecasting projects undertaken with the ESRI.

## B. Delivering Training in, and through, the use of ICT

- FÁS Net College

FÁS Net College offers on-line flexible learning opportunities to both employed and unemployed people.

There are currently over 50 courses available, with 31 certification options. Content can be delivered in a variety of formats tailored to individual learning styles in a location of choice.

In 2002, some 3,174 people registered for FÁS Net College courses.

A range of foundation, intermediate and advanced level ICT-related courses was available from FÁS Net College including:

- ECDL
- Programming and Web Design
- WORD, Excel, PowerPoint and Outlook
- Technical Support.

During 2002, emphasis was placed on developing regional access and support services and further enhancing the courseware content of FÁS Net College. As a result a number of courses have been developed in-house, including programs for Corporate Clients and Apprentices.

At the end of 2002, there were 50 e-learning access centres established nationwide affiliated to FÁS Net-College. These include some ICTU Learning Centres, community centres and external training providers.

- FÁS Evening Courses

In 2002, all FÁS centres running evening courses included ICT-related courses. Many of these included recognised certification such as ECDL or Microsoft. Many FÁS training centres are *approved test centres* for ECDL, Microsoft, etc.

- ICT-related Traineeships

In 2002, the following Traineeships were implemented:

- Computer and Communications Technician
- Software Developer
- Web Designer

- In November 2002, FÁS organised "Towards the Knowledge Economy", a conference on labour market developments in Ireland in association with the Irish Times

- Teleservices

FÁS developed in-company training programmes for companies to up-skill existing staff, i.e. Irish Life Teleservice Programme - North East Region

- FÁS Skills Link to Information Technology

In 2002, FÁS continued to implement a comprehensive suite of courses known as Skills Link to Information Technology, in order to ensure that their range of training courses met the needs of the ICT sector. This comprised five broad types of training courses in the areas of:

- E-Commerce, Digital Media, Web Design
- Computer Applications and Office Systems
- PC Hardware and Software Support
- Manufacturing
- Software Development and Testing

A new entry-level course entitled Basic Computing Skills has been developed and will be introduced in all five skill sets.

- Training for employees in the software sector

A new programme in project management was developed and run for the software sector, based on identified needs within the sector. This programme, which was dedicated to software employees, was piloted with 15 participants.

Sales and Export Sales programmes were run during the year and 45 software employees participated.

Tenders were issued and research consultants appointed for a study on the training needs of companies and employees in the sector.

The Department of Education and Science encourages individuals to remain in the education system through a variety of Measures under the **Employability** Pillar. This, in turn, equips them with the necessary skills to enable them to participate in the benefits presented by the information society insofar as it relates to employment.

### ICT and Education

The nature of the Department of Education & Science's Measures under the **Adaptability** Pillar has implications for this issue because individuals in the workforce will develop their skills and become more adaptable to technological and other changes impacting on employment. As a result, these individuals can participate in the opportunities presented by the Information Society by securing employment in sectors which will be better paid and have greater value added than would have been available to them prior to developing their skills. There will be a greater likelihood for employers to employ individuals who have the necessary skills and are sufficiently flexible to adapt to the ever changing requirements of employers in the overall area of ICT.

### 2.3.3. Equal Opportunities for Women and Men

The promotion of equal opportunities between women and men is also one of the three horizontal objectives set out in the Employment & Human Resources Development Operational Programme. Progress in relation to this objective is outlined at section 2.2.3.

## 2.4 CSF/NDP Objectives

**In addition to the OP and ESF objectives the Programme Complements for the Operational Programme outline the Poverty Proofing and Rural Proofing impact of each measure. Progress in this regard must be reported at each OP Monitoring Committee Meeting and also to the CSF Monitoring Committee.**

### 2.4.1 Social Inclusion/Poverty

**As outlined in Section 1.5 Social Inclusion/Poverty is one of the key policy contexts within which the Employment & Human Resources Development Operational Programme was prepared. All Implementing Agencies for measures funded under the OP are required to report twice yearly to the Monitoring Committee on progress in this regard. The Measures under the OP which continued to contribute very directly to promoting social inclusion and tackling poverty on an ongoing basis were:**

