

## I

*(Information)*

## COURT OF AUDITORS

## SPECIAL REPORT No 1/2006

**on the contribution of the European Social Fund in combating early school leaving, together with the Commission's replies***(pursuant to Article 248(4), second subparagraph, EC)**(2006/C 99/01)*

## TABLE OF CONTENTS

	<i>Paragraph</i>	<i>Page</i>
GLOSSARY .....		2
EXECUTIVE SUMMARY .....	I-VI	3
INTRODUCTION .....	1-12	4
Early school leaving rate to be halved by 2010 .....	4-8	4
The use of ESF in tackling early school leaving .....	9	5
Audit scope and approach .....	10-12	5
AUDIT OBSERVATIONS .....	13-50	5
The Commission's fulfilment of its management function .....	13-17	5
Member States' management of ESF co-financed activities .....	18-50	6
Was the provision of funding preceded by an appropriate analysis of the expected benefits? .....	18-25	6
Were beneficiaries targeted and resources allocated based on specific needs? .....	26-36	8
Were resources allocated to the most needy? .....	35-36	10
Did project management maximise the impact of the funding? .....	37-43	10
Need for better targeting of individual beneficiaries .....	40-41	10
Limited management information systems and sharing of information .....	42-43	10
Did appropriate monitoring and evaluation take place? .....	44-50	11
CONCLUSIONS AND RECOMMENDATIONS .....	51-60	12
Annexes 1 to 3 .....		14
<b>The Commission's Replies .....</b>		<b>22</b>

**GLOSSARY**

ESF	European Social Fund
ESL	Early school leaving
EES	European Employment Strategy coordinates Member States' national employment policies and provides for the creation of Employment Guidelines, adopted annually by the Council, on proposals from the Commission
Managing	An authority or body designated by Member States to manage an Authority intervention programme. It is responsible, on the one hand, for the efficiency and correctness of management and, on the other hand, for implementation (receiving, examining and evaluating programme operations, gathering data, drawing up the annual report, organising the mid-term evaluation, etc.)
MGI	Social integration programme ( <i>mission générale d'insertion</i> )
NAP	National action plans are prepared by each Member State in order to implement the employment guidelines that are adopted annually by the Council
Objective 3	EU policy objective for combating long-term unemployment and facilitating occupational integration
OP	Operational programme of socioeconomic development jointly financed by national and Structural Funds
Paying	An authority or body designated by Member States for the authority purposes of drawing up and submitting payment applications and receiving payments from the Commission
SGP	Social guarantee programmes
Structural Funds	Community funds for the support of programmes of socioeconomic

**EXECUTIVE SUMMARY**

I. Under the Lisbon Agenda of 2000, the European Council agreed, as part of its social inclusion agenda, to focus on reducing the percentage of young people leaving school prematurely from the average rate of 19,3 %. To this end it established a benchmark which required that 'By 2010, all Member States should have at least halved the rate of early school leaving <sup>(1)</sup>, in reference to the rate recorded in the year 2000, in order to achieve an EU average rate of 10 % or less'. The audit examined for six Member States (Spain, France, Ireland, Netherlands, Portugal and the United Kingdom) the nature of ongoing actions co-financed by the European Social Fund (ESF) with the aim of tackling the problem of early school leaving (ESL). It assessed whether there were adequate procedures in place to ensure the efficiency and effectiveness of such actions aimed at these objectives.

II. The ESF supports many different types of actions aimed at preventing school drop-out or reintroducing young people into the educational system, such as the introduction of differentiated curricula, special-needs classes, attendance monitoring systems, social integration skills and activities, educational assessment, and guidance counselling.

III. Strengths and weaknesses were identified in management decision-making procedures in Member States which affect the benefit to be obtained from Community funds. In particular:

- (a) ESF co-financed activities for ESL were initiated without adequate analysis of the existing situation and the expected or targeted results;
- (b) in most cases, Member States' authorities could not sufficiently demonstrate their justification for the overall level of funding allocated to actions, nor could they justify the allocation of ESF funding to different regions on the basis of the level of ESL experienced;
- (c) the use of varying definitions of ESL within a Member State has not facilitated the targeting of geographic areas for assistance nor the measurement of the impact of initiatives. On a wider level, efforts to adopt the Eurostat definition would assist Community efforts in tackling the problem of ESL;
- (d) Member States experienced difficulties in identifying the population targeted by their actions. However, two Member States tackled this problem by establishing national databases to monitor the incidence of ESL;
- (e) little quantitative evaluation information was generally available on the results or impact of the co-financed programmes that aimed to reduce ESL, although separate evaluations on the implementation of the ESL measures were carried out by two Member States.

IV. To properly fulfil its management function the Commission must obtain reasonable assurance that sound financial management is being implemented in practice in the Member States, either through better utilisation of information currently received or through additional monitoring activities.

V. The Court recommends that the Commission:

- (a) where necessary, give appropriate guidance to Member States, so as to ensure that Community funding is efficient, effective and economic;
- (b) verify that Member States' management systems adhere to the principles of economy, efficiency and effectiveness in conformity with Community regulations.

VI. The Court also recommends that Member State authorities, in cooperation with the Commission:

- (a) properly define and identify the incidence of ESL;
- (b) establish or strengthen existing procedures within co-financed measures for identifying and targeting those most at risk of leaving school prematurely;

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<sup>(1)</sup> Early school leaver was defined in terms of the number of 18 to 24-year olds with only lower secondary education or less who were not in education or training.

- (c) encourage the exchange of information and best practice between all local and national organisations responsible for tackling ESL, where permitted by law;
- (d) actively promote the innovative use of ESF funding in tackling ESL.

## INTRODUCTION

1. In March 2000 the European Council agreed on a new objective for the European Union: to transform Europe into a competitive, dynamic and knowledge-based economy, characterised by a greater degree of social inclusion. An important aspect of the social inclusion agenda was the recognition of the need to combat the phenomenon of young people leaving school prematurely. In the year 2000, 19,3 % <sup>(1)</sup> of young people across the former EU-15 Member States were estimated to have left school prematurely.

2. The problem that ESL co-financed programmes address is the large number of young people without the minimum preferred level of education to allow them to successfully integrate into, and progress within the labour market. ESF co-finances actions implemented by Member States to address this situation.

3. The Court carried out an audit of the contribution of the ESF in reducing early school leaving. The objective of the audit was to determine whether adequate procedures existed to ensure the efficiency and effectiveness of ESF co-financed actions aimed at combating early school leaving (ESL) in seven Member State programmes. The total cost of these actions, consisting of ESF and national contributions, was budgeted at 1 078 million euro for the period 2000 to 2006, of which 489 million euro was spent up to 31 December 2003.

### **Early school leaving rate to be halved by 2010**

4. While the definitions of ESL applied by Member States are derived from their individual education systems, the following definition of early school leavers was adopted by the European Council in 1999 as a basis for the establishment of a

benchmark by which to measure a reduction in the ESL level: 'young people who have completed education at level 2 (lower secondary education <sup>(2)</sup>), one year before the European Labour Force survey, and who are no longer in education or training'.

5. The following year, in the context of the Lisbon Agenda, the European Council agreed on a number of targets to be achieved in the area of social inclusion and economic performance. One of these was a targeted reduction in ESL, which required that 'By 2010, all Member States should have at least halved the rate of early school leavers <sup>(3)</sup>, in reference to the rate recorded in the year 2000, in order to achieve an EU average rate of 10 % or less' <sup>(4)</sup>.

6. Subsequently, the Guidelines for the Employment Policies of Member States, 2002 <sup>(5)</sup>, included proposals that Member States should substantially reduce the number of young people who leave education at the earliest opportunity. This should be done by developing specific remedial measures and by improving the quality of education and training systems and relevant curricula.

7. While the above guidelines and policy statements are clear, in common with other areas of employment and social policy, education policy is the responsibility of the Member States and is supported by the EU in the framework of the EES. Given that the phenomenon is experienced by Member States to differing degrees due to different educational, economic, social and cultural contexts, Community support for the alleviation of ESL is

<sup>(2)</sup> Lower secondary education or second stage of basic education. The contents of education at this stage are typically designed to complete the provision of basic education which began at ISCED level 1. In many, if not most, countries, the educational aim is to lay the foundation for lifelong learning and human development. The programmes at this level are usually on a more subject-oriented pattern using more specialised teachers and more often several teachers conducting classes in their field of specialisation. The full implementation of basic skills occurs at this level. The end of this level often coincides with the end of compulsory schooling, where the latter exists.

