

Evaluation for Quality

Fourth Conference on Evaluation of the Structural Funds
Edinburgh, 18-19 September 2000

Final Evaluation of ESF Objective 1 in Italy: a contribution for systems strengthening

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1. Evaluating a Major Programme: aims, approach and methodology

1.1 The Evaluanda

The final evaluation of Objective 1 European Social Fund had the general objective, as agreed with the European Commission, of providing a useful analysis for programming the 2000-2006 Structural Funds. Within this framework the Technical Group on Evaluation of CSF Objective 1 Monitoring Committee agreed:

- i) thematic analysis of the key issues of active employment policies and human resources development in the Italian Mezzogiorno, in particular "Results and Impacts of the ESF on Strengthening the Educational and Initial Training Systems" and the "Direct Impact of the ESF on the Long-term Unemployed";
- ii) cross-OP evaluations on the evolution of the programming and management process, qualities and abilities of local Managing Authorities to aid the new systems-strengthening choices, especially on a regional level, of the 2000-2006 programming;
- iii) comparative analysis of impacts, at a macro level, between Objectives 1 and 3.

The evaluation used a **plurality of methods and tools**. This is in line with the overall evaluation *approach* adopted by the ISFOL-Evaluation Unit, considered the only way to

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obtain the necessary coherence between the considerable complexity of the *evaluanda* (ESF Objectives 1 and 3)² and the procedures used for its analysis and evaluation. An evaluation practice has been developed that supports the learning of the actor system implementing the CSF, combining: i) a **participatory approach** of a bottom-up type, reconstructing processes, changes in the field and impacts on the policy governance system; ii) a **policy analysis approach** that uses retrospective and longitudinal surveys, econometric tools and shift-share analysis as well as qualitative tools (interviews, focus groups, etc.) to measure and interpret outcomes and impacts of policies³.

1.2 The Programme as an Open System

The approach used for the evaluation of the Social Fund in the Mezzogiorno (and, in parallel, of Objective 3) is consistent with the nature of the programme. The CSF and regional operational programming were underpinned by an implicit aim to break away from traditional training policies in Italy. This implied not only changes in target groups and policy objectives but also in the rules of the game and the actors concerned. The apparently simple and feasible specific programme goals involved a radical redesign of the publicly-financed training system. Up to 1993, the Italian system mainly consisted of basic training lasting one or two years and aimed at young people who, after finishing compulsory schooling, did not continue or interrupted their education (88% of those using the regional training system)⁴. Therefore, instead of supporting a training system that mainly met the social demand for training⁵, the ESF 1994-1999 programme set the goal⁶ of achieving both social justice and competitiveness through a well-coordinated and integrated supply of opportunities and the participation of a plurality of actors. The ESF did not simply constitute a financial channel for managing national policies, but a driving force for changing them (and the analysis of the results will show what kind of change this implied).

² Complexity of evaluating major socio-economic programmes like the Structural Funds is underlined in EC, *Evaluating socio-economic programmes. Principal evaluation techniques and tools*, Means Collection, volume 3, 1999.

³ Bulgarelli A., *Valutazione di programma: riflessioni dalla ricerca*, in Palumbo M. (ed.), *Valutazione 2000*, Angeli, Milan, 2000; De Lellis A., Vergani A., *Participatory Evaluation and Transformation of Institutional Systems*, European Evaluation Society Conference, October 1998. ESF Evaluation Unit (Bulgarelli A. ed.), *Valutazione finale dell'Obiettivo 3 in Italia*, Angeli, Milano, 1999.

⁴ Giovine M., Lion C., *Elementi per la valutazione ex post delle attività di formazione cofinanziate dal Fse 1990-92* in "Osservatorio Isfol" n.1-2, 1996.

⁵ I refer to early school leavers or drop outs from upper secondary education. The drop-out rates in the first two years of secondary school are still over 30%.

⁶ We reconstructed the goals during the mid-term programme evaluation. The need to spell out the impact of programmes is common to all countries "(they) were not specifically identified when drawing up the programme" but, as the European Commission points out in the Conclusions of the ESF Interim National Evaluations "(they) have been defined simultaneously with the implementation of the programming and have been formalised during the evaluation".

We have considered the ESF Programme as an **open system**, that is able not only to receive messages from the external environment and to react to them but also able to influence them.

During the six years of programme implementation the specific and operational objectives have been defined and changed while work was underway, as well as the rules of the game and the behaviour of the actors, not to mention the national and regional human-resource and labour development policies. This has implied a complex evaluation that could no longer be based only on the usual objectives-results model, but had also to discover and construct from the field according to the applied social research model.

This has meant:

- analysing the real features of the population reached with regards to the target population (people and firms) and outcomes in terms of employability of individuals;
- analysing and interpreting the effects on training systems and their governance;
- interpreting the change and its process;
- attempting to measure the relationship between policy effort and localisation components of the labour market.

1.3 An Aid to Decision-making: knowledge building in a learning, participatory process

The approach to the evaluation was thus not only to observe the multiplicity of relations and transformations occurring in the programme implementation process, but also to describe and measure results and impacts. The critical reconstruction of results and processes, with a continual feed-back from the stakeholders, has enabled a **critical accumulation of knowledge** with repercussions on the learning process of the entire system.

The activity can be read within the framework of the five generations of evaluation theory and practice (diagram 1.2), as illustrated by Guba and Lincoln⁷ and taken up, for example, by Arnkil⁸. In order these are: measurement (first), description (second), judgement (third), interpretation (fourth) and empowerment (fifth).

These generations can be considered as five guiding principles for an evaluation carried out in a context, like the Italian one, in which the possibility of quantifying the phenomena examined was far from being considered as a goal achieved by the exercise. In fact, one of the key aspects of our activity has been that of reconstructing, on a

7 Methodological hypothesis of 4th generation evaluation in: Guba E., Lincoln Y., Fourth Generation Evaluation, Sage, London, 1989.