- Traveller Education (non co-funded – measure 7)
- Active Measure for LTU and Socially Excluded (**ESF co-funded** – measure 3)
- Third Level Access (**ESF co-funded** – measure 9)
- Vocational Training and Pathways to Employment for People with Disabilities (non co-funded – measure 16)

- Refugee Language Support Unit (non co-funded – measure 17)
- Early Literacy (non co-funded – measure 6)
- Early Education (non co-funded – measure 4)
- School Guidance Service (non co-funded – measure 8)
- School Completion Initiative (**ESF co-funded** – measure 5)
- Early School Leaver Progression (**ESF co-funded** – measure 11A)
- Early School Leavers – Youthreach & Travellers (**ESF co-funded** – measure 11B)
- National Employment Service (**ESF co-funded** – measure 2)
- Employment Support Services (non co-funded – measure 15)
- Action Programme for the Unemployed (non co-funded – measure 1)
- Lifelong Learning – Further Education Support Services (non co-funded – measure 23)
- Lifelong Learning – Back to Education Initiative (**ESF co-funded** – measure 21)
- Lifelong Learning – National Adult Literacy Strategy (**ESF co-funded** – measure 22)
- Educational Equality Initiative (**partly ESF co-funded** – measure 30A)

**The National Anti-Poverty Strategy has identified education as central to addressing poverty and many of the Measures support the retention of early school leavers and facilitate greater participation in third level education. The In-Company Training Measure (18AESF & 18BESF) and Social Economy Programme (19AESF & 19BESF) continued to contribute to the retention of employment and the raising of income, which are critical elements in combating poverty.**

**Examples of this include the continuance of the Training Support Scheme which specifically seeks to improve the skills of employees at all levels within a company, from operative to management and the participation of almost 2,000 people in the Social Economy Programme during 2002.**

**The NAPS has also set, as an objective, the provision of maximum opportunity for the most vulnerable members of society to gain employment and to progress to better paid and more fulfilling employment. Many measures are directly aimed at preparing and encouraging socially excluded people to participate in the Labour Market. Examples of developments in relation to Social Inclusion/Poverty include the introduction, under the Active Measures for Long Term Unemployed & Socially excluded (03 ESF), of childcare payments to FAS trainees which will enhance the access to training of both long term unemployed men and women in the future. Also under this Measure FAS commenced implementation of a policy of prioritising existing Community Employment and Job Initiative projects and new applications for support from the designated RAPID areas (25 identified disadvantaged urban areas). Numbers on the Community Employment programme will be reduced but places for priority services will be ‘ring fenced’ so they do not suffer. Under the Ongoing Sectoral Training – Agriculture Measure(24E) new modules were introduced in 2002 to deal with falling incomes in farming.**

## 2.4.2 Rural Development

The promotion of rural development, a horizontal objective of the NDP/CSF, continued to be addressed and progressed by the OP during 2002. The development of Callnet and Job –connect by FAS within the Employability pillar has continued to increase access to training for rural clients. Under Active Measures for Long-Term Unemployed & Socially Excluded (03ESF) Persons FAS worked with other groups, such as the County Development Boards to address the issue of transport. This will help to ensure that rural communities benefit from activities under this Measure. This issue is also being examined to ascertain the extent to which it affects participation and progression choices for Early School Leavers in rural areas. Programmes were delivered by CERT in 54 centres during 2002. There is a high level of co-operation with community groups in the planning, recruitment and implementation of these programmes in rural areas. In 2002 the NDP Gender Equality Unit, which receives funding under the OP commissioned research on the role of women in agriculture. This research addresses rural issues. A report has been published and a number of recommendations made. These include recommendations to the Dept. of Agriculture & Food and also to the Central Statistics Office in relation to collection of data.

The EHRD-OP Co-ordinating Managing Authority continued, in 2002, to participate in the Co-ordinating Committee for Rural Development.

### **3. MANAGEMENT OF THE EMPLOYMENT & HUMAN RESOURCES DEVELOPMENT OPERATIONAL PROGRAMME**

8

#### **9 3.1 Competition Policy & State Aids**

All activities under the OP are operated in full compliance with EU State Aid rules. These rules have been notified to all Implementing Bodies who have been asked to incorporate them into their procedures.

