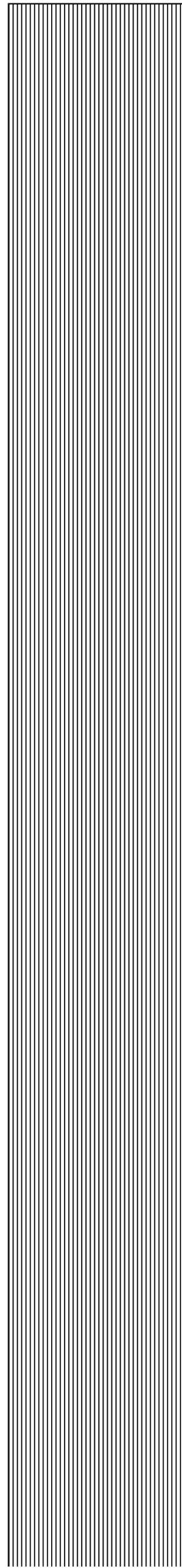


Sweden's Action Plan for Employment

May 2000



The below text was presented in a press release when Sweden's Action Plan for Employment was submitted to the Commission and the Council.

Sweden's Action Plan for Employment has been drawn up jointly by the Ministry of Finance and the Ministry of Industry, Employment and Communications, and outlines Sweden's follow-up to the 2000 Employment Guidelines.

The work on this year's Employment Guidelines has been characterised by an openness on the part of the Government Offices to involve the Social Partners in drawing up the National Action Plan for Employment.

The government, the Swedish Trade Union Confederation (LO), Swedish Employers' Confederation (SAF), The Swedish Confederation of Professional Employees (TCO), and The Swedish Confederation of Professional Associations (SACO), jointly endorse the Employment Guidelines and wish to work jointly to ensure their impact on Sweden's employment policy.

The sections in the Action Plan which deal with education, skills development, and lifelong learning, have been produced jointly by the government and the Social Partners mentioned above, and in these parts the government and the Social Partners jointly subscribe to the National Action Plan.

The government and the Social Partners express a common ambition to further deepen their co-operation concerning their work on the National Action Plan and Sweden's opinion on the 2001 Employment Guidelines.

The government attaches great importance to the Employment Guidelines and Member States' National Action Plans. These Action Plans create better conditions for a more coherent and co-ordinated approach in the EU in order to achieve full employment.

Contents

1 Overview of the implementation of the 1999 action plan	1
1.1 Economic and employment situation	1
1.2 Overall employment strategy and its main objectives	3
1.3 Overview of policies and the main outcomes in each pillar	4
1.3.1 Pillar I – Improving employability	4
1.3.2 Pillar II – Developing entrepreneurship	5
1.3.3 Pillar III – Encouraging adaptability of businesses and their employees ..	6
1.3.4 Pillar IV – Strengthening equal opportunities policies	7
2 New policy initiatives in the Action Plan for 2000	9
2.1 Actions taken or planned to address the recommendations adopted by the Council.....	9
2.1.1 The Council's recommendation to Sweden to reduce the tax burden on earned income.....	9
2.1.2 The Council's recommendation to Sweden regarding the gender- segregated labour market.....	10
2.2 Planned or implemented measures based on the employment guidelines for 2000	11
<i>Pillar I Improving Employability</i>	<i>11</i>
Guideline 1 - New start for unemployed youth	11
Guideline 2 - New start for unemployed adults	12
Guideline 3 - Increasing the number of unemployed offered training	12
Guideline 4 - Reviewing the tax and benefit systems and promoting active ageing	13
Guideline 5 - Agreements for increased employability	14
Guideline 6 - Developing lifelong learning.....	14
Guideline 7 - Reducing the number of young people who drop out of school early.....	15
Guideline 8 - Skills relevant to the labour market.....	16
Guideline 9 - Policies for disadvantaged groups	17
<i>Pillar II Developing Entrepreneurship</i>	<i>19</i>
Guideline 10 - Reducing the administrative burden	19
Guideline 11 - Facilitating self-employment	19
Guideline 12 - Employment in new areas	20
Guideline 13 - The potential of the service sector	21
Guideline 14 - Reducing the tax burden	22

<i>Pillar III Encouraging Adaptability of Businesses and their Employees</i>	<i>22</i>
Guideline 15 - Agreements for for a modernised work organisation	22
Guideline 16 - Adaptable types of contract.....	22
Guideline 17 - Investment in human resoruces	23
<i>Pillar IV Strengthening equal opportunities policies for men and women</i>	<i>24</i>
Guideline 18 - Mainstreaming	24
Guideline 19 - Increasing employment and reducing income differentials	24
Guideline 20 - A family friendly policy	25
Guideline 21 - Reducing the barriers to a return to the workforce.....	25
3 The players in the process.....	27
4 Assessment of the contribution from the European Social Fund.....	29
5 Two good examples	31
5.1 Pilot scheme of post-secondary Qualified Vocational Education.....	31
5.2 Swedish use of IT at work and at home.....	32

Annex 1 Indicators

Annex 2 Budget Summary

1 Overview of the implementation of the 1999 action plan

The EU efforts to promote growth and employment have been gradually intensified. According to the provisions of the treaty on employment, every Member State shall produce annual action plans for employment based on the EU's employment guidelines (the Luxembourg process). These guidelines must be consistent with the EU's broad guidelines for economic policy (Article 99.2). According to Article 3 of the Amsterdam Treaty, all activities must take into account the promotion of equality between men and women. Sweden's action plan for 2000 is a follow-up to the action plans that were presented in 1998 and 1999.

1.1 Economic and employment situation

The Swedish economy continues to show a very favourable trend with high growth and moderate wage and price rises. Between 1998 and 1999, GDP increased by 3.8 per cent. A strong employment trend, a marked growth in wealth in the household sector and considerable export successes in the telecommunication equipment area were the single most important factors explaining the favourable growth.

Employment increased by a total of around 90 000 persons, which corresponds to an increase of 2.2 per cent. Male employment increased by 2.1 per cent while female employment increased by 2.4 per cent. The majority of the new jobs have been created in the private services sector. According to the Statistics Sweden's Labour Force Surveys, open unemployment fell to 5.6 per cent in 1999 measured as a proportion of the labour force and as an annual average, in

comparison with 8.0 per cent in 1997 and 6.5 per cent in 1998. Unemployment fell by one percentage point for males and by 0.8 percentage point for females between 1998 and 1999. Unemployment is, however, still higher among men than it is among women. During 1999, unemployment among young people continued to fall. In the 16-24 age group, unemployment fell by 2 percentage points and long-term unemployment fell by as much as 50 per cent. Currently, open unemployment among young people amounts to 8.9 per cent and is relatively evenly distributed between males and females.

Open unemployment among foreign-born persons has decreased from 17.5 per cent in 1997 to 14.8 per cent in 1998 and down to 12.8 per cent in 1999, while the employment intensity has increased from 54.5 per cent in 1998 to 56.8 per cent in 1999. In spite of this relative improvement, it should be noted that unemployment among foreign-born persons is still more than double the figure for the population as a whole.

For foreign nationals, the employment intensity has increased by more than 10 per cent the last two years and unemployment has been reduced from 33 to 20 per cent in the same period.

Table 1.1 Key Indicators 1999 - 2003

	1999	2000	2001	2002	2003
Number of employed	2.2	1.7	0.9	0.4	0.4
Employment ratio	75.9	76.7	77.3	77.3	77.3
Open unemployment	5.6	4.6	3.9	3.9	4.0
Labour market policy programmes	3.1	3.1	3.1	3.1	3.1
Hourly wages (cash)	3.4	3.5	3.5	3.5	3.5
CPI, annual average	0.3	1.3	2.2	2.0	2.0
General government net lending, percentage of GDP	1.9	2.8	3.2	3.6	4.5
GDP	3.8	3.8	2.9	2.0	2.0

Note: The employment ratio is measured as the proportion of the population aged 20-64 in regular employment. Open unemployment and persons in labour market policy programmes are reported as a percentage of the labour force. General government net lending is expressed as a proportion of GDP before technical transfers. The number of employed, wages, CPI and GDP are shown as the annual percentage change.

Sources: Statistics Sweden and Ministry of Finance.

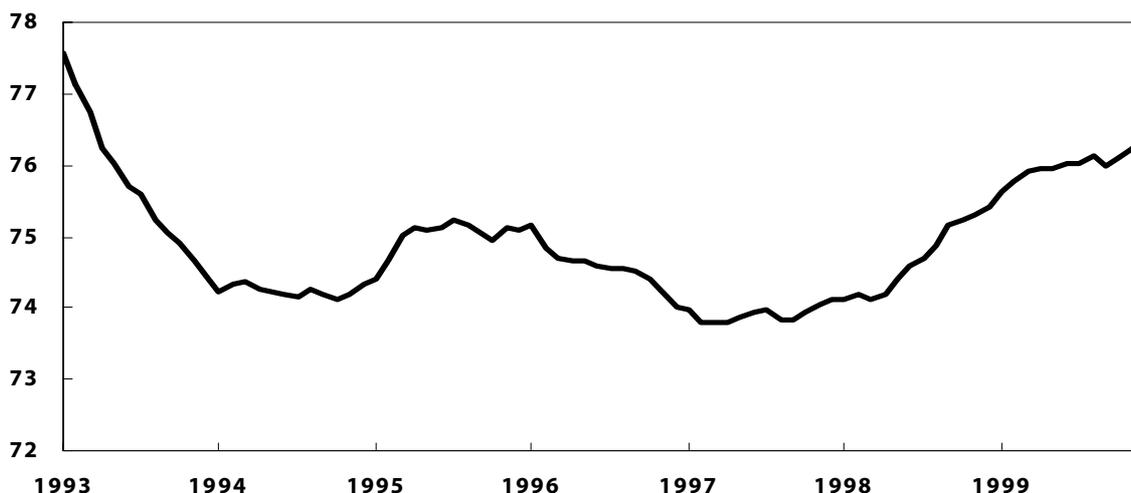
The last two years' economic growth is primarily due to rising domestic demand. Real disposable income and net financial wealth of households have risen. Low interest rates have contributed to greater investment. The continuing economic cycle is gradually changing character towards a more export-led upturn. The prospects for the Swedish export industry have improved during the last six months. The main reasons are the stronger demand in the EU area and a continued strong development in the United States. During the autumn of 1999, the inflow of orders increased and confidence among firms was strengthened. The domestic parts of the economy also continue to develop well. GDP growth is assessed to be 3.8 per cent for the current year. Next year, the growth is expected to weaken somewhat and amount to 2.9 per cent. Inflation continues to be low in spite of the strong demand in the Swedish economy. The price rises that can be observed largely reflect administrative price rises and higher oil prices.

General government net lending showed a surplus of 1.9 per cent of GDP in 1999 and this year the surplus is expected to be 2.8 per cent of GDP. The continued improvement in public finances is attributable to falling expenditure as a proportion of GDP. The continued favourable economic trend will, unless policies change, lead to net lending in the period 2001-2003 that exceeds the budget target of a surplus of 2 per cent of GDP. This surplus will help to reduce the consolidated gross debt to below 60 per cent of GDP next year, and convert the net debt into a positive net financial position.

During the immediate future, the trend on the labour market is expected to continue favourable even if problems remain. This year, employment is expected to rise by 68 000 persons,

corresponding to an increase of 1.7 per cent. The rate of increase is subsequently expected to decline somewhat, to a figure of 38 000 persons or 0.9 per cent in 2001. The largest increase is still attributable to the private services sector. The increase in the supply of labour is also expected to continue. Altogether, this trend means that open unemployment is expected to fall to 3.9 per cent by 2001. There are however uncertainties in respect of developments on the Swedish labour market. It is difficult to assess the extent to which resources will be available in the economy after 2001. It is also possible that wage formation and the labour market will work better. If this is the case, there could be a stronger growth in GDP and employment without inflationary wage increases. In certain parts of Sweden, unemployment is still considerably higher and the employment ratio considerably lower than in the rest of the country. In addition, unemployment is higher among those with a low level of education and those with an immigrant background. There is therefore a danger of matching problems or downright shortages on the labour market as demand continues to rise, and thereby also a risk that wage increases will be considerably higher than estimated, which would have a negative effect on employment and growth.

Figure 1 Percentage in regular employment, aged 20-64, seasonally adjusted monthly data, sliding mean values 1993-2000



Source: Statistics Sweden and Ministry of Finance

Efficient wage formation is of decisive importance for continued strong employment growth. In order for the current economic upturn to be of a long-term nature, it is vitally important that wage increases are kept to a level consistent with continued price stability, even in the case of considerably lower unemployment than at present. During the last three years, the nominal rate of wage increases has fallen, while real wages growth has continued to be good. This trend has been favourable for employment. However, it is still unclear whether the changes that have been brought about in the area of wage formation are sufficiently extensive to combine moderate nominal wage increases with stable, low unemployment at a level lower than at present.