8 Arnkil R., "Taking Different Welfare State Regimes, Local Initiative and Next Generation Evaluation into account in ESF evaluation. Reflecting on the experience of the Objective 3 evaluation in Finland", paper presented to European Conference on Evaluation Practice in the field of structural policies, Seville, 16/17 March 1998.

quantitative level, the achievements (during the initial years), defining the indicators of measurement and measuring the outcomes⁹. In any event, it was an opportunity to develop an evaluation practice for the benefit of the system; that is, a learning process for the administrations (which programme and manage), the executing agencies (which plan and implement) and the other parties involved (those who, through concerted action in the programming and implementation stages, are jointly responsible for the progress of the programmes)¹⁰.

Diagram 1.2.- The generations of evaluation

Generation	Aims of evaluation
I: measurement⇒	Outside measurement of results, individual achievements
II: description⇒	Outside description of benefits and disadvantages of the programmes
III: judgement⇒	Outside judgement of values
IV: interpretation⇒	Equality of stakeholders, finding consensus of interpretation through joint constructs
V: empowerment⇒	Amplifying “weak signals”, keeping genuine contradictions alive

Source: Arnkil, 1998 on the base of Guba and Lincoln

In particular, the option of interpreting the evaluation task as a support for change, by highlighting the weak signals and the innovations (understood as cultural shifts) as well as the contradictions and weaknesses, is basically underpinned by two sets of complementary considerations:

- a) The first refers to changes in institutional action connected with the ESF as programmed in Italy in terms of aims, contents and expected results. Since these are crucial targets whose achievement had (and still has) a particular importance for the Italian vocational training system, it was decided to use the evaluation, as far as the role and possibilities of the Evaluation Unit allowed, to support the achievement of these targets.
- b) The second consideration is based on the conviction that the evaluation (especially when done by an institutional research body such as ISFOL) serves collective interests and must therefore assume a general point of view.

⁹Our quantification of the implementation starting from the administrative data of ESF interventions then provided the input for defining and implementing the ESF physical monitoring, carried out on a regional and national level.

¹⁰ For the executing agencies and other actors mentioned, the dissemination and discussion of the results of the evaluation during the period of the mandate provided learning opportunities

Interpreted in this way, the ESF evaluation in Italy has enabled three results to be obtained, fundamental for upgrading institutional action in co-financed human resource policies:

- the construction and setting-up of the necessary conditions (informative, procedural and organisational) for carrying out the evaluation according to ESF regulations¹¹;
- the construction of a network, links and connections between actors which have enabled, and at the same time fostered, the governance of the overall cycle of ESF programming implementation with particular reference to the expected changes in the same programming;
- the experimentation of real and realistic ways for linking programming and planning actions under public training policies (definition of strategies for implementing ESF programming, pinpointing projects/activities to carry out, activating implementation mechanisms, carrying out support actions) with the evaluation action.

ISFOL's observations of the activity of each OP administrator (made possible by an assignment covering all the years of implementation) has meant that the evaluation has been carried out under the form of accompanying the OPs implementation processes and, in general, the managing authorities' activity. It is essentially based on two basic elements:

- firstly, considering the evaluation as an activity intertwined with the design, implementation and adjustment of the public co-financed training policies, involving a reciprocal learning process on the part of both evaluator and evaluated - i.e. a formative approach;
- secondly, taking the evaluation as applied research connected with the entire life cycle of the policies it reconstructs and analyses.

¹¹ See the ESF Regulations and to the *Common Guide for Monitoring and Interim Evaluation of the Community Structural Funds 1994-99* (European Commission, February 1995) and *Definition of Indicators for ESF Monitoring* (European Commission, May 1995).

2. Outcomes and Impacts of the ESF in the Mezzogiorno

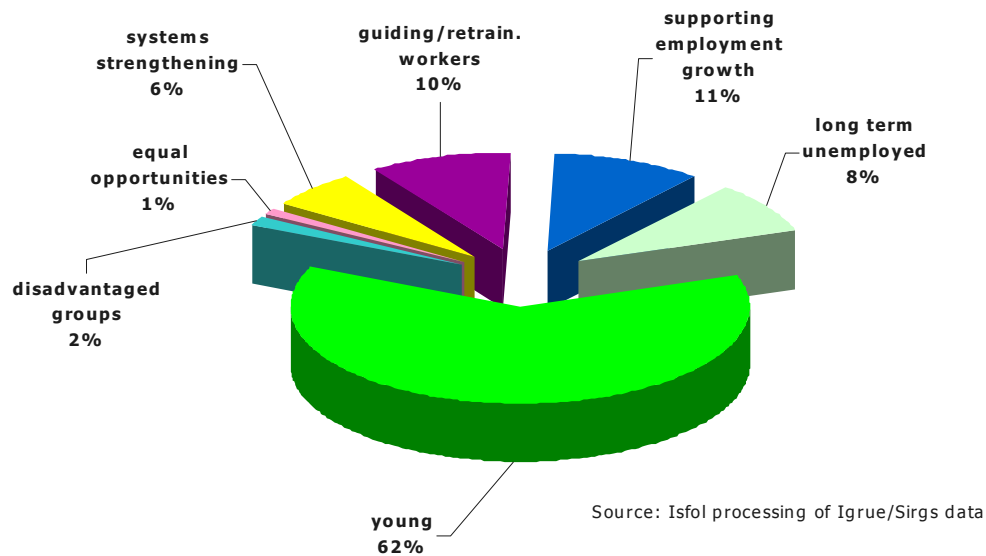
2.1 An Overall Picture

Starting with the various evaluation reports we have carried out¹² the results I am presenting here underscore the added value of the co-financed intervention on the greater effectiveness and strengthening of the vocational training system in the Mezzogiorno. The processes triggered become even more significant if we consider that the resources of the European Social Fund have been concentrated on the regional vocational training system and represented, in the 1994-1999 period, around 77% of the entire regional outlay on training. The dependence on the European Social Fund, the main financial investment channel in training managed by the Regional Authorities in that period, with its goals of changing the contents and rules of the game, has contaminated all the training policy programming from 1994 to date.