<sup>(3)</sup> Early school leaver was defined in terms of the number of 18 to 24-year olds with only lower secondary education or less who were not in education or training.

<sup>(4)</sup> According to the Commission's report in 2002, *European benchmarks on education and training: Follow-up to the Lisbon European Council*, the current EU average was 19 %. It maintained that many activities (educational guidance; early warning and prevention systems; individual support initiatives for risk groups and measures to diversify teaching content and approaches) were being established to tackle the problem.

<sup>(5)</sup> Council Decision 2002/177/EC (OJ L 60, 1.3.2002, p. 60).

<sup>(1)</sup> Eurostat, Labour Market Survey.

provided through measures and actions within individual Operational Programmes (OP), in support of Member States' policies on lifelong learning and increased access to labour markets. In most cases, Member States also have nationally financed actions addressing different aspects of the problem.

8. In 2000 the average rate of ESL was 19,3 % across the former EU-15 Member States with only two Member States (Finland and Sweden) having ESL rates below the European target of 10 %. The ESL rate went down to 18,0 % in 2004 and was further reduced to 17,3 % with the accession of 10 new Member States that year (see *Annex 1*). With the new Member States included, nine out of 25 came in below the European target rate of 10 %. In its report on the implementation of the 'Education and Training 2010 work programme' <sup>(1)</sup> the Commission observes continuous improvements in recent years in reducing the ESL rate, while underlining that progress will need to be faster to reach the benchmark of 10 % in 2010.

### ***The use of ESF in tackling early school leaving***

9. The role of the Structural Funds is to co-finance investments in physical and human capital, so as to reduce the differences in living standards between people and regions of the EU. The European Social Fund is one of the four EU Structural Funds and is structured around the requirement of contributing to actions undertaken in pursuance of the European Employment Strategy. The reinforcement of ESF support in the non-EU policy area of education in the 2000 to 2006 programming period reflected recognition on the part of the Commission and Member States of the need to tackle this problem through the modernisation of educational systems and curricula. While ESF co-financed actions combating ESL should contribute effectively to meeting the European Employment Guidelines and the benchmarks <sup>(2)</sup> established by the Lisbon Agenda 2000, the nature of these actions depends on the specific needs of the individual Member States. The programmes described in *Annex 2* present typical ESF co-financed activities aimed at combating ESL in each of the Member States concerned. The Annex also highlights the particular aspects that influenced the effectiveness of the programmes, including the good practices.

### ***Audit scope and approach***

10. The objective of the audit was to assess the adequacy of the procedures at the Commission and in Member States intended to ensure the efficiency and effectiveness of ESF co-financed actions addressing early school leaving.

<sup>(1)</sup> COM(2005) 549 of 30 November 2005, p. 19.

<sup>(2)</sup> Commission's report on *European benchmarks on education and training: Follow-up to the Lisbon European Council*, COM(2002) 629 final of 20 November 2002 (not published in the Official Journal).

11. The Court approached the audit objective by examining the following questions:

- (a) Had the Commission fulfilled its management function regarding the sound financial management of ESF funding in this area?
- (b) Was the provision of funding preceded by an appropriate analysis of the expected economic benefits by the Member States' authorities?
- (c) Had beneficiaries been targeted and resources allocated on the basis of the specific needs of the parties, and in a reasonable and cost-efficient manner?
- (d) Were projects implemented in a manner that allowed the specific objectives of the actions and the general objective of combating ESL to be met?
- (e) Did appropriate monitoring and evaluation activities take place in the Member States to ensure that actions were effectively addressing the objectives set?

12. The Court audited the management procedures at the Commission and in six Member States. Operational Programmes covering the 2000 to 2006 period were selected in respect of Spain (Andalusia and Catalonia), France, Ireland, Netherlands, Portugal and the United Kingdom. These Member States were chosen on the basis of the significance of their ESL problem as measured by Eurostat (see *Annex 1*), and their use of ESF funding in tackling the problem. The audit methodology consisted of desk research and on-the-spot audits in 34 implementing bodies and 50 ESL projects (see *Annex 3*), where management procedures at national, regional and project levels were examined and tested, and interviews conducted with the various stakeholders.

## **AUDIT OBSERVATIONS**

### ***The Commission's fulfilment of its management function***

13. Under Article 38 of Council Regulation (EC) No 1260/1999 <sup>(3)</sup>, which lays down general provisions on the Structural Funds, Member States are required to verify that management and control arrangements ensure that Community funds are being used efficiently and correctly and to provide the Commission with a description of these arrangements. They must also ensure that Community funds are used in accordance with the principles of sound financial management and must cooperate with the Commission to this end. The Member States are thus principally responsible for establishing the management and control systems and for applying them to measure and project implementation in conformity with Community requirements. The Commission nevertheless has the final responsibility for the execution of the budget (as described under Article 274 of the EC Treaty and in the Financial Regulation).

<sup>(3)</sup> OJ L 161, 26.6.1999, p. 1.

14. In this regard, under Article 5 of Commission Regulation (EC) No 438/2001 <sup>(1)</sup> the Commission receives from Member States a description of their management and control systems. However, these descriptions relate mainly to legality and regularity and not to the achievement of economy, efficiency and effectiveness. The Commission, for its part, is required under Article 6 of the said regulation to 'satisfy itself that (Member States') management and control systems ... meet the required standards' and to 'make known any obstacles which (the aforementioned management and control systems) present ... to the Commission's discharge of its responsibilities under Article 274 of the Treaty'. In fulfillment of this requirement, the Commission collects management information on Operational Programmes through a number of mechanisms. These include Annual programme review meetings, evaluations, Annual Implementation Reports submitted to the Commission by Member States under Regulation (EC) No 1260/1999 <sup>(2)</sup>, the Commission's participation at Programme Monitoring Committee (PMC) meetings, national audit reports submitted under administrative arrangements between the Commission and Member States and the Commission's own audits in Member States. However, with the exception of project selection procedures, these mechanisms are insufficiently used to specifically assess the functioning of Member States' management systems with regard to their adherence to the principles of economy, efficiency and effectiveness, as defined by Article 27 of the Financial Regulation.

15. An examination of the Commission's audit reports under Article 6 of Regulation (EC) No 438/2001 for the period 2004/2005 indicated that Member States' management systems were not systematically examined with a view to ascertaining their adherence to the principles of economy, efficiency and effectiveness. Furthermore, the Court's audit of the Commission's management files indicated that, while the Commission obtained knowledge of the implementation of OPs through its participation in PMCs, Steering Committees, bilateral meetings with Member States and through on-site audit visits, such knowledge was not fully exploited, in respect of the seven operational programmes audited. Therefore, procedures for processing and utilising such management information emanating from different sources need to be improved.

16. The Court's analysis of seven mid-term evaluation reports for the OPs audited, provided for under Article 42 of Regulation (EC) No 1260/1999, also revealed that although the reports often contained observations and recommendations on programme management issues, the Commission did not consider it appropriate to carry out, on its own, an independent assessment and follow-up of these recommendations. Instead, it exercised its management function in this regard through its advisory role on PMCs and Steering Committees and ultimately through its formal approval of changes to Operational Programmes.

<sup>(1)</sup> OJ L 63, 3.3.2001, p. 21.

<sup>(2)</sup> Articles 34(1)(c) and 37.

17. In its opinion on a Council Regulation on the Structural Funds <sup>(3)</sup>, the Court recalled that a substantial strengthening of Community controls is the indispensable corollary to a system in which project management rests with the national or regional authorities. This means in specific terms, that the Commission must be able to obtain assurance that sound financial management is being implemented in practice, in relation to these OPs and ESL measures, either through better use of information currently received or through new monitoring activities. Without such information neither the Commission nor indeed the managing authorities of the programmes can have sufficient assurance that appropriate standards of management are being applied in the implementation of actions addressing ESL, or consequently, that the maximum benefit is being obtained from Community funding.

### **Member States' management of ESF co-financed activities**

#### **Was the provision of funding preceded by an appropriate analysis of the expected economic benefits?**

18. One of the objectives of ESF intervention was to reduce ESL with a view to improving the functioning of the labour market and the employability of the individual <sup>(4)</sup>. While the potential macroeconomic impact is clear <sup>(5)</sup>, five of the seven measures <sup>(6)</sup> audited, which addressed ESL, were not based on a precise assessment of the extent and nature of the problem being faced at national, regional or local level. Despite political consensus for new, additional efforts to tackle ESL, as evidenced in the Lisbon Agenda, some Member States were slow to apply the funding to flexible, new approaches to combating ESL and adapting educational systems. For example, only in very few cases were decisions on co-financed activities preceded by research studies.