There are indications that Swedish wage formation will be put to the ultimate test in the wage negotiations for 2001, when new wages will be set for the majority of the labour market in an environment of low unemployment and a strong demand for labour. In order to enhance the conditions for an effective wage formation, the Riksdag has in March resolved to establish a new authority, a mediation institute known as Medlingsinstitutet. The aim is to promote a wage formation in national economic balance that can withstand the strain caused by long-term increased demand for labour, and thereby make it possible to combine higher real wages with low unemployment and stable prices. It is proposed that the duties of Medlingsinstitutet will be to mediate in labour disputes and call parties to

discussions or in any other way keep informed about future or current wage negotiations.

1.2 Overall employment strategy and its main objectives

Sweden now has the opportunity to once again achieve full employment. The significance of employment for growth, an endeavour to bring about a more even distribution of income opportunities in society and the need to secure the future financing of welfare have meant that the government, in the 1999 Budget Bill, supplemented the existing target of halved open unemployment by 2000 with an employment target. This target means that the proportion of the population aged between 20 and 64 in regular employment needs to increase from 74 per cent in 1997 to 80 per cent in 2004. This will also reduce the need for various grants and social benefits. A higher employment ratio is necessary in the light of the expected demographic developments involving an increase in the number of older people with the accompanying need for increased resources for health care, social services and pensions.

During the first two years of the period for which the employment target was formulated, the employment ratio has risen by around 2 percentage points.

According to the government's forecast, the regular employment ratio for persons aged

between 20-64 is estimated to continue to increase from 75.9 per cent in 1999 to 77.3 per cent in 2001. This means that the employment ratio needs to increase by around 1 percentage point per year in the period 2002-2004 for the target to be achieved. The employment growth that took place between 1997 and 1999 is in line with the development needed to reach the employment target of 80 per cent by 2004.

1.3 Overview of policies and the main outcomes in each pillar

1.3.1 Pillar I – Improving employability

Policy aims

Besides having a national economy in balance with full employment, low inflation, low interest rates, well-functioning markets and competitive companies with good development opportunities for employees, it is becoming increasingly clear that people's knowledge and professional skills constitute one of the decisive factors in the maintenance of a high level of productivity growth in the Swedish economy.

Activation and skills enhancement is the fundamental principle of the government's policy for increased employment. Within all policy areas, active measures to get a person back to work are prioritised above passive cash payouts. Nevertheless, the activation needs to be strengthened further. Therefore, the government proposes that an activity guarantee be provided throughout Sweden for those who are, or are in danger of being, long-term registered (unemployed persons who have been registered with the Swedish Employment Service for at least two years without finding any work) together with further development and strengthening of the individual action plans for job seekers.

Labour market policy has in recent years been reoriented more clearly towards the promotion of growth, i.e. from stabilisation to allocation, or from work experience schemes to matching and training. At the same time, the efforts to help those who have most difficulty obtaining work have been intensified. As a part of these efforts, the subsidy to employers who take on unemployed who have been without work for a long time (the so called general recruitment

incentive) has been raised to increase the opportunities for the long-term unemployed to find regular work. The policy's task of integrating underemployed groups into the labour market has been clarified. Active measures are required in order to combat discrimination and prejudices on the labour market. The gender-segregated labour market must be broken up.

In order to meet current and future knowledge needs, the Swedish education system needs to maintain the very highest international standards. Good accessibility to education, especially higher education, for all people regardless of gender and age is an important component. The education system plays an important role in improving the potential for matching on the labour market. With the aim of counteracting the risk of bottlenecks, the National Agency for Higher Education will be given the task of analysing how courses offered by the higher education could be better oriented towards the needs of the labour market. The greatest drive in the adult education area ever undertaken in Sweden is currently being carried out in the form of the Adult Education Initiative. Efforts undertaken by the trade unions in the form of active visits have shown that the target group is being reached and that interest in studies has been broadened. Approaches in the form of active visits, counselling and regional/local projects to reach groups with low levels of education and motivation have been developed. These activities take place in collaboration with local authorities and education/training organisations, primarily the various adult education bodies. At the same time, a new form of advanced post-secondary vocational education is being developed in close cooperation with the labour market. It is a matter of meeting future challenges that are inherent in an increasingly globalised and knowledge-based economy. This presupposes good opportunities and positive driving forces for skills development at work, self-improvement and risk-taking. People who choose to be educated and trained in new skills must perceive that it pays in one or more ways.

The government's policy in this respect is completely in line with the employment guidelines. These guidelines specify three quantitative targets. Firstly, all unemployed young people are to be offered work, a scheme, training or some other form of activating measure within six months. Secondly, the same

sort of measures are to be offered to unemployed adults within twelve months. Finally, the proportion of unemployed participating in active measures is to be at least 20 per cent. Sweden meets the three quantitative targets, and in several cases the government's ambition goes further than specified by the guidelines, especially in terms of measures for young unemployed people.

Follow-up

Experience of the recruitment incentive has been good. In 1999, general recruitment incentives covered on average around 9 700 persons per month, of which approximately 63 per cent then obtained employment. Since 1 October, general recruitment incentives have been provided for an average of approximately 4 000 persons per month and extended recruitment incentives for around 2 600 persons per month. During the period until the end of March 2000, around 7 000 persons have obtained employment through the extended recruitment incentive.

In 1999, resources corresponding to 101 550 annual student places were allocated to the Adult Education Initiative, the government's special drive for regular adult education. Of those who participated in upper-secondary adult education during the spring of 1999, 33 per cent were male. The proportion of course participants over the age of 30 continues to rise and was almost 60 per cent in spring 1999. The proportion of course participants with a maximum of two years of upper-secondary education amounted to 67.5 per cent in spring 1999, which represents an increase of 4 percentage points since autumn 1997. The Adult Education Initiative has also meant an increase in the proportion of vocational courses. These results indicate that the prioritised target groups are reached to a higher degree the longer the Adult Education Initiative is in force.

The government's initiative regarding IT in schools is being implemented. The target of this initiative is for 60 000 teachers to be offered skills development in the IT area. All participants will have the use of a PC on completion of the training. All local authorities are to be offered a central government grant to improve access to the Internet and to set up e-mail addresses for all pupils and teachers.

For the common indicators under Guidelines 1-3, see Annex 1.

1.3.2 Pillar II – Developing entrepreneurship

Policy aims

The basis for a good business climate and growing companies is stable macroeconomic development with low inflation and low interest rates. Expansion of existing companies and the establishment of new ones, both foreign and domestic, is the basis for achieving a more dynamic and flexible business sector with the potential for competing with goods and services on the world market. In order to promote employment within the private sector, several measures have been implemented to improve the conditions for entrepreneurship. Many of these measures have been specially directed at small and medium-sized enterprises. These include improved and simplified rules regarding increased cost-of-living allowances for self-employed people, and improved ways of offsetting profits for unlisted companies. A number of measures have been proposed to improve the information available to small and newly started companies including an Internet-based information system. The government aims to continue to simplify rules, promote competition, and in other ways improve the conditions for entrepreneurship and employment.

An important objective of taxation policy is to promote a good business climate. Corporation tax has therefore been reduced and many of the measures have been especially directed at small and medium-sized enterprises.

The government proposes a large number of measures for optimally exploiting the employment potential that the information society offers. It is a matter of creating an information society for all, particularly on matters of accessibility, of achieving broad IT skills throughout society and creating heightened confidence in the use of IT. It is the government's responsibility to ensure favourable conditions for growth and to remove those obstacles that obstruct the realisation of this target. One urgent task is to create conditions for the recruitment of more women to skilled jobs in the IT industry.

Follow-up

In 1998, around 34 000 companies started up; 31 per cent of these were managed by women and

around 5 per cent were jointly managed by men and women. In general, new entrepreneurship is dominated by companies in the service sectors. Employment growth occurs primarily in small and medium-sized enterprises. In recent years seven out of ten new jobs have been created in small and medium-sized enterprises. The number of bankruptcies has reduced by around 23 per cent in 1999 compared with 1998. The comparable average figure for Europe is a fall of around 4 per cent.

Over 120 venture capital companies are currently active in Sweden. The number of members of the Swedish Venture Capital Association has increased by more than 50 per cent in 1999. These venture capital companies manage a total of more than SEK 100 billion, whereas at the start of the 1990s, there were only ten or so venture capital companies in Sweden with a combined capital of around SEK 5 billion.

Regional growth agreements have been prepared in every county during 1999. Agreements are based on accords within regional partnerships, which also include the social partners, concerning measures to promote employment and growth. Issues that concern knowledge growth and the promotion of lifelong learning in relation to regional needs represent a very large part of the measures in the agreements.

The simplification and reform of the rules for small and medium-sized enterprises constitute an important part of the government's policy of promoting growth and increased entrepreneurship. In studies of the number of procedures and the time involved in registering companies, Sweden is relatively well placed compared with the rest of Europe. Currently, the Swedish Patent and Registration Office and the National Tax Office are implementing the measures that were proposed as a result of a government commission concerning simpler company registration. These measures will further simplify the registration procedure, increase the information available to companies and shorten processing times. The proposals are based on a joint Internet-based solution for company registration.

1.3.3 Pillar III – Encouraging adaptability of businesses and their employees

Policy aims

The capability of companies and employees to adapt to changed circumstances in the world at large has a considerable impact on employment and growth. It is important that the government and social partners together can create conditions that will promote employability, flexibility and opportunities for lifelong learning. It is a matter of employing various methods to create incentives and criteria for taking individual responsibility that stimulate the growth of company and staff skills. In several of the wage agreements reached between the social partners, skills development programmes constitute an important part.

As a way of further stimulating skills development in working life, special funds have been allocated for a scheme for individuals to save towards skills. This saving will be stimulated by the government via reduced tax, and will be available to all individuals and entrepreneurs. The aim of the scheme is stimulate continual skills development, raising individuals' potential for choosing and changing jobs, thereby raising their employability and professional security. A government commission with the task of proposing outlines for a skills development scheme is due to present its report in January 2001.

The Riksdag has also decided on a major investment in skills development at work. Within the framework of the European Social Fund's new Objective 3, a total of SEK 2.4 billion will be spent between 2000 and 2002 on skills development for employees.

Follow-up

Swedish labour legislation is largely dispositive and is supplemented to a large degree by collective agreements between the social partners. There are therefore quite large differences between the different industries when it comes to i.a. working hours and their disposition.

Part-time work is common in Sweden, particularly among women. For many, working part-time means an opportunity to combine working life and family life. Parents with children under 12 are entitled by Swedish law to

partial leave of absence. Over 40 per cent of women on the Swedish labour market work part-time, while 9 per cent of men do so. Around a third of the part-time workers would like to work more hours but the circumstances of the labour market prevent them from doing so.

Permanent employment is the most common form of employment in Sweden but the proportion of employees on limited-time contracts is increasing. This can partly be explained by the economic situation but the trend also incorporates a strong structural element. This trend is an expression of a labour market with an accelerated rate of change and an increased need for flexibility in company organisations.

1.3.4 Pillar IV – Strengthening equal opportunities policies

Policy aims

A cornerstone of the government's policy for a more even distribution of growth and welfare is the equal opportunity for women and men to achieve financial independence and earn their own living. Important factors underlying the high employment ratio for women are the fact that the individual and not the family is the smallest unit in the social insurance and tax systems, well-developed child care and care of the elderly, and the right to parental leave and financial security during such leave. During the 1990s, a comprehensive development of child care took place. Local authorities are obliged to supply pre-school activities or care for school children to the extent necessary, taken into account the parents' employment or studies or the needs of the child. Elderly care has been extensively developed since the 1970s. Very few elderly people live with their children. Coverage of the needs within both child care and elderly care is today more or less complete.

Other reforms are being carried out with the aim of increasing employment and equal opportunities. As early as 1 July 2001, children of job seekers will be entitled to pre-school facilities. A ceiling on fees for pre-school activities and care for school children will be introduced in 2002, and funds will be channelled to local authorities towards the quality assurance of this activity. At the same time, parental leave

insurance will be extended by one month. Within the framework of this extended parental insurance, two months each will be reserved for the mother and the father. This means that an additional 'father's month and mother's month' will be included in parental insurance. In addition, child care for children of parents on parental leave to look after younger siblings will be introduced in 2002. General pre-school facilities for 4 and 5 year-olds will be introduced in 2003. As part of labour market policy, special funds have been allocated for efforts aimed to break up the gender segregated labour market.

Follow-up

The commission on the evaluation of the statistics reform has produced a paper, giving an evaluation of the regulation and proposals for development. It shows that the majority of individual-based statistics are subdivided by gender, but there are still a number of deficiencies. The commission's report has been submitted for consideration.

Statistics Sweden's latest report on women's and men's wages shows that women's wages as a per cent of men's wages are on average 82 per cent. The difference between women's and men's wages has increased somewhat since 1992. If age differences, education, working hours, sector and occupational group are taken into consideration, women's wages are 91 per cent of men's wages.

Wage differences between women and men increase with age. In the 18-24 age group, women's wages are 92 per cent of men's wages. The corresponding figure for the 55-64 age group is 78 per cent.

Universities and other institutes of higher education have reported, and will continue to report, the proportion of women and men receiving undergraduate education, undertaking research work and in various types of employment. They also take measures to obtain a more even gender distribution and to provide support for the under-represented gender in research posts. In 1999, the National Agency for Higher Education also conducted a review of the various establishments' equal opportunities plans with the aim of highlighting and disseminating good examples.

