

CASE STUDY

Employment Policy in Spain

Preparatory Activities for Establishing Employment
Priorities in Bosnia and Herzegovina

PREFACE

Bosnia and Herzegovina is a potential EU candidate country.

In December 2019, and in response to Bosnia and Herzegovina's 2016 application for EU membership, the EU's General Affairs Council concluded that policy alignment with EU acquis was under-developed. The Council based its opinion on an assessment by the European Commission on the country's readiness and capacity to assume the obligations of EU membership. This specifically, underlined the need by Bosnia and Herzegovina to adopt state-wide priorities for employment.

Policy learning is an integral feature of the EU's employment strategy whereby EU member states actively peer review policy developments in fellow countries as well as share good practice. Bosnia and Herzegovina stands to gain by understanding how employment policy is elaborated, particularly in EU member states with highly decentralized governance arrangements as in Bosnia and Herzegovina.

This case study has been prepared as a reference for the employment authorities in Bosnia and Herzegovina as they move forward with their own employment developments as part of a wider EU preparation drive. It provides a detailed account of policy instruments underpinning Spain's efforts to improve employment and describes the roles and responsibilities of employment authorities at national, regional and local levels set against wider EU employment developments.

The case study has been elaborated by Elvira González Gago of Research4Consulting, Barcelona.

The contents of the case study are the sole responsibility of the author and do not necessarily reflect the views of the European Training Foundation or the EU institutions.

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1. BACKGROUND AND CONTEXT

Decentralised governance in Spain

Spain is nowadays one of the most decentralised countries in the European Union, as a result of a decentralisation process in place for over 40 years, which followed 40 years of Franco's dictatorship. The Franco period was characterised by strong centralisation of decision making. Today the Spanish State comprises the central administration, 17 Autonomous Communities (the Spanish regions), and the local administration.¹

Further, the Spanish constitution includes a second decentralization level for over 8,000 municipalities and 44 supra-municipal administrative bodies². These supra-municipal bodies gather small municipalities (under 20,000 inhabitants), islands and historical territories³ whose aim is to jointly manage essential local services.

The Spanish constitution (1978) addressed three parallel challenges: (1) democratization, set up and development of the welfare state; (2) political and policy making decentralisation process; and (3) the integration of Spain into the European Union.

a) The Statutes of Autonomy of the Spanish regions

The 17 regions are governed by their respective Statutes of Autonomy. Each statute is negotiated between the central state and the region. The regions have political and financial autonomy. This means that they can pass laws and/or perform executive tasks, as established in the Constitution and their Statutes of Autonomy. They also are able to access finance from the state coffers to support region-specific policies (e.g. employment). The 17 Statutes of Autonomy have evolved differently over the last 40 years reflecting different autonomy ambitions and political contexts among the regions. Today, all regions have assumed practically the maximum level of autonomy and competences foreseen in the Constitution and their degree of autonomy is very homogeneous⁴.

b) Division of competences between central state and regions

The regions have legislative and/or executive devolved competences in the fields of employment, social protection education and health.

Table 1 summarises the most relevant features of this distribution of competences (e.g. employment, education). Further, the regions have exclusive legislative and executive competences in agriculture, inner fisheries, industry, commerce, tourism, culture, youth and sports. They pass and implement laws and policies adapted to their needs.

The over 8,000 municipalities and 44 supra-municipal administrative bodies mentioned above do not have explicit competence on employment policy. However, the Employment Law requires that regional employment authorities must take due account of the specificities of the local level. It is also possible that the regional employment authorities decentralise some (and if so, usually minor) employment competences to the municipal level. By way of example, a) the Galicia region acknowledges the competence of municipalities to train the unemployed; b) the Canary Islands have devolved competence to municipalities to promote economic development and employment; c) Navarra, Basque Country and La Rioja provide for municipalities to promote local employment plans and initiatives. Other regions do not provide for this level of autonomy at municipal level. As

long as the region and the municipality do not provide the same employment services for the same target groups, a municipality may develop and implement employment policies⁵.

Table 1. Division of competences: Employment, Social Protection, Education and Health

CENTRAL STATE	AUTONOMOUS COMMUNITIES (REGIONS)
COMPETENCES ON EMPLOYMENT ISSUES	
<ul style="list-style-type: none"> The central state has exclusive competence in all that relates to “labour relationships” between employers and workers, to ensure equality throughout the country. That means that there is only one state-level Law for Employment⁶, one Workers’ Charter and one Organic Law of Trade Union Association Freedom. These state-level laws address Employment Protection Legislation (EPL), common statutory minimum wage and guarantee of labour market unity (free movement of workers throughout the territory). The central state has exclusive competence in passive policies, i.e. the unemployment benefits system (contributory or means-tested). The central state has exclusive competence in what relates to legislation of job placement (private recruitment agencies) and employment promotion through rebates of employers’ social security contributions. The central state has exclusive competences in migration and work by immigrants. Other supra-regional issues: regional mobility of workers, registry of supra-regional collective agreement or mass lay-offs, etc. 	<ul style="list-style-type: none"> The regions implement state-level employment legislation: <ul style="list-style-type: none"> the organisation and management of Active Labour Market Policies, including job placement services, where the region may tailor employment programmes and measures according to their needs. the development of their regional employment strategies, usually in collaboration with regional social partners. Since regions are also competent to promote economic development in their territories, the regional Employment Strategies are aligned with their regional economic development strategies or plans. the development of labour support activities, that coexist with central level institutions, such as regional Labour Councils, regional Social and Economic Council, etc. These are independent from the state-level bodies.
COMPETENCES ON SOCIAL PROTECTION ISSUES	
<ul style="list-style-type: none"> The central state has exclusive competence on legislation of social security (thus, there is only one state-level Law on Social Security⁷) and management/execution of its economic regime, according to the “single-till” and budgetary solidarity principles, that are understood as necessary to guarantee homogeneity of Social Security across the territory⁸. 	<ul style="list-style-type: none"> The regions have exclusive competence on social services. Each region has its regional Law for Social Services and they implement them without any state guidance or constraint, Social services are to some degree decentralised to local level. Municipalities with over 20,000 inhabitants⁹ are competent for primary social services, specialised social services and the regional minimum income is a responsibility of the region, which some of them have partially devolved to local institutions.
COMPETENCES ON EDUCATION (GENERAL, VOCATIONAL TRAINING AND HIGHER EDUCATION) AND HEALTH	
<ul style="list-style-type: none"> The central state is competent for developing the basic legislation on education and health. Thus, there is one state-level law on health and one National Health System¹⁰ and one state-level Law for Education¹¹. This legislation provides the common framework (principles, objectives, funding, cooperation and monitoring tools) for the state and regional actions. 	<ul style="list-style-type: none"> The regions are competent for further developing the state-level legislation and implementing and adapting it to the specific needs and policy options in their territories. As a result, all 17 regions have their own regional education and health laws and systems, based on the common principles established at central state-level.

Source: *Elvira González Gago*

c) Territorial coordination

Territorial coordination is organised at several hierarchical levels through:

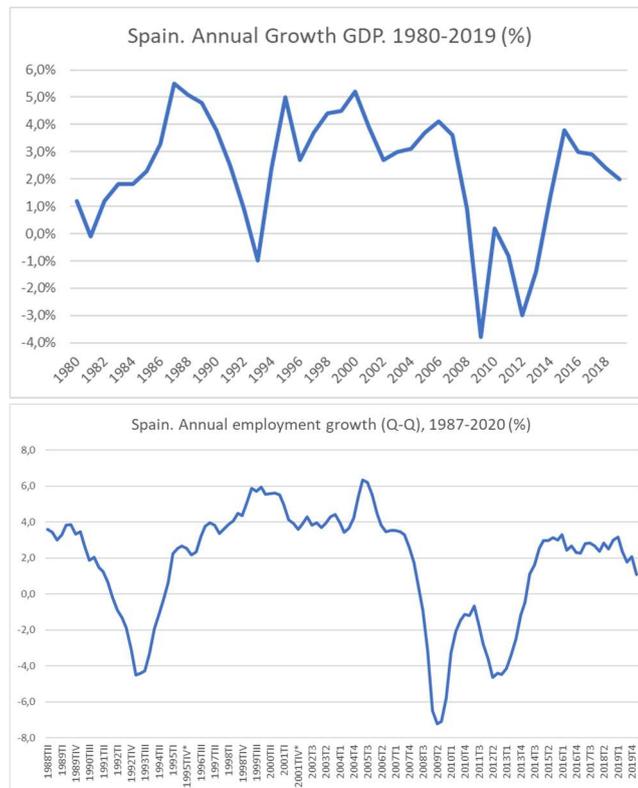
- *Conference of Presidents*: the Conference is the highest political level of cooperation between the State and the regions. It is formed by the President of the State Government and the Presidents of the 17 regions. It was set up in 2004. Given the nature and political level of the Conference, its scope of activities is open and its purpose is to discuss and adopt agreements on matters of special relevance to the state and regions. So far, six Conferences of Presidents have taken place. Examples of policies addressed by the Conferences include a) the participation of the regions in European Union matters (first Conference in 2004); b) an agreement between the central state and the regions on the funding of the health systems (second Conference in 2005); c) joint analysis of the situation of fiscal, economic and labour situation in Spain (fifth Conference in 2012); d) the sixth conference in 2017 addressed, among other issues, the renewal of the Spanish Active Employment Strategy 2017-2020 (see Section 3), through active modernisation of the state and regional Public Employment Services and improved coordination within the National Employment System.
- *Sectoral Conference for Employment and Labour Issues*: this comprises the State and regional ministries for employment. The Conference's work is organised in four commissions:
 - Technical Working Commission of General Directors of State and regional Public Employment Services;
 - Direction Commission of the Information System of Public Employment Services;
 - Coordination and Monitoring Commission of Information System of Public Employment Services;
 - Commission for Labour Inspectorate and Social Security.
- *Bilateral Cooperation Commissions*, with the Central State and one specific region. The Statutes of Autonomy of the 17 regions (section a)) regulate these Commissions which have a permanent status and meet at least once or twice a year (Ministry of territorial policy, 2019). The objective of the Commissions is to address potential conflict of competences between the state and a region. They comprise representatives of the State Government and the specific regional government. A bilateral commission may be called either by the region or the central state. Employment issues are only marginally addressed in these bilateral commissions (Roig Molés, 2005), but some recent examples where employment is an issue include a) an agreement between the state and the region of Murcia on the "Speed-up of the Transformation of the Regional Economic Model for the Generation of Stable Quality Employment" (2019); and b) the agreement between central state and Balearic Islands on promotion of safety and health at work (2019).