#### **10 3.2 Information, Communications & Publicity**

The EHRD-OP Managing Authority continued to engage with the central NDP/CSF Information & Communications Unit in relation to publicity for the Operational Programme and the European Social Fund. The Managing Authority was represented on the Communications Implementation Group which met regularly during 2002. A representative of the Managing Authority also attended the Information and Publicity Seminar organised in Brussels by the European Commission in March 2002.

##### **Publicity actions undertaken in respect of the ESF in 2002 include:**

The reactivation of the **ESF** Website which went live on 15<sup>th</sup> March 2002. The website has been used extensively to communicate issues and circulate documents to the Monitoring Committee. It is also used as a reference tool for enquirers seeking information on the Operational Programme and on the **ESF**. In addition, the Website is used by both the Paying and Co-ordinating Managing Authorities as an effective tool for the circulation of information on Financial Management and Control issues.

The production of an information leaflet outlining the purpose of the fund and explaining how it is programmed in Ireland.

##### **Publicity actions undertaken in respect of measures under the EHRD-OP include:**

The launch of a new brochure and website on the Post-Primary Languages Initiative under the Modern Languages Measure. Brochures were forwarded to every school in the country.

The circulation to Training Centre programmes of leaflets and posters on the Early School Leaver – Youthreach & Travellers Measure. The leaflets and posters include acknowledgement of **ESF** funding and contain the EU and NDP logos.

The inclusion of descriptions of **ESF** funded projects under the OP in a nationwide National Development Plan Promotion Campaign.

The production of leaflets and posters publicising the READ WRITE NOW television series developed under the National adult Literacy Strategy. This series attracted the highest ever audience for an educational programme in

Ireland. Due to its popularity, videos of the series were made and distributed free of charge and a second series of the programme was produced. The TV series includes acknowledgement of the ESF funding and the NDP logo.

### 11 3.3 Monitoring & Indicators

The individual Measure/Sub Measure reports (Appendix 1) detail the position at the end of 2002 in relation to both the physical progress and financial expenditures achieved in respect of 2002 and since the programme commenced in 2000.

During 2002, improvements continued to be made in relation to the provision of appropriate data for Monitoring Committee reports with implementing bodies being consistently reminded of their obligations in this regard by the Managing Authority. Matters in this regard are expected to improve further in 2003 and subsequent years.

A report entitled Monitoring Indicators under the EHRD-OP and Equality Monitoring was produced by the Equality Authority and presented to the Monitoring Committee. The overall objective of the report was to identify data deficits and the changes needed to address these: *“so that participation in measures under the Employment and Human Resource development Operational Programme (EHRDOP) can be tracked and analysed with reference to four grounds: people with disabilities; members of the Traveller Community; members of an ethnic minority group; older people.”* Specifically the report examined the changes needed in order that monitoring indicators could be produced for each of the four grounds. The report made a number of recommendations which were noted by the Monitoring Committee. Implementing Departments and Agencies were requested to report back in 2003 on progress made in implementing the recommendations and on any difficulties encountered in seeking to implement them.

### 12 3.4 Evaluations

The EHRD-OP/ESF Evaluation Steering Committee, chaired by the Head of the ESF Mission met regularly during 2002. Two evaluations reports on the OP, commissioned by the NDP/CSF Evaluation Unit and the Steering Committee, were presented to the Monitoring Committee during the year.

#### 3.4.1 Review of Arrangements for the Design of Follow-Up Participant Surveys under

##### **the Employment and Human Resources Development OP**

The first evaluation, undertaken by Capita Consultants, concerned a **‘Review of Arrangements for the Design of Follow-Up Participant Surveys under the Employment and Human Resources Development OP’**. The overall conclusion of the report was that there was scope for a more consistent and harmonised approach to follow up data design and collection. The consultants argued that it was not possible to fully harmonise or centralise total survey design and implementation in terms of data collection, entry, analysis and storage across provision at the current time. They stated, however, that *“it is possible to greatly improve the quality and comparability of follow-up questions and response sets across existing surveys through the*

*application of common wordings, definitions, response options, coding protocols, and follow up procedures through the adoption or application of the proposed template.”* The Consultants made explicit recommendations under a number of headings which were endorsed by the Monitoring Committee. The relevant implementing Departments and Agencies were directed to implement the recommendations and report back to the Committee.