Men's claims on parental allowance and temporary parental allowance rose during 1999. Men's claims represented 11.6 per cent of all parental allowance in 1999. The male proportion

of those who utilised the parental allowance during the year was 33.6 per cent. Introduction of the father's month clearly affected share of parental allowance utilised by fathers. Around 70 per cent of fathers of children born in 1995 and 1996 have utilised the parental allowance during the child's first two years. The corresponding figure for fathers of children born in 1993 and 1994 was 60 per cent. Men's utilisation of temporary parental allowance has also increased.

2 New policy initiatives in the Action Plan for 2000

2.1 Actions taken or planned to address the recommendations adopted by the Council

2.1.1 The Council's recommendation to Sweden to reduce the tax burden on earned income

On 14 February 2000, the Council adopted recommendations regarding the implementation of member states' employment policy. According to one of the recommendations, Sweden should take measures to reduce the burden of income tax with emphasis on low-income earners (see also Guidelines 4 and 14).

At the end of the 1990s, the outlook for the Swedish economy had improved considerably. Within the framework of budget targets, tax reductions were facilitated, both increasing growth and reinforcing fairness. In the Budget Bill for 2000, a number of proposals were submitted, which came into force on 1 January 2000. They should be viewed as a first step of a comprehensive tax reform. The main focus of some of these changes is given below.

- Tax has been reduced with special emphasis on low and medium wage earners. This has been achieved by compensating wage earners for one fourth of their individual contributions¹, which are currently at 7 per cent. The individual contributions were gradually introduced from 1993 onwards with the aim of financing social insurance benefits.

The compensation takes the form of a tax reduction for individuals.

- The limit for national income tax has been raised so that fewer wage earners pay national tax. The target is that the proportion of income earners paying national tax should be nearer 15 per cent, as opposed to the 18 per cent today, which was one of the Riksdags's aims with the 1990 tax reform.

A fully implemented compensation of individual contributions will mean that both average and marginal income taxes will fall by almost five percentage points for those paying only local taxes. For people who pay national tax and who have incomes up to the ceiling for individual contributions, the marginal tax will fall by approximately 3.5 percentage points when the reform is fully implemented. For people with incomes above the ceiling for individual contributions, the marginal tax will be unchanged, apart from any changes to local tax rates. However, taxes will on average fall to a varying extent for these people.

The income tax reform will mean a reduction of the marginal tax rates for people with low incomes. The lowering of marginal taxes will in turn entail increased marginal wages. Low and medium wage earners will thus be given increased incentives to work. Since the supply elasticity for these groups is relatively high, the supply of labour will increase. The compensation for individual contributions can thereby be characterised as a significant supply reform. In this respect, the reform is especially important for part-time workers and women.

¹ These contributions are payable by individuals and are used to finance earnings-related and supplementary pensions. The amount payable is calculated on the basis of the income from employment and the income from other gainful occupation, and is applicable only to incomes below the 'earnings ceiling', which for 2000 is SEK 301 000.

2.1.2 The Council's recommendation to Sweden regarding the gender-segregated labour market

Besides the recommendation regarding a reduction of the tax burden in terms of income tax, Sweden should, according to the Council, investigate from an equal opportunities viewpoint how gender-segregation in various sectors and occupational categories can be reduced.

The Swedish labour market is far too highly gender-segregated. Women's labour market is significantly smaller than men's and consists to a high degree of temporary and part-time jobs. To a certain extent, however, the gender subdivision is a consequence of a trend that has been particularly positive for equal opportunities in Swedish society. The powerful development of the public sector has created jobs for women while public services, such as child care, have been a factor enabling women in Sweden to establish themselves on the labour market to such a great extent. Even if this trend has been favourable, it is a matter of urgency to break the pattern that has been established.

This issue has been in the spotlight for a long time and measures have been taken. Nevertheless, gender-segregation remains in substance on the labour market. It is therefore important to continue with such measures and henceforth to give them increased weight. It is a matter of breaking the pattern at an early age. One requirement is that education at all levels in the system is organised in such a way that all subjects and careers are attractive to both women and men.

- The government intends to appoint a commission to review the range of programmes on offer in upper-secondary schools. The starting point in constructing the new programmes will be to reduce the socially distorted recruitment to various programmes and to create the criteria for freer choice of education and occupations for girls and boys. From 2000 onwards, a new technology programme will be introduced into upper-secondary schools. The course content is designed to appeal to a greater extent to both boys and girls.
- One of the targets of the Adult Education Initiative is to break the gender-based choice

of education; one way of doing this is via increased educational and vocational guidance.

- Also in higher education, a number of measures are being taken to reduce the gender-segregation on the labour market. These include the decision that higher education establishments are to report to the government those measures that have been taken to obtain a more even gender distribution in disciplines where there is a distorted gender distribution, in research posts, in doctoral appointments or decisions on study grants and in the recruitment of teachers. The National Agency for Higher Education also has a number of assignments in this area and is also running projects to promote equal opportunities in higher education.

According to the ordinance regarding the labour market policy activities, the labour market authorities are to promote women's and men's right to work on equal terms and to militate against a gender-segregated labour market.

- The labour market policy measures are to be used so that, in conjunction with directing suitable applicants to job vacancies, they will help to remove gender-subdivision on the labour market. In order for the government to be able to monitor developments in terms of employment for women and men, the National Labour Market Board (AMS) has, since 1996, had the task of reporting gender-subdivided statistics.

In 1996, the government gave the Swedish National Audit Office (RRV) the task of producing, from an equal opportunity perspective, an overview of the labour market policy measures at the disposal of the National Labour Market Administration (AMV). RRV's report shows that women and men generally participate in the measures in relation to their respective shares of unemployment. It does seem however that women and men obtain positions through these measures in occupations and sectors that are traditionally associated with the given gender. Available material also indicates that men participate in relatively expensive measures to a higher degree than women. These results indicate the necessity of integrating the

gender perspective into all levels of labour market policy.

- AMS has allocated so-called 'breakthrough funds' to various equal opportunities projects. For the budget years 1997 to 1999, AMV was permitted to use up to SEK 30 million each year for project activities with the aim of breaking the gender-segregated labour market and training its own personnel in equal opportunities issues. Funds were distributed by AMS to county labour boards on application. From the budget year 1998 onwards, AMS chose to prioritise special development areas, mainstreaming, gender in counselling, technology (a guidance programme in technology for women) and the training of more men as school teachers.

Men's and women's choice of occupation is affected to a high degree by the opportunities for combining work and family life, as well as work and leisure. The same applies to the choice to work part-time, a choice primarily made by women in Sweden. In order to take effective measures in order to break the gender-segregated labour market, increased knowledge is needed about the way non-working time is utilised. In 1990-91, Statistics Sweden (SCB) carried out the first official study of the utilisation of time in Sweden.

- In order to get up-to-date knowledge of the way women and men utilise time nowadays, the government has decided to conduct a new comprehensive survey, and has allocated SEK 15 million for this purpose. The sample will cover 5 500 individuals in ages 20-64 and the survey will be based on the previous survey. The final report, which is to be submitted to the government by 30 June 2002, can give valuable information about the circumstances that govern the choice of work, and about the potential for breaking the gender-segregated labour market by means of special measures.

Men are over-represented in the IT sector, which has exceptional significance for the labour market of the future. The IT education/training currently on offer lacks an equal opportunities perspective and educators/trainers lack a gender-based approach. The transport sector also lacks a well-developed gender perspective. Therefore in autumn 1999, the government decided that a

special council should be established for equal opportunities issues in the transport and IT sectors. The council's task will be to analyse and propose measures to increase equal opportunities in these sectors. On the basis of a survey of the IT industry that was presented in April 2000, the council noted that there is a low proportion of women participating in advanced IT education and training and that this proportion is decreasing. In June 2000, the council will submit a preliminary proposal for measures to resolve the IT sector's equal opportunities problem.

- Within the Ministry of Industry, Employment and Communications, a special diversity project has been initiated. An important starting point for the work of the project is the perception that work organisations embodying diversity are generally characterised by greater dynamism, flexibility and creativity, and supply goods and services better suited to the customer or the user. In the project it is important to highlight the diversity concept from an equal opportunities perspective. Issues that concern gender-subdivision on the labour market will therefore be taken up as a matter of course (see Guideline 9).

2.2 Planned or implemented measures based on the employment guidelines for 2000

Pillar I – Improving Employability

Guideline 1. Member States will ensure that every unemployed young person is offered a new start before reaching six months of unemployment, in the form of training, retraining, work practice, a job or other employability measure with a view to effective integration into the labour market.

The government's target is that all young people under the age of 25 will be offered regular work, suitable training, practical work experience or a job-creating measure not later than 100 days after the start of unemployment. The contents of these measures were detailed in the 1998 action plan and can be summarised as follows:

- Young people under the age of 18 to be given basic school education of a high quality.
- Unemployed young people to be given assistance with finding jobs.
- Unemployed young people between 18 and 20 to be given improved opportunities on the local labour market through municipal programmes for young people.
- Young people between 20 and 24 to be provided with a full-time, activating and developmental measure.
- The government proposes that, from 1 August onwards, recruitment incentives will be strengthened for certain groups. It will apply, on the one hand, to a person who, for 48 months, has either been openly unemployed or who has participated in labour market policy measures, for which a tax reduction is possible at 75 per cent of wage costs for 12 months and 50 per cent of wage costs for a further 12 months, and, on the other hand, to people over the age of 57, for which a tax reduction is possible at 75 per cent for two years if they have been registered with the employment service for more than 24 months.

Guideline 2. Member States will ensure that unemployed adults are also offered a fresh start before reaching twelve months of unemployment by one of the aforementioned means [see youth unemployment] or, more generally, by accompanying individual vocational guidance with a view to effective integration into the labour market.

These preventive and employability measures should be combined with measures to promote the re-employment of the long-term unemployed. In this context, Member States should pursue the modernisation of their Public Employment Services so that they can deal with the strategy of prevention and activation in the most effective way.

Guideline 3. Each Member State will endeavour to increase significantly the number of persons benefiting from active measures to improve their employability with a view to effective integration into the labour market. In order to increase the numbers of unemployed who are offered training or any similar measure, it will in particular fix a target, in the light of the starting situation, of gradually achieving the average of the three most successful Member States, and at least 20 per cent.

The activation principle in Swedish labour market policy means that employment will always take precedence over programmes or the passive payment of unemployment benefit. The employment service will continue to prioritise the long-term unemployed and those who have been, or who risk being, registered for lengthy periods with the employment services. The individual action plans are to be further developed and established before the end of three months of unemployment. Labour market policy regulations are to be simplified.

In order to further enhance the work opportunities for those people registered at job centres for a long period, the government introduced on 1 October 1999 a special subsidy for employers. The subsidy, known as a extended recruitment incentive, is supplementary to the previously introduced general recruitment incentive.

- The government proposes, with effect from 1 August 2000, to introduce an activity guarantee. The activity guarantee is intended for persons aged 20 and above who are, or are in danger of becoming, long-term registered. In the long term, this should mean that few persons will need to be openly unemployed for more than two years. One purpose of the activity guarantee is to break the vicious cycle between open unemployment and measures, and give unemployed people a stable and sustainable full-time activity until they find employment or enrol in education/training. The activity guarantee is to be based on individual action plans that are drawn up in consultation between the job centre and the unemployed person. The activity guarantee should be an integrated programme characterised by frequent contacts with job centre representatives, where the basis of these activities is organised job-seeking. The activity guarantee will include the traditional labour market policy measures, such as labour market training, rehabilitation, practical work experience and employment with the help of a recruitment subsidy.

- The comprehensive drive for regular adult education encompassed by the Adult Education Initiative is to be expanded until 2003. The target is to maintain an unchanged volume up to including the autumn of 2002. For 2000, the government estimates to award funds corresponding to 101 913 annual study places to local authorities for the Adult Education Initiative; 5 000 of these places are for basic adult education. In addition, 10 000 places will be distributed by the National Council of Adult Education. The trade union organisations will continue with outreach activities and will increase their efforts to reach those with low levels of education and motivation.
- In continued development work for the Adult Education Initiative, priority will be given to efforts that help to break up the gender-related course choices in adult education and efforts aimed to increase the recruitment of men with a low level of education.

Guideline 4. Each Member State will review, and where appropriate, refocus its benefit and tax system

- *to provide incentives for unemployed or inactive people to seek and take up work or measures to enhance their employability, and for employers to create new jobs, and*
- *in addition, it is important to develop a policy for active ageing, encompassing appropriate measures such as maintaining working capacity, lifelong learning and other flexible working arrangements, so that older workers are also able to remain and participate actively in working life.*

The government is making long-term efforts to remove poverty traps, reduce marginal effects and stimulate participation by older people in the labour force. A reduced tax burden for wage earners increases the opportunity for people to earn their own living and stimulates participation in the labour force.