<sup>(3)</sup> Opinion No 2/2005 on the proposal for a Council regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (COM(2004) 492 final of 14 July 2004), (OJ C 121, 20.5.2005, p. 14).

<sup>(4)</sup> Communication of the Commission: Guidelines for programming in the period 2000 to 2006, Part 2: C: promoting employability, skills and mobility through lifelong learning, 1 July 1999.

<sup>(5)</sup> The EU Economy: 2004 Review, Commission staff working paper, SEC(2004) 1368 of 26 October 2004, Paragraph 4.1. 'There is no solid evidence that education influences the aggregate employment rate ... partly because researchers have not had access to data... on functional competences, as opposed to years of schooling. On the other hand, encouraging more people to complete upper-secondary education would have the effect of evening out the distribution of skills ... and might be expected to have a positive long-term employment impact'.

<sup>(6)</sup> Spain (Andalusia), France, Portugal, Netherlands and the United Kingdom.

19. Furthermore, economic justification for the level of funding to ESL activities as shown in *Table 1*, was, in the case of Spain (Andalusia), France, Netherlands, and Portugal, either unavailable, or could not be sufficiently demonstrated due to the absence of documentation. In the case of Ireland, funding was allocated to

the ESL pilot programme on a detailed needs-assessment basis, but additional resources were later allocated to an extended pilot phase of the programme without any forecast of specific expected incremental benefits, which does not conform to best practice.

*Table 1*

**Total planned and actual expenditure on EU co-financed activities combating ESL in the six Member States audited**

Member State and region	Programme	Planned expenditure (million euro) 2000 to 2006 <sup>(1)</sup>	Actual expenditure (million euro) 2000 to 2003	ESF contribution rate
Spain — Andalusia	Objective 1 OP, Measure 41.15	50	18	75 %
	— Catalonia	Objective 3 OP, Measure 4.4	19	4
France — National	Objective 3 OP, Priority 3, Measure 4	356	146	45 %
Ireland — National	Objective 1 OP, Measure 5	103	26 <sup>(2)</sup>	52 %
Netherlands — National	Objective 3 OP, Priority 2, Measure E	379	199	45 %
Portugal — National	Objective 1 PRODEP III OP, Measure 1.2	36	9 <sup>(3)</sup>	75 %
United Kingdom — South East	Objective 3 OP, Measure 2.2	67	40	56 %
		— West Midlands	68	47
<b>Total</b>		<b>1 078</b>	<b>489</b>	

<sup>(1)</sup> In some cases these amounts are estimates, due to the unavailability of exact figures for ESL activities.

<sup>(2)</sup> Actual expenditure for 2000 to 2002 only.

<sup>(3)</sup> Actual expenditure for 2000 to 2001 only.

20. Where a needs-analysis and a justification for funding levels are missing, clear objectives and deliverables in terms of outputs cannot be formulated nor can implementing bodies define meaningful criteria to be used later in the context of EU procedures for evaluation of their activities and to determine whether they have achieved what they set out to achieve.

21. In four of the six Member States audited <sup>(1)</sup>, the ESF-supported activities did not form part of a strategic plan containing specific objectives to be attained, risk attaching to their achievement and specifications for combating ESL. Instead, they supported existing social and educational programmes aimed at addressing different aspects of the phenomenon (e.g. absenteeism or school failure).

<sup>(1)</sup> Spain, France, Portugal and the United Kingdom.

22. In the case of France, ESF funding which had been provided for the adaptation and modernisation of the educational system was used to support educational activities which were a normal feature of the educational system and existed prior to ESF intervention in this area. Similarly, in the case of the United Kingdom, some funding was used to bring statutory educational provision in the area of career guidance and advisory services up to planned operational levels. In instances such as these, where co-financing is not applied to a clear and distinct strategy for tackling the ESL problem as such, one must consider that the funding is not being applied to optimum effect.

23. In Portugal, ESL was part of the national strategy for employment and social inclusion. However, individual measures to identify and help students at risk of abandoning school prematurely were not coordinated within this strategy. In the United Kingdom, although a clear link existed between Government policy and priorities on tackling ESL, and although ESL was

included within the 2000 to 2006 Objective 3 operational programme (OP), it was not accompanied by a coherent and focused strategy for addressing the problem. The provision of funding for ESL projects under two policy fields in the OP in the period 2000 to 2004, each with multiple target groups, created ambiguity as to the intended focus of the action and resulted in confusion on the part of beneficiaries. This in turn adversely affected the programming, coherence and timing of efforts on the ground (see Annex 2 — United Kingdom). Furthermore, despite the commissioning of a meta-evaluation<sup>(1)</sup> of research reports on ESL by a United Kingdom state-funded body in 2001, there was no evidence that this work influenced the targeting of beneficiary groups or the choice of ESL activities, despite the fact that it outlined the most likely causes of and the most effective interventions for ESL.

24. In the case of Ireland, while a coherent strategy existed based on a pilot initiative to combat ESL, the results and experiences emanating from the exercise were not fully exploited when developing the strategy for the subsequent phase of

the programme. They were only taken into account after the second initiative had been developed.

25. Alongside deficiencies in strategy, in four of the six Member States<sup>(2)</sup> no single authority had a clear overview of the ESL situation in the Member State, or the region, possessed a definition and precise quantification of its characteristics, and coordinated the efforts of various national, regional, and Community funded initiatives. Thus the absence of an appropriately researched and coordinated strategy which addresses the various dimensions of the ESL problem has consequences for the actions' effectiveness in reducing ESL.

#### **Were beneficiaries targeted and resources allocated based on specific needs?**

26. Different definitions of ESL exist in each of the Member States audited and definitions also vary between different organisations and regions within those Member States. In consequence, the beneficiary target groups also vary, as shown in Table 2, alongside variance in national and regional authorities' estimations of the extent of the ESL problem being faced.

Table 2

#### **Early school leaving beneficiary groups by Member State**

Member State	Beneficiary target group
Spain (Andalusia and Catalonia)	16 to 21-year olds without the end of compulsory school diploma/a school leaving certificate
France	Pupils attending lower secondary schools ( <i>dispositifs relais</i> ) Young people over 16 (MGI)
Ireland	8 to 18-year olds who have abandoned school or are at risk of abandoning school
Netherlands	Students in vocational education, who are under 23 years of age, have not yet obtained a 'start qualification' (level 2 vocational education), and who are at risk of ESL
Portugal	15 to 18-year olds who have not yet obtained the end of compulsory school diploma
United Kingdom (England)	13 to 17-year olds who have abandoned school or are at risk of abandoning school (2000 to 2004) 16 to 18-year olds not in education, employment or training (NEETs) (2004 onwards)

<sup>(1)</sup> *Improving Student Retention and Achievement*, P. Martinez, 2001, Learning and Skills Development Agency.

<sup>(2)</sup> Spain (Andalusia), France, Portugal, and the United Kingdom.

27. In France, the Ministry of Education estimated that 60 000 pupils (8 % of the cohort) left school annually without any qualification. However, on the basis of Eurostat's definition of ESL, which was applied by the schools subject to audit, this group amounted to 152 000 pupils (or 20 % of the cohort). Similarly in the UK, multiple definitions of ESL resulted in varying statistics on the extent of the pupil retention problem. This ranged from 31,5 % of 16 to 18-year olds who were not in education or training in England in 2003, to 9 % of 16 to 18-year olds who were not in education, training or employment in England in 2003. Finally, the ESL rate in England, according to the Eurostat definition, was estimated as 18 % in 2003 <sup>(1)</sup>.

28. These varying definitions of ESL within a Member State do not facilitate the targeting of geographic areas for assistance nor the measurement of the impact of initiatives. On a wider level, efforts to adopt the Eurostat definition would assist Community efforts in tackling the problem of ESL.

29. Considerable variance was found in Member States' ability to estimate the population targeted by their actions. In Ireland, the School Completion Programme identified the most needy schools and pupils by analysing a national database to determine the number of pupils leaving school prematurely (see *Annex 2* — Ireland). This information was then used in selecting beneficiaries and allocating funding. In the Netherlands however, an accurate quantification of ESL figures was not possible up to 2004, due to insufficient data. Thereafter, ESL figures were revised upward from 16 000 to 70 000 pupils. This situation has now been remedied through the implementation of a national database.