Economic and labour market situation in Spain

a) Key employment data

The start of democracy, the 1978 Constitution and the beginning of negotiations to enter the European Union in 1986 provided an initial economic boost in the 1980s, with GDP annual growth rates rising to 5.5% in 1992. After this initial period, Spain undertook industrial restructuring that affected both GDP and the labour market: GDP annual growth rate fell by 1% in 1993 and almost 850,000 jobs (6.4%) were lost in 1992-1994. Between 1994-2008, the average annual GDP growth was 3.7% with annual employment growth of 3.8%. Some 8.4 million jobs were created (accumulated increase of 69%) up to the recession in 2008 (Figure 1). GDP per capita increased from 88% of EU average in 1995 to 97% in 2004.¹²

Figure 1. Evolution of GDP (1980-2019) and employment growth (1987-2020)



Sources: *Datosmacro.com* for GDP annual growth; *National Statistics Institute (INE), Spanish Labour Force for employment growth. Methodological changes in 1995 and 2001. Prepared by Elvira González Gago.*

The Spanish labour market is characterised by high unemployment, compared to other EU countries, and comprises a duality between well-protected stable workers who enjoy good labour conditions and poorly protected temporary workers with increasingly bad conditions. The 2008 recession hit Spanish GDP and employment harder than in other EU countries, with the destruction of 3.5 million jobs which affected, in particular, poorly protected jobs and less-qualified workers many of them of young workers. Youth employment dropped between 2008 and 2014 by more than

8% (21% for under 25s). Youth unemployment more than doubled in the period, reaching over 53%. Between 2003-2013, GDP per capita dropped from 94.9% of that of the EU-28 in 2003 to 84.8% in 2013.

Since 2014, both the economy and the labour market have slowly recovered, although the annual data for 2019 shows that the employment and unemployment levels prior to the crisis have not yet been attained. This evolution is reflected in the GDP per capita, which has slightly recovered up to 88% of the EU-28 in 2019 but still far from the level (93%) prior to the crisis (Table 2).

The Spanish labour market faces a double skills mismatch. On the one hand, the share of poorly qualified workers (workers with less than lower secondary education) is too high (32% in 2019). On the other hand, the share of highly skilled workers (higher education) is also high (44%), but this cohort often lack the specific skills demanded by employers. Employers face difficulties on meeting skill demands, since they often seek workers with upper secondary education (only 24%); but at the same time an important share of the highly educated workers are underemployed, i.e. working in occupations that require less qualifications that they have, thus incurring a waste of talent.¹³

b) Regional disparities in employment, unemployment and GDP per capita

There are large differences between the Spanish regional labour markets. The 2019 employment rates range from 62.3% in the Balearic Islands to 47.6% in Asturias. Some 16.3 percentage points differentiates the female employment rate between Madrid and Extremadura. Unemployment rates also vary between regions. The difference between the worst performer (Extremadura) and the best (Navarra) is 13.3 percentage points. This is reflected in large differences in the regional GDP per capita. The 2018 GDP per capita of Extremadura is 54% of that for Madrid. Moreover, data demonstrates territorial differences persist over time. See Figures 5 and 6 in Annex 1.

Table 2. Spanish-EU labour market indicators (2019)

	SPAIN	EU-27
At-risk-of-poverty or social exclusion (AROPE)	26.1% (2018)	21.6% (2018)
Early leavers from education and training (% of population aged 18-24)	17.3 (2019)	10.2% (2019)
Young people neither in employment nor in education and training (% of population aged 15-24)	12.1% (2019)	10.1% (2019)
Youth unemployment rate (% active population aged 15-24)	33.3% (2019)	15.0% (2019)
Employment rate (20-64 years). Men	74% (2019)	79% (2019)
Employment rate (20-64 years). Women	62.1% (2019)	67.3% (2019)
Unemployment rate (15-74 years)	14.2% (2019)	6.7% (2019)
Long-term unemployment rate (as % of labour force 15-74)	5.3% (2019)	2.8% (2019)
Fixed-term employment* (% of employees with a fixed term contract, aged 15-64)	26.4% (2019)	15% (2019)
Adult participation in learning (% of people aged 25-64 participating in education and training)	10.6% (2019)	10.8% (2019)

Source: Eurostat. Prepared by: Elvira González Gago

2. INSTITUTIONAL FRAMEWORK FOR EMPLOYMENT POLICIES

European employment policy

Launched in 2000, the European Employment Strategy confers on the European Commission responsibility to support and complement the activities of the Member States on employment policy, by promoting cooperation between member states by way of a 'coordinated strategy'. The Strategy includes mechanisms and tools to enable EU member states to coordinate their economic policies (which includes employment policies) and address the economic challenges facing the EU – a process known as the *European Semester*. The key tools are:

- *Employment guidelines* are common priorities and targets for employment policies proposed by the Commission, agreed by national governments and adopted by the EU Council. They apply to all EU member states. The guidelines are a) boosting demand for labour, b) enhancing labour and skills supply; c) better functioning of the labour markets (reducing labour market segmentation, improving active labour market measures and mobility; and d) fairness, combating poverty and promoting equal opportunities for all.
- The *Joint Employment Report* is based on (a) the assessment of the overall employment situation in Europe (b) the implementation of the Employment Guidelines and (c) an analysis of a scoreboard of key employment and social indicators. It is published by the European Commission and adopted by the EU employment ministers.
- *National Reform Programmes* are submitted by national governments and analysed by the Commission for compliance with Europe 2020 objectives and targets. Each National Reform Programme includes measures to improve employment and human capital development.
- The European Commission reviews all National Reform Programmes annually. It publishes a Country Report. This includes *Country-specific recommendations* to improve employment.
- The European Employment Strategy is based on an *Open Method of Coordination* (see Box 1) where EU member states peer review employment developments of fellow EU countries.

Box 1. The 'Open Method of Coordination' of the European Union

The 'Open Method of Coordination' (OMC) is a form of EU soft law, a process of policymaking which does not lead to binding EU legislation nor require Member States to change their law. OMC aims to spread good practices and achieve greater convergence towards the main EU goals.¹⁴ It provides a framework for cooperation between the EU countries, whose national policies have common objectives. Under this intergovernmental method, the EU countries are evaluated by one another (peer review), with the European Commission's role being limited to surveillance.

OMC takes place in areas which fall within the competence of EU countries, such as employment, social protection, education, youth and vocational training. The 'Open Method of Coordination' is principally based on:

- jointly identifying and defining objectives to be achieved (adopted by the Council of Employment Ministers in cases of employment issues);
- jointly established measuring instruments (statistics, indicators, guidelines);
- benchmarking (i.e. comparison of EU countries' performance and the exchange of best practices) monitored by the European Commission.

The implementation of the European Employment Strategy through the 'Open Method of Coordination' is underpinned by five key factors: subsidiarity, convergence, mutual learning, an integrated approach and management by objectives.

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The National Employment System

In 2003 a National Employment Law was passed to established. It comprises:

“the set of structures, measures and actions needed to promote and develop the employment policy. The National Employment System is made up of the State Public Employment Service and the 17 regional Public Employment Services” (Art. 5, Law 56/2003).