- As compensation for the individual contributions of, in all, 7 per cent that have been gradually introduced for wage earners from 1993 onwards, the government has decided on a tax reduction in 2000 corresponding to one fourth of the individual

contributions. In addition, the threshold for national income tax has been raised so that fewer wage earners pay national tax. During the autumn of 2000, the government intends to assess whether there is scope in the economy for further compensation for individual contributions and other measures (see also Section 2.1.1).

- A further important step towards improving the opportunities for the parents of small children to be gainfully employed is the government's proposal for the introduction of a ceiling on child care fees on 1 January 2002. This ceiling on fees will mean reduced marginal effects for many families with children. An important part of the proposal from the employment viewpoint is to entitle the children of job-seeking parents to participate in pre-school activities as early as 1 July 2001, which will provide parents of small children with considerably greater possibilities to look for work and accept job offers. The maximum charge will be accompanied by the introduction of a right to child care in 2002 for children of parents on parental leave in respect of younger siblings, and entitlement to general pre-school in 2003. The entire reform will improve conditions for more equal opportunities on the labour market between women and men since high marginal effects especially affect women, single parents and low-wage earners (see also Guideline 20).
- In February 2000, the government appointed a commission with the task of reviewing family income support. The purpose of this review is to analyse how family income support (including child benefit, maintenance support and housing benefit) can be better organised to support families with children more effectively and make it worthwhile acquiring skills and working. A reduction in marginal effects increases motivation for increased gainful employment, which helps people, especially women and single people, to take jobs or increase their working hours.
- The incentive for unemployed to actively look for work and to raise their skills level through education/training is reinforced via the activity guarantee, which will be implemented in its entirety throughout the

country on 1 August 2000. Within the framework of the activity guarantee, the government will propose special recruitment incentives for older persons. Persons aged 57 or more who have been registered for more than two years, can, after they have participated in activity guarantee for three months, be helped by special recruitment incentives, which entail employer tax reductions corresponding to 75 per cent of wage costs over two years.

- Unemployment insurance is being reformed with the aim of reinforcing its role as an adjustment insurance. The requirement that individuals make efforts to seek work will be clarified while there is an increase in requirements in terms of occupational and geographical mobility. The purpose is to facilitate mobility on the labour market and to improve matching between vacancies and job seekers. Increased mobility requirements can also help to reduce gender-division in terms of occupations.
- Continual skills development increases individuals' opportunities to obtain and change jobs, which will lead to increased flexibility on the labour market. One step in stimulating lifelong learning is a system for individual saving towards skills development, which will be stimulated through reduced tax, and will be available to all individuals and companies. A commission has been appointed to produce proposals for a system for skills development. The commission's final report will be submitted in January 2001.
- In order to stimulate participation in the labour force at an advanced age, it is important to create the criteria for employees to continue to work beyond the age of 65. The government intends to propose legislation that will mean that nobody will be forced to stop work before the age of 67.

Guideline 5. The social partners are urged, at their various levels of responsibility and action, to conclude as soon as possible agreements with a view to increasing the possibilities for training, work experience, traineeships or other measures likely to promote employability of the young and adult

unemployed and to promote entry into the labour market.

Guideline 6. In order to reinforce the development of a skilled and adaptable work force, both Member States and the social partners will endeavour to develop possibilities for lifelong learning, particularly in the fields of information and communication technologies, and each Member State will set a target, according to national circumstances, for participants benefiting from such measures. Easy access for older workers will be particularly important.

Sweden has a strong tradition of collaboration between the government and the social partners on issues concerning working life. During the year there have, for instance, been meetings between representatives of the government and the social partners especially to discuss skills development in working life. The government and employee and employer organisations agree that people's knowledge and occupational skills constitute one of the decisive factors in the economy's productivity and growth.

Education/training issues have a prominent place in discussions prior to the forthcoming round of wage negotiations on the labour market.

Sweden has a well-developed infrastructure for lifelong learning including not only formal education but also the informal learning that takes place in both working life and people's spare time. An important factor in this context is the right to absence of leave for studying. In lifelong learning, adult education plays a special role. An example of a target promoting lifelong learning is that higher education establishments are to intensify their efforts to make education available to all people, not least those who are professionally active. The aim of adult education is to give adults the opportunity to acquire new knowledge and supplement earlier education according to the requirements of society and working life as well as needs and wishes of the individual.

- In December 1999, the government appointed a special researcher with the task of proposing a system for saving towards individual skills development via some form of tax subsidy (see also Guideline 17).

- Post-secondary vocational education comprises many different courses based on various regulations and types of management. In order to obtain a better adaptation of the courses on offer to skills requirements, a common platform is needed for arrangers of courses and working life. The government intends to present a collective proposal concerning the organisation and sizing of post-secondary vocational education during the latter part of 2000. The basis for the design of future post-secondary vocational education should be the strong link to working life and the flexibility that has characterised trial schemes of qualified vocational education.
- In April 2000, the Adult Education Initiative committee submitted a proposal concerning the orientation, scope and organisation of publicly supported adult education in the future. The government intends in a Bill to the Parliament (Riksdag) to present proposals for guidelines for future adult education by local authorities.
- The Ministry of Education and Science has appointed a special working group to use project activities to develop methods and functions that support local authorities' use of distance learning, one aim being to achieve greater flexibility in terms of timing and premises, and also to act as a link to the Swedish Agency for Distance Education, DISTUM.
- The government has given a researcher the task of developing ways of validating the informal knowledge of adults. As a first phase, the researcher is to organise and lead three pilot projects with the aim of developing models and methods for validating foreign professional qualifications. In a second phase, the researcher will propose the form and plans for extended activities on a trial basis concerning the validation of adults' knowledge and skills, and in a third phase, the need for a national validation system will be examined. This assignment will be concluded in December 2000.
- In the budget letter to universities and other higher education establishments for the year 2000, targets were set as in previous years for

the number of full-time students per establishment, together with targets for the number of full-time students in science and technology disciplines at those universities and higher education establishments that offer courses in these areas. The distribution for 2000 indicates that the students in natural sciences and technology constitute 38 per cent of the total number of full-time students. These areas have been gradually extended in recent years and the target for 2000 indicates an increase by 2 percentage points, or around 9 500 full-time students compared with 1999. Each university and higher education establishment must also take the need for post-graduate and other further training into consideration when determining the courses on offer and in decisions regarding the availability of training.

Guideline 7. Member States will improve the quality of their school systems in order to reduce substantially the number of young people who drop out of the school system early. Particular attention should also be given to young people with learning difficulties.

- The reinforcement of the educational function of pre-school highlights its task as the first step in the lifelong learning process. Public pre-school will therefore be offered to all 4 and 5 year-olds from 2003. Before that, the entitlement to pre-school for children of job-seekers will be introduced in 2001, and for children of parents on parental leave in 2002. The reform means that children will be assured access to educational activity at an early stage in life, with no requirement that the parents are gainfully employed or studying.
- Within the framework of what is known as the 'metropolitan areas initiative', the government has allocated SEK 50 million per year over a three-year period starting 1 July 1999 for special language development measures in schools. For 2000, a further SEK 45 million has been allocated.
- In order to give local authorities better criteria for meeting targets in the schools area, a total of SEK 500 million has been allocated for development measures in

schools during the period 2000-2002. This includes an extensive drive for skills development of teachers within a number of strategic areas. Measures for pupils in need of special support will be given particular attention.

- The government intends to produce proposals for increasing the guaranteed number of pupil-teaching hours for all upper-secondary school programmes from 2001 onwards, to increase quality and achieve targets. The government has allocated funds for projects that aim to support and stimulate the development of each individual programme.
- Measures to improve the quality of the schools system resulted in 1999 in a commission proposal for new teacher training for the public education system. During spring 2000, a bill will be presented to the Riksdag regarding reformed teacher training.

Guideline 8. Member States will make sure they equip young people with greater ability to adapt to technological and economic changes and with skills relevant to the labour market. Member States will give particular attention to the development and modernisation of their apprenticeship and vocational training system, where appropriate in co-operation with the social partners, to developing appropriate training for the acquisition of computer literacy and skills by students and teachers as well as to equipping schools with computer equipment and facilitating student access to the Internet by the end of 2002.

Rapid technological developments and fundamental structural changes on the labour market necessitate a direct, on-going cooperation between companies and schools. Course content and technological developments in companies must keep in step with each other. It is extremely important that there is an increase in the number of young people entering science or technology courses. There is already a shortage of labour with this educational background, which is endangering the growth of the business sector.

- The government intends to review the range of programmes offered by upper-secondary schools. The review will be based on the

restructuring of tomorrow's labour market indicated by research and various industries. It is important that upper-secondary school programmes are designed according to not only young people's interest areas but also to labour market needs, which can also help recruitment, reduce the social distortion in recruitment and create the criteria for a freer educational and vocational choices for girls and boys.

- The government has proposed an extension of the current pilot apprenticeship project. The pilot project is to be organised in accordance with the proposal produced in collaboration with the social partners. In 1999, the government appointed a working party to produce proposals on ways in which collaboration between schools and working life can be improved. One of the working party's proposals to the government is that the pilot apprenticeship project be extended and should carry on in somewhat other ways than up to now.
- The working party for increased collaboration between schools and working life will produce a report during the spring with proposals aimed at strengthening collaboration both locally and centrally.
- The government has given a researcher the task of surveying and analysing individuals' needs for guidance within the education system. The researcher is to propose targets for study and vocational guidance on the basis of the changed needs of working life, education/training and society. A report on the assignment is to be produced in September 2000.
- The investment in IT in schools comprises total funds of SEK 1 490 million over three years. SEK 340 million was allocated for 1999. For 2000, the estimate is SEK 500 million and for 2001 the estimate is SEK 650 million at the 1999 cost level. All local authorities have announced interest in participating in skills development for teachers and have applied for a government grant for infrastructure investment. Skills development has been organised as process-oriented on-the-job learning.

- The pilot project for Qualified Vocational Education (KY) has been gradually extended and covers 12 000 places from 1999 onwards (see Good Examples).
- The number of places in higher education establishments will continue to rise in 2000-2002, which will lead to a total increase of around 89 000 new places throughout the country between 1997 and 2002. The government intends during 2003 to invest a further SEK 500 million on an expansion of undergraduate education by these establishments. The target is that half of any school year should have started studies at higher education establishments by the age of 25. The expansion will occur primarily in the natural sciences and technology areas, with particular attention being paid to the need for IT training. For 2001 and 2002, 68 per cent of the new permanent places will be allocated to natural sciences and technology. In particular, the Royal Institute of Technology in Stockholm has been allocated places in connection with its "IT university" venture in Kista, an expansive area for the IT industry in Sweden.
- A new financial support system for students will be introduced in 2001. One aspect of the new system is that there will be an increase in the proportion of financial support provided by study grants.
- In order to further develop the interaction of higher education establishments with the surrounding community, the government has requested universities and other higher education establishments to submit a strategy and an action programme for collaboration during spring 2000. One of the aims of this collaboration with the surrounding community is that it should be possible to develop and change courses against the background of a good knowledge of the labour market. The National Agency for Higher Education will also be given the task of analysing how the courses on offer by higher education establishments can to a greater extent reflect labour market needs. Special attention will be given to natural sciences and technology, and the assignment is to be carried out in consultation with the

National Labour Market Administration and the social partners.

- The appropriations for basic research and post-graduate studies, primarily in the natural sciences and technology, will be raised by a total of SEK 779 million up to and including 2002, while for 2003 the government will raise the appropriations for basic research and post-graduate studies by a further SEK 500 million. In the IT bill that was presented in spring 2000, special investment is to be made in research in the IT area.
- The commission proposal for new teacher training for the public education system that was presented in 1999, included proposals for increasing recruitment to teacher training in the areas of natural sciences and technology. The commission has also noted that the IT content of teacher training should be increased. A bill concerning new teacher training will be put forward in spring 2000.

Guideline 9. Each Member State will give special attention to the needs of the disabled, ethnic minorities and other groups and individuals who may be disadvantaged, and develop appropriate forms of preventive and active policies to promote their integration into the labour market.

- The government proposes to introduce, from 1 August 2000 onwards, an activity guarantee for those who are, or are in danger of being, long-term unemployed. It should be possible to use existing labour market policy measures within the framework of the activity guarantee. The activity guarantee is expected to have major significance for the situation of disadvantaged groups on the labour market. In the light of such factors as the introduction of the activity guarantee, the government has also, for 2000, appropriated special funds for temporary personnel reinforcements at job centres and labour market institutes.
- Within the Ministry of Industry, Employment and Communications, a special diversity project has been initiated. The project has the task of, in a single context and from a growth perspective, surveying and describing how considerations of gender, age, class, ethnic origin, sexual orientation and

physical disability affect an individual's opportunities in working life. No later than 1 December 2000, the project will present a proposal for a national programme as to how increased and better managed diversity can promote growth and employment.

- As far as persons with a physical disability in particular are concerned, the government presented in March 2000 a bill in the form of a national disability policy action plan. As a part of the action plan, an investigation will be carried out to highlight the opportunities employers perceive when it comes to employing persons with physical disabilities. Initiatives have also been taken to collect statistics concerning the circumstances of a person with physical disability in working life.
- In April 2000, the Adult Education Initiative committee submitted proposals for the orientation, scope and organisation of the future community-supported adult education. The committee had the additional task of reviewing and producing proposals as to how to enable persons with physical disabilities to participate to a greater extent in lifelong learning.