The results emerging from the evaluation show that the ESF Objective 1, with 1,116,000 direct beneficiaries of interventions (1994-1998), has involved mainly young job-seekers (62% of all direct beneficiaries) and to a lesser extent long-term unemployed, workers in weak positions and disadvantaged groups. It has managed to serve 15% of young job-seekers and 1.6% of long-term unemployed adults. This difference is a result not only of policy choices that concentrate activities on young people, the population segment most affected by unemployment, but also of the difficulties encountered in intercepting and involving adult potential users. Until the present, on-going reform the Italian PES were mainly involved in bureaucratic/administrative activities and not in providing employability opportunities to the unemployed and those needing them most. The strengthening of employment services - with the actions for developing them in CSF 2000-2006 (spelt out in the final evaluation recommendations) - should enable a greater involvement of individuals "distant" from the labour market and from the policy measures directed at them. Moreover, the dead-weight effects we found when analysing the measure addressed to the long-term unemployed could be reduced through better tailor-made and integrated support packages and a redesign of individual pathways among subsidised policies.

¹² Isfol-Struttura di valutazione, *Final Evaluation of Objective 1 in Italy-Summary*, November 1999; Isfol-Struttura di valutazione, *Impatto del FSE sulla popolazione di riferimento e componente localizzativa della crescita occupazionale*, October 1999; Isfol-Struttura di valutazione, *Impatto diretto del FSE sui disoccupati di lunga durata*, July 1999; Isfol-Struttura di valutazione, *Impatto del FSE sul rafforzamento del sistema della istruzione e formazione iniziale*, July 1999; Isfol-Struttura di valutazione, *Impatto del FSE sull'integrazione fra politiche di formazione e le altre politiche attive del lavoro*, July 1999; Isfol-Struttura di valutazione, *La realizzazione del FSE nel Mezzogiorno: analisi di efficienza fisica e finanziaria, analisi degli esiti occupazionali dei formati*, September 1999; Isfol-Struttura di valutazione, *Evoluzione dei contenuti e delle prassi di programmazione del FSE*, July 1999; Ministero del Bilancio-Nucleo di valutazione degli investimenti pubblici, Inea, Isfol-Struttura di valutazione, *Valutazione di medio termine del QCS ob.1*, 1997.

Direct beneficiaries by priority



Coverage rate: long-term unemployed and unemployed youth – annual average 1994-1997

	long-term unemployed	unemployed youth
Abruzzo	7.1%	35.7%
Molise	1.5%	30.7%
Campania	0.5%	5.8%
Puglia	2.7%	20.0%
Basilicata	7.4%	38.3%
Calabria	1.1%	26.7%
Sicilia	0.1%	4.3%
Sardegna	2.2%	32.7%
Total Regions	1.3%	4.8%
TOTAL Regions and Ministries*	1.6%	14.9%

*OP Ministry of Labour Technical assistance and innovative actions, Employment emergency and OP Ministry of Education

Source: ISFOL - ESF Evaluation Unit

2.2 Target Population

The evolution in the composition of target groups over the five years of implementation considered highlights important variations that transform the overall features of the training system in southern Italy.

Up to 1993, the regional vocational training system mainly offered basic training for early school leavers (>14 years old). In the seventies and eighties, regional training acted as a backup to schooling. An anomaly of the Italian educational system was the absence of an adequate job-oriented supply¹³. The training supply is mainly represented by schooling alone (2,700,000 pupils in upper secondary schools, 150,000 in regional vocational training)¹⁴ with academic style teaching.

All this explains not only the limited take-off of the vocational training system but also the fact that, inside the educational system, the specifically job-oriented streams (State Vocational Training Institutes) have always represented a small proportion (around 20%) of the entire school population, against the 30% minimum and 65% maximum of the other industrialised countries. The social demand for education (measured through the families' choice of the various upper secondary school streams during the first year) shows, in the 1985-1995 decade, a progressive shift towards academic and away from vocational and technical contents.

Faced with early school leavers, with drop-out rates still over 30% in the first two years of upper secondary school and the decrease in enrolments in technical and vocational schools, regional training has responded to a social demand underpinned by the traditional presence of religious and trade-union training bodies with a strong social vocation.

The ESF Objective 1 1994-99 programming broke up this pattern by introducing measures and OPs (Education OP and University OP) addressed to relatively stronger young target populations (students and graduates of secondary school and university) and aimed at enhancing the competitiveness of local enterprises.

In 1999, the opportunities offered differed according to both class of user and type of training body¹⁵, response to economic and social needs as well as pathways and

¹³ An overall reform of the educational system has been underway for two years now, involving: i) the introduction of compulsory education up to 18 years, either in secondary school or regional vocational training or apprenticeship; ii) the introduction of VET courses after obtaining secondary school diploma, managed jointly by schools and regional training.

¹⁴ ISTAT-Education Statistics and ISFOL-Regional Vocational Training Survey data (various years, average figure).

¹⁵ No longer only the regional public centres and traditional religious and trade-union based institutes, but also firms and their consortia, universities, employers' organisations (handicrafts, trade, industry, etc.), private and non-profit bodies, consortia of different types of bodies, etc.

architecture of interventions. This means the nature of the vocational training system has changed and, partly, that of State vocational training (IPS)¹⁶.