### **3.4.2. Level of Provision and Targeting of Measures**

The second evaluation, undertaken by Fitzpatrick Associates, was entitled “**Level of Provision and Targeting of Measures.**” This report examined the provision and targeting aspects of programme management across a series of EHRD-OP measures concentrating on two specific issues:

- The adequacy or otherwise of the planned level of provision for the Measures
- The appropriateness or otherwise of the targeting processes used under the Measures.

A number of recommendations were made and noted by the Monitoring Committee. The relevant Implementing Departments/Agencies and the OP Managing Authority were instructed to report back to the Spring 2003 Monitoring Committee meeting on progress achieved by them in addressing the specific recommendations applicable to them. The Managing Authority was also directed to ensure that the report and its recommendations inform the Mid Term Evaluation of the OP. This and any other relevant evaluations have informed the work of the consultants carrying out the Mid-Term Evaluation.

## **13 3.5 Mid Term Evaluation**

A Mid Term Review Evaluation Steering Committee, chaired by the Head of the ESF Mission, was established in 2002 to oversee the Mid Term Review of the EHRD-OP. The Steering Committee agreed and approved the Terms of Reference for the evaluation in July 2002. Subsequently a request for tender to undertake the evaluation was notified in the Official Journal of the European Communities. It was also advertised in the domestic media and through the Government Procurement website. Following an assessment process the contract was awarded to Fitzpatrick Consultants in December 2002.

## **14 3.6 Managing Authority/OP Monitoring Committee**

**3.6.1** The OP Monitoring Committee met in April and October 2002 to review the six monthly and yearly Progress Reports on the OP . The April meeting was held in Kilkenny within the S&E Region while the October meeting was held in Galway within the BMW Region. Significant decisions/actions taken by the Monitoring Committee in 2002 were:

- The amendment of the Programme Complement for measures 18A and 18B (In Company Training) to encompass proposals received for a new strand within the measure and

- the advertising of a Call for Proposals in the national media seeking detailed structured proposals for projects to be funded under the new strand
- the approval of two evaluation reports undertaken on the EHRD-OP and a direction to the relevant Implementing Departments/Agencies to report back on progress in relation to the implementation of the recommendations contained in the reports.

The Monitoring Committee also approved the six monthly and yearly Progress Reports prior to their submission to the CSF Monitoring Committee.

An additional meeting of the Monitoring Committee was held in September 2002 to discuss the Terms of Reference for the Mid Term Review of the OP and to engage in a preliminary discussion on the “*Level of Provision and Targeting of Measures*” Evaluation completed by Fitzpatrick Associates.

**3.6.2** Following a preventive audit by the Commission in February 2002 some changes were made to the reporting structures within the **ESF** Policy & Operations Unit in relation to certification of expenditure. These changes are outline at section 5.3 of this report.

### **3.7 Use of Technical Assistance**

€447,667.65 of funds allocated to Technical Assistance was spent during 2002. An approximate break down of this expenditure is as follows:

- Salaries of the staff of the Financial Control Unit: 79%
- Travel & Subsistence: 8%
- Administrative Costs: 13%

The majority of administrative costs incurred during 2002 were in regard to:

- The organisation of two Monitoring Committee meetings
- The re-development of the **ESF** Website
- Consultancy work on the new In-Company Training Strand
- The purchase of promotional items used to publicise the Operational Programme



## 4. Financial Overview of Activity

### 4.1 OP Summary of Expenditure

Expenditure in 2002 reached almost 95% of the full year forecast. On a cumulative basis, the programme has achieved a spend rate of 88% of forecast to end December 2002. 68% of the ESF commitment for 2000-2002 had been spent by the end of December.

**Table 1 – Expenditure for January-December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	99.8%	650.992	52.485	39.106	13.379	.898	597.609
<b>SAE</b>	91.9%	1444.557	124.036	60.018	60.018	2.627	1317.894
<b>NAT</b>	94.4%	2098.548	176.52	101.123	75.397	3.525	1915.503

**Table 2 – Cumulative expenditure from January 2000 – December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	86.9%	1709.563	160.178	119.875	40.303	2.565	1546.82
<b>SAE</b>	88.4%	4221.163	432.968	216.484	216.484	7.549	3780.645
<b>NAT</b>	88%	5930.726	593.146	336.359	256.787	10.114	5327.465

### 4.2 The N+2 Rule

As the N+2 Rule applies at OP level, expenditure during 2002 gave rise to no immediate problems as regards the N+2 requirement.