Two bodies are responsible for the governance of the *National Employment System*¹⁵:

- *Sectoral Conference on Employment and Labour Issues*, which is the general coordination and cooperation tool between the state Ministry for Employment and the regions on matters of employment policy and meets at least three times a year¹⁶;
- *General Council of the National Employment System*, is a tripartite consultative body on employment policy. The Council comprises representatives from each region, the state-level government, employers’ organizations and trade unions organizations.

The objectives of the National Employment System are:

- establish full employment as an objective of the employment policy,
- guarantee of equal opportunities in employment,
- protection in cases of unemployment through unemployment benefits,
- ensure geographical mobility of workers,
- ensure unity of the labour market in the country with a common legislative framework,
- provision of active labour market measures to facilitate access to, and permanent employment
- improve enterprise competitiveness.

Figure 2 represents the institutional framework for employment policies in Spain set against the European Employment Strategy and the European Semester. The next sections describe the policy-making flow and the role of the various stakeholders.

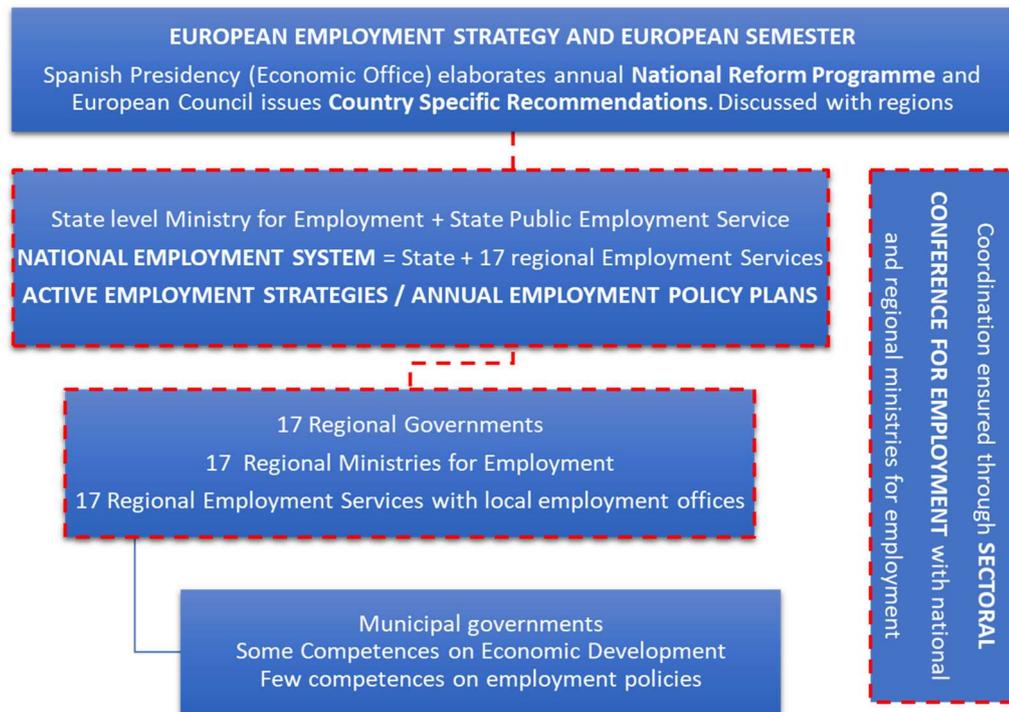
a) *The Spanish Active Employment Strategies*

Since the 2008 economic crisis, coordination of employment policies between state and regions has been reinforced following a European Commission assessment which highlighted that coordination between passive policies (competence of State public employment service) and implementation of employment policies and programmes (competence of regions) was weak. Both passive and active employment measures were unable to sufficiently address the needs of the labour market and promote employment mobility between regions, in scenarios with large regional differences of unemployment rates.

State-level legislation in 2011 reinforced the capacity of the National Employment System to address the employment implications of the economic down-turn as well as accommodating the EU recommendations made regarding enhanced effectiveness of active labour market measures and flexibility in the labour market (Commission, 2012)¹⁷. This paved the way for the first *Active Employment Strategy 2012-2014*¹⁸ followed by two subsequent strategies (2014-2016 and 2017-2020), progressively consolidating this new approach towards coordinated employment policies. The strategies are jointly developed by the national Ministry for Employment, the State Public Employment Service, the regional Ministries for Employment and the regional Public Employment

Services, and the trade unions and employers' organisations. The main components of the active employment strategies are described in the following sections

Figure 2. Institutional framework for employment policies



Prepared by: *Elvira González Gago*

b) Common employment goals to be achieved jointly between the State and regions

The objective of all three Active Employment Strategies covering the period 2012-2020 is to reinforce coordination, monitoring, evaluation and thereby performance of employment policies. This follows the acknowledgment by all stakeholders in the first strategy (2012-2014) of the need for “setting up common objectives and a coherent governance system between the legislative level (central state) and the execution level (regions) of the employment policy”. This required in turn the adoption of the co-responsibility principle between the State and 17 regional public employment services for the achievement of the general objectives of the national employment policy and of EU employment recommendations.

c) Coordination mechanisms

The first Active Employment Strategy 2012-2014 provided for **three coordination mechanisms** between the state National Employment Service and the regions’ employment services which have consolidated throughout the two subsequent strategies up to 2020:

- The pluriannual *Active Employment Strategies*, the first of which Active Employment Strategy 2012-2014, the second 2014-2016 and the third 2017-2020.
- *Annual Employment Policy Plans*. These specify:
 - the quantitative objectives and targets of the respective Active Employment Strategies to be achieved by the national and regional authorities;
 - indicators to assess the degree of compliance of the state and regions with the objectives and targets set;
 - the detailed provision of the employment services and programmes that the regions and the central state commit to carry out during the year.
- The Annual Employment Policy Plans are drawn up by the Ministry for Employment at state-level, taking into account the forecasts formulated by each region and the State public employment service within the Sectoral Conferences on Employment. They are reported to the tripartite General Council of the National Employment System and are finally approved by the state government.
- The *Information System of Public Employment Services*. This a common information system managed at state-level by the State public employment service with an integrated information structure compatible with the regional employment information systems. It enables monitoring, evaluation and control of state and EU funds for employment.

As a result, the National Employment System is an integrated system, based on *shared common structural and strategic goals* and on *quantitative and qualitative indicators* that allow for the monitoring and evaluation, following the principles of strategic planning and evaluation of public policies. A *board of indicators* for each strategy objective has been agreed upon (See Section 3).

Other common coordination instruments were adopted through the first Active Employment Strategy:

- Adopted in 2015, the *Common Services Portfolio* of the National Employment System aims to guarantee equal access to public employment services and their services in all regions. Each regional public employment service may set up its own employment services portfolio, in addition to the services included in the Common Services Portfolio, and may include other services that address specific conditions of the regional labour markets (e.g. employment programs for fishermen in coastal areas or for seasonal agricultural workers in rural agricultural areas).
- *Single Employment Portal* (<https://www.empleate.gob.es>) financed and managed by the State public employment service, this allows jobseekers and companies looking for workers to obtain information on job vacancies and job seekers, facilitating the matching of supply and demand. The service aims to gather all vacancies and jobseekers registered with the regional public employment services and to identify the needs of employers. It also aims to support relocation processes and labour mobility (Ministry for Employment, Active Employment Strategy 2014-2017, 2014). This single employment portal coexists with the regional employment portals. It also coexists with but is not integrated within the EURES portal which aims to facilitate geographical mobility across EU countries.
- *EVADES programme for the evaluation of performance of state and regional Public Employment Services*. With the technical support of the European Network of Public Employment Services¹⁹, in 2015 Spain adopted a Bench-learning Learning Model (PES-BL)²⁰ in the State and regional public employment services (SEPE, 2019). The network assists the State public employment service, through a Mutual Assistance Programme on performance

improvement of the public employment service. Seminars and exchange of knowledge with other European public employment services are organised.

EVADES also provides a *Programme for the exchange of good practice* inspired by the European Mutual Learning Programme²¹. This Programme promotes mutual learning between public employment services on areas of common interest and where good practice from across the public employment services are identified and shared. Between 2018-2020, 5 good practice seminars were organised in different Spanish cities with the participation of all public employment services. In the first seminar, a good practice of the region of Murcia was identified and shared with the rest of regions. See Annex 2 for more detail.

Box 2. EVADES Good Practice:

Regional Strategy for Vocational Training and Lifelong Learning 2015-2020

The Regional Strategy for Vocational Training and Lifelong Learning of Murcia 2015-2020 is integrated in the “Regional Strategy for Quality Employment” (see section b)) and has the following aims:

- Reduction of the number of people with low qualifications and increase the level of intermediate qualifications, especially among young people.
- Improvement of the quality, effectiveness and efficiency of the vocational training system, especially improving its link the region’s economy, and access of trained people to job vacancies.
- Make lifelong learning and professional mobility a reality.
- Improvement of innovation and entrepreneurship in the field of vocational training.