It is a matter of urgency to break the trend of high unemployment among immigrants. Measures with this aim must be based on the understanding that immigrants do not belong to a homogenous group, and measures must be planned on the basis of men's and women's respective circumstances as well as on the needs and conditions of the individual.

- The government proposes in the Spring Bill that SEK 100 million per year in the period 2001-2003 shall be used for a programme of various targeted measures to increase employment among immigrants. The programme includes schemes for the supplementary training of persons with foreign degrees in occupations where there are shortages – especially in the area of health and medicine, nursing training for unemployed immigrants to fulfil the need for bilingual personnel in primary care and care for the elderly, and measures to improve the introduction of new arrivals and Swedish language training for them.

- The government will carry out a pilot project with alternative job centres for immigrants. The aim is to try out new methods and players in efforts to find more effective ways of finding jobs for unemployed immigrants.
- The Riksdag has determined that SEK 100 million of the special funds for personnel reinforcement (see above) shall be used to reinforce the status on the labour market of persons with a foreign background. The government will propose that a corresponding amount be applicable for 2001.
- The government has determined that all authorities directly under the government shall draw up action plans to promote ethnic diversity among their employees.
- In the Spring Bill, the government proposes that the government support for development work in the metropolitan areas, within the framework of the metropolitan areas policy, be extended and that SEK 230 million be appropriated for measures in 2003. Altogether, this means SEK 2.1 billion for 1999-2003.
- The government has appointed a parliamentary commission with the primary task of creating the conditions for the long-term development of policy for the elderly. Issues covered by the commission will include the inclusion of the elderly in working life.
- The Ministry of Education and Science appointed in 1999 an internal commission to make an inventory of the measures being taken at education establishments to broaden the recruitment of various groups to higher education establishments, and to submit specific proposals for measures to broaden this recruitment and thereby increase social and ethnic diversity. This commission is to conclude its assignment during spring 2000.
- At the start of 2000, the National Agency for Higher Education presented a report with an assessment of the way universities and higher education establishments are working to develop three aspects of quality in their activities – including social and ethnic diversity – one purpose being to act as good

examples. This assessment will followed up within two to three years.

- The National Agency for Higher Education has submitted a report on its task of reviewing the support system for students with physical disabilities, including proposals as to how obstacles can be removed or minimised. It is currently under review and the government intends to take up the matter in the Budget Bill for 2001. In the regulatory letter for 2000, it is also stated that universities and higher education establishments should, where necessary, arrange for supplementary training in Swedish for students with a foreign background.

Pillar II – Developing Entrepreneurship

Guideline 10. Member States will give particular attention to reducing significantly the overhead costs and administrative burdens for businesses, and especially small and medium-sized enterprises (SMEs), in particular when an enterprise is being set up and when hiring additional workers.

Guideline 11. Member States will encourage the development of self-employment by examining - with the aim of reducing - any obstacles which may exist, especially those within tax and social security regimes, to moving to self-employment and the setting up of small businesses as well as by promoting training for entrepreneurship and targeted support services for entrepreneurs and would-be entrepreneurs.

- There will be a continuation of the extensive investigation and analysis work that was commenced in 1999 and is to form the basis for formulating government measures to promote new entrepreneurship and business development. The government has submitted a bill regarding certain organisational issues within industrial policy, in which measures are proposed to achieve a clearer and more effective central authority structure to promote business development and growth. One feature of the bill is the proposed reinforcement of the evaluation of measures in respect of business activity, innovation, and regional policy by the formation of an analysis institute. A new authority will be created for business development with a strong foundation in the business sector and a focus on companies and the needs of entrepreneurs. Tasks currently handled by the National Board for Industrial & Technical Development and ALMI Företagspartner AB will be transferred to the new authority.
- The Government Offices' special group for the simplification of rules and regulations, the SimpLex commission, will intensify its work in 2000, including the training and further support of ministries and authorities in particular problem and consequence analyses, in the common effort to achieve fewer, fairer and more intelligible rules. Targets for the rule and regulations simplification work will be set out in an official letter to the Riksdag during spring 2000.
- As a step in the work to simplify the rules and regulations, the government has submitted a number of proposals which should particularly benefit small companies. It will be possible to completely offset capital gains on unlisted shares against losses on listed shares. Self-employed persons will in principle be entitled to the same standard cost-of-living allowances as employees. Finally, it is proposed that the rules regarding allowances for expenses when refurbishing premises due to a change of tenancy be simplified and made more generous. The government has also recently circulated the National Tax Authority's proposal regarding a simplified tax declaration form for when a private person pays remuneration for work to another private person.
- With the aim of improving conditions for small and medium-sized enterprises and to simplify and make taxation rules neutral, the vast majority of the 'stop rules' for close companies have been abolished. These special rules controlled transactions between close companies and their owners. Taxation will now be carried out according to general rules.
- New legislation has come into force in 2000 permitting public limited companies whose shares are listed on the stock exchange, an authorised marketplace or other controlled market to repurchase their own shares under certain circumstances. The main purpose is to

- improve opportunities for companies to return surplus funds to shareholders in a tax-efficient manner and to make the most efficient use of capital.
- Increased opportunities are being introduced for companies to transfer funds to reserves by raising the deduction ceiling for tax allocation reserves by 5 percentage points for all companies (starting income year 2001) and by extending the time in which the reversal of the tax allocation reserve is to take place from five to six years (starting income year 1999). The changes will improve the opportunities for companies to build up their own untaxed capital, which should especially benefit smaller and newly-started companies that generally have poorer opportunities to get external financing.
 - The '3:12 rules' that govern the taxation of dividends and capital gains on shares in close companies are currently being reviewed with the aim of examining the opportunities for improved incentives to risk-taking and entrepreneurship. The commission will also review the rules for inheritance and gifts of companies and propose rules for the repurchase of own shares by private companies.
 - Sweden has a comprehensive system for disseminating information via the Internet. During 2000, however, company-relevant information from authorities will be gathered in one place on the Internet (a portal) and displayed in a clear manner to facilitate its retrieval by prospective and existing entrepreneurs. In the long term, more Internet-based services will be developed, and the national system will be linked with public information systems at regional level.
 - In order to facilitate the transition to self-employed status, the advantages of starting a company as a cooperative will be highlighted, as in previous years. There are also measures in the form of support and advice to immigrant entrepreneurs and special schemes for female entrepreneurship. There also exists a particular form of grant for functionally disabled persons to help them start up their own companies.
 - During spring 2000, a competition bill will be submitted to the Riksdag. The bill will contain a follow-up of the way the competition climate has developed during the 1990s, together with proposals for further measures aimed at promoting competition and smooth-running markets.
 - During 1999, work was initiated by the government to reinforce efforts to produce external environment analyses and international comparisons in the form of a benchmarking study. There are plans to publish comparisons in terms of the selected indicators in the first report during 2001 and 2002. Sweden gets top placing in the study when it comes to IT and working environment, but, on the other hand, the study indicates poorer circumstances when it comes to such topics such as wage formation, functioning markets and competition.
 - This year the National Labour Market Board, AMS, has been given the task of supervising increased collaboration between AMS and players providing company advice, with the aim of improving the level of advice given in conjunction with grants for starting businesses. Start-up grants are available to unemployed persons who are assessed as having favourable prerequisites for running a business, and are intended to support the entrepreneur during the initial stages of the business.
 - NUTEK, the National Board for Industrial & Technical Development, has been given the task of developing a proposal for a national action programme to promote young entrepreneurship. The programme will detail the driving forces and obstacles pertinent to strengthening the spirit of entrepreneurship in young people in Sweden. The work will be carried out in consultation with the National Agency for Education, and other players.

Guideline 12. Member States will promote measures to exploit fully the possibilities offered by job creation at local level and in the social economy, especially in new activities linked to needs not yet satisfied by the market, and examine, with the aim of reducing, any obstacles in the way of such measures. In this respect, the special role and

responsibility of local and regional authorities, other partners at the regional and local levels, as well as the social partners, needs to be more fully recognised and supported. In addition, the role of the public employment services in identifying local employment opportunities and improving the functioning of local labour markets, should be fully exploited.

Guideline 13. Member States will develop framework conditions to fully exploit the employment potential of the services sector and industry-related services, inter alia, by tapping the employment potential of the information society and the environmental sector, to create more and better jobs.

- In 2000, implementation of the regional growth agreements that were introduced in 1998 will start. Within their framework, the local and regional players, both public and private, will collaborate on measures to increase growth and employment. One of the starting points for the government's initiative is the understanding that the greatest knowledge about the criteria and suitable measures for local and regional growth and employment is to be found among those most closely affected. The agreements are to be imbued by consideration for ecological sustainability and equal opportunities. In several regions, the possibility of creating jobs via the social economy is a prioritised measure in the growth agreements.
- Extensive efforts are being made in line with the campaign that the commission started for local activities for increased employment (KOM (2000) 196 final). Within the framework of regional growth agreements, local development agreements and other local and regional initiatives for growth and increased employment, a locally and regionally rooted employment policy will be formed.
- Work on local development agreements for certain vulnerable urban areas was started in 1999. The government will draw up agreements on relevant measures with seven local authorities in respect of 24 housing areas. The aim is to give the metropolitan areas a good basis for long-term sustainable growth in order to contribute to the creation of new jobs. The ultimate aim of these measures is to break down the social and ethnic segregation in the areas in question.
- The government's working party on the social economy has submitted its final report, Social economy – a third sector for welfare, democracy and growth. Financial support for free advice and information about cooperative enterprises has increased in 2000 by SEK 3.5 million to SEK 20 million. A national information drive about cooperative enterprises has been carried out under the theme Be self-employed in company. A skills development programme has been started for cooperative advisers at the country's 24 local cooperative development centres.
- In 2000, the special drive for IT in schools will continue. Efforts will also be made to increase the availability of distance education via IT, especially within higher education establishments.
- Government support to local authorities, and tax relief to subscribers will be introduced to stimulate connection to networks with high transfer rates in sparsely-populated areas.
- A pilot project regarding broadband facilities for functionally disabled persons will be started.
- A strategy is being drawn up to rationalise and facilitate the supply of public information and the development of electronic information services. The government will strive for increased information to consumers and smaller businesses about e-commerce.
- The Employment Protection Act (SFS 1982:80) will be amended so that the job security will be independent of where the distance worker lives in relation to the main workplace.
- The government will provide financial support to local investment programmes for ecological sustainability that are drawn up by local authorities. The Riksdag has so far allocated SEK 6.5 billion to the support system and the government proposes in its Spring Bill that a further SEK 900 million be made available in 2003. The programme

enables local authorities in collaboration with local companies and organisations to apply for support for investments that increase ecological sustainability.

Guideline 14. Each Member State will set a target, if necessary and taking account of its present level, for gradually reducing the overall tax burden and, where appropriate, a target for gradually reducing the fiscal pressure on labour and non-wage labour costs, in particular on relatively unskilled and low-paid labour, without jeopardising the recovery of public finances or the financial equilibrium of social security schemes. It will examine, if appropriate, the desirability of introducing a tax on energy or on pollutant emissions or any other tax measure.

- The primary purpose of taxes is to finance the welfare system and thereby contribute to social security and justice. The government has this year taken a first step towards a comprehensive tax reform. The aim is that a broadly rooted tax reform can create good, stable rules for growth and employment and safeguard the welfare system and its financing. The main orientation is towards reduced tax on earned incomes for all with emphasis on the low and medium wage-earners (see Section 2.1.1).
- The government has taken a further step towards a green tax shift by raising diesel tax, electricity tax and nuclear power tax. The increased tax revenues are to be used for tax subsidies in conjunction with individual skills development in working life and to make agriculture equivalent to industry in terms of energy tax. The scope for tax shifts during the period 2000-2010 is estimated to amount to around SEK 30 billion.
- In order to nurture the will to pay tax in the long term, it is important that the tax system is perceived as fair and that tax and benefit fraud is not accepted. If citizens perceive that the tax they pay is misused, it becomes a threat to the welfare system. The government intends to start a project to reduce cheating and excessive exploitation of public welfare systems. It is partly a matter of influencing attitudes and of creating simpler rules, whereby it pays to do things right. The work

of authorities should be coordinated, one benefit being the enhanced probability of detecting fraud.

Pillar III – Encouraging Adaptability of Businesses and their Employees

Guideline 15. The social partners are invited to negotiate and implement at all appropriate levels agreements to modernise the organisation of work, including flexible working arrangements, with the aim of making undertakings more productive and competitive and achieving the required balance between flexibility and security. Subjects to be covered may, for example, include training and re-training, the introduction of new technologies, new forms of work and working time issues such as the expression of working time as an annual figure, the reduction of working hours, the reduction of overtime, the development of part-time working, and access to training and career breaks.

Guideline 16. For its part, each Member State will examine the possibility of incorporating in its law more adaptable types of contract, taking into account the fact that forms of employment are increasingly diverse. Those working under contracts of this kind should at the same time enjoy adequate security and higher occupational status, compatible with the needs of business.