In the Mezzogiorno, the basic qualification of young people leaving compulsory schooling now only covers 35% of young users of ESF interventions against the 88% of 1993. Moreover, the total regional training activities addressed both to young people and to unemployed adults and women returning to the labour market has, over the last six years, shifted towards medium- and high-level skills and competence.

There has been particularly massive financing of the European Social Fund for strengthening and enhancing the quality of State vocational and technical training, with 9,000 actions that have trained 148,000 students and graduates from State vocational institutes (or 62% of potential users) and 50% of VET teachers.

2.3 Youth Training: employability outcomes

The outcomes, in terms of employability, of the co-financed training actions are positive both for regional training aimed at young job-seekers and for vocational training as a whole. We compared placement rates of unemployed young people who participated in ESF training interventions with those of a non-experimental control group in one of the large Mezzogiorno regions with very high youth unemployment rates. **Training seems to represent a positive chance for job placement with a 9% difference between the two groups.**

Through logical regression analysis we tried to identify the influence of training, among other variables, on the probability of finding employment. The results show that the social background (measured by the educational level of the beneficiary's family) has the strongest influence on employability. Participation in an ESF training initiative has a positive influence, albeit to a relatively lesser extent than being of male gender. Increased probabilities are highlighted when training is targeted at individuals with a low educational level (compulsory education). This last result, which we found also in Objective 3 regions¹⁷, is particularly interesting for policy design since it shows the relatively greater impact of interventions targeted at the young in the most disadvantaged conditions. It also shows, and this is in line with the surveys on vocational needs of firms¹⁸, the persisting demand for labour with a low educational status but with basic vocational qualifications.

¹⁶For an in-depth analysis of the ESF impact on the State vocational education systems see Isfol-Struttura di Valutazione, *L'impatto del Fondo sociale europeo sul rafforzamento del sistema dell'istruzione e formazione iniziale*, Collana Fondo Sociale Europeo 1997.

¹⁷ Isfol-Struttura di valutazione, Centra M., De Vincenzi R., Villante C., *Formazione professionale e occupabilità*, I Libri del Fondo sociale europeo, Roma 2000.

¹⁸ The ESF has financed research and regular surveys on professional, training and employment needs at regional as well as at national level.

These outcomes still rely on a placement process handled directly by the family network; this again proves the weakness of the Italian PES System that only finds jobs for 17% of ESF beneficiaries against the 40% managed directly by family and friends.

Table 3.3 – Probability to be employed according to gender, age, education level of the interviewed and their parents (trained and non trained)

Variable	β	S.E.	Wald	df	Sig	R	Exp (B)
GENDER							
(Man)	,6322	,0116	2969,407	1	,0000	,1979	1,8817
(Woman)	-,6322	,0116	2969,407	1	,0000	-,1979	,5314
AGE							
(Up to 24 years)	-,0436	,0178	5,9944	1	,0144	-,0073	,9573
(From 25 to 34)	-,0039	,0160	,0609	1	,8051*	,0000	,9961
(From 35 to 44)	,0476	,0241	3,8968	1	,0484	,0050	1,0487
EDUCATION LEVEL (interviewed)							
(None/primary)	-,0213	,0379	,3147	1	,5748*	,0000	,9790
(Compulsory ed.)	,4390	,0239	336,6899	1	,0000	,0665	1,5512
(VET)	-,7582	,0492	237,7418	1	,0000	-,0558	,4685
(Secondary)	,1074	,0231	21,6278	1	,0000	,0161	1,1134
(University)	,2330	,0516	20,3667	1	,0000	,0156	1,2624
EDUCATION LEVEL (family head)							
(None/primary)	-,4713	,0258	332,5232	1	,0000	-,0660	,6242
(Compuls./ app.)	,0022	,0238	,0082	1	,9279*	,0000	1,0022
(Secondary)	-,0784	,0293	7,1585	1	,0075	-,0083	,9246
(University)	,5476	,0525	108,8672	1	,0000	,0376	1,7290
EDUCATION LEVEL (spouse)							
(None/primary)	-,8376	,0249	1130,5820	1	,0000	-,1220	,4327
(Compuls./app.)	-1,1035	,0237	2164,2810	1	,0000	-,1689	,3317
(Secondary)	,5219	,0286	334,1308	1	,0000	,0662	1,6853
(University)	1,4193	,0487	848,1832	1	,0000	,1057	4,1340
(Not trained)	-,3500	,0211	276,4445	1	,0000	-,0602	,7047
(Trained)	,3500	,0211	276,4445	1	,0000	,0602	1,4191
Constant	-,4720	,0294	258,0591	1	,0000		

*insignificant values

Source: ISFOL – ESF Evaluation Unit processing of Sardegna Region data and ISTAT microdata on workforce

Sardinia Region flows into the labour market 1 year after training - employment status



Source: Isfol processing of Sardinia Region and Istat data

For the **Education OP**, we compared gross placement effects between different measures, each one having a different mix of policy tools. The results show a **better outcome for the most integrated measures**, specifically the "post-qualification" one which combines in-school training (with the participation of trainers and local company managers), job simulation and work experience. This outcome seems to confirm European and national policy choices in favour of combined/integrated measures¹⁹.

These results are even more interesting when compared with the partly analogous surveys carried out during the eighties²⁰, which showed null or very limited outcomes for vocational training. Then as today, the results can be interpreted by considering the selection bias phenomena. In the eighties the beneficiaries of training were the weakest subjects on the labour market - not only could they not manage to continue their studies but they could not even manage to find a job (given a consistent demand for unskilled work). Today these beneficiaries seem to be, non-employment conditions being equal, relatively stronger. Our surveys on the characteristics of the population actually reached by the ESF policies highlight positive self-screening effects (those turning to

¹⁹ Placement differentials between more combined/less combined measures are well measured in the UK Ob.3 Final Evaluation Report. Hansbro J., Mooney P., *Made to Measure: Evaluation of Pathways to Integration in the UK. ESF Ob. 3 Programme*, 1999.