30. The ability to quantify needs also varied between regions. For example, although the Spanish region of Catalonia possessed detailed estimates of ESL compiled on the basis of information provided by schools in each municipality, supporting evidence for Andalusia's estimated target population of between 50 000 and 75 000 pupils could not be provided.

31. The availability of statistics did not always ensure their use in strategic and operational decision-making. Even though some statistics were available at national and regional/'Académie' level in France and Portugal, they were not used by the PRODEP III managing authority in Portugal and most 'Académies' in France to manage ESL actions. However, in one French region (Lorraine), a five-year action plan did provide a detailed identification of underlying problems, together with the necessary corrections to compensate for them. While statistics are important in

identifying the most needy areas for assistance, a feature of most of the ESF co-financed measures was their exclusion of young people under compulsory school age.

32. In three of the six Member States <sup>(2)</sup>, co-financed activities were restricted by regulation to pupils over compulsory school age (i.e. 15 or 16 years of age) or educational level, without evaluating the potential group at risk outside this category. This was done on the basis that activities targeted on younger pupils were the sole responsibility of the national educational authorities. For example, in the United Kingdom, under an amendment to the OP in 2004, the ESL target group, which had included 13 to 17-year olds, was restricted to those aged 16 to 18, not in education, training or employment (NEETs). In France however, while national regulations set the minimum age for admission to the social integration programme (MGI) at 16, in some cases pupils under this age were admitted to the programme.

33. While the limitation of ESF preventive interventions to post-compulsory school age could be justified on the basis of higher school drop-out rates, research shows that the causal factors of ESL (such as absenteeism, learning difficulties and behavioural problems) are established in earlier years and that the pre-school leaving age category requires equal attention, if ESL rates are to be reduced significantly and permanently <sup>(3)</sup>.

34. Although the Lisbon Agenda called on Member States to halve their rate of ESL by 2010, the setting of this reduction benchmark was not the subject of empirical research. In two of the six Member States <sup>(4)</sup> audited, no specific target for the reduction of ESL, annual or otherwise, was fixed by national authorities until 2003. Moreover, where national or regional targets for the reduction of ESL were fixed, the basis of the particular targets could not be objectively substantiated <sup>(5)</sup>. As an example, in the case of England a planned reduction of 2 % by the year 2010 in the number of 16 to 18 year-olds not engaged in education, employment or training (which is a smaller target population than that of the Eurostat definition) would only result in a modest reduction in the ESL rate of 18 % (2003). In consequence, the Lisbon Agenda target of halving the ESL rate by 2010 is unlikely to be met.

<sup>(2)</sup> Spain, the Netherlands and the United Kingdom.

<sup>(3)</sup> 'Constructions sociales des absentéismes et des décrochages scolaires en France et en Angleterre', March 2003, Report to the Development and Programming Directorate of the Ministry for Education, France by 'Le Laboratoire de recherches sociales en éducation et formation — FARSEF — Observatoire Européen de la Violence Scolaire'.

<sup>(4)</sup> Spain (Andalusia) and the Netherlands.

<sup>(5)</sup> Ireland, France and the United Kingdom.

<sup>(1)</sup> Source: DfES Statistical Service.

*Were resources allocated to the most needy?*

35. In France, the basis on which ESF funding for ESL activities was allocated between the regions and within the regions, and the justification for the level of ESF support for ESL activities could not be provided. Nor was there a clear and systematic correlation between the most needy areas and the number of pupils involved in the ESL programmes at regional level. Similarly, in Spain (Andalusia), the basis for allocating the funding between ministries, municipalities, and non profit-making organisations, could only be provided for a small part of one of the two sub-measures. In the United Kingdom, as ESL beneficiaries were merely one social inclusion target group within the ESF co-financed measure, funding to regions was not allocated on the basis of the incidence of ESL within the region, but on the basis of the broad socioeconomic criteria (principally, youth unemployment and low educational attainment levels) used by the European Commission in allocating Objective 3 funding to Member States. At local level, however, geographic areas were prioritised for funding on the basis of comparative levels of educational attainment and deprivation. In the case of Ireland's School Completion Programme, funding was based on costed expenditure proposals which were linked to justified needs in terms of the rate of ESL experienced in each consortium of schools.

36. Thus, in the majority of instances, there was a lost opportunity to make use of available data in accurately establishing the 'at risk' population and so improve the formulation, planning and implementation of the activities, leading to greater efficiency and effectiveness in the use of resources.

#### **Did project management maximise the impact of the funding?**

37. In the case of Ireland's School Completion Programme (see Annex 2 — Ireland), which consisted of succinct project elements to be delivered, some elements were abandoned or changed without decisions being taken at the appropriate level, i.e. the Programme Monitoring Committee or the overall impact of changes to the action being adequately considered. Nevertheless, in the case of this programme and one UK project <sup>(1)</sup> also audited, the establishment of a consortium of local schools or colleges operating under written agreements and with the assistance of a coordinator constitutes an innovative and worthwhile practice, contributing positively to the efficient administration of the projects and the programme.

38. Weaknesses were also encountered in the project selection processes. In France, this process took no account of school drop-out rates, and under the 'MGI' programme some schools were selected without sufficient justification. In the United Kingdom, for three of the eight projects audited there was no evidence of follow-up of project-appraisers' questions and concerns about project applications. Such weaknesses are particularly important

given that there was limited competition in the selection process, with two of the three aforementioned projects being the only eligible bids received for ESL activity, at the time.

39. Delays of up to two years in implementing the ESF actions were also noted in two Member States. This was due to protracted discussions with the Commission on the eligibility of certain expenditure and the setting up of national regulatory and financial arrangements in the case of France. In the case of the United Kingdom, it was due to uncertainty among beneficiaries as to the intended target group for the actions. This resulted in slower progress in initiating projects to tackle ESL.

#### *Need for better targeting of individual beneficiaries*

40. In the case of programmes which provided special courses for students <sup>(2)</sup>, the selection procedures were normally based on pupils' levels of academic achievement. For other actions containing a range of co-financed activities the selection of participants was based on the likelihood of them abandoning school. These assessments were generally done at local administrative or school level, e.g. in France, where schools selected pupils through an interview process. In the majority of cases <sup>(3)</sup> the risk assessment and pupil admissions criteria, where available for examination, were not based on objective and transparent criteria.

41. In the Netherlands, while the rules required that school authorities should focus on pupils at 'increased risk' of leaving school prematurely, in practice, all pupils meeting the minimum requirements were selected without prioritisation. Furthermore, the quality and detail of pupil records was also quite variable and at times inadequate.

#### *Limited management information systems and sharing of information*

42. Generally, management information systems providing data on performance were found to be limited yet adequate for the purposes intended. However, with the exception of project appraisal and selection, the system for ESL actions in France suffered from significant weaknesses which prevented it from providing adequate management information on the implementation of the actions. Firstly, the managing authority could not accurately identify the amount of ESF funding by recipient, due to duplicate, inaccurate and/or non-comparable data. Secondly, it was not possible to ascertain the actual number of pupils enrolled in ESL projects throughout the country, nor to obtain details of the related expenditure. Following the audit the managing authority announced <sup>(4)</sup> the future development of a new information systems tool which would be adapted to the needs of the next programming period 2007 to 2013.

<sup>(2)</sup> Portugal and Spain (Andalusia and Catalonia).

<sup>(3)</sup> Ireland, France, the Netherlands and the United Kingdom.

<sup>(4)</sup> Letter of Ministre d'emploi, travail et cohésion social, 6 August 2004.

<sup>(1)</sup> Youth Inc.

43. A particular impediment to the assessment of pupils' needs in the case of Ireland and the UK was the sharing of personal information between primary and secondary level schools and educational bodies, due to data protection considerations. Thus, some schools were not aware of the risk characteristics of entrant pupils, whereas, had it been available, this information would have better facilitated their integration into the school environment. In the United Kingdom there was evidence of a lack of information-sharing at local level. Although under national regulations <sup>(1)</sup> collaborative working arrangements were required to be established between different local funding agencies, data-sharing agreements were either found not to be in place or not operating successfully. Thus detailed statistical information on ESL which had been collected locally was not available to the educational authorities who formulated strategy and approved funding for ESL activities.

### Did appropriate monitoring and evaluation take place?

44. Responsibility for the sound financial management of co-financed activities rests with the managing authority of each OP. Accordingly, the managing authorities should, through evaluation exercises, monitoring visits and reports from implementing bodies, assess the appropriateness of strategies, the adherence of actions to good financial practice, and the adequacy of results.