- The priority rules of the Employment Protection Act have been adapted to provide enhanced employment security to employees working remotely from home on a full-time basis.
- The Riksdag has requested the government to make a renewed review of the regulations concerning staffing companies. The review shall be conducted unconditionally, but with a focus on employees' situations and the problems associated with employment in a staffing company.
- The government intends in accordance with a request from the Riksdag to present a proposal during spring 2000 to the Riksdag permitting exemption for two employees in each workplace from the priority rules of the Employment Protection Act.

- The government has, together with the Federation of County Councils, the Swedish Association of Local Authorities, the Swedish Municipal Workers Union, the Swedish Association of Health Professionals and SACO, agreed on a halving of part-time unemployment, which primarily affects women, in the medical and care sectors by November 2000. Part-time unemployment needs to fall from 30 000 in November 1999 to 15 000 in November 2000.

- A working party in the Government Offices has been appointed with the task of analysing the major increase in work-related ill-health that is linked to stress and other organisational and social factors, and drawing up an action plan that specifies a strategy for dealing with the growth in work-related ill-health and for reviving work related to the working environment. The work shall be oriented to the work organisation's significance to ill-health at work seen from a holistic working environment viewpoint. The work will be conducted in close collaboration with the social partners. The time-honoured cooperation in the Swedish working life between the legislators and the social partners needs to be renewed and vitalised in order to protect the principles of quality in work in a working life undergoing rapid change. The work of the working party will take into special consideration the fact that this ill-health affects women to a much higher degree than men. As far as education and re-training issues are concerned, see Guidelines 5 and 6.

- A working party in the Government Offices has assessed the opportunities for, and the consequences of, various changes to working hours. The analysis covered both financial and welfare aspects, including a perspective concerning equality between men and women. The working party's report is currently being circulated for comment and will thereafter constitute a basis for political consideration.

- A special researcher has been called in to review the need for legislation or other measures to reinforce protection of individuals' integrity in working life. The review will, in the first instance, be concerned with issues regarding the use of drug tests and

other medical checks, and issues regarding the use of PCs, electronic mail (e-mail) and the Internet during work.

Guideline 17. Member States will re-examine and, where appropriate, remove the obstacles, in particular tax obstacles, to investment in human resources and possibly provide for tax or other incentives for the development of in-house training; they will also examine new regulations and review the existing regulatory framework to make sure they will contribute to reducing barriers to employment and helping the labour market adapt to structural change in the economy.

Sweden has a high level of personnel training compared with other countries. There is however an uneven distribution of personnel training between groups. For instance, white-collar workers, middle-aged people and full-time workers receive a greater proportion of the training than other groups. Less personnel training is carried out in small companies than in larger companies and public authorities.

- A part of the European Social Fund's Objective 3 in Sweden is aimed at skills development of employees. The skills development should be related to the business, and measures should be based on joint action plans or agreements between employers and employees. The action plans or agreements should be based on an analysis of the skills requirements in the organisation. Entrepreneurs can also be given a share of the funds.

- The government appointed in December a special researcher with the task of proposing a system for individual saving towards skills development. The researcher will report on this proposal in January 2001. The government has allocated more than SEK 1 billion per year as a government stimulus to this scheme, which will be provided in the form of a tax subsidy (see also Guideline 4).

Pillar IV - Strengthening equal opportunities policies for men and women

Guideline 18. Member States will adopt a gender mainstreaming approach in implementing the guidelines of all four pillars. In order to meaningfully evaluate progress on this approach, Member States will need to provide for adequate data collection systems and procedures.

The work of introducing a gender mainstreaming approach into day-to-day activities within all policy areas continues at central, regional and local levels.

- At central level, measures include method development for gender mainstreaming and training in equal opportunities topics, information and knowledge development via conferences, seminars, the development of various procedures for handling issues, follow-up and evaluation.
- As a step in the work, a follow-up has been made of the way the mainstreaming approach has been heeded in authorities' budget letters and annual reports. In September 1999, the government decided to give the Swedish National Audit Office (RRV) the task of reviewing how the the mainstreaming approach has been reflected in the government's management via budget letters and in authorities' reporting. RRV will also analyse the development that took place between 1997 and 1999, and produce proposals for possible changes. A report on the assignment shall be submitted to the government no later than 1 June 2000.
- At regional level, most counties have already developed procedures and systems to be able to report statistics and data by gender. Current work covers training and the development of analytical tools to ensure that the the mainstreaming approach is heeded in various issues.
- The government has highlighted the the mainstreaming approach in work with the regional growth agreements. An evaluation has nevertheless shown that there is a need to develop methods of introducing the gender perspective into the counties' growth

agreements. The government has therefore allocated funds to three counties for the development of such methods.

Guideline 19. Member States will attempt to reduce the gap in unemployment rates between women and men by actively supporting the increased employment of women and will take action to bring about a balanced representation of women and men in all sectors and occupations. They will initiate positive steps to promote equal pay for equal work or work of equal value and to diminish differentials in incomes between women and men. In order to reduce gender gaps, Member States will also consider an increased use of measures for the advancement of women.

Unemployment in Sweden is still at a higher level for men than for women. There remains nevertheless a gender-segregated labour market in all important respects (see Section 2.1.2).

- The government has proposed that a mediation institute (Medlingsinstitut) be set up. One of the institute's tasks will be to present a report annually to the government analysing wage formation from a gender perspective.
- The Equal Opportunities Ombudsman (JämO) has, on the government's initiative, worked with Project Lönelots that aims to support and stimulate the development of methods for gender-neutral work evaluation and individual qualification assessment. Manuals and other texts that give directions and advice to companies and organisations have been produced and given wide dissemination. The project has also received international attention. In the future the project will develop a website and tools for simple pay comparisons and work evaluation methods at smaller workplaces.
- Work on sharpening equal opportunities legislation continues. The report submitted to the government in autumn 1999 has been circulated for comment and the government intends during spring 2000 to submit a bill to the Riksdag. The aim of the work is partly to adapt the legislation to applicable EU legislation, and partly to harmonise the legislation in relation to other Swedish

legislation against discrimination. An important part of the proposal concerns a survey of the pay differences between genders.

- The National Agency for Higher Education has been given a task by the government to investigate the special measures that have been taken in the equal opportunities area and to work out new recruitment targets for the proportion of female professors for a new period. The National Agency for Higher Education will also analyse what the higher education promotion reforms have meant for equal opportunities targets.

- In order to give a perspective of and an assessment of the way the university and higher education establishments work to develop the three quality aspects of their activities - equal opportunities, student influence, and social and ethnic diversity - the National Agency for Higher Education presented, at the start of 2000, an evaluation of these areas. This evaluation will be followed up in two or three years.

Guideline 20. In order to strengthen equal opportunities, Member States and the social partners will design, implement and promote family-friendly policies, including affordable, accessible and high quality care services for children and other dependants, as well as parental and other leave schemes.

- On 30 May 2000, the government will submit a bill concerning general pre-school and the ceiling on child care fees to the Riksdag. As the first step in lifelong learning, general pre-school for 4 and 5 year-olds will be introduced from 1 January 2003. Entitlement to child care for children of parents on parental leave with younger siblings will be introduced from 1 January 2002. From 2002, SEK 500 million will be allocated to measures that improve the quality of child care (see Guideline 4 regarding the ceiling on fees and pre-school activities for children of job seekers).

In 1995, the 'father's month and mother's month' was introduced with the aim of promoting men's

utilisation of parental benefits. The reform means that thirty days of the parental benefit for each of the parents cannot be transferred to the other parent. In addition, an equal share-out of the parental benefit between the parents was introduced, with the option of transferring days not covered by the 'father's month and mother's month' to the other parent.

- During spring 2000, the government set out a proposal regarding the extension of parental insurance by a further 30 days. The extension means that the 'father's month and mother's month' will be extended by an additional month. The opportunities for combining parenthood and work will hereby be facilitated, while providing incentives for men to utilise parental insurance to a higher degree.

Guideline 21. The Member States will give specific attention to women, and men, considering a return to the paid workforce after an absence and, to that end, they will examine the means of gradually eliminating the obstacles in the way of such return.

The government's objective is to improve the situation of families with children by giving them greater scope and better opportunities to improve their financial situation.

- A commission has been appointed to review financial support to families. Its purpose is to analyse the collective effects of child benefit, maintenance support and housing benefit for families with children. The changes to fees for pre-school activities and care for school children, the tax system and other factors that affect family finances will be taken into consideration. The commission will also review marginal effects, the effect on the supply of labour, and the effects that consumption-oriented support might have on price formation. Marginal effects particularly affect women, low-wage earners, parents of small children and single parents, and constitute obstacles to a stronger anchorage to the labour market and the opportunities for skills development. The commission is to report its findings in February 2001.

3 The players in the process

The summit meeting in Luxembourg 1997 stressed the role the social partners have in the development of the new employment strategy: "Within the framework of the social dialogue that must be strengthened, the social partners at all levels will be participating at all stages of these measures and contributing to the implementation of the guidelines." Creating a climate of consensus is a task for the social partners together with the government. Sweden has a sound tradition of negotiated solutions and tripartite agreements. The government has therefore, as a part of the work on this year's action plan continued the dialogue with the social partners that was initiated in 1999. One of the results of these tripartite agreements is that the social partners (LO, SACO, SAF and TCO) have approached the government with a joint letter regarding the orientation of Sweden's action plan for 2000. The partners highlight the need for a more differentiated and individual-oriented labour market policy, the importance of education/training and skills development in working life, and the partners' own responsibility for employment.

Consensus between players on the central level is an important criterion for a stable and sound economy. At the same time, it is important that regional and local players are allowed to participate in the implementation of the policy, so that they can help to promote a high level of employment in their particular areas of responsibility. The Employment Services Committees and the regional growth agreements constitute an example of such cooperation. In work on the Adult Education Initiative, regional cooperation between training coordinators and trade unions has been positive, helping to stimulate and motivate reluctant recruits to further education. This cooperation has now been extended to include local authorities, trade unions and local job centres.

Within the framework of a national labour market policy, it is important that various interests are represented in the work of reducing unemployment and increasing employment. In order to increase local influence, an organised collaboration at local level was established in 1996 in the form of *Employment Services Committees*, which consist of representatives of local authorities, local businesses and employee organisations. The task of the committees includes working to ensure that the labour market policy programmes are formulated on the basis of local criteria and needs within the framework of the national labour market policy, and creating a consensus between the various players.

The regional growth agreements are the government's central instruments for implementing a regional business policy. The aim of the agreements is partly to improve the cooperation between government players and other players working for the promotion of growth and employment, partly to ensure that public sector activities in this area are governed to a greater extent by the needs and conditions of businesses. The agreements are reached by a series of negotiations in broad partnership. Participants from the public sector are usually the county administrative board, the county labour board, the county council and local authorities in the county. Other participants include: the social partners, universities and other higher education establishments, representatives of the business sector in the form of chambers of commerce and the Swedish Federation of Private Enterprises, and representatives of the social economy.

The EU employment guidelines cover several policy areas, which meant that a large number of government ministries participated continually in the preparation of the 2000 action plan.

4 Assessment of the contribution from the European Social Fund

The European Social Fund is to be used to strengthen support for the implementation of the European employment strategy and the national action plan. The Social Fund's fundamental task is to prevent and combat unemployment and develop human resources, and it should thus supplement the Member States' activities within the framework of the employment strategy. For the programme period 2000-2006, five policy areas have been identified for Social Fund measures, and these are linked to the four pillars in the employment guidelines.

The European Social Fund grant corresponds in Sweden to a relatively small proportion of resources, on average 2-3 per cent of the national labour market policy. When viewed in relation to the fact that the measures have been given a special profile – often development-oriented and occasionally experimental – the resources can however be regarded as a considerable contribution to the implementation of the employment strategy.

The measures in the programme period 1995-1999 have been the object of several evaluations in each target programme and community initiative. In addition, measures have been taken within the framework of the various programmes to bring into view and highlight the results of programmes. One method that is particularly used is to identify and disseminate information about good examples. In Sweden's national action plan for 1999, such examples were given under a number of employment guidelines.

Objective 3 has in the programme period 1995-1999 been oriented to promoting young people's entry onto the labour market, combating long-term unemployment and supporting persons that are in danger of being

excluded from the labour market. Experience with the implementation of the programme, in comparison with the normal labour market policy measures, has been especially good in terms of: the increased diversity of players, improved adaptation to individuals, several holistic solutions and the creation of new networks. The latest evaluation of the programme has shown that the targets set up in the programme have been met at a fundamental level. In addition, it has been shown that a predominant part of the programme has, as intended, embraced innovative measures which have partially been absorbed into normal activities.

Objective 4 has in the programme period 1995-1999 been aimed at skills development of employees, primarily in small and medium-sized enterprises and in the medical and care sector. The programme has been oriented to changing the work organisation in order to strengthen the competitiveness of employees and companies. The programme has been assessed in evaluations as having made considerable advances, one reason being the two-step implementation model. The model, which presupposes a high degree of participation by employees, involves the company as a first step conducting an analysis of the skills needs in the company and drawing up an action plan. In a second step, the actual skills development will be carried out. Another important reason for the good results is the very active and smooth-running partnership within the programme, at both national and regional level. Sweden will draw on this experience for the new Objective 3.