²⁰ See especially the writings of G.Antonelli, including G. Antonelli, *Risorse umane e redditi da lavoro*, F. Angeli, Milan, 1985, and ISFOL surveys on entry flows into active life of young people according to the various educational levels, in particular L.Battistoni and A.Ruberto, *Percorsi giovanili di studio e lavoro*, F. Angeli, Milan, 1988.

vocational training are a little more educated and active than the target population), proving that both the choices of individuals and the image and function of training are changing.

Along with the plus values of the employability of those trained within the framework of the State vocational education system, drop-out rates during the first three years of vocational education (-6%) are falling. There is also an inversion of the negative enrolment rate in vocational institutes out of the total enrolment in the first year of upper secondary school, especially in the Mezzogiorno (those enrolled in the first year of vocational education rose from 20.9% of 1995/96 to 22.4% in 1997/98).

These phenomena cannot only be ascribed to the entry of the ESF into the vocational training and education systems. However, a virtuous circle has been created in which, as we will see later on, the Structural Funds rules of the game have linked, through institutional learning pathways, the enterprises' demand for job-related skills with families' demand for education.

2.4 Direct Impact on the Long-term Unemployed

Different results were instead found for the specific measure addressed to workers who have been made redundant and are in a long-term unemployment condition²¹. This is a new intervention for which the training system did not have any significant previous experience.

The *qualitative survey*, preparatory to the quantitative analyses, was carried out with the *focus-group* technique. This has enabled us to examine some cultural and psychological features of the long-term unemployed (in terms of work mentality and attitude to training and, more in general, to the future) and, above all, the problems emerging during the implementation of interventions²². The *quantitative surveys* were carried out with the telephone interview technique involving a sample of 2,200 people made up of trained and non-trained²³.

²¹ This measure was evaluated by: i) process analyses; ii) analyses of training contents, organisation and methods used for these participants; iii) analyses of occupational impact carried out in two stages, by retrospective survey one year after the end of the courses and longitudinal survey two years after. The first results have already been presented at the Seville Conference. Bulgarelli A., De Sanctis A., De Vincenzi R, *Impact of Retraining Schemes for the Long-term Unemployed Co-financed by the European Social Fund*, Seville 1998.

²² The key objective to be achieved with the focus groups was that of exploring the lifestyle and perception of training of the long-term unemployed participating in the programmes addressed to them. It also seemed important for guiding the subsequent quantitative research, because it was considered that the opinions of the individuals, their mentality and their motivation mostly depend on the success of the training initiatives.

²³ The sample is made up of two groups of people: the main group of trained, i.e. those who have finished their training pathway;

This population is: i) adult (average 43 years); ii) male gender (77%); iii) with a low educational status (41% with only compulsory schooling and 21% with literacy problems); iv) former blue-collar workers. The overall results achieved by the evaluation show a dead-weight effect of the training investment. The training intervention did not have a positive outcome on the levels and quality of re-entry of the unemployed making use of it. After one year, the employed were 63.3% of the total trained; after two years they were 61.5%. If we look more carefully at the data, however, we see that it mainly involves "assisted" and not market-based employment: 68.5% of those who stated they were "employed" were really inserted in a socially-useful work project (workfare); after two years, 67.5% of those interviewed gave the same answer.

In the comparison with the control group, the higher the percentage of the non employed (6.7% difference after a year), the lower that of those in permanent jobs (27% difference after two years). Among the various forms of "work", the highest percentages are recorded for those inserted in workfare (over 67% in the two years for the trained and around 33% for the control group). Lastly, the job placement of the employed favours the lower classifications. The longitudinal analysis shows that over 67% of those engaged in workfare state they are not seeking jobs since over half of them expect to be taken on permanently by the administration under which the project is being implemented.

The extent and duration of workfare among the trained seems to show a protected pathway. Those trained are the insiders of a system of social policies, the non-trained seem mainly to be leaving it. In the absence of a network of employment services able to intercept, inform and guide the weaker groups on the labour market, the bodies managing the "mobility" or redundant workers', lists and, partly, the policies addressed to these people, have created a welfare circuit. Those who entered training remained in the circuit. The content and ways in which training has been managed did not include support for re-entering employment - the end of the course coincided with the end of the subsidy. Workfare was the solution to guaranteeing a continuing wage and vicinity to work. Mobility management bodies (employment agencies) and training centres, the latter mainly trade-union based, have helped to find (subsidised) solutions for a group they already know and assist.

On the other side, the evaluation reveals a slight positive effect in terms of social reintegration. Through focus-group interviewing and survey, despite the low level of re-entry into permanent jobs (remember that this type of unemployed is made up of ex-employees with permanent work contracts) there is a high level of satisfaction for the training received. The positive evaluation expressed by the unemployed is in fact

a second group of those who, chosen to participate in training or enrolled in training actions, did not participate for administrative reasons linked to national co-financing, who were used as a non experimental control group.

concentrated on the relational, self-confidence and empowerment aspects of the training.

There is a paradox here: a policy conceived to redirect, reactivate and retrain ends up by confining those to whom it is addressed into a welfare strait-jacket. This is undoubtedly the fault of the numerous national decrees that have prolonged the duration of workfare initiatives for the long-term unemployed, involving consistent numbers of those registered on the mobility lists. But what I want to stress here is that all this discourages individuals from seeking work, nullifying the empowerment effect produced by training.