The Employability Pillar, in particular, is making a strong contribution to the OP's ability to meet this requirement. However, as outlined further on in this report, there are significant underspends in both the Entrepreneurship and Equality pillars which need to be addressed in order to avoid problems with N+2 compliance in the future.

### 15 4.3 EMPLOYABILITY PRIORITY

The spend rate for this Priority continues to be good. All of the expenditure forecast for 2002 and almost the entire expenditure forecast for 2000-2002 was spent by the end of December. The **ESF** expenditure declared amounts to 82% of the **ESF** commitments for 2000-2002.

The first six months of 2002 showed a significant increase in spending on the Action Programme for the Unemployed and Traveller Education. This continued into the second half of the year. Expenditure on Early Literacy & Third Level Access, which had continued to be low during the early part of 2002, showed a significant increase during the latter half of the year. Spend on Skills Training for Unemployed and Redundant Workers, which had already been high, rose considerably between June-Dec. 2002. Spend on Early Education and Modern Languages remained low. All other measures are progressing apace.

**Table 1 – Expenditure for January-December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-financ.	Private	National Non-Cofinanc.
<b>BMW</b>	106%	345.702	37.328	27.993	9.335	.56	307.814
<b>SAE</b>	97.6%	783.046	68.486	32.243	32.243	1.41	713.15
<b>NAT</b>	100.1%	1128.747	105.813	62.235	43.578	1.97	1020.964

**Table 2 – Cumulative expenditure from January 2000 – December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-financ.	Private	National Non-Cofinanc.
<b>BMW</b>	96.8%	961.764	121.408	91.058	30.35	1.73	838.626
<b>SAE</b>	92.7%	2304.495	302.842	151.421	151.421	3.69	1997.963
<b>NAT</b>	93.9%	3266.260	424.251	242.479	181.772	5.42	2836.589

#### 4.4 ENTREPRENEURSHIP PRIORITY

Despite an increase in the rate of spend on this Priority in 2002, expenditure overall remained low. Particular problems have emerged on In-Company Training (18A ESF & 18B ESF) and on the Local Social Capital Measure (19B ESF). Only 33.3% of the ESF commitment for 2000-2002 had been spent by the end of December and, unless there is very substantial improvement in these figures in the short term N+2 problems could present themselves as a result of the lack of performance under this priority.

**Table 1 – Expenditure for January-December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	62%	16.015	6.525	4.636	1.889		9.49
<b>SAE</b>	33.4%	23.694	18.134	9.067	9.067		5.56
<b>NAT</b>	41.1%	39.709	24.659	13.703	10.956		15.05

**Table 2 – Cumulative expenditure from January 2000 – December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	35.6	31.855	18.505	13.621	4.884		13.35
<b>SAE</b>	19.5%	48.454	38.814	19.407	19.407		9.64
<b>NAT</b>	23.8%	80.31	57.32	33.029	24.291		22.99

## 4.5 ADAPTABILITY PRIORITY

Despite many Measures meeting or exceeding their target spend, overall expenditure on this pillar is slightly slower than forecast . However, the rate of expenditure showed an increase during the second half of 2002. 63% of the **ESF** commitment for 2000 –2002 had been spent by December.

The slower spend has resulted from a number of measures being behind target in activity roll out. The spend rate for the Lifelong Learning – General Training measure (20) implemented by FAS is reduced as a result of income received from evening courses. Spend on Lifelong Learning- National Adult Literacy (22 ESF) and Lifelong Learning Further Education Support (23) are also significantly below target. There has been reduced expenditure on the Ongoing Forestry (24C) training measure due to a delay in the receipt of a number of applications.

However, the Equine Institute (24D), who had declared no expenditure for January – June, had spent 100% of their forecasted expenditure for 2002 by the end of December.

