



The European Social Fund in Hessen, Germany, 2007-2013

Hessen is one of the strongest federal states in terms of its economy. Like other federal states, however, Hessen faces challenges due to ongoing demographic change. One particular problem is unemployment amongst young people. ESF projects in the Programming Period 2007-2013 will focus on renewing perspectives for young people whilst also addressing the shortage of skilled labour.

The European Social Fund in brief

The European Social Fund, created in 1957, is the European Union's main financial instrument for investing in people. It supports employment and helps people enhance their education and skills. This improves their job prospects.

Member States and regions devise their own ESF Operational Programmes, in order to respond to the real needs 'on the ground'. Over the period 2007-2013, the ESF will spend over 10 billion euro per year across all Member States. This represents more than 10% of the European Union's total budget.

These are the five priorities of ESF funding at EU level:

- Helping workers and enterprises adapt to changing circumstances in the economy
- Enhancing access to employment and participation in the workforce
- Improving training and skills, both for individuals, and through better education and training systems
- Promoting partnerships between actors such as employers, trade unions and non-governmental organisations, for reform in the fields of employment and inclusion in the labour market
- Reinforcing the social inclusion of disadvantaged people and combating discrimination in the labour market

In some Member States and regions, the ESF can also support actions to improve the capacity and effectiveness of public administrations and public services.

The socio-economic and employment situation in Hessen

Hessen has 6.1 million inhabitants. All of its borders are with other federal states. The population is expected to remain steady in the medium term. The prognosis for the period 2003-2020 is for only 0.4% growth. Far larger fluctuations are anticipated – as in other federal states – in the various age groupings: estimates say that the percentage of children and young people (under 15 years) will fall from 15.2% to 12.6% and that the percentage of seniors (from 65 years) will increase from 17.2% to 21.5%. The social and economic consequences of this demographic development will be a significant feature for Hessen in the coming years.

Hessen's economy is one of the strongest in Germany. Nonetheless, its more vibrant regions, for example the Rhine-Main conurbation which includes Frankfurt airport, will witness further population growth, whilst weaker areas such as central and north Hessen are already seeing a decline. Naturally, regions of economic progress attract young employees and skilled workers.

A major objective of the Lisbon process is an overall employment figure of 70%. Hessen achieved 66.8% for this key figure in 2005, which is better than the national average (65.4%), although still significantly below the objective. The number of employees liable to pay social insurance fell by around 4% in the period 2000 to 2005, whilst there was a marked rise in numbers of self-employed, of approximately 12% (with a higher-than-average rise in women-owned businesses).

Following a reduction in jobs covered by social security, unemployment has risen: the portion of unemployment relating to civilian employees climbed from 7.3% (in 2000) to 9.7% (in 2005). However, comparison is only possible to a limited extent as reforms in the labour market in Germany have meant a change in the way statistics are compiled. Unemployment among under-25s has risen at above the average rate, whilst for the over-50s it has decreased significantly. This is mainly because older employees have taken (early) retirement. Young people in Hessen are encountering difficulties in finding training places: demand exceeds supply. The number of training places decreased between 2000 and 2005. This trend was only halted in 2007. For the first time, there was an increase of 9.1% in comparison with the previous year. There were, however, around 2 300 applicants who did not succeed in finding a training place in 2007.

ESF priorities in Hessen

A central tenet of any future plans for the development of the labour market in Hessen is the Lisbon Strategy which was formulated in 2005 and aims for optimal growth, high employment and competitiveness whilst taking the social dimension into consideration. The federal state of Hessen will prioritise measures that provide increased value over other federal and national programmes. Building on analyses of the previous Programming Period (2000-2006), Hessen will use its ESF funds to support career incentives for young people, taking into account sustainability and prevention.

Priority 1: Improving the adaptability of employees and enterprises

Small and medium-sized enterprises (SMEs) are a pillar of Hessen's economy. Although their existence depends on motivated and well-trained employees, they do not invest

sufficiently in the continued training of their staff, perhaps due to financial and personnel constraints. A further problem in Hessen's estimation is that it is mainly people with higher qualifications who benefit from offers of further training. In the coming years, Hessen intends to resolve this situation with the help of the ESF. Further training initiatives to address needs and target specific groups will be undertaken, with a view to reaching the low-education and older-employee strata. These initiatives should also promote the retention of jobs. Hessen will encourage SMEs to recognise the value of permanent investment in the skills of employees, even during economically difficult times. Networks and partnerships between businesses will be one way of attaining this objective.

Hessen is devoting around 19% of total funds to Priority 1 projects in the period 2007-2013.

Priority 2: Enhancing human capital

Hessen's major priority is unequivocally the support of projects that enhance vocational qualifications: 53% of total funds are allocated to 'Enhancing human capital'.

Due to demographic change, enterprises in Hessen are finding it increasingly difficult to secure accomplished personnel. The federal state is therefore concerned about the high number of young people who leave general education without graduating (around 9%), making it almost impossible to commence training. The fact that the number of training places has fallen dramatically in recent years is exacerbating the problem. There is a gap between supply and demand, which was reversed in 2007 for the first time.