The training action itself shows several weaknesses:

- a) The measure implementation modes did not enable the aims of training schemes to be suitably defined. Moreover, the considerable amount of financial resources available and the need to deploy them in the short term meant that the organism responsible for managing the mobility list did not have the competence to ensure a standardised design of training schemes for the entire local area.
- b) At the beginning of the programme (1995) training models tailored around young users were used, unsuitable for the needs of adults.
- c) Linkages with the local area were mostly absent, both when designing the initiatives (needs analysis) and when implementing them. Upstream, albeit often present in the design, there was a definite lack of guidance and information on work opportunities (subordinate, self-employed or co-operative) in the schemes. Training participants interviewed wanted a course more focused on local employment needs with a more practically designed supply. Participants asked organisers to investigate better what economic, environmental-cultural and human resources in the district could be possible sources of jobs.

These weaknesses have been partly overcome in the further implementation of the measure, thanks also to the results of the intermediate evaluation. However, there is still a lack of coherence between training tools (with ESF co-financing), subsequent guidance towards the labour market and welfare and workfare measures (with national financing).

long term unemployed
MAIN RESULTS OF THE EVALUATION

Ex-post Evaluation

Characteristics of the population surveyed

- adults (average 43 years of age)
- male gender (77%)
- low standard of formal qualifications (41% only with compulsory schooling and 21% with literacy problems)
- coming from manual work (76%) with low last wages (67%)
- working background: industrial macro sector

Source: ISFOL - ESF Evaluation Unit

long term unemployed

probability to be employed	<i>benchmark</i> trained men compulsory education average age 43	non trained
employed in 1997	72.8	75.0
employed in 1998	70.3	70.6
employed (including socially useful work)	82.4	76.5
employed (excluding socially useful work)	21.8	40.3

Source: ISFOL - ESF Evaluation Unit

long term unemployed

	1997		1998	
	Beneficiaries	Control group	Beneficiaries	Control group
Permanent	15,8	38,9	21,9	48,6
Soc. Useful Work	68,5	34,2	67,5	33,5
Short term	8,9	9,5	4,5	6,9
Self employed	2,5	10,0	3,0	9,8
Temporary job	4,1	7,4	2,7	1,2
no answer	0,1	0,0	0,4	0,0
	100	100	100	100

Source: ISFOL - ESF Evaluation Unit

2.5 Impact on the System

The results achieved, either in terms of changing training opportunities and therefore the training supply, or in terms of the target population treated or impact, are the consequence of a learning that has involved both training providers (schools, training

bodies, firms), and the institutions managing the ESF (regional administrations, Ministries of Education, University and Labour).

According to what has emerged from our evaluations, the **learning** process has been mostly triggered by programming and management methods, rules and procedures introduced by the Structural Funds in 1994. The ESF has **anticipated the reform of national policies in the field of training and active employment policies**. The evaluation has shown that the co-financed initiatives have forced national and regional policies.

In a context (up to 1997²⁴) characterised by the legislative and operative inertia of the reform of the VET system and in general of the active labour policies and PES, the ESF has been used to design and experiment pilot measures and actions (in target users and in project assignment and implementation procedures/quality). After 1994, the old annual programming dominated by the negative networks of training supply was replaced by **a programming by projects based on long-term and annual strategic objectives defined by the administrations through institutional and social concerted action**²⁵

The programming and management procedures, and in particular the **partnership** method, have enabled some (financially rich) wedges to be inserted in the consolidated systems of actors and policies. In the majority of regions, the annual programming of ESF activities is a result of a process involving economic and social partners. In the Education OP, schools have established stable links with local employers who also actively participate in teaching in the ESF-VET courses and provide work experiences for the students. In the decision-making process, the presence of the European Commission over the entire 1994-99 implementation period was particularly important. It was utilised by the institutional stakeholders (regions and ministries), within the framework of their own policy management systems, to break away from consolidated patterns of communication and relationship between actors. The other side of the coin, however, reveals institutions' weakness, particularly in the southern regions, to catalyse needs and guide development pathways.

A second crucial aspect involves the introduction of **tendering procedures** for assigning projects. Over and beyond the achievement of the specific objective of guaranteeing greater transparency, the main effects were:

²⁴ In 1997 the new reforms were started within the framework of active labour policies, followed by reforms in the sphere of education.

²⁵ Bulgarelli A., De Lellis A., *Gli attori istituzionali nelle politiche delle risorse umane cofinanziate dai Fondi Strutturali*, XXXIX Riunione Scientifica Annuale Società Italiana degli Economisti, 1999.

- a) **Increase in policy and project planning ability.** The programming structure for a hierarchical system of objectives (from the general objective to operating objectives) in the Structural Funds had already introduced, in 1994, an organised method within which to implement policies for developing human resources. The further passage from long-term operational programming (the OPs) to programming by projects has produced a continual definition and qualification of project ideas. This is evident in the analysis of tenders, terms of reference and selection criteria of projects over the six years of ESF implementation. The enrichment of project ideas, a greater and better specification of the project features compared to that indicated in the Operational Programmes formulated in 1994 during the evaluation of the impact on the system demonstrate a learning process in public institutions responsible for programmes. The programming by projects method, with its careful definition and continual revision and enrichment of the terms of reference, is now applied to all the human-resource development national public policies, even for small amounts not conflicting with the European regulations on tendering²⁶.
- b) **Policy innovation and improvements in the quality of projects.** Greater TOR specifications, opening up to new ideas, opening up to new people in the training market and competition all enable innovation to be conceived and tested. This innovation has had important effects on national policies and reforms through a double top-down and bottom-up pathway:
- an example of the first case is the Apprenticeship Project managed by the Ministry of Labour OP jointly with the economic and social partners of the main industrial and trade sectors; it has set up the experimental workshop for reforming apprenticeship which is now one of the three channels for achieving compulsory training up to 18 years of age²⁷;
 - there have been many genuinely bottom-up pathways, mainly projects in the crucial sectors of integration between the education and regional vocational training systems. In this area partnerships, not led from the top down and on a local level, between schools, training bodies, firms, social partners, employment agencies etc., have produced quality actions. This has had positive effects both on the recipients of the interventions and on subsequent agreements and tools, on a macro and institutional level of integration between the two VET systems²⁸. In fact, at one time (1998) there was a paradox in which the difficulties of political agreement between institutions (central ministries and regions) had partially hindered the bottom-up design and testing pathway.