The aim of the Community Initiative EMPLOYMENT is to utilise development projects to increase equal opportunities on the

labour market and improve job opportunities for people with occupational disabilities, disadvantaged groups and young people. The latest evaluation of this programme shows that it has had clear innovative features and that the project has been based on a particular individual's needs. The aim of the Community Initiative ADAPT is to utilise development projects to help employees deal with the labour market's changed criteria, create new jobs and strengthen the competitiveness of companies. Evaluation of this programme has shown that it has acted as strong support for existing development efforts and it has helped to form new networks and collaborations. Within the framework of these two Community Initiatives, the Member States have collaborated on the common theme to draw conclusions from the results. The objective has been to further develop methods that could be of benefit for the implementation of the European employment strategy and for the forthcoming programme period.

Prior to the programme period 2000-2006, an analysis of the labour market situation in Sweden showed increased needs of knowledge and skills. In working life there are also increasing requirements for not only work organisations with a high level of adaptability, but also for the ability of the labour force to adjust. The fundamental strategy for the new Objective 3 in Sweden will, against this background, be to strengthen individuals' status on the labour market primarily through skills development of both the unemployed and those in employment. Other measures also need to be taken to supplement national employment policy. This means that the emphasis will be on measures in the employment strategy's first pillar (improving employability) and third pillar (encouraging adaptability of businesses and their employees), while there will be measures in the programme covering all four pillars. The programme has been subdivided into the action areas *skills development of those in employment* corresponding to the third pillar, *increased employability and entrepreneurship* corresponding to the first and second pillar, *diversity, integration and equal opportunities* corresponding to the first, second and fourth third pillar and *local development* relating to all four pillars.

The action area *skills development of those in employment* within Objective 3 aims to utilise

business-related skills development to set up processes that facilitate renewal and flexibility at workplaces. The action area can be linked to Guideline 17. The action area *increased employability and entrepreneurship*, which is linked primarily to Guidelines 2 and 6, contains active measures with the objective of strengthening those groups outside the labour market by assisting them to earn their own living or start their own enterprise, or facilitating training or job rotation. The objective of the action area *diversity, integration and equal opportunities* is to integrate people of foreign background and facilitate the participation of functionally disabled persons on the labour market. This action area relates primarily to Guidelines 9 and 19. The gender perspective should permeate the entire Objective 3 programme, in accordance with Guideline 18. But, in the latter action area, there are also particular measures intended to reduce gender segregation on the labour market. The action area *local development* is aimed at regional/local players and has the objective of utilising the potential for creating employment at local level, especially in the social economy. This action area is linked primarily to Guideline 12. Regional and local development is, in addition, as with equal opportunities, a consistent theme throughout the Objective 3 programme. Other themes that are to permeate the programme are 'The consequences of the information society in terms of the community and employment' and 'Sustainable development and new employment'. These themes relate to Guidelines 12 and 13.

Measures of the nature of Objective 3 will also be carried out within the framework of Objective 1. Other Social Fund measures will also be carried out as part of Objectives 1 and 2, primarily relating to Guidelines 8 and 17.

The aim of the Community Initiative EQUAL is to promote, through cooperation between countries, new methods to counter all sorts of discrimination in relation to the labour market. A number of topics for the programme has been established within the framework of the four employment strategy pillars. Guideline 9 is particularly relevant to the work on EQUAL. A programme document for EQUAL will be prepared during 2000.

5 Two good examples

5.1 Pilot scheme of post-secondary Qualified Vocational Education

During the period 1996-2001, a pilot scheme of Qualified Vocational Education (KY) is taking place. The purpose of the pilot scheme is to try out new post-secondary courses, new teaching methods and new training arrangers. The basis is a need for fresh vocational training with a strong link to several different occupations. Working life demands to an increasing degree people who have a broad range of skills that encompasses both theory and practice. Today's working life requires other qualifications apart from purely occupational expertise, such as the ability to work as a team, communicate and solve problems.

KY is based on a close collaboration between working life and various training arrangers. Locally, management of the training will be arranged through a special management group. In order to ensure that courses are suited to labour market needs in both the short and the long term, representatives of working life will constitute a majority in the management group for each course. The local authority and a higher education establishment or university will also be represented in the management group.

KY courses will be carried out under the supervision of the committee for qualified vocational education. Various training organisers, such as local authorities, private companies and arrangers of adult education, can apply to start a KY course. The course can be given in any occupational area, but courses that start must satisfy an actual need in the labour market. The committee will prioritise courses that can help to counteract bottlenecks in the labour market. This means that technology and IT courses, and supplementary training in care areas will be prioritised.

KY is a new form of post-secondary training based on a combination of theory and practical application. The student will learn how to master both theoretical basis and its practical application. One third of the course will be carried out as on-the-job training at the workplace and will be funded by the employer. The workplace-oriented section will comprise active learning at the workplace and will be based on advanced application of theoretical knowledge at the workplace. This places great demands in terms of good supervision and close cooperation between the trainer and the supervisor at the workplace. The student will get an opportunity to practise problem solving on the basis of real-life situations that are often taken from the company where the student carries out the workplace-oriented section of the course.

The KY committee has submitted its final report, and Luleå University of Technology has carried out an independent evaluation of the pilot scheme. The results show that KY has been successful and that there has been very high interest from both working life and students. 46 per cent of all participants during the period 1996-1998 were women and 10 per cent were born abroad. Approximately 70 per cent of the participants who have so far concluded their training have got jobs within three months of completing training. The number of arrangers of qualified vocational training has tripled since the start in 1996, and by autumn 1999 there were around 150 different arrangers.

The evaluators followed up the first students six months after completing their studies. It turned out that 79 per cent of the students are satisfied with their KY training and that 76 per cent consider that the course content covered what is needed for the occupation. 75 per cent of the students have got a job, 7 per cent are studying in higher education, 4 per cent are self-

employed and 4 per cent are seeking employment. 84 per cent of those in employment or self-employed are active in the occupational area covered by the training.

The pilot scheme has been gradually extended and covers 12 000 places from 1999 onwards.

5.2 Swedish use of IT at work and at home

Investigations show that 60–70 per cent of those in employment in Sweden have access to computers at work. According to the Swedish Agency for Administrative Development, 89 per cent of those employed by the government and 78 per cent employed by county councils had access to computers at their workplace in spring 1998. In local authorities and the private sector, the proportion was much less, around 60 per cent. The number of people with access to computers in the home has, during the 80s and 90s, increased markedly in Sweden, from three per cent of the adult population in 1985 to more than half today.

In 1998, the possibility was introduced for tax-free private use of computer equipment supplied by the employer in certain circumstances. The reason was the desire for a clearer specification of the situations in which the supply of computer equipment should not be treated as a taxable benefit, and to widen the opportunities for alternative forms of personnel training without this risking that individuals be liable for tax. The proposal was expected to make it easier for employers to introduce computers in the workplace.

One criterion for the tax-free benefit is that it should in principle be available to the entire permanent workforce. The employer's offer must in principle benefit all permanent staff. Temporary staff, people on work experience and holiday workers are outside the category of people that need to be covered by the offer. However, if the employer does offer home computers to the other categories, the tax relief will also apply to them. An exception applies to those of the permanent workforce who already have the use of a home computer on loan from the workplace.

It is usual that the offer is combined with a reduction in gross pay (renegotiation of gross pay). A reduction in gross pay means that it is

the lower income that is taxed and constitutes the pensionable income, etc. In this way, the difference in taxation between the tax-free computer equipment and the otherwise fully taxable earned income is utilised.

There are no stipulations associated with the tax relief that employees should undergo training in their spare time. It is up to the employer to decide whether utilisation of the benefit should be associated with some form of training.

The reform had a tremendous effect. Between 1997 and 1998, the proportion of employees that have access to computers in the home has increased from 48 to 67 per cent, which is the highest rate of increase since 1994. There are still differences between different socio-economic groups. Among members affiliated to the Swedish Trade Union Confederation in 1998, 51 per cent had access to computers in the home, while the corresponding figure for members of the Swedish Confederation of Professional Employees was 76 per cent, and 84 per cent for the Swedish Confederation of Professional Associations. These differences also mean that there is less computer availability in the home for certain children and young people than others.

The use of computers and the Internet varies according to ethnic affiliation, gender, age, income and housing conditions. More women than men completely lack experience in using computers and the Internet. This usage falls steeply with increasing age and is higher for high-income earners than for low-income earners. People with a higher level of education have considerably more experience of computers than those with a low level of education. People in metropolitan areas use computers and the Internet more than those in sparsely populated areas.

Annex 1. Indicators

Guideline 1 – Policy input and output indicators			
	Total	Men	Women
(A) number of young persons who became unemployed in month X ¹	24 364	13 315	11 049
(B) number of young persons who are still unemployed at the end of month X+6 without any break	786	502	284
(C) number of young persons who became unemployed in month X and started a concrete individual action plan before month X+6	21 853	12 194	9 659
(D) number of young persons who became unemployed in month X, who are still unemployed at the end of month X+6 and have not started an individual action plan	27	14	13
C/A, Indicator of effort (input indicator)	89,7	91,6	87,4
D/B, Rate of non-compliance (input indicator)	3,4	2,8	4,6
B/A, Rate of inflow into long-term unemployment (output indicator)	3,2	3,8	2,6

Information on individual action plans as well as the national criteria used to define breaks of the unemployment spells is provided in tables 1 and 2 respectively.

Guideline 2 – Policy input and output indicators			
	Total	Men	Women
(A) number of adult persons who became unemployed in month X ²	64 593	33 695	30 898
(B) number of adult persons who are still unemployed at the end of month X+12 without any break	9 678	5 862	3 816
(C) number of adult persons who became unemployed in month X and started a concrete individual action plan before month X+12	59 996	31 771	28 226
(D) number of adult persons who became unemployed in month X, are still unemployed at the end of month X+12 and have not started an individual action plan	457	281	176
C/A, Indicator of effort (input indicator)	92,9	94,3	91,4
D/B, Rate of non-compliance (input indicator)	4,7	4,8	4,6

¹ Yearly average based on monthly measurements for 1999.

² Ibid.

B/A, Rate of inflow into long-term unemployment (output indicator)	15,0	17,4	12,4
--	------	------	------

Information on individual action plans as well as the national criteria used to define breaks of the unemployment spells is provided in tables 1 and 2 respectively.

Guideline 3 – Policy input and output indicators			
	Total	Men	Women
(E) number of participants in training and similar measures who were previously unemployed (yearly average)	239 643	122 814	116 829
Broken down by measure			
– training ³	98 036	41 893	56 143
– subsidised employment ⁴	77 857	47 295	30 562
– job schemes ⁵	52 937	27 731	25 206
– incentives to business start-ups ⁶	10 813	5 895	4 918
(F) number of registered unemployed persons (yearly average)	276 681	151 688	124 993
E/F, Activation rate (input indicator)	86,6	81,0	93,5
(G) Number of people exiting from measures ⁷	33 578	17 662	15 916
(H) Number of participants in measures newly registered as unemployed within 3 months of the end of the measure ⁸	10 855	6 107	4 748
H/G, Rate of return to unemployment after participation in a measure ⁹ (output indicator)	32,3	34,6	29,8

³ Includes persons previously unemployed and participating in the Adult Education Initiative (Kunskapslyftet), employment training (arbetsmarknadsutbildning) and the Swedish National IT Training Programme (IT-satsningen).

⁴ Includes persons previously unemployed and participating in recruitment incentive - general and extended (anställningsstöd - allmänt och förstärkt), wage subsidies (lönebidrag), public sheltered employment (offentligt skyddat arbete), public temporary work (offentligt tillfälligt arbete) and resource work (resursarbete).

⁵ Includes persons previously unemployed and participating in workplace scheme (arbetspraktik), computer/activity centres (datortek), municipal youth programme (kommunalt program för ungdomar) and development guarantee for young persons (utvecklingsgaranti för ungdomar).

⁶ Includes persons previously unemployed and participating in start-up grants (starta-eget bidrag).

⁷ Excluding participants in the Adult Education Initiative.

⁸ Ibid.

⁹ Ibid.

Rate of return to employment after participation in a measure (output indicator)	36,7		
Broken down by measure			
– training ¹⁰	35,5		
– subsidised employment	51,0		
– job schemes	29,5		
– incentive to business start-ups	75,0		

Guideline 4			
	Total	Men	Women
Labour force participation rate			
– 55-64 years	68,0	71,7	64,4
– 16-64 years	77,2	79,5	74,8

Guideline 8		
	primary-secondary school (age group 7-16), "grundskolan"	upper secondary school, "gymnasium"
Number of pupils per computer used in teaching	9,6	5,2
Number of teachers (adjusted to number of full-time positions) per computer for teachers' use only	5,6	1,5
Percentage of schools with Internet connections	85 %	88 %
out of which		
– on-line connection	31 %	73 %
– ISDN-connection	24 %	9 %
Percentage of computers used in teaching that are connected to the Internet	57 %	87 %

Source: Schools and Computers 1999 - a quantitative picture, National Agency for Education, Report 176.