One pillar of the Strategy for Vocational Training and Lifelong Learning is the Integrated Training Provision for Vocational Training and Smart Specialization, which aims to improve the quality and adaptation of the training offer to the needs of citizens and the companies through:

- A rich, diverse and specialized training provision.
- The promotion of dual vocational education and training and internships.
- The consolidation of a Network of Vocational Education and Training Centres.

The good practice consists in annual planning of the actions, that builds on monitoring and evaluation which in turn provides inputs to the following year’s planning.

The key instruments for the planning, monitoring and evaluation are a) impact indicators related to strategic objectives, such as i) share of population with lower and higher secondary regular and vocational training and ii) employment rate of graduated of vocational training six months after graduation; and b) result indicators related to what is programmed through each measure, such as, for example, number of centres in the above mentioned network, number of persons participating in dual training schemes (Murcia, 2015).

Source: EVADES (2018): “Report on Benchmarking, gathering the results and lessons learned” and Region of Murcia (2015), “Regional Strategy for Vocational Training and Lifelong Learning of Murcia 2015-2020”

d) Monitoring and evaluation

The Active Employment Strategies establish common objectives to be attained together between state and regional levels. Monitoring of these shared objectives is based on a set of quantitative indicators that are complemented with a qualitative analysis and an ex-post evaluation. The design

and selection of these indicators are decided upon jointly establishing shared confidence and trust for co-working arrangements.

In 2013, the State Public Employment Service and the regional employment services actively worked on the development of the first version of a comprehensive system of indicators. This serves to calculate each year the achievement rates of the common structural and strategic objectives, as established in each region's annual employment plans. The development of the indicators was based on the principles of transparency, participation and technical rigor. A web-based forum - *Evaluation Technical Working Group* – monitors the strategies and indicators.

The Active Employment Strategy 2017-2020 establishes two monitoring and evaluation levels. The first level deals with the performance of the Annual Employment Policy Plans, the regional employment services and the National Employment System, in general. The second evaluation level focuses on each employment service and program. See Box 3.

Box 3 Evaluation of the Active Employment Strategy 2017-2020

Evaluation of National Employment Service and Annual Employment Policy Plan

At the end of each Annual Employment Policy Plan, an evaluation of the fulfilment of the key, strategic and structural objectives is conducted. The results of this evaluation are used to determine the criteria for the distribution of state funds among the regions, which is approved each year by the Sectoral Conference on Employment.

In parallel to evaluation of the Annual Employment Policy Plan, each regional public employment service carries out an annual self-evaluation following the Bench Learning methodology of the European Union. This serves to facilitate a biennial external general evaluation of the overall National Employment System carried out by the European Network of Public Employment Services (PES-Network), with the participation of all regional public employment services.

Additionally, the evaluation of the quality, impact, effectiveness and efficiency of the entire vocational training system for employment is carried out annually.²²

Evaluation of each specific employment program

The second evaluation level includes evaluations of each of the services and specific programs included in each Annual Employment Policy Plan, including the programs funded by the State employment services. Since 2010, annual evaluations of vocational training for employment are carried out with follow-up recommendations. For example, the 2016 evaluation recommends separating the regulation for dual vocational training in the education system and in the workplace (Ministry for Employment, 2016). Also, in 2019 the Spanish Independent Fiscal Authority evaluated the spending on active employment measures.²³ It recommended pluriannual as opposed to annual budgeting in Spain and to improve the regional distribution of funds for employment measures (Independent Fiscal Authority, 2019).

A specific unit for the evaluation of active employment measures has been established within the State employment services.

3. EMPLOYMENT STRATEGY AT NATIONAL, REGIONAL AND LOCAL LEVELS

This section elaborates further on the institutional framework for employment policies described in Section 2. It focuses on the specific objectives, indicators and funding details of the current Active Employment Strategy 2017-2020 and the most recent Annual Employment Policy Plan 2019. The case study centres on a) the region of Murcia and its Murcia Quality Employment Strategy 2020 and b) the municipality of Cartagena and its Local Employment Strategy.

Active Employment Strategy 2017-2020 and 2019 Employment Policy Plan

The Active Employment Strategy 2017-2020 is aligned with the Strategy Europe 2020 and its overarching objectives, in particular, the attainment of 75% employment rate and the reduction of poverty by 20% by 2020. It responds also to the analyses by the European Commission and the Country Specific Recommendations made annually by the European Council. Additionally, the strategy takes into account the recommendations made to Spain by the European PES-Network. For the period 2017-2020, the regional Ministry for Employment and the State public employment service have three priorities and three types of objectives, which complement each other.

a) *Priorities, objectives and indicators*

The Active Employment Strategy 2017-2020 has three priorities:

- Jointly advance the modernisation and coordination of State and regional employment services by:
 - increasing effectiveness and efficiency of employment policies, through planning and results-oriented evaluation;
 - developing and improving tools, infrastructure and information systems.
- Enhancing vocational training for employment, in particular dual vocational education and training, and increasing the participation of the regions in the management of resources;
- Focusing services and programs towards improving employability of young people, the long-term unemployed and those at risk of social exclusion.

Additionally, the strategy establishes three types of objectives (detail in Table 3):

- *Key objectives*: four key objectives summarize the ultimate purpose of the action of the State and regions. The indicators used for the evaluation correspond to the indicators used by the European Network of Public Employment Services. These key objectives, together with the indicators used for their evaluation, remain fixed throughout the period of the strategy 2017-2020;
- *Priority objectives*: five priority objectives relate to the active employment measures and are defined within the successive Annual Employment Policy Plans during the 4-year period of the Active Employment Strategy.
- *Structural objectives*: these objectives refer to the performance of the state and regional employment services on implementation of active employment measures.

During the period of the Active Employment Strategy 2017-2020, each Annual Employment Policy Plan contains a list of targets and indicators that are used to measure the degree of compliance

with the State and regional employment targets. The numerical value of each indicator is obtained by means of an algorithm that weighs the values of its different components. These components serve to measure the most relevant aspects of each objective.

Successful achievement of the targets is rewarded with more funding from the State Public Employment Service the following year. Non-compliance is penalised with less funding. Importantly, the degree of compliance with the targets is evaluated through a set of 21 indicators (Table 3) that can be calculated making use of the information and data obtained mainly from the Information System for Public Employment Services.

The 2019 Employment Policy Plan includes the weightings that each key, strategic and structural objective has, quantified for each indicator in the entire board of indicators (Table 3). These weightings change every year.

It is important to highlight that the specific targets to which each regional employment service commits are not made public. The reason behind for this is that regions prefer not to be compared on performance of their employment services.²⁴

b) Financing

The 2017-2020 strategy is funded from five sources:

- State Ministry for Employment, specifically from the State public employment service;
- Contributions made by employers and workers to continuous training;
- Contributions made by employers and workers to unemployment benefits;
- Funding from each region earmarked for active employment measures.
- EU financing (European Social Fund), organised in three nation-wide²⁵ and 19 regional Operational Programs.

Part of the funding from the State Ministry for Employment is devoted to passive policies (unemployment benefits) and other employment policies for which the State is competent. The rest is distributed among the regional employment services, taking into account the compliance with the objectives and targets of the previous Annual Employment Policy Plan, as measured with the agreed indicators.

This distribution of funds is agreed by the Sectoral Conference for Employment and Labour Issues. The vast majority of the regional budgets devoted to active employment measures come from State public employment service budget and from contributions made by employers and workers to continuous training (1 and 2 above). This means that, while coordination and discussion mechanisms exist, the State public employment service has a prevalent position.

Since 2013 an increasing share of the central state funding for active employment measures in the regions is results-oriented. Since 2017, all funding is totally results-oriented and dependent upon the compliance of the public employment services with the targets set each year, following the agreed indicators and weightings²⁶.

For the 2019 Employment Policy Plan, the State Ministry for Employment contributes with €5.8 billion, of which €2.1 billion were distributed among the regions. The contribution of the regions is not specified in the Employment Policy Plan, though, as stated above, it is comparatively marginal.