45. Generally, the implementing bodies carried out some monitoring of projects with a view to ensuring that they were meeting their objectives. However, difficulties occurred in the coordination and dissemination of research in Ireland, where, due to a lack of cross-communication between different units of the implementing body (the Department of Education and Science), parallel research work was commissioned by both units without the knowledge of the other party. Furthermore, while the implementing body also commissioned research into the standardisation of risk assessment for ESL, full benefit was not obtained from this initiative, as the results of this research were not sufficiently disseminated among schools for it to influence their student diagnosis and selection procedures. In the Netherlands a sub-optimal situation also occurred whereby individual schools separately commissioned and funded similar research and development projects on ESL.

46. The principal challenge facing Member State authorities in assessing the impact of such ESF co-financed programmes and actions on the rate of ESL is the difficulty in taking account of the effect of national and local educational initiatives and extraneous factors such as employment levels and social conditions. For example, in the case of the United Kingdom measure, the use of ESF was not considered by the national authorities as of major importance compared to nationally funded actions, while in the Netherlands many projects implemented by schools contained elements which were not co-financed by ESF, thus making assessment of the Community added value virtually impossible.

<sup>(1)</sup> Circular 03/06 March 2003 of Learning and Skills Council entitled 'Strategic Area Reviews'.

47. In general <sup>(2)</sup>, the mid-term evaluations of OPs contained little quantitative evidence on the impact of ESL co-financed activities in Member States, due to the fact that no specific impact indicators for ESL were foreseen. In their absence it was thus not possible to determine whether the focus and strategy being followed were the most efficient and effective for tackling ESL. For example, in respect of the United Kingdom measure, the inclusion of the ESL target group in this multi-focused measure, which had many target groups, did not facilitate the collection of monitoring data and the evaluation of ESL activities. As a consequence, analysis of co-financed activities could only be provided by the national authorities for a small group of closed projects supporting 13 to 17-year olds at risk of disaffection, which were funded directly by the regional Government Offices rather than through intermediaries.

48. Special evaluations were commissioned by Ireland and Portugal to examine the implementation of their respective ESL actions. Such an initiative is, of course, useful. Unfortunately, in both cases, although changes were made on the basis of recommendations, the absence of detailed analysis of the conclusions and recommendations by the national authorities meant that the adequacy of these changes could not be assessed by the Court.

49. These deficiencies detract from the added value that a proper evaluation process brings as a means of assisting in the management decision-making process. Nevertheless, one useful innovation in evaluation in Ireland was the requirement that projects perform a self-appraisal and evaluation, which included both statistics on improved retention rates and the qualitative impacts felt in running the project. Similarly, in the United Kingdom, not only were all projects required to carry out end-evaluations, one project <sup>(3)</sup> also gathered baseline data on participants with which to measure their needs and subsequent performance.

50. Overall, the added-value of such Community assisted measures in addition to the funding is, firstly, their ability, in accordance with the Structural Funds partnership principle, to harness the involvement of local actors and address the individual needs of communities. For example, in the Netherlands and Ireland, ESF co-financed projects promoted communication and coordination between schools and other local actors through the establishment of consortia, working associations, meeting-points and the use of internet sites. Secondly, such measures can give direction to and prioritise the achievement of common EU policy objectives such as halving the rate of ESL by 2010. Finally, they have the potential to raise awareness throughout the European Union that the problem of young people dropping out of school affects the whole economy.

<sup>(2)</sup> Spain, France, Ireland, the Netherlands, Portugal and the United Kingdom.

<sup>(3)</sup> Future Train.

## CONCLUSIONS AND RECOMMENDATIONS

51. In respect of the audit questions asked the Court concludes and recommends the following.

(a) ***Had the Commission fulfilled its management function regarding the sound financial management of ESF funding in this area?***

52. For the Commission to fulfil its management function it must obtain reasonable assurance that sound financial management is being implemented in practice, in the Member States, either through better utilisation of information currently received or through additional monitoring activities. This was not sufficiently demonstrated regarding the management of ESL measures (see paragraphs 13 to 17).

The Commission should give appropriate guidance to Member States, where necessary, so as to ensure that Community funding is efficient, effective and economic.

The Commission should verify that Member States' management systems conform to Community regulations and adhere to the principles of economy, efficiency and effectiveness.

53. The Court's audit of management processes for the selection and implementation of actions combating ESL in the Member States examined the management procedures and highlighted both strengths and weaknesses which affect the value to be obtained from Community funds. These observations are demonstrated in regard to the following audit questions addressed.

(b) ***Was the provision of funding preceded by an appropriate analysis of the expected economic benefits?***

54. In the majority of cases the Member States' authorities applied ESF funding without adequate analysis of the existing situation and the expected or targeted results. Furthermore, in most cases, Member States could not sufficiently demonstrate their justification for the level of funding allocated to ESL activities. However, in the case of one programme the funding was directly linked to justified needs in terms of the rate of ESL experienced by the schools (see paragraphs 18 to 25).

Member State authorities should carry out an analysis of expected economic benefits, which should include a documented and reasoned justification for the level of funding being allocated and the areas or activities being prioritised.

(c) ***Had beneficiaries been targeted and resources allocated on the basis of specific needs of the parties and in a reasonable and cost-efficient manner?***

55. Considerable variance was found in Member States' ability to estimate the population targeted by their actions. The ability to quantify needs also varied between regions. The use of varying definitions has not facilitated the targeting of geographic areas for assistance nor the measurement of the impact of initiatives. On a wider level, efforts to adopt the Eurostat definition would assist Community efforts in tackling the problem of ESL (see paragraphs 26 to 34).

Member States should continue to follow-up their achievement in combating ESL by reference to the Lisbon Agenda definition as agreed by Heads of State or Government, so as to bring about the intended long-term reduction. Reasonable annual targets for the reduction of ESL would help to meet the objective fixed by the European Council.

56. Member States did not always allocate Community resources to different regions and actions in proportion to their needs or levels of ESL, or on a demonstrably justifiable basis (see paragraphs 35 to 36).

National authorities responsible for the allocation of Community resources should ensure that the allocation is based on objective and relevant criteria, so as to maximise the potential impact of the funds.

(d) ***Were projects implemented in a manner that maximised the impact of funding in meeting the specific objectives of the actions and the general objective of combating ESL?***

57. Some weaknesses were found in the decision-making procedures for selecting projects, in selection procedures for individual pupils, and in the sharing of information on ESL between managing organisations and projects. On the other hand, some innovative practices were found whereby local schools and colleges formed consortia in order to jointly tackle the ESL problem (see paragraphs 37 to 43).

The responsible authorities should ensure that proper project selection procedures are followed, and that individual beneficiaries of the activities are selected objectively and consistently across all projects, through the standard application of ESL risk assessment.

Data-sharing agreements should be established and implemented between all local and national organisations that are responsible for tackling ESL where permitted by law.

(e) ***Did appropriate monitoring and evaluation activities take place to ensure that actions were effectively addressing the objectives set?***

58. In most cases the implementing bodies carried out some monitoring of projects with a view to ensuring that they were meeting their objectives. However, there was a lack of coordination and dissemination of research on ESL within and between Member States, resulting in insufficient benefit being obtained from the funding. In two Member States one useful innovation was the requirement that projects perform self-appraisals providing quantitative and qualitative impacts of the activities carried out. Nevertheless, the overall Operational Programme evaluations generally provided little information on the results or impact of the ESL actions (see paragraphs 44 to 50).

59. ESF funding is a minor financial contributor to the overall human resource investment in Member States. To maximise its impact, it should therefore be applied judiciously to areas of particular need which clearly demonstrate Community added value. The combating of early school leaving is one such area. However, how such funding can best contribute to reducing ESL depends

on the specific needs of the individual Member States, the existence of sound and supportive national policies, and the way in which the funding is applied.

60. If ESF is to be an effective tool for achieving the goals of the Lisbon Agenda for combating ESL, then it must be applied to well thought-out strategies, which address prioritised needs and which target specific operational objectives. Moreover, it must be subject to good management practices which comply with generally accepted standards of performance management (see paragraphs 18 to 50).

Given the importance of good management practice in the area of diagnostics targeting, resource allocation and evaluation, with regard to early school leaving the Commission should, in partnership with the national authorities, facilitate the development and dissemination of best practice in these areas, so as to enhance the impact of the Community funding.

This report was adopted by the Court of Auditors in Luxembourg at its meeting of the 23 February 2006.