Guideline 9			
	Total	Men	Women
Unemployment rate (national definition) for			
– persons in the age group 55-64 years			
– foreign nationals/citizens	5,9 %	6,5 %	5,2 %
– born abroad	15,1 %	17,4 %	12,9 %
– persons having functional limitation with reduced ability to work	12,8 %	14,2 %	11,2 %
	9,1 %	10,6 %	7,7 %

¹⁰ Ibid.

Employment rate for			
– persons in the age group 55-64 years	64,0 %	67,1 %	61,0 %
– foreign nationals/citizens	52,5 %	56,0 %	49,6 %
– born abroad	56,8 %	60,1 %	53,6 %
– persons having functional limitation with reduced ability to work	68,1 %	71,3 %	65,1 %
Labour force participation rate for			
– persons in the age group 55-64 years	68,0 %	71,7 %	64,4 %
– foreign nationals/citizens	61,8 %	67,7 %	56,9 %
– born abroad	65,1 %	70,1 %	60,4 %
– persons having functional limitation with reduced ability to work	61,9 %	63,8 %	60,3 %
Persons older than 55 years, share of			
– unemployment	15 %		
– active labour market measures	12 %		
Foreign nationals/citizens, share of			
– unemployment	13 %		
– active labour market measures	13 %		
Occupationally handicapped persons, share of			
– unemployment	11 %		
– active labour market measures	16 %		

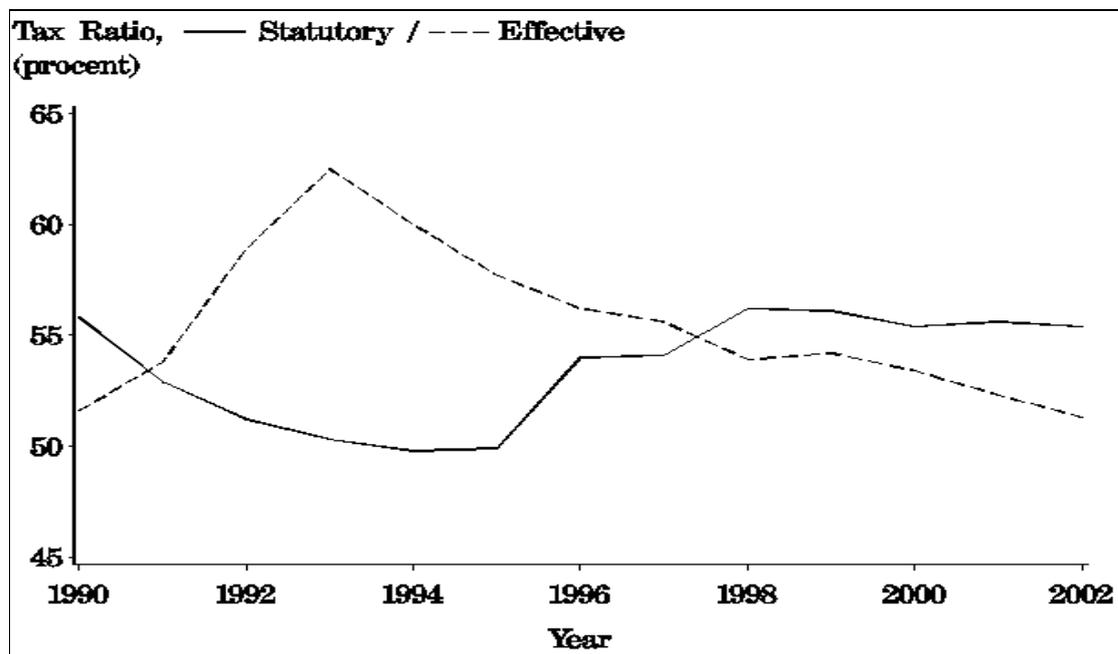
All data regarding persons having functional limitation with reduced ability to work originates from the fourth quarter of 1998.

Guideline 10	
Birth rate of enterprises as a share of total enterprise stock, 1998	5,2 %
Survival rate of enterprises after 3 years	
– 1994-1997	58 %
– 1995-1998	59 %
Share of employees in new enterprises	1,6 %
Share of persons employed in SMEs, 1999	41 %

Guideline 11			
	Total	Men	Women
Share of self-employed in employment	10,6 %	14,8 %	6,1 %
Share of employment in micro-enterprises	9 %		
Growth rate of employment in micro-enterprises			
– 1995-96	6,5 %		
– 1996-97	- 6,9 %		
– 1997-98	3,1 %		
– 1998-99	2,2 %		

Guideline 13			
	Total	Men	Women
Share in total employment of persons employed in the services sector	72,2	58,7	87,0
Growth rates of employment in the service sector, 1998-99	3,1 %	3,4 %	2,9 %
Share of persons employed in newly created enterprises in the service sector, 1998	1,8 %		
Share of the services in GDP (current prices) 1996	46,5 %		

Guideline 14



Guideline 15			
	Total	Men	Women
Average hours actually worked per week	37,2	40,3	33,7
Rate of overtime	10,6	12,5	8,1
Share of part-time employees	25,8	9,3	42,1
Share of underemployed for labour market reasons	7,6	4,3	11,0

Guideline 16			
	Total	Men	Women
Share of temporary employees	15,9	13,3	18,5

Guideline 19			
	Total	Men	Women
Unemployment rate (ILO-definition, yearly average for 1999)			
– 16-64	7,1	7,5	6,7
– 16-24	14,2	14,8	13,6
– 25-54	6,2	6,5	5,9
– 55-64	6,6	7,3	5,9
Employment rate (yearly average for 1999)			
– 16-64	72,9	74,8	70,9
– 16-24	43,8	44,8	42,8
– 25-54	82,6	84,5	80,6
– 55-64	64,0	67,1	61,0
The female/male gender ratio in average monthly salary, 1998			82 %
The female/male gender ratio in average monthly salary after consideration taken to differences in age, education, working hours, sector and occupational group between women and men, 1998			91 %

Guideline 20			
	Total	Men	Women
Employment rate, without the presence of any children aged 0 to 7, yearly average for 1999			
– 16-64		72,0	70,1
– 16-24		44,3	42,7
– 25-34		78,6	77,3
– 35-44		83,2	83,5
– 45-54		85,9	84,0
– 55-64		67,0	61,0
Employment rate, with the presence of a child aged 0 to 7, yearly average for 1999			
– 16-64		88,5	74,2
– 16-24		73,7	43,5
– 25-34		89,7	73,0
– 35-44		88,7	81,1
– 45-54		85,5	79,7
– 55-64		71,9	74,4

Tab. 1 - Information on individual action plans

<p>What marks the beginning of the individual action plan:</p> <ul style="list-style-type: none"> • first individual interview when registering as unemployed • in-depth individual interview at a later stage (and average time span between registration as unemployment and interview) • agreement between the job seeker and the employment service specifying a succession of measures 	<p>In Sweden the plan is referred to as "A jobseeker plan"</p> <ol style="list-style-type: none"> 1. A first interview is usually made when a person is registered. This does not however yet constitutes a jobseeker plan. 2. A jobseeker plans shall be made up for all jobseekers before 70 days (for those under 25 years) and before 5 month for others. For many jobseekers the plan is made up at a much earlier time. 3. In-depth interviews resulting in a jobseeker plan are usually made before 12 weeks of enrolment. 4. The plan contains sub-plans and measures to be taken as well as an agreement of who is responsible for doing what. It also contains deadlines for measures to be used and for the following up of the activities agreed upon. 5. There is a detailed description of the method to be used and a national quality standard for the jobseeker plan.
<p>Average time span between beginning of individual action plan and participation in training and other employability measures (job scheme, subsidised employment, start-up support)</p>	<p>The jobseeker plan is an active document that is to be revised depending on the outcome of measures taken and of new possibilities arising. The time between <u>entering an employability measure into the plan</u> until the person actually joins the program varies considerably. The average span is some 40 days.</p>
<p>Frequency of interviews</p> <ul style="list-style-type: none"> • average frequency during the individual action plan 	<p>There is no national standard for the frequency of interviews or other contacts. It varies substantially between individuals. Anything between several contacts per month to several months between contacts. There is no available statistics to calculate an average.</p>
<p>What marks the end of the individual action plan</p>	<p>The main target for the plan is always a job in the regular labour market. In some instances the outcome will also be the beginning of a regular educational program, the jobseeker leaving the labour force or a long-term subventioned job.</p>
<p>Minimum and maximum duration of individual action plans</p>	<p>The question is not relevant since it depends entirely on the time before some of the above mentioned outcomes have been reached. If a jobseeker plan has not within a year led to the foreseen result, it should be more thoroughly revised.</p>

<p>Are there sanctions if a registered unemployed does not attend the different stages of the individual action plan:</p> <ul style="list-style-type: none">• for which stages (first interview, follow-up interviews, measures) <p>and</p> <ul style="list-style-type: none">• which sanction (suspends eligibility to unemployment benefits or allowances, radiation from registers ...)	<p>Yes,</p> <p>If a jobseeker refuses to join an employability measure agreed upon or fails to show the agreed upon activities in looking for work, the Employment Officer should make a report to the organisation managing the unemployment benefit. This will in most of the cases lead to the jobseeker being cut off from unemployment benefit for a fixed period of time, or in severe cases, for good.</p> <p>A report of the kind mentioned can be made after a single refusal.</p>
--	---

Tab. 2 - Breaks in unemployment spells

	Does not break unempl. spell (a)	Breaks unemployment spell (a)		If column (3) has been ticked, specify duration or conditions
	(1)	(2)	(3)	(4)
		Always (a)	Depends on duration or other conditions (a)	
Training measures		Yes		All forms of labour market programmes during which the participant achieves a special form of activity benefit (other than unemployment benefit). The unemployment spell is broken when programme starts not when it is decided upon.
Job schemes for unemployed	Yes			Job schemes, guidance activities and group activities promoting jobseeking, during which the jobseeker still gets unemployment benefit , do not break of unemployment spell.
Part-time work		Yes		As soon as the Employment officer gets the information and makes the proper change of the jobseekers status code.
Temporary activity			Yes	If and when the Employment officer receives information and makes the proper change of the jobseeker's status code. Temporary activities that have already ended when the Employment officer gets the information will not bring about a break of unemployment spell.
Seasonal work		Yes		See part-time work.
Illness			Yes	See temporary activity

(a) Tick where appropriate

Annex 2. Budget Summary

Pillar I

Guideline 1	Total cost of the municipal programme; 1998: SEK 348 million 1999: SEK 244 million
	Total cost of the development guarantee; 1998: SEK 147 million 1999: SEK 422 million
Guideline 2	Nat. Lab. Market Adm. 1999 2000 Administration SEK 4312 million 4527 ALMP SEK 21584 million 19590 for disabled SEK 6595 million 6829 ESF SEK 2162 million 1883
Guideline 3	See also guideline 2 Budget for the national programme for training in information technology; 1998-2000: SEK 1.3 billion
	Grant to municipalities for the Adult Education Initiative; 1999: SEK 3.8 billion 2000: SEK 3.6 billion
	Budget for the special training allowance (UBS); 1999: SEK 7.0 billion 2000: SEK 4.2 billion
Guideline 4	Pre-school activities and care for school children; 2001-2003: SEK 5.6 billion
Guideline 7	Increase in the State grants to the municipal sector for health care, schools and social services in relation to the 1996 level; 1999: SEK 17.3 billion 2000: SEK 21.3 billion 2001: SEK 25.3 billion 2002: SEK 24.3 billion 2003 SEK 26.4 billion
	Budget for developing teachers' skills in certain subjects; 1999-2001: ca SEK 70 million per year
Guideline 8	Budget for Qualified Vocational Education; 1999: SEK 720 million 2000: SEK 732 million
	Increase in the appropriation for under-graduate studies, research and post-graduate studies; 2000-2003: SEK 5 billion
Guideline 9	SEK 100 million per year for 2001-2003 are reserved with the aim of increasing labour force participation among immigrants.
	Temporary personnel reinforcements at employment offices with the aim of strengthening immigrants' position in the labour market; 1999 och 2000: SEK 100 million

Pillar II

Guideline 10 and 11	Appropriation for business and industry policy; 1999: SEK 735 million 2000: SEK 888 million
	Appropriation for technological infrastrucatur; 1999: SEK 192 million 2000: SEK 157 million

	Appropriation for competition matters; 1999: SEK 71 million 2000: SEK 70 million
	Appropriation for technological research and development; 1999: SEK 700 million 2000: SEK 689 million
Guideline 12 and 13	State funding for local investment programmes; 1998-2001: SEK 6.8 billion
	State support for information and counselling on starting a co-operative; 2000-2002: SEK 20 million

Pillar III

Guideline 15 and 16	Policy area working life; 2000: SEK 5.4 billion
Guideline 17	Budget (incl. ESF) for skills development in working life; 2000: SEK 400 million 2001: SEK 1 billion 2002: SEK 1 billion

Pillar IV

Guideline 19 to 21	Official study on the utilisation of time; 2000-2002: SEK 15 million
--------------------	---