Table 3. Active Employment Strategy: objectives, indicators and weightings

Active Employment Strategy 2017-2020		Indicators 2019		Weightings 2019	
Four key objectives					
1	Reduction of unemployment.	Reduction of unemployment		0%	0%
2	Increase of activation and reduction of periods of unemployment.	Increase of activation and reduction of periods in unemployment		0%	
3	Improvement of the participation of public employment services in filling vacancies.	Improvement of participation of PES in matching vacancies		0%	
4	Improvement of the degree of satisfaction of employers and jobseekers with the services provided by the PES.	Improvement of satisfaction of employers and jobseekers with services provided by PES		0%	
Five open strategic or priority objectives (results)					
A	Promote the activation and improvement of youth employability, with special attention to those with greater training deficiencies and risk of job insecurity, through instruments such as the Youth Guarantee and coordination with the educational system.	Promote activation and improvement of the employability of young people under 30 years of age, with special attention to those who have greater training deficiencies and risk of job insecurity, through instruments such as the Shock Plan for Young Employment (2019-2021), the Youth Guarantee and coordination with the educational system.		20%	50%
B	Promote employment as the main instrument of social inclusion, improving as a priority the activation and insertion of the long-term unemployed and those over fifty-five years of age.	Promote employment as the main instrument for social inclusion, improving as a priority the activation and integration of long-term unemployed people and those over 45 years of age through instruments such as the Employment Plan for long-term unemployed people.		20%	
C	Promote, in accordance with the needs identified in the personalized diagnoses and with the needs of the production system, a training offer aimed at a changing labour market, better adjusting skills and facilitating job transitions.	Promote a training offer aimed at the needs of the labor market, better adjusting skills and facilitating labor transitions, through the Professional Training System for Employment in the workplace.		20%	
D	Improve the performance of public employment services by modernizing the instruments of the National Employment System.	Improve the performance of public employment services by modernizing the instruments of the National Employment System.		20%	
E	Address activation policies from a holistic perspective that takes into account their sectoral and local dimensions, and establishing collaboration frameworks with employers, social partners and other public and private agents.	Address activation policies from a holistic perspective that take into account their sectoral and local dimensions, establishing collaboration frameworks with employers, social partners and other public and private agents.		20%	
Structural objectives (performance)					
Axe 1	Guidance	Individual diagnosis	35%	25%	50%
		Guidance and accompaniment	35%		
		Management and coverage of vacancies	30%		
Axe 2	Training	Accreditation of competences acquired through labour experience and non-formal ways	50%	25%	
		Training linked to employment hiring and labour experience	50%		
Axe 3	Employment opportunities	Hiring of persons with vulnerabilities	50%	15%	
		Activation of recipients of economic benefits and better coordination between active and passive labour market policies	50%		
Axe 4	Equal opportunities in access to employment	Women's activation and effective equal opportunities between women and men to access employment	50%	10%	
		Geographical and sectoral mobility	50%		
Axe 5	Entrepreneurship	Promotion among jobseekers of entrepreneurship, self-employment in digital economy and social and collaborative economy	50%	10%	
		Training and support in business management, particularly for microcompanies	50%		
Axe 6	Improvement of the institutional framework of the National Employment System	Performance evaluation of PES, according to PES-Network methodology	100%	15%	

Source: Annual Employment Strategy 2017-2020 and the 2019 Annual Employment Policy Plan.

Prepared by: Elvira González Gago

Murcia Strategic Plan 2014-2020 and Quality Employment Strategy 2017-2020

In the institutional employment policy framework described in Section 2, the region of Murcia elaborated a Quality Employment Strategy 2017-2020. This is embedded within a wider regional Strategic Plan 2014-2020. It is also consistent with a) the state-level Active Employment Strategy 2017-2020, b) the Annual Employment Policy Plans, and c) the regional Operational Programme of the European Social Fund 2014-2020 (see Table 4). The Operational Programme accompanies, and funds part of the measures implemented. This section focuses on employment developments in Murcia region²⁷.

Table 4. Murcia's EU financed Operational Programme 2014-2020

Thematic Objectives	Investment Priorities
Promoting sustainable and quality employment and supporting labour mobility	Improvement of employability of unemployed people and job seekers through career guidance, inactive population activation
	Promote self-employment, entrepreneurship and business creation
	Equality between men and women and reconciliation of work and private life
	The adaptation of workers, companies and employers to change
Promoting social inclusion, combating poverty and any discrimination	Active inclusion, in particular with a view to promoting equal opportunities, active participation and the improvement of employability
	Socioeconomic integration of marginalized communities such as the Roma population
	Access to affordable, sustainable and quality services, including health and social services of general interest
Investing in education, training and lifelong learning	Decrease and prevent early school leaving and promote equal access to good quality early childhood, primary and secondary education, including formal, non-formal and informal learning pathways aimed at enabling reintegration into the education process and training and professional training for the acquisition of skills.
	Improvement of equal access to lifelong learning for all age groups in formal, non-formal and informal structures and of workers' knowledge, professional skills and capacities, as well as the promotion of flexible learning pathways, also through professional guidance and validation of acquired skills
	Improving the adaptation to the labour market of education and training systems, facilitating the transition from education to employment and reinforcing education and vocational training systems, anticipating skills needs, adaptation of curricula, including dual training systems and internship programs.

Source: *European Social Fund Operational Programme 2014-2020. Region of Murcia*.²⁸

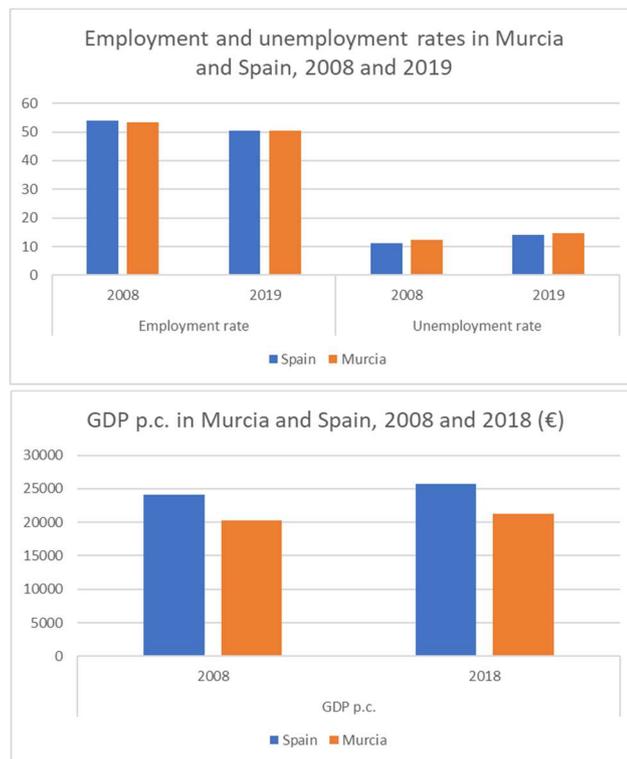
Figure 2 outlines the employment policy flow which starts with the European Semester and the National Reform Programme, and which finally translates into the Active Employment Strategy 2017-2020 and annually into the Annual Employment Policy Plans. This is then further reinforced

by the regional Quality Employment Strategy 2017-2020 of Murcia. Section 0 briefly describes the experience of the City of Cartagena, which has been able to promote an Employment Strategy that aims to respond to the municipal challenges.

Both the Murcia Regional Strategic Plan and the Quality Employment Strategy are aligned with the objectives and priorities set in the regional European Social Fund Operational Programme 2014-2020. The Operational Programme co-funds 80% of some of the measures included in the regional strategy with an overall endowment of €91m for the period. Of this, 49.5% addresses sustainable and quality employment and labour mobility, 24.6% on social inclusion and 23.6% on education and training.

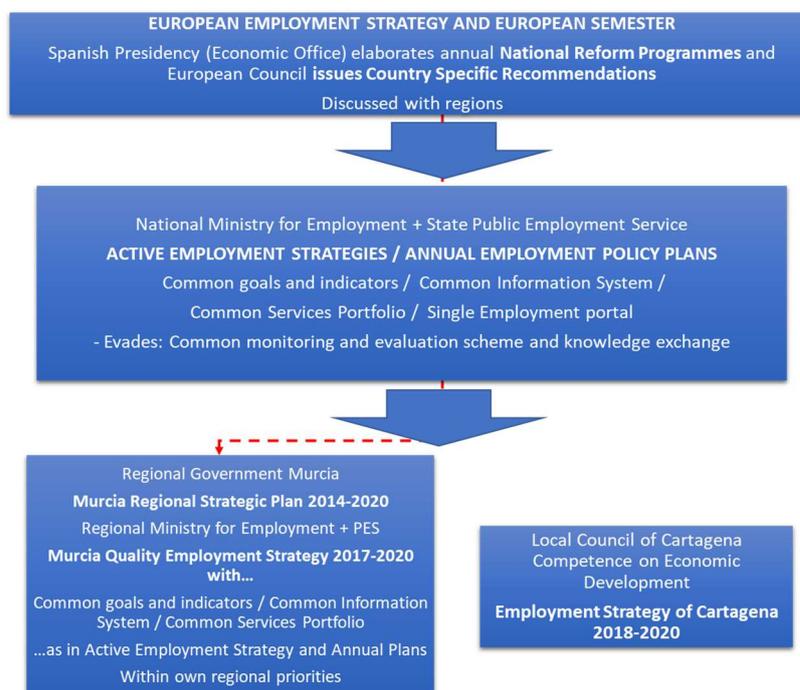
Murcia has a population of 1.5m (approx. 3% of the Spanish population). Its employment rate is 50.4% (2019) and unemployment at 14.7% rate, slightly higher than the national average (14.1%). GDP per capita was €21,269 in 2018, 83% of the national average. This gap due to the concentration of low value-added economic activities in the region, such as agriculture, agri-food, building and non-market services.