*For the Court of Auditors*  
Hubert WEBER  
*President*

## ANNEX 1

**TOTAL PERCENTAGE OF THE POPULATION AGED 18 TO 24 WITH AT MOST LOWER SECONDARY  
EDUCATION AND NOT IN FURTHER EDUCATION OR TRAINING**

'Early school leavers' refers to persons aged 18 to 24 meeting the following two conditions: the highest level of education or training attained is ISCED 0, 1 or 2 and declared by respondents as not having received any education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding no answers to the questions 'highest level of education or training attained' and 'participation to education and training'. Both the numerators and the denominators come from the EU Labour Force Survey.

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU (25 countries)	—	—	—	—	—	—	17,2(i)	16,9(i)	16,5(i)	15,9(b)	15,9(i)
EU (15 countries)	—	—	21,7(e)	20,7(e)	—	20,5(i)	19,3(i)	18,8(i)	18,5(i)	18,1(b)	18,0(i)
Belgium	16,1	15,1	12,9	12,7	14,5	15,2(b)	12,5	13,6	12,4	12,8	11,9(b)
Czech Republic	—	—	—	—	—	—	—	—	5,5	6,0(b)	6,1
Denmark	8,6	6,1	12,1	10,7	9,8	11,5	11,6	8,8	8,4	10,0(b)	8,1
Germany	—	—	13,3	12,9	—	14,9	14,9	12,5	12,6	12,8(i)	12,8(p)
Estonia	—	—	—	—	12,6	14,0	14,2	14,1	12,6	11,8	13,7
Greece	23,2	22,4	20,7	19,9	19,8	17,8	17,1	16,5	16,1	15,3(b)	15,3(p)
Spain	36,4	33,8	31,5	30,3	29,8	29,5	28,8	28,6	29,0	29,8	30,4
France	16,4	15,4	15,2	14,1	14,9	14,7	13,3	13,5	13,4	13,7(b)	14,2
Ireland	22,9	21,4	18,9	18,9	—	—	—	—	14,7	12,1(b)	12,9(p)
Italy	35,1	32,8	31,7	30,1	28,4	27,2	25,3	26,4	24,3	23,5	23,5(p)
Cyprus	—	—	—	—	—	15,0	15,1	14,8	14,0	15,1(b)	18,4
Latvia	—	—	—	—	—	—	—	—	19,5	18,1	15,6
Lithuania	—	—	—	—	—	—	16,7	13,7	14,3(b)	11,8	9,5(b)
Luxembourg	34,4	33,4	35,3	30,7	—	19,1(b)	16,8	18,1	17,0	17,0(p)	—
Hungary	—	—	—	17,8	15,9	13,0	13,8	12,9	12,2	11,8(b)	12,6
Malta	—	—	—	—	—	—	54,2	54,4	53,2	48,2	45,0(b)
Netherlands	—	—	17,6	16,0	15,5	16,2	15,5	15,3	15,0	15,0(p)	—
Austria	—	13,6	12,1	10,8	—	10,7	10,2	10,2	9,5	9,2(b)	9,2
Poland	—	—	—	—	—	—	—	7,9	7,6	6,3	5,7(b)
Portugal	44,3	41,4	40,1	40,6	46,6(b)	44,9	42,6	44,0	45,1	40,4	39,4(b)
Slovenia	—	—	—	—	—	—	—	7,5	4,8(u)	4,3(u)	4,2(u)
Slovakia	—	—	—	—	—	—	—	—	5,6	4,9(b)	7,1
Finland	—	—	11,1	8,1	7,9	9,9	8,9(b)	10,3	9,9	8,3(b)	8,7
Sweden	—	—	7,5	6,8	—	6,9	7,7	10,5(b)	10,4	9,0(b)	8,6
United Kingdom	32,3	—	—	—	—	19,7(i)	18,3(i)	17,6(i)	17,7(i)	16,7(i)	16,7(p)

(—) Not available, (i) See box below, (b) Break in series, (e) Estimated value, (p) Provisional value, (u) Unreliable or uncertain data.

**Eurostat Structural Indicators/Social Cohesion/Early school-leavers**

*Percentage of the population aged 18 to 24 with at most lower secondary education and not in further education or training.*

i: Notes

Due to the implementation of harmonised concepts and definitions in the survey, information on education and training lack comparability with former years from:

- 2003 in CZ, DK, EL, IE, CY, HU, AT, SI, FI, SE, NO, CH and from 2004 in BE, LT, MT, PL, PT and RO due to wider coverage of taught activities,
- 2003 in SK due to restrictions for self-learning,
- 2003 in DE due to the exclusion of personal interest courses,
- 1999 in NL, 2000 in PT, 2003 in FR and CH due to changes in the reference period (formerly one week preceding the survey; CH: 12 months for vocational training instead of four weeks),
- LU (1999) due to a new definition of lower secondary education level,
- EU-15, Eurozone, EU-25, consequently.

Due to changes in the survey characteristics, data lack comparability with former years in IT (from 1993), PT (from 1998), BE and UK (from 1999), FI (from 2000), SE and BG (from 2001), LV and LT (from 2002), HU (from 2003), FI (quarter 1 from 2003) and AT (quarter 2 from 2003).

In DK, LU, IS, NO, EE, LV, LT, CY, MT and SI, the high degree of variation of results over time is partly influenced by a low sample size.

In CY, the reference population (denominator) excludes students abroad.

The EU aggregates are provided:

- until 1999, on the basis of the available country data,
- from 1999, using the closest available year result in case of missing country data and provisional UK data (all GCSE levels excluded until a new ISCED 3c level definition is implemented in 2005 at EU level).

Source: Eurostat.

## ANNEX 2

## PROGRAMMES AUDITED IN THE MEMBER STATES

## SPAIN

## Social Guarantee Programmes (SGP)

*Andalusia — Objective 1 OP, Axe 4A measure 15 A*

**What was the nature of the programme?** The Social Guarantee Programmes are aimed at those pupils who, despite special curricular courses, do not meet the minimum requirements entitling them to an upper secondary level diploma. The objective is to facilitate their transition into the labour market, while giving them the possibility of continuing to study through intermediate Specific Vocational Training. The participants are normally aged between 16 and 21 years and the courses last between six months and two academic years. Each class has a maximum of 20 pupils.

**What activities were co-financed?** The SGPs are national programmes which are implemented in State schools by the Department of Education for the region under its specific regional regulations. The programmes have a common structure consisting of five areas: specific vocational training (vocational skills); job training and counselling; basic educational counselling in personal and social skills; complementary activities.

These programmes may also target specific groups, e.g. young people with special educational needs; those from ethnic disadvantaged minorities; prisoners, etc. The actions can be carried out by secondary schools, local municipalities or non profit-making associations.

**What particular aspects influenced the effectiveness of the programme?** The dissemination of the information on the courses, via websites, workshops, mailing, publicity, etc., secured a widespread knowledge of the Social Guarantee Programmes. The high level of interest, commitment and dedication of programme implementers was considered by the audit as an important factor for the success of the programme. However, one of the difficulties was the lack of a proper analytical basis for tackling the ESL problem and the absence of specific evaluation and follow-up actions for the measure.

*Catalonia — Objective 3 OP, measure 4.4*

**What was the nature of the programme?** Although SGPs were only introduced in Spain in 1992, the Departments of Education and Labour in Catalonia had been implementing similar courses, addressing the needs of pupils without a diploma, since 1986/87. The SGP courses are generally implemented by the Department of Education in collaboration with the municipalities, outside the normal educational system.

**What activities were co-financed?** The courses comprised, firstly, basic training carried out by two teachers on behalf of the Department of Education and the municipality, and secondly, vocational training.

**What particular aspects influenced the effectiveness of the programme?** Courses are planned and coordinated annually for each municipality by the Department, on the basis of needs analysis. This direct management of these SGP and similar courses by the Department in collaboration with municipalities guarantees the existence of a minimum supply of courses and also the stability of the programme. The implementation of these courses over several years by the same team also presents added value in terms of experience and know-how. Evaluation was also an important part of the programme, which monitored and evaluated the progress and achievements of pupils.

Some important success characteristics of the programme were: the fact that courses were essentially based on practical subjects, usually implemented outside the school system, delivered by only two tutors for the full duration of the course, and delivered to small classes (normally 15) which allowed the development of closer personal relationships. The continuity of the responsible team year after year also allowed the acquisition of important know-how and created a network which facilitated the exchange of good practice and a high level of assistance and monitoring of each course.

## FRANCE

**Lifelong education and learning, Objective 3, Single Programming Document for 2000 to 2006**

**What was the nature of the programme?** The ESF assisted the alleviation of ESL in France through three separate activities contained in the Life-long Learning Policy Field within the Objective 3, Single Programming Document for 2000 to 2006. These were grouped under the objective of 'giving a second chance to young people who abandon the education system prematurely'.