In carrying out projects that serve to improve and broaden qualifications, Hessen has set objectives, including the reduction in numbers of early school leavers, the improvement of educational standards amongst young people, and the provision of support for severely disadvantaged young people in their vocational training. Highly qualified young employees will not be forgotten as Hessen's plans include university-level networks.

A further goal is to establish new training places. In this context, training associations will be promoted in which several smaller businesses will share the costs. This makes it easier for employers to offer young people career prospects.

Finally, it is important to motivate disadvantaged young people so that they do not leave school early but proceed to finish their education. Hessen's ESF programme for 2007-2013 also includes further reforms of the vocational training systems in order to adjust content to better suit the demands of the labour market.

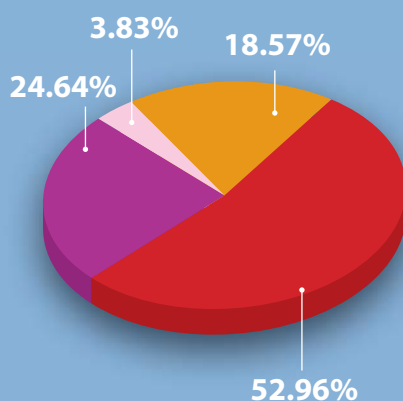
Priority 3: Improving access to employment and the social inclusion of disadvantaged people

Employment policies in Hessen aim to prepare the ground so that the unemployed – in particular the long-term unemployed, older people, immigrants and people in danger of social exclusion – can be included in the workforce again. Hessen will be helping people who have difficulty in securing a job to improve their chances. Here, it will be a question of inciting people to subscribe to 'lifelong learning'. The promotion of healthcare services and care of the elderly will also create jobs.

Special attention will be paid to the compatibility of family and career: one of the federal state's initiatives is to enhance childcare in smaller businesses and universities. This move should lead to equal opportunities for men and women in the labour market.

Hessen has allocated around 25% of total funds to Priority 3 projects.

Financial plan for the European Social Fund in Hessen, 2007-2013 (euro)



Priority axis	Community funding	National counterpart	Total funding
Improving the adaptability of employees and enterprises	36 050 000	36 290 000	72 340 000
Enhancing human capital	101 884 954	104 514 222	206 399 176
Improving access to employment and the social inclusion of disadvantaged people	41 330 842	54 686 348	96 017 190
Technical assistance	7 469 408	7 469 408	14 938 816
Total	186 735 204	202 959 978	389 695 182

Some examples of ESF projects in Hessen, 2000-2006

With the help of the European Social Fund, Hessen carried out the following projects, among others, during the previous Programming Period:

- **Internships:** ESF resources have enabled a federal state programme entitled 'Fit for training and career' (FAUB), targeted at students who are unlikely to graduate following the tenth year of compulsory education or the end of secondary school. FAUB offered such students alternatives in working environments outside the school. During a one-year internship under the guidance of education experts, young people were given the opportunity to demonstrate and improve their practical skills and to sit the secondary school final exam as external students. The average success rate for the federal state was 25%: every fourth person was transferred to vocational training after work experience. The Schwalm-Eder Guild of Craftsmen placed 18 of its 22 participants in 2005/2006 (or 82%).
- **Statistics:** within the programme 'Studies in vocational training', Hessen carried out a feasibility study from 2005 to 2007. The study, entitled 'More transparency in vocational training', established new integrated statistics for training. Previous statistics had only captured 'dual-system' training places, meaning there was a lack of robust data covering the many different opportunities for training. The study recommends ways to redress this situation in terms of education policies.

ESF contacts



In Hessen

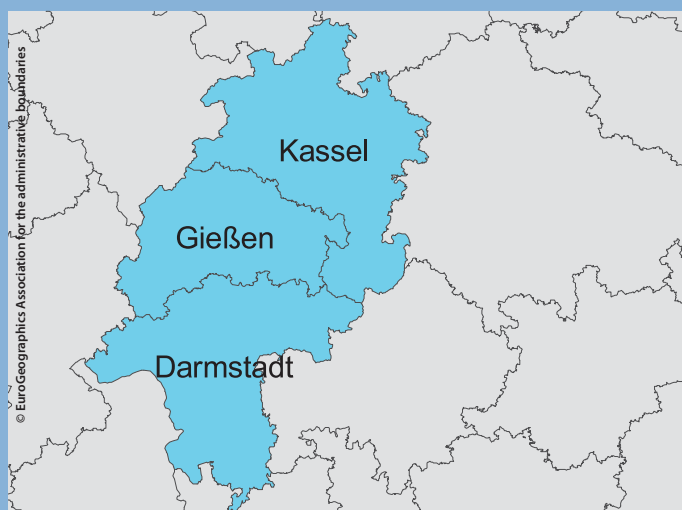
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Eligible regions 2007-2013



The level of ESF funding differs from one region to another depending on their relative wealth.

- Hessen, with a GDP per head of more than 75% of the EU-25 average, is eligible under the regional competitiveness and employment objective.