Figure 2. Comparing labour market and GDP between Murcia and Spain



Source: National Statistics Institute (INE), Spanish Labour Force and National Accounts.
Prepared by Elvira González Gago

Figure 3. European, national, regional and local employment policy flow



Source: Elvira González Gago

a) Regional Murcia Strategic Plan 2014-2020

There is no state-level Spanish regional development strategy since the regions are competent to design and implement their respective development strategies. In the region of Murcia, a Strategic Plan 2014-2020²⁹ was elaborated, set against the EU 2020 Strategy and the annual National Reform Programme 2013 (presented by Spain to the European Commission). The regional Strategic Plan 2014-2020 was drawn up following consultation with more than 300 representatives from eight regions, employers, trade unions, universities, political parties, financial sector, youth associations and NGOs. Note that the state-level administration does not actively participate in this kind of regional processes and that the regions do not have to report to the state-level government on issues arising through the discussions.

The Strategic Plan identifies weaknesses of the Murcia economy, such as low productivity, due in part to its concentration on sectors of low value addition (e.g. agriculture, construction and non-market services). The strategy's objective is to promote sustainable economic growth and quality employment. The regional Strategic Plan is divided into seven strategic lines, one of which is education, training and employability (see Table 5), with specific targets to be achieved by 2020. These are monitored against indicators, one of which is the EU 75% indicator employment rate (20 to 64 years of age). While the EU target is 75%, the target set by Murcia in 2013 was 70%, considering that in 2013 its employment rate was already very low - 55.6%. Since 2013, progress has been notable. In 2019, the employment rate was 65.8%, still below the EU target. The budget for the whole strategy is estimated at €3.1 billion (See Table 5).

Table 5. Murcia Regional Strategic Plan 2014-2020: strategic lines and budget

Challenges	Objectives	7 Strategic lines	Budget 2014-2020 (million €)
<ul style="list-style-type: none"> • Low productivity • Specialisation in lower added-value sectors (agriculture, construction and non-market services) 	<ul style="list-style-type: none"> • Promotion of sustainable economic growth • Creation of high-quality employment 	1. Transformation of the regional administration	82.6
		2. Production system	450.6
		3. Talent-based economy	66.5
		4. Education, training and employability	206.4
		5. Infrastructure	1,112
		6. Welfare and fight against social exclusion	1,001
		7. Spatial planning and environmental sustainability	168.8
TOTAL Regional Funds			3,087.8

Source: Regional Murcia Strategic Plan 2014-2020. Translated and prepared by: Elvira González Gago

b) Murcia Quality Employment Strategy 2017- 2020

The regional “Quality Employment Strategy. Objective 2020” was drawn up by the regional Ministry for Employment, in dialogue with the social partners.³⁰ It includes the specific recommendations of the European Council to Spain in 2014 and 2015. These warned against the impact of high long-term unemployment and labour market segmentation on productivity growth and precarious labour conditions in Spain, particularly amongst the lower skilled and the older workers.³¹

The Quality Employment Strategy followed an analysis on the key challenges for the labour market situation in the region (Table 6). Key issues from the analysis were:

- high level of temporary employment (35% of workers compared to 26% at state-level) resulting in less than optimum investment in on-the-job training by employers for fixed-term employees and, precarious labour conditions;
- low education level of workers (the share of population aged over 16 with more than upper secondary level is 31% in Murcia compared to 36% at state-level);
- high unemployment (19% in 2016, although still lower than the 20% at State-level), in particular long-term unemployment which stood at 57.4%.

The strategy has two quantifiable objectives. These were adopted by the regional government (regional Ministry for Employment), the 26 local employment offices and other stakeholders:

- an employment rate (20-64 yrs) of 74% by 2020. This reflects the EU 2020 employment target;
- an unemployment rate below 15% by 2020.

A set of additional 15 quantified targets (second column, Table 6) reflected the weaknesses identified. In so doing, up to 12 programs/ plans /strategies were activated, grouped in four thematic areas (right column, Table 6): a) improvement of employability, b) quality of employment, labour relations ; c) vocational training, and d) entrepreneurship and self-employment.

Table 6. Quality Employment Strategy. 2020 Objectives.

Challenges	Objectives / targets 2020	Intervention Areas and Programs
Labour market segmentation between fixed-term and permanent contracts, also associated with involuntary part-time.	<p>Overarching objectives/targets</p> <ol style="list-style-type: none"> 1. Employment rate age group 20-64: 74% 2. Unemployment rate below 15% <p>Specific objectives/targets</p> <ol style="list-style-type: none"> 3. More than 35% of qualified population 4. Temporary employment rate below 30% 5. Reduce companies with irregular situations to 3% of those inspected every year 6. Reduce the weight of irregular employment to 3% of the national total 7. 10% less in the accident indicator 8. Increase by 30% the number of companies with annual Corporate Social Responsibility Report 9. Increase number of consolidated entrepreneurs up to 10% of the adult population 10. Increase from 35% to 50% subsidized training funds available for companies 11. That 75% of unemployed people access personal and individualized services. <p>Objectives for special interest groups</p> <ol style="list-style-type: none"> 12. Unemployment rate of those under 30 near 25%. 13. Unemployment rate of those over 45 years of age below 20%. 14. Reduce the weight of long-term unemployed to below 30% 15. Activity rate of people with disabilities above 50%. <p>Entrepreneurship and self-employment</p> <ol style="list-style-type: none"> 16. More than 100,000 new freelancers 17. Increase the survival of self-employed companies after two years by 25% 	<p>Employability</p> <ul style="list-style-type: none"> • Youth Employment Program • Long-term unemployed Program • Programme for groups of persons with vulnerabilities • Entrepreneurship and self-employment Programme • General Programme for the employed and unemployed • Modernisation and improvement of regional PES <p>Employment Quality</p> <ul style="list-style-type: none"> • Programme to fight Shadow Programme Economy • Security and Health at work Programme • Corporate Social Responsibility Programme • Collective Bargaining Programme <p>Vocational Training</p> <ul style="list-style-type: none"> • Strategy for VET and Lifelong Learning 2015-2020 <p>Entrepreneurship</p> <ul style="list-style-type: none"> • Let's start Plan (<i>Plan de Apoyo a emprendedores</i>)
Youth unemployment		
Long-term unemployment, particularly among over 45 years of age unemployed		
Insufficient relevant labour market skills, in particular among low-skilled adults		
Low wage level, 89% of national average		
Low qualification level and low incidence of vocational training and education graduates		
Gender gaps related to employment/unemployment and earnings		
Presence of persons with high vulnerabilities		
Relative high weight of shadow economy		

Source: Quality Employment Strategy. Objective 2020. Translated and prepared by: Elvira González

A comparison of the objectives, targets and employment programmes included in a) the Quality Employment Strategy (Table 6) with the priorities and objectives of the b) state-level Active Employment Strategy 2017-2020 (Table 3) demonstrates a high level of coherence, in particular:

- addressing segmentation of the labour market (high temporality and involuntary part-time);
- low and inadequate skills of workers;
- high unemployment rate, in particular for young people and those over 45 years of age;
- the presence of very vulnerable people; and
- entrepreneurship as a labour market opportunity for those out of work.

One main difference between both strategies is that Murcia Quality Employment Strategy includes specific targets (second column, Table 6) challenges of the regional labour market. The links between the Quality Employment Strategy and other key policy documents are as follows:

- *European EU 2020 strategy* and its five overarching goals (employment, innovation, climate/energy, education, social inclusion and reduction of poverty) and the European Employment Strategy, in particular the EU Employment Guidelines:³²
 - boosting demand for labour, the Member States should facilitate the creation of quality jobs;
 - enhancing labour supply and improving access to employment, skills, competences;
 - enhancing the functioning of labour markets and the effectiveness of social dialogue;
 - promoting equal opportunities for all, fostering social inclusion and combatting poverty.
- *Spanish Active Employment Strategy 2014-2016*, in particular, its objectives of a) improving employability of young people, long-term unemployed or older workers; b) improving the quality of vocational education and training for employment; c) reinforcing links between active and passive employment policies; and d) promoting entrepreneurship.
- *Annual Employment Policy Plans*: compliance with the plans is one of the four thematic areas of Quality Employment Strategy (first thematic area in the right column of Table 6).
- *Common Employment Services Portfolio* of the National Employment System (section c) is a minimum requirement for all regions,
- *Plan for Youth Guarantee*: given the high regional youth unemployment rate (39.5% for 16-25 year-olds in 2017), the Quality Employment Strategy participates in the state-level Youth Guarantee initiative:³³
- *Regional Strategic Plan 2014-2020*: the Quality Employment Strategy follows up the plan's objectives of creating high-quality employment, development of a talent-based economy, and education and training for employability;
- *Regional Plan for Entrepreneurship 2014-2017*: given its emphasis on entrepreneurship, the Quality Employment interfaces with the region's 4-year entrepreneurship plan;
- *Regional Strategy for Vocational Training and Life-long Learning 2015-2020*: the Quality Employment Strategy complements the region's objective to develop quality training.