The principal approach was to support existing actions defined under national regulations and aimed at helping pupils to reach the end of upper-secondary level education. Depending on the definition of ESL, between 60 000 and 1 50 000 young people leave school each year without any qualification. The percentage of 18 to 24-year olds with no higher than lower-secondary education was estimated to be 14,2 % (2004 <sup>(1)</sup>).

**What activities were co-financed?** The 'Social integration plan' ('Mission Générale d'Insertion' — MGI) consists of special courses aimed at motivating and encouraging pupils to obtain additional qualification level. The pupils admitted to these courses were over 16, had not entered upper-secondary education and were experiencing difficulties in school or had been absent from school for less than one year. Under local regulations these pupils could request an assessment interview with the school team and with an educational psychologist. A course admissions board then proposed a suitable support course to the student concerned, which was agreed with the young person following an interview with the course team.

Special needs classes (*dispositifs relais*) catered for pupils who were attending secondary school and who experienced learning difficulties. These were small classes of not more than 12 pupils, aimed at addressing their specific needs. Personalised curricula, timetables and extra-curricular activities (e.g. sport) helped integrate disaffected young people back into standard curricula education.

'Pilot actions' (*les actions pilotes*) were specific projects based on local needs. They typically provided pupils with extra-curricular activities (after-school homework classes; outings; cultural, artistic and sporting activities etc.). For young people aged between 15 and 20 years they helped them define career choices and gain work experience in local firms. The 'second chance school' pilot project aimed to integrate young people into the economic world by providing customised courses and work experience for older students who had left normal education prematurely. Funding was also received from a local enterprise tax levied on companies. Courses lasted from 8 to 10 months.

**What particular aspects influence the effectiveness of the programme?** One important aspect of the courses and activities was the degree to which they were customised to meet the specific needs of the students. In Metz Academy, the MGI action called 'support courses for professional integration' was a flexible action where the choice of subjects within courses was not predetermined but was based on the needs of the targeted pupils.

## IRELAND

**Objective 1, 2000 to 2003 Ireland, Measure 05, Employment and Human Resources, School Completion Programme**

**What was the nature of the programme?** The programme was centrally run by the Department of Education and Science. In the first phase a national database of pupils and schools provided the basis for a detailed analysis of primary and post-primary pupils (aged between 7 and 18) leaving school prematurely. Schools were then prioritised by applying a weighted educational disadvantage formula. By invitation, the schools submitted action plans detailing costed proposed activities aimed at preventing ESL. In the second phase of the programme, submissions and funding proposals were received from consortia of schools and organisations involved locally in youth and community development and were considered for forwarding as funding proposals under the School Completion Programme. Following assessment and approval, annual funding was allocated on the basis of costed joint Action Plans. The project leader school managed the overall project and coordinated the needs and activities of other schools and primary feeder schools in its locality.

**What activities were co-financed?** One of the most concrete and beneficial uses of the funding seen was the enhancement of attendance recording and monitoring systems in schools, through the computerisation and initiation of follow-up procedures. School directors stated that this had had a positive effect, not just on the behaviour of pupils, but also on the attitudes of parents. Funding was also used to create smaller special needs groups within schools, establish breakfast clubs and provide extra-curricular activities aimed at motivating pupils and reducing absenteeism.

<sup>(1)</sup> Eurostat Labour Market Survey, 2004.

**What particular aspects influenced the effectiveness of the programme?** Although centrally managed, the Programme was based on a multi-agency, community-inclusive approach. For many of the projects visited this integrated approach was particularly effective in enlisting important support, both financial and technical, from local community agencies, and Local Partnerships in particular. For example, in one case <sup>(1)</sup> the Local Partnership provided expertise in the drafting of a comprehensive and professional Action Plan.

The projects visited also highlighted the success of the programme in terms of 'process benefits'. One project spokesman stated that 'Being geared towards implementing a plan makes a big difference even if you do not get all the money (you want)'. Some projects also identified a shift in attitudes among teaching staff and parents as to how schools relate to the problem of falling school numbers and high drop-out rates: 'the home circumstance may not have changed significantly but the school circumstances did'. Most of all, the audit highlighted the project implementers' high level of interest, commitment and dedication to the programme. This was one of the most important factors for the success of the programme.

#### NETHERLANDS

##### Measure 3.3 E 'Combating premature school leaving'

**What was the nature of the programme?** The Ministry for Education, Culture and Science, which was designated as sole beneficiary under the measure, offered funding to schools and organisations providing vocational training in support of projects aimed at combating ESL. Since schools in the Netherlands are autonomous, they are at liberty to engage or not engage in such projects. Participation by schools and organisations in such projects up to 2004 was slow, but applications for ESF co-funding under the measure are now expected by the authorities to absorb the available funds in the period 2000 to 2006.

**What activities were co-financed?** Schools were invited to devise projects around one or more themes stipulated by national legislation. These included: development and coordination of individual career guidance, student counselling and care teams; development of procedures and instruments for intake and assessment of students; development of networking in schools; transition arrangements between preparatory and secondary vocational education; coordination with community action plans for combating ESL; certification of training for new segments of the local labour market, in cooperation with local and regional trade and industry; school support for parents of children at risk. The criteria for targeting students were also defined by national legislation as: students under 23 years of age, enrolled in schools for vocational education, not having obtained a 'start qualification' (level 2 vocational education), and, in the schools' opinion, at risk of ESL.

**What particular aspects influenced the effectiveness of the programme?** Within the themes set by national legislation, schools were free to design their own ESF projects. The Ministry did not impose any further rules, nor give guidance to specific projects. It did however promote best practice through the publication of ESL related studies, the setting up of discussion platforms for schools, and the dissemination of information via a website. While, in general, the project themes were already being addressed in the normal activities of the school, the ESF projects expanded these activities for the benefit of students at risk. As a result, the projects were interwoven with the 'normal' daily activities of the school. Due to the independent status of schools and the diversity of student populations, approaches to combating ESL in the 10 schools visited were quite different. Some schools focused on cooperation with community services and local businesses, others tackled problems on their own. The extent to which schools were involved in information exchange (an important resource in designing ESF projects) also differed considerably between schools. An important issue in measuring the results of ESF projects is the reliability of statistics. In order to improve the reliability of statistics on ESL, the Ministry introduced a law in 1999 on the registration of ESL, which resulted in the provision of reliable and complete statistics on which the Ministry could base its decision-making process.

#### PORTUGAL

##### Action 1.2 of PRODEP III 'Provision of alternative courses at basic education level'

**What was the nature of the programme?** The principal approach adopted by Portugal in combating ESL was to provide diversified secondary courses and vocational training courses in schools. The courses were defined under national regulations and were to cater specifically for students of 15 or over who had not yet attained lower secondary level education. In Portugal, the number of 18 to 24-year-olds with no higher than lower secondary education was estimated to be approximately 45,5 % (2004 <sup>(2)</sup>).

<sup>(1)</sup> Mullingar Community College.

<sup>(2)</sup> Eurostat Labour Market Survey, 2004.

**What activities were co-financed?** In the sample of eight school projects audited, courses were implemented to respond to the needs of the school's own pupils and other young people in the locality, by allowing them to complete the ninth grade (lower secondary education) and to obtain a vocational qualification. The pupils attending the courses were between the ages of 15 and 18, who although older than the minimum optional school-leaving age of 15 years, had not yet obtained the ninth grade diploma. These students were characterised principally by school failure or having to repeat school years. The courses addressed their needs by focusing more on the attainment of specific vocational skills than on academic subjects. They also included work experience in enterprises, so as to motivate students to apply themselves practically. This aspect was important as these students were normally more prone to quitting school and taking up employment, due to demotivation or because they were older than their class-mates.

**What particular aspects influenced the effectiveness of the programme?** In the case of some schools in inner-city areas of Lisbon, the courses provided new funded activity to support schools where pupil-numbers were in decline as a result of demographic changes. For example, *Escola Secundária Marquês de Pombal* (a Lisbon State secondary school with a tradition of expertise in electrical engineering), situated in an old area of the town with an aging population, implemented vocational courses which utilised the specialised facilities it possessed.

While the schools applied for approval and funding to hold such courses on the basis of the availability of eligible participants, systematic diagnostics and targeting of 'at risk' pupils within the schools was also part of the process. However, although national initiatives to combat child labour also existed, no specific initiatives were implemented within schools to target pupils under 15 who were at risk of abandoning school.