²⁶ The ESF procedures have been reviewed and perfected in the national programmes of continuing training (law 236).

²⁷ ISFOL- Evaluation Unit, *L'integrazione tra formazione e le altre politiche del lavoro nel Fondo Sociale Europeo*, Collana del Fondo Sociale Europeo, 1999. Fornara O., Volpi S., *Evaluating the pathways to integration in Italy*, paper presented at the Edinburgh Conference "Evaluation for quality".

²⁸ ISFOL-Evaluation Unit, *L'impatto del Fondo sociale europeo sul rafforzamento del sistema dell'istruzione e formazione iniziale*, cit.

The programming by projects mechanism has provided a learning process, but this has happened in a spontaneous/not organised manner (and this is a limit for future learning). Each invitation to tender basically constitutes the most authentic expression of what up to now the management authority has been able to experiment with its initial ideas for projects and their subsequent elaboration by those proposing the projects. It is evident that any positive feed-back from the results of this experimentation (whether simple financial management or on the effectiveness of the project compared to the political goal pursued) constitutes the main "engine" of the learning process. **This suggests a recommendation for the future: programming by projects (according to our reconstruction, a "repetitive game" of projects formulated by public administrations and proposing agents) is an excellent procedure for learning and this feature can be enhanced with procedures that fully tap experience²⁹.** Such procedures should include a continuous feedback with the in-itinere assessment.

But what is the relationship between the system innovation triggered by the ESF and the pace of change? There is a simple financial implementation figure that explains past and present problems: in the Mezzogiorno up to December 1999, 53% of that programmed had been spent. However underestimated²⁹, such a low implementation level can be interpreted, on the basis of all the evaluations we carried out, in terms of **trade-off between innovation and efficiency**. The pace of change, especially when it represents a complete breakaway from the past as in the case of the ESF in Italy, finds a weak link in the organisational and managerial efficiency both of the managing authorities and executing agents. Where the regional system is stronger (Ob.3 Regions) these processes of change and breakaway have been combined with a better implementation and management ability (68% of expenditure).

With the aim of strengthening the Mezzogiorno Public Administration (at central, regional and local level) in the latest programming period, a vast programme of training in planning, management, monitoring and evaluation has been introduced for public officials who, at various levels, manage Structural funds and national public policies (ESF co-financed). Within this framework, a measure is specifically devoted to the transfer of knowledge and know-how between regional administrations of the central-north and south¹.

²⁹ Financial data underestimate the weight of the actual implementations due to delays in reporting by managing authorities because of adjusting to SEM 2000 rules.

³⁰ Due to the late implementation of projects, the evaluation of the PASS (Public Administration for Mezzogiorno Development) programme has only just started. ISFOL is evaluating the measures concerning the transfer of knowledge from North to South, training for the introduction of monitoring and evaluation functions in public administrations and training for officials of the new reformed PES.

2.6 Impact on Economic Development

It is certainly rash to suggest that the Social Fund has had an impact on local economic development. *Briefly, there are two reasons for this, one technical and the other conceptual:*

- a) the volume of resources and population reached is too small to suggest repercussions on the GDP and employment trends;*
- b) the increase in the qualification of human resources contributes to economic and social development in conjunction with the other structural policies.*

Although, for methodological and application reasons, it has not been possible to apply rigorous techniques for the evaluation of impact, we have however attempted to calculate the contribution potentially offered by ESF co-financed actions on the overall performance of the different regional labour markets. This exercise compares the localisation (or regional) component of the employment growth in the various Mezzogiorno regions (using the shift-share technique) with the population covered by the ESF intervention, the latter being an indicator of policy effort.

BOX 1: Shift-Share Analysis

The *shift-share* analysis is used to identify the two main "structural" and "localisation" components of occupational trends recorded in the various sectors and regional contexts. The growth of regional employment (Gr) can be broken down into three separate components:

- the national component, or the growth due to the performance recorded on an aggregate national level (Gn);
- the structural component, or the growth calculated on the basis of the sectoral performances recorded on a national level and on the sectoral structure of each region, in turn stripped of the performance recorded on an aggregate national level (Grn-Gn);
- the localisation component, or the growth due to other specific regional factors, obtained by stripping from the regional growth the growth calculated on the basis of the sectoral performances recorded on a national level and on the sectoral structure of each region (Gr-Grn).