The first thematic area "Improvement of employability" is addressed through six programmes, five of which are devoted to specific target groups. The sixth focuses on modernising the regional employment service (e.g. management of labour offices) and is driven by the state Active Employment Strategy 2017-2020 that prioritises improvement of employment services.

Among the measures included in the Quality Employment Strategy focused on the local level: a) subsidies for organisations providing mixed training and employment programs for young people; b) work experience initiatives for young people and the long-term unemployed; and c) labour costs of employment support personnel of local economic development offices. See Table 7.

Table 7. Local level initiatives within the Quality Employment Strategy

<i>Mixed employment and training programs for the young people.</i> Subsidies to local entities to support learning and qualification within Youth Guarantee initiative and work experience schemes.
<i>Local Public Employment for Young People.</i> Subsidies to local organisations for hiring young people on public works (6 months contracts) and services of general and social interest. For the development of the works.
<i>Local Public Employment.</i> Subsidies of 100% of labour costs of hiring long-term unemployed in local organisations to perform works or services of general and social interest,
<i>Employment and Local Development Agents Program.</i> Subsidies to cover the manpower costs Employment and Local Development Agents promoting the economic development of municipalities in the Murcia region

Source: Quality Employment Strategy 2020. Translated and prepared by: Elvira González

The majority of funds available to the regional employment services come from the State Public Employment Service budget. This means the budget is organised according to the Annual Employment Policy Plan structure and to a large extent defined by it. See Table 8

Table 8. Budget Quality Employment Strategy 2020

Thematic areas	Budget 2017 (million euro)
Improvement of employability	90.3
Quality of Employment, labour relations	1.3
Vocational Training	34.
Entrepreneurship and self-employment	19
Total Budget 2017	145
Total Budget 2017-2020 (estimated)	660

Source: Quality Employment Strategy 2020. Prepared by the author Elvira González

A Monitoring Commission, led by the regional Ministry for Employment and comprising relevant stakeholders of the Quality Employment Strategy is tasked with quarterly monitoring and annual reporting on the progress towards the 17 objectives set. For this, a set of indicators, the majority of which coincide with those of the Annual Employment Policy Plan are monitored. The regional Ministry for Employment monitors the performance of the 17 quantitative objectives. On this basis, the Monitoring Commission may propose some changes or adaptation for the forthcoming year. This information is not usually made publicly available.

Local Employment Strategy of Cartagena Municipality 2018-2020

Cartagena is the second largest city of Murcia region. It has 215,000 inhabitants. It is located on the Mediterranean coast. It is a major naval station. Shipbuilding has been losing ground in the last years. Agriculture, plastics, tourism and hospitality are key sectors of the local economy.

a) Institutional framework: competences of the local level

As detailed at section b), local authorities do not have competence for developing employment policies. However; regional employment authorities decentralise some minor employment competences to municipalities. Many municipalities in Spain design and implement local development and/or employment strategies. This is permitted if a) financial stability and sustainability of the municipality is not affected and b) municipal employment activities do not replicate the regional activities or duplicate beneficiaries. In Cartagena an Agency for Local Development and Employment promotes local employment development by supporting businesses that have job creation potential.³⁴.

b) Local Employment Strategy of Cartagena 2018-2020

Cartagena's Local Employment Strategy was elaborated in 2018, with the collaboration of:

- local social partners (trade unions, local employers' organisation and the local chamber of commerce);
- two universities (University of Cartagena and the National University for Distance Education);
- regional Public Employment Service and the regional Economic Promotion Institute;
- and the Local Development and Employment Agency.

The objective of the strategy is to coordinate institutional efforts to invigorate the local economy and create employment and is set against the following challenges:

- employment is still far from the pre-crisis levels in 2008: unemployment doubled between 2007 and 2017 while employment rates dropped by 14 percentage points for the same period;
- two-thirds of the unemployed are from hospitality sector, commerce and administration sectors;
- fixed-term employment stood at 96% in 2017 underlining the level of precarious employment;
- low employment rates of women (26% compared to 32% in the region and 44% in the country);
- unemployed are generally older than 45, women and low skilled.

Table 9. Cartagena's Local Employment Strategy

Strategic lines	Measures	Stakeholders responsible
1. Invigorating tourism	<ul style="list-style-type: none"> Strategic Plan for tourism Marketing Plan 	<ul style="list-style-type: none"> Local Department for Economic Strategy and Tourism and Cartagena Harbour
2. Invigorating re-industrialisation	<ul style="list-style-type: none"> Improve skills of workers Attract investment Organise meetings with large industrial companies 	<ul style="list-style-type: none"> Local Department for Economic Strategy Local employers' organisation. Local Chamber of commerce Regional employment service Navantia company
3. Invigorating agri-food industry	<ul style="list-style-type: none"> Organisation of seminars aimed at local agriculture associations on ecologic culture and sustainable water use thanks to ICT 	<ul style="list-style-type: none"> Employers' organisations
4. Promote aquaculture	<ul style="list-style-type: none"> Detection of technological needs in collaboration with the local university of Cartagena 	<ul style="list-style-type: none"> University CTNAVAL (company)
5. Invigorate commerce	<ul style="list-style-type: none"> Plan for the promotion of local commerce 	<ul style="list-style-type: none"> Local Department for Economic Strategy Employers' organisation, association of local commerce holders, local Chamber of commerce
6. Promote NTIC	<ul style="list-style-type: none"> Identify skills needs of local industry Set up of Observatory on Industry 4.0 Support to technological projects 	<ul style="list-style-type: none"> Technological University of Cartagena Local Development and Employment Agency (ADLE) Regional ministry for economic promotion Enterprises incubator
7. Promote nautical and fisheries activities	<ul style="list-style-type: none"> Creation of a nautical and fisheries school 	<ul style="list-style-type: none"> Local Department of Agriculture and Fisheries Ministry for education & university
8. Interinstitutional training for industrial, construction, tourism, agri-food, commerce and technology	<ul style="list-style-type: none"> Design of a training plan, detecting training needs and with a budget 	<ul style="list-style-type: none"> Trade Unions, Employers' organisations, local Chamber of Commerce, regional SEF, regional Economic Promotion Institute (IFO)
9. Promotion of the Social Economy	Subsidies to support creation of cooperatives	<ul style="list-style-type: none"> Local Department for Economic Strategy ADLE
10. Strengthen relationship between university and companies	<ul style="list-style-type: none"> Measures to improve transition of students from university to companies Research at the universities of challenges of the companies Employment forum 	<ul style="list-style-type: none"> Technical university of Cartagena, National University for Distance Education

Source: Local Employment Strategy of Cartagena. Prepared by: Elvira González

The Local Employment Strategy comprises 10 strategic lines to develop the local economy with objectives and indicators and stakeholder responsibilities identified. See Table 9. Three of the 10 strategic lines specifically address employability issues a) skills needs of the local industry (nº 6), b) improving workers' skills (nº 2) and c) to elaboration of a training plan (nº 8). The added value of the strategy is that, under the leadership of the municipality, it is based on the participation and vision of a wide range of local stakeholders, including the public employment service.

c) Budget and Monitoring of the Local Employment Strategy of Cartagena

The Local Employment Strategy of Cartagena does not include a budget. It is supported by finance from the regional employment service. The State employment service also funds a Local Employment Programme for municipalities targeting the more vulnerable unemployed. While the strategy includes indicators, monitoring is weak and it is not easy to assess progress.

4. CONCLUSIONS

Since the introduction of a decentralised system of governance, including Spain's accession to the European Union, significant efforts have been made to establish an employment support system consistent with the principles of market developments and an inclusive economy. Lessons learned in this process are:

- *Engagement takes time:* regions must be involved in the design and building of a national employment system. This takes time and a change management process can support the process.
- *Common language:* a common employment language spanning EU, national, regional and local levels helps policy understanding and coordination.
- *Implication of EU policy:* the European Employment Strategy and European Semester have been key to modernising the employment governance arrangements, with policy learning from other EU countries and networks as well as EU benchmarks establishing a culture of policy performance management.
- *State-regional collaboration:* improved performance of policy and measures requires coordination and cooperation between State and regional employment services, with shared objectives (national, regional, local) and a reliable information system which allows for monitoring and evaluation. While agreeing on shared goals can be complex, the EU wide benchmarks and recommendations help forge consensus.
- *Incentives:* while performance incentives for public employment services can be effective, penalising weaker performers may deter regions from engaging in policy learning. Incentives are prone to changes associated with changing governments.
- *Exchange of good practice:* in addition to the benefits of EU policy learning, exchange of good practice between Spanish regions allows for improvement of regional employment policies, governance and structures.