**Table 1 – Expenditure for January-December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	74.8%	128.264	8.373	6.28	2.093	.338	119.553
<b>SAE</b>	95%	296.304	35.75	17.875	17.875	1.217	259.337
<b>NAT</b>	87.9%	424.568	44.123	24.155	19.968	1.545	375.68

**Table 2 – Cumulative expenditure from January 2000 – December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	71.7%	370.685	19.915	14.936	4.979	.835	349.94
<b>SAE</b>	90.9%	855.584	88.654	44.327	44.327	3.859	763.07
<b>NAT</b>	84.1%	1226.26	108.569	59.263	49.306	4.694	1113.00

## 4.6 EQUALITY PRIORITY

Expenditure on this priority has shown a significant increase in the BMW Region for 2002. However, overall spend is still considerably below forecast. The transfer of funding from the Equal Opportunities Promotion and Monitoring (31A ESF) Measure to the Equality for Women Measure (31B ESF) should result in an increase in spending.

To date 14.94% of the **ESF** Commitment for 2000-2002 has been spent. Therefore, a significant increase in expenditure and drawdown will be required from this pillar in order to avoid problems with N+2 compliance in the future.

**Table 1 – Expenditure for January-December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	101.8%	.224	.089	.067	.022		.135
<b>SAE</b>	45.2%	1.342	.958	.479	.479		.384
<b>NAT</b>	49.1%	1.566	1.047	.546	.501		.519

**Table 2 – Cumulative expenditure from January 2000 – December 2002**

EHRD-OP €m	% of Forecast	Total Prog Spend	Total co-fin. (csf Expend.)	EU Structural Funds	National Public Co-finan.	Private	National Non-Cofinanc.
<b>BMW</b>	39.8%	.303	.12	.09	.03		.183
<b>SAE</b>	19.74%	2.051	1.398	.699	.699		.653
<b>NAT</b>	20.4%	2.354	1.518	.789	.729		.836

## 4.7 TECHNICAL ASSISTANCE

Expenditure under these measures (33AESF & 33BESF) improved considerably during the second half of 2002. However, there is still a considerable underspend on Technical Assistance with just 32.5% of the ESF allocation for 2000 –2002 having been spent by the end of December.

**Table 1 – Expenditure for January 2000 - December 2002**

<b>EHRD- OP €m</b>	<b>% of Forecast</b>	<b>Total Prog Spend</b>	<b>Total co- fin. (csf Expend.)</b>	<b>EU Structural Funds</b>	<b>National Public Co- finan.</b>	<b>Private</b>	<b>National Non- Cofinanc.</b>
<i><b>BMW</b></i>	139%	.17	.17	.13	.04		
<i><b>SAE</b></i>	67%	.708	.708	.354	.354		
<i><b>NAT</b></i>	75%	.878	.878	.484	.394		

**Table 2 – Cumulative expenditure from January 2000 – December 2002**

<b>EHRD- OP €m</b>	<b>% of Forecast</b>	<b>Total Prog Spend</b>	<b>Total co- fin. (csf Expend.)</b>	<b>EU Structural Funds</b>	<b>National Public Co- finan.</b>	<b>Private</b>	<b>National Non- Cofinanc.</b>
<i><b>BMW</b></i>	55.7%	.23	.23	.17	.06		
<i><b>SAE</b></i>	28.5%	1.26	1.26	.63	.63		
<i><b>NAT</b></i>	30.9%	1.49	1.49	.8	.69		



## 4.8 INFRASTRUCTURE

While expenditure during the first half of 2002 was only 34% of the forecast for that year, by the end of December almost the entire forecast for 2002 was spent. Spend accumulated since 2000 amounts to 93.3% of that forecast for the 2000-2002 period.

**Table 1 – Expenditure for January-December 2002**

<b>EHRD-OP €m</b>	<b>% of Forecast</b>	<b>Total Prog Spend</b>	<b>Total co- fin. (csf Expend.)</b>	<b>EU Structural Funds</b>	<b>National Public Co- finan.</b>	<b>Private</b>	<b>National Non- Cofinanc.</b>
<b><i>BMW</i></b>	125%	160.617					160.617
<b>SAE</b>	88.7%	339.463					339.463
<b>NAT</b>	98.4%	503.080					503.080

**Table 2 – Cumulative expenditure from January – December 2002**

<b>EHRD-OP €m</b>	<b>% of Forecast</b>	<b>Total Prog Spend</b>	<b>Total co- fin. (csf Expend.)</b>	<b>EU Structural Funds</b>	<b>National Public Co- finan.</b>	<b>Private</b>	<b>National Non- Cofinanc.</b>
<b><i>BMW</i></b>	94.6%	344.721					344.721
<b>SAE</b>	92.9%	1009.319					1009.319
<b>NAT</b>	93.3%	1354.04					1354.04