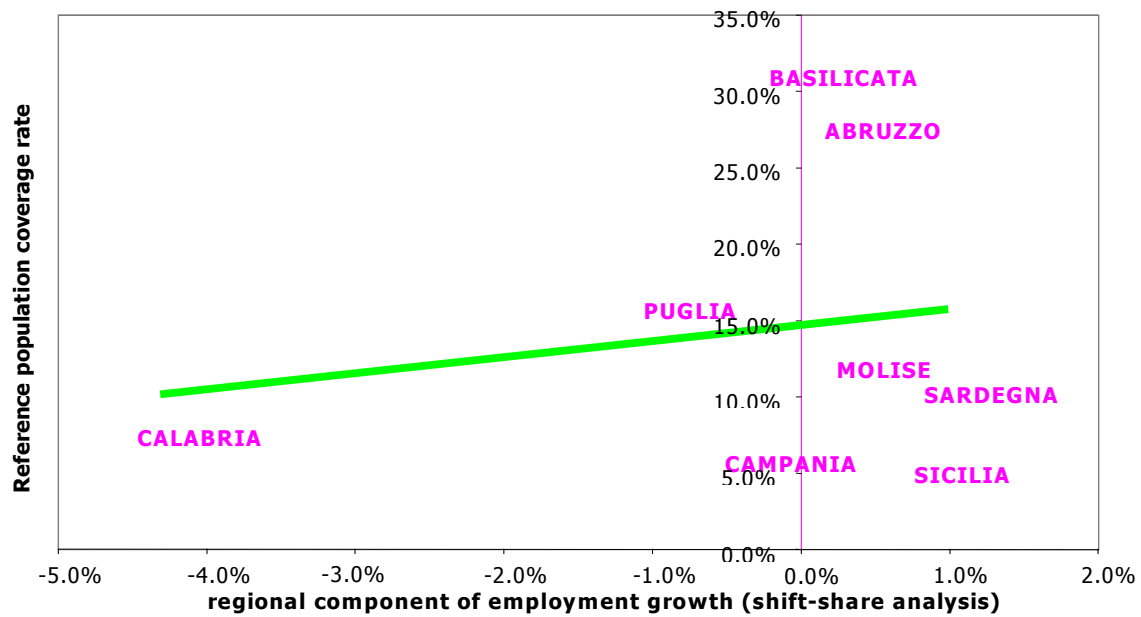
The shift-share technique thus basically involves applying the relative rates of growth of each single national sector to the corresponding regional sector, considering the structure given in a certain year. In this way a hypothetical rate of regional growth is obtained. The difference between the hypothetical rate of growth calculated for the region and the national rate of growth shows to what extent the initial industrial composition of the region has been favourable or unfavourable for its development. It is evident that, using a similar calculation, it is possible to enlarge the analysis to the structural features (age, sex, etc.) of the labour demand that each sector has in each region.

Although we cannot talk about a relation of cause and effect, it is interesting to see the extent of the statistical relationship between the two phenomena. In the Mezzogiorno, the negative employment performance was due not only to the localisation component but also to the structural component of the growth, with a different distribution of the phenomenon between the different regional situations.

Comparing the two indicators, there does not seem to be any link between the level of the indicator of policy effort (population covered by ESF interventions) and the regional component of employment growth, either on an aggregate level or referred only to training activities for the youth component of the population covered. A very different result from that of the Ob.3 regions, where the relationship between the two variables is still more concordant. In those regions, presenting a policy effort of over 10%, the regional component has taken a positive value, whereas at the same time all the regions with a negative regional components have low values of the training effort produced.

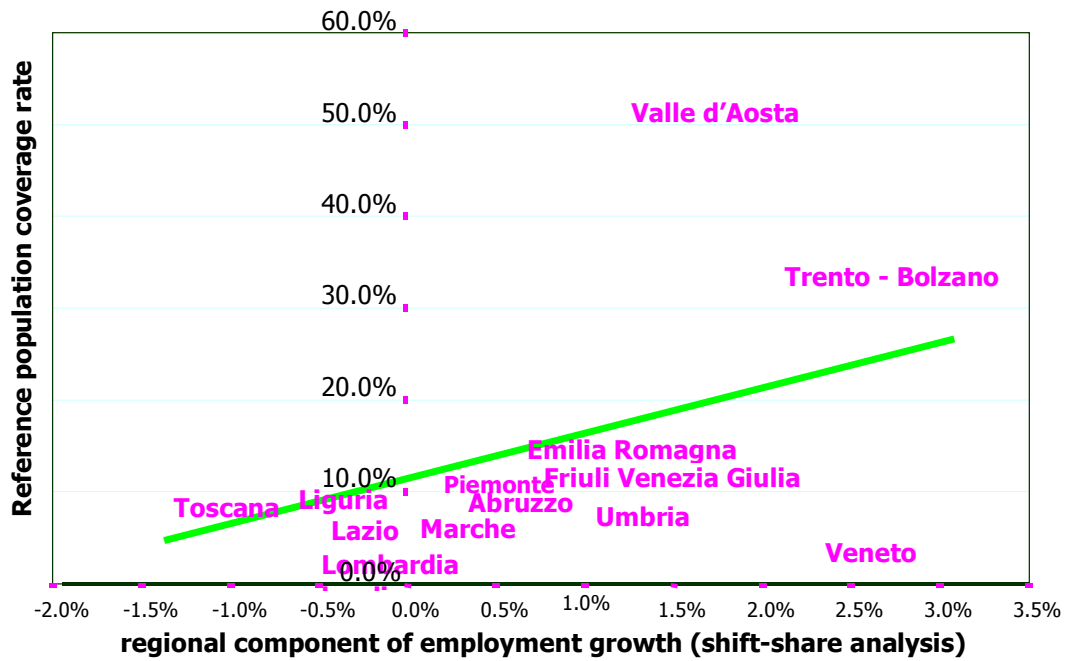
This gap between the results of Ob.1 and Ob.3 Regions can be ascribed to the persistent structural weakness of the Mezzogiorno. Specifically this involves: i) weakness of the local business system which, besides not producing additional employment, cannot manage to spell out its occupational and professional needs. This means it cannot provide the training system with the medium-term input to plan human resource development interventions; ii) weakness of the training supply system which cannot manage to play an anticipatory and propulsive role for the vocational skills needed for development. As said before, there is strong innovation thanks also to the ESF contribution, but the pace of change still needs large investments in systems strengthening not only at the level of education, training and labour but with specific focus on: i) programming and management capabilities at regional and local level; ii) human resources planning at the level of SMEs.

policy efforts and employment growth (regional component obj. 1)



Source: ISFOL - ESF Evaluation Unit

policy efforts and employment growth (regional component obj. 3)



Source: ISFOL - ESF Evaluation Unit