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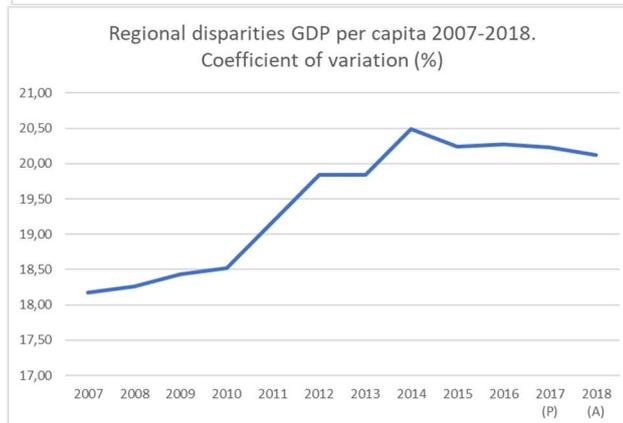
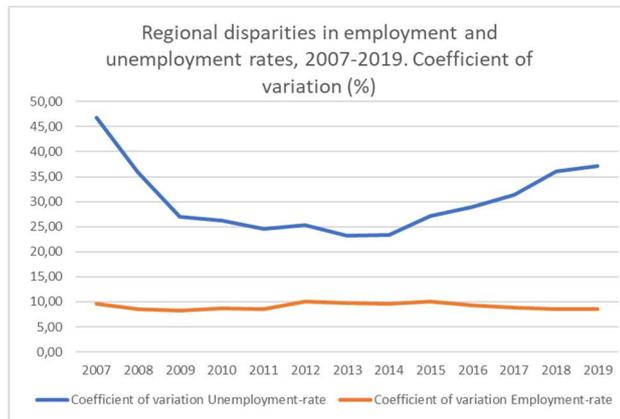
ANNEX 1. REGIONAL DIFFERENCES IN EMPLOYMENT AND GDP

Figure 4. Regional differences in employment and unemployment rates and in GDP per capita.



Source: National Statistics Institute (INE), Spanish Labour Force and National Accounts. Prepared by Elvira González Gago

Figure 3. Evolution of regional disparities in employment, unemployment and GDP



Source: National Statistics Institute (INE), Spanish Labour Force and National Accounts.
 Prepared by: Elvira González Gago

ANNEX 2. EVADES PROGRAMME: GOOD PRACTICES SEMINARS

EVADES promotes mutual learning between public employment services on areas of common interest and where good practice from across the public employment services are identified and shared. Between 2018-2020, 5 good practice seminars have been organised in different Spanish cities with the participation of all public employment services.

- The first Good Practices Seminar held in March 2018 was a positive turning point in the relations between the State PES and regional PES. Among others, a good practice of the region of Murcia was identified and shared with the rest of regions.
- Following the second Good Practices Seminar in October 2018, devoted to profiling, the regions tasked the State PES with the development a tool that monitors and segments the best services that are needed by persons with different profiles.
- Following the third Good Practices Seminar in November 2018, new approaches on Satisfaction Among Users of Public Employment Services and Partnerships in the Public Employment Services were developed.
- Following the fourth Good Practices Seminar in April 2019, the Employment Observatory (*Observatorio de las Ocupaciones*), a body within State employment service committed to producing and distributing labour market information, is being reinforced so as to produce more agile, up-to-date labour market information.
- Moreover, a fifth Good Practices Seminar was held in November 2019 on 'Prevention and anticipation in a changing labour market: strategies for regional employment services.

END NOTES

¹ Additionally, two cities located in the North of Africa, Ceuta and Melilla, are autonomous cities with their respective Statutes of Autonomy, but do not have the same devolved competences as the 17 regions. This document refers only to the 17 regions.

² Called diputaciones provinciales, diputaciones forales and cabildos insulares in Canary and Balearic Islands.

³ The “Diputaciones Forales” (provincial bodies) of two regions (Basque Country and Navarra) have very different competences from the rest of local bodies due to differential historical traditions.

⁴ With some notable exceptions, such as the financing regime of Basque Country and Navarra; or the regions with a regional official language other than Spanish language (Catalunya, Basque Country and Galicia).

⁵ Law on the local basic regime of 1985, amended by Law 27/2013

⁶ Law 51/1980 and Law 56/2003, with many amendments over the years

⁷ Royal Decree Law 8/2015, of 30 October, approving the Restated Text of the Law on Social Security.

⁸ An exception of this occurred in 2011, when central state and Basque Country agreed upon the Basque Country managing social security contributions of companies and workers in the territory.

⁹ Approximately, 95% out of the 8,115 municipalities in Spain have less than 20,000 inhabitants and gather one third of the population (32%).

¹⁰ Law 16/2003 for the cohesion and quality of the National Health System

¹¹ In March 2020, the new government has passed a project for a new Education Law, that shall be negotiated and eventually approved in the coming months.

¹² Riley Geoff (2005), „European Economy in Focus 2005”, Eton College

¹³ OECD Skills Strategy Diagnostic Report Spain 2015. <http://www.oecd.org/skills/nationalskillsstrategies/Diagnostic-report-Spain.pdf>

¹⁴ More on The Open Method of Coordination at https://eur-lex.europa.eu/summary/glossary/open_method_coordination.html, <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/open-method-of-coordination>

¹⁵ Art 8, Law 56/2003, consolidated text RD 3/2015

¹⁶ At present, three employment sectoral conferences are organised every year in a pre-established calendar, inspired by the European Semester schedule, that serves the purpose of elaborating, executing and evaluating annual policy agreements. Thus, in February 2019, the Sectoral Conference focused on the regional distribution of EUR 2 billion for active labour market policies; in July 2019, further EUR 300 million were regionally distributed; in November 2019, among other issues, the Annual Employment Policy Plan 2020 was presented to the regions for consultation.

¹⁷ Country Specific Recommendation on Spain's National Reform Programme: “Implement the labour market reforms and take additional measures to increase the effectiveness of active labour market policies by improving their targeting, by increasing the use of training, advisory and job matching services, by strengthening their links with passive policies, and by strengthening coordination between the National and regional public employment services, including sharing information about job vacancies.” Source: (European Commission COM (2012) 310 final)

¹⁸ RD 1542/2011

¹⁹ More information available at the PES-Network website: <https://ec.europa.eu/social/main.jsp?catId=1100&langId=en>.

²⁰ Based on the Public Employment Service performance evaluation framework worked out by PES-Network, as in Decision 573/2014/UE1, of 15 May 2014, on a better cooperation of PES.

²¹ Launched in 2017, following the LXVII Employment Sectoral Conference

²² As referred to in article 21 of Law 30/2015, of September 9

²³ AIREF, 2019, available at <https://www.airef.es/wp-content/uploads/2019/06/Estudio3-PAE/PAE-versi%C3%B3n-publicaci%C3%B3n.pdf>

²⁴ As informed by the interviewee, an application is being developed for the regions to have access to the information on targets and achievements of other regions.

²⁵ Operational Programme for Education, Training and Employment, Operational Programme for Youth Employment and Operational Programme for Social Inclusion and Social Economy

²⁶ In 2018, a new government revised the share of performance-related funding to 5% in 2019 (95% of funding not performance related) increasing to 15% by 2021.

²⁷ This section draws on documentation and a interview with an expert who had previously held a high position in the regional employment services. The interview provided valuable insight into the Annual Employment Strategy 2017-2020, the Annual Employment Policy Plans and the role these two elements play in the regional employment policy.

²⁸ https://www.carmeuropa.es/servlet/integra.servlets.Multimedias?METHOD=VERMULTIMEDIA_6437&nombre=PO_FSE_MURCIA_2014-2020.pdf

²⁹ https://transparencia.carm.es/-/plan-estrategico-de-la-region-de-murcia-2014-2020?p_p_state=maximized

³⁰ [https://www.sefcarm.es/web/pagina?IDCONTENIDO=54782&IDTIPO=100&RASTRO=c\\$m48155](https://www.sefcarm.es/web/pagina?IDCONTENIDO=54782&IDTIPO=100&RASTRO=c$m48155)

³¹ Recommendations 2014: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014H0729\(08\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014H0729(08)&from=EN) and Recommendations 2015 [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015H0818\(14\)&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015H0818(14)&from=EN)

³² Council Decision (EU) 2019/1181 of 8 July 2019 on guidelines for the employment policies of the Member States; COUNCIL DECISION (EU) 2018/1215 of 16 July 2018 on guidelines for the employment policies of the Member States; COUNCIL DECISION (EU) 2016/1838 of 13 October 2016 on guidelines for the employment policies of the Member States for 2016; COUNCIL DECISION (EU) 2015/1848 of 5 October 2015 on guidelines for the employment policies of the Member States for 2015.

³³ Youth Guarantee is an EU policy initiative to support the employability of young people aged 15-25 specifically through guidance activities, vocational training and work experience. In Spain, given the impact of the financial crisis also on young people aged 25-29, the Youth Guarantee was extended to this age group.

³⁴ Not all municipalities set up Local Economic Development Agencies (ADLEs), in general, only medium to large municipalities do. The regional employment services, as described in Table 7, subsidise programs called "Employment and Local Development Agents" that cover the labour cost of the Employment and Local Development Agents hired full time to promote the economic and business development.