## 5. FINANCIAL CONTROL

### 5.2 Activities undertaken in 2002

#### 5.2.1. Audits by the European Commission

:

1. February 2002 Preventive Systems Audit on the ESF National Authority including the EHRD-OP Managing Authority
2. October 2002 Preventive audit on management and control systems – FAS

#### 5.2.2. Audits by the ESF Financial Control Unit

June 2002 Audit on FAS Claims for Assistance 2000 & 2001

Where applicable, the recommendations contained in the above mentioned audits have been implemented.

#### 5.2.3. Article 4 Checks

Guidelines on Article 4 checks were drawn up by the Managing Authority in 2002. These guidelines and the strategy for the visits were discussed with the ESF Financial Control Unit. The OP Managing Authority undertook two Article 4 visits in 2002. The Implementing Bodies visited were FAS and the Department of Education & Science. The findings of the Art. 4 checks were communicated to FAS and the Dept. of Education & Science. No serious problems were uncovered during the check on FAS. Communication is ongoing between the Managing Authority and the Department of Education and Science has indicated that a final response is expected shortly.

#### 5.2.4. Financial Control Circulars

The following circulars were drawn up by the ESF Paying Authority in 2002 and issued to all delegated Managing Authorities and Implementing Agencies responsible for Measures under the EHRD-OP:

- ESF/PA/5-2002** Certification Procedures for drawdown of funding from the Commission
- ESF/PA/6-2002** Circular addressing a number of issues raised following the ESF mission “*Preventive audit on management and control systems for Managing and Paying Authority*”, Ireland

### **5.2.5. Procedures Manuals**

A detailed Procedures Manual was prepared by the OP Managing Authority in 2002 outlining responsibilities, tasks and procedures in place for the implementation of EU co-financed activity.

Procedures Manuals were also requested from all implementing agencies and were examined in detail to ensure full compliance with the Structural Funds Regulations. Copies of Procedures Manuals were also forwarded to the Internal Audit Unit of the Dept. of Enterprise, Trade & Employment and the **ESF** Financial Control Unit for their information and/or comments.

All Procedures Manuals are required to be regularly updated in line with the provisions of all new circulars emanating from the ESF National Authority and in order to reflect any changes made to internal procedures. No material changes to procedures may be made without the prior agreement of the Co-ordinating Managing Authority.

## **5.3 Provisions for Audit of Management & Control Systems**

### ***ESF Financial Control Unit & Internal Audit Unit, Dept. of Enterprise, Trade & Employment***

During 2002 the Audit of the **ESF** in Ireland was the responsibility of two separate and independent bodies. The Internal Audit Unit (IAU) of the Department of Enterprise, Trade & Employment had responsibility, under Article 10.1 (a) of Regulation EC 438/01 for systems audits of **ESF** spending bodies. The **ESF** Financial Control Unit (FCU) was responsible for the audit of **ESF** expenditure declarations under Article 10.1 (b) 10.2 of Regulation 438/01. The **ESF**-FCU was co-funded through Technical Assistance and reported to a steering committee chaired alternately by the Head of the IAU and by the **ESF** Head of Mission. For day to day management matters, The **ESF** FCU reported to the **ESF** Head of Mission.

Annual audit plans were drawn up by both the IAU and the **ESF** FCU and the Managing Authority were notified of the plans insofar as the operation of the OP is concerned.

## **5.4 Changes in Ireland's Financial Management and Control Structures**

Following some changes in Ireland's financial management and control structures in late 2002 and early 2003, a revised report under Article 5 of Regulation 438/2001 is nearing completion and will be submitted to the Cion in July 2003.

## **5.5 Drawdown of ESF**

The OP Managing Authority made one application to the European Commission for drawdown of funding under the Programme. Claims were certified by the Coordinating Managing Authority in respect of eligible expenditure incurred by FAS, Enterprise Ireland, the Dept of Education & Science and the Technical Assistance Measure which resulted in an **ESF** payment being received of €99,305,198.02.