Portugal's National Action Plan on Employment — NAP (2003 to 2006) aims to reduce ESL to 35 % by 2006 and 25 % by 2010, which is broadly in line with the Lisbon Agenda. Attainment of these targets may be difficult, given the apparent absence of a coordinated strategy to examine and address the ESL phenomenon from within schools prior to the age of 15 years, which is when the causal factors of ESL are established. However, Portugal's National Action Plan proposes the establishment of an early detection system for pupils at risk of dropping out of school and individualised support to pupils in the near future.

#### UNITED KINGDOM

##### **Objective 3, Operational Programme for England and Gibraltar, 2000 to 2006, Measure 2.2**

**What was the nature of the programme?** Under the Objective 3 Operational Programme the majority of actions aimed at combating ESL were contained in the Social Inclusion Policy Field, Measure 2.2, whose objective was 'to develop local and area-based responses to assist individuals with multiple disadvantages in the labour market that face the risk of exclusion'. The original target group was 13 to 17 year olds at risk of abandoning school. Following the mid-term evaluation this was limited to 16 to 18 year olds not in education, employment or training. The ESF funding was allocated to regional government offices which then allocated the funding through a direct tendering process by projects and through competitive co-financing arrangements with State-funded educational bodies.

**What activities were co-financed?** The projects were various and were implemented principally by charities, schools and other training and career guidance providers. Schools participating in the projects usually selected pupils for the courses on the basis of aptitude, suitability and educational history. Courses ranged from 15 days to one year, including job-placements in some cases, and offered life and vocational skills training, counselling and personal support, group work, in-school and after-school activities, and alternative curricula. Pupils continued to attend school outside the course timetable. All courses audited had as a goal the attainment of some educational credits towards basic skills qualifications.

**What particular aspects influenced the effectiveness of the programme?** One of the difficulties with the co-financed activities under Measure 2.2 was that there was no common programme or framework of commonly identifiable features. Against the backdrop of a plethora of national initiatives catering for youth education and other target groups catered for within a measure, no specific identity or role for ESF funding in this area was discernible. This lack of a common approach also manifested itself in the targeting and risk assessments that accompanied projects. Furthermore, the lack of a proper analytical basis for tackling the ESL problem and the absence of shared information between responsible organisations at regional and local level also influenced the effectiveness of operations. Nevertheless, good practices were evident within individual projects as regards coordination of participating schools and evaluation practices. Furthermore, the ESF funding also attracted voluntary charitable support in providing courses and activities.

## ANNEX 3

## OPERATIONAL PROGRAMMES, IMPLEMENTING BODIES AND PROJECTS AUDITED

Spain	France	Ireland	Netherlands	Portugal	United Kingdom
<b>Operational programmes</b>					
<p>Andalusia — 2000. ES.1.6.1.PO.003 — Andalusia, Objective 1 OP, Eje 4A medida 15 A- 'Programas de Garantía Social para jóvenes con fracaso escolar'.</p> <p>Catalonia — 2000.ES.05.3.PO.303 — Catalonia, objective 3 OP; Eje 4 actuación 4.4.1 — Programas de Garantía Social para jóvenes con fracaso escolar.</p>	<p>Action 1 ('Donner une nouvelle chance aux jeunes pour éviter qu'ils quittent prématurément le système scolaire sans qualification' (Providing new opportunities for young people in order to prevent their leaving the educational system prematurely without any qualifications)), of Measure 4 ('Faciliter le passage de l'école au travail' (Facilitating the transition from school to work)) of Priority 3 ('Education et formation tout au long de la vie' (Education and life-long learning)) of ESF France Objective 3 2000 to 2006.</p>	<p>Employment and Human Resources Objective 1 OP, 2000 to 2006 Ireland, Measure 05.</p>	<p>SPD European Social Fund (ESF) Objective 3 'Active labour market policies and life-long learning, Priority 2, measure 'Bestrijding Voortijdig Schoolverlaten' (Counteracting premature school leaving), 2000 to 2006 period.</p>	<p>PRODEP III, Action 1.2.</p>	<p>Objective 3 OP England and Gibraltar 2000 to 2006, Measure 2.2.</p>
<b>Implementing bodies audited</b>					
<p>UAFSE (Ministry of Education)</p> <p><b>Andalusia:</b></p> <p>Consejería de Hacienda</p> <p>Consejería de Educación</p> <p>Delegación Provincial de Sevilla</p> <p><b>Catalonia:</b></p> <p>Departament de Treball</p> <p>Departament d'Ensenyament</p>	<p>ESF Department (Ministry of Labour);</p> <p>DAF, DEP, DESCO, DRIC (Ministry of Education);</p> <p>Direction Régionale du Travail, de l'Emploi et de la Formation Professionnelle (Ile-de-France and Lorraine);</p> <p>Académies of Créteil and Metz-Nancy.</p>	<p>Managing Authority (Department of Enterprise, Trade and Employment);</p> <p>Paying Authority (Department of Enterprise, Trade and Employment);</p> <p>Implementing body (Department of Education and Science);</p> <p>Intermediary body (City of Dublin Vocational Educational Committee).</p>	<p>Managing Authority (Agentschap SZW);</p> <p>Ministry of Education, Culture and Science.</p>	<p>PRODEP III central and regional (Lisbon and Oporto) departments.</p>	<p>Department of Work and Pensions;</p> <p>Department for Education and Skills;</p> <p>Government Office West Midlands;</p> <p>Learning and Skills Council Staffordshire;</p> <p>Learning and Education Authority Staffordshire;</p> <p>Connexions Service;</p> <p>Government Office South East;</p> <p>Department for Education and Science, Statistics Department;</p> <p>Learning and Skills Council Surrey;</p> <p>Learning and Skills Council Hampshire;</p> <p>Connexions Service South East.</p>

Spain	France	Ireland	Netherlands	Portugal	United Kingdom
<b>Projects audited</b>					
I.E.S. Andrés Beritez, (Andalusia)	Ecole de la deuxième Chance, La Courneuve	Tullamore College	ROC Asa (Amersfoort)	E. S. Marqués de Pombal (Lisbon)	Youth Inc, Staffordshire Consortium of Colleges, Cannock
I.E.S. San Severiano, (Andalusia)	Lycée professionnel J. P Timbaud	Mullingar Community College	ROC (Amersfoort)	E.S. D. José I (Lisbon).	Employability Plus, Solent Skill Quest, Portsmouth
I.E.S. Bahía de Cádiz, (Andalusia)	Association Pierre Kohlmann, Antony	Colaiate Eoin Secondary school	ROC (Hengelo)	Provincia Portuguesa da Companhia de Jesus (Santo Tirso)	VT Career Management Southern, Portsmouth
I.E.S. Virgen de Consolación (Andalusia)	Collège Paul Verlaine, Malzeville	Jobstown Community College	ROC Twente Plus (Almelo)	E. S. Stuart de Carvalhais (Massamá)	The Glide Project, Education Business Partnership, Gosport
I.E.S. Polígono Sur, (Andalusia)	Collège Jean Moulin, Tomblaine	St Thomas SR national school	ROC Koning Willem I (s-Hertogenbosch)	E. S. de Linda-a-Velha (Linda-a-Velha)	Future Train, Stoke Learning and Education Authority
PTT Palau-Solità i Plegamans (Catalonia)	LP Fülgence Bienvenüe, Auboué	St Paul's secondary school	ROC Aventus (Apeldoorn)	Ensiptrof (Barcelos)	Skillway, Surrey Care Trust, Surrey
PTT Molins de Rei, (Catalonia)	College Paul Valéry, Metz	David's CBS Artane	ROC de Graafschap (Doetinchem)	Escola Profissional de Santo Tirso (Santo Tirso)	
PTT Barcelona Nou Barris, (Catalonia)		Gorey Community School, Wexford	ROC Nijmegen (Nijmegen)	E.S. Anselmo de Andrade (Almada)	
PTT Martorell, (Catalonia)		Abbey Community College, Wicklow	ROC A12 (Ede)		
		Ballymun Comprehensive school	ROC Arcus (Heerlen)		

## THE COMMISSION'S REPLIES

### EXECUTIVE SUMMARY

III.

- (a) Several of the Member States audited were able to evaluate the nature and scope of the problem of early school leaving (ESL) to a greater or lesser extent on the basis of the best information available to them.
- (b) Several of the Member States audited were able to determine the level of funding to a greater or lesser extent on the basis of estimates, by using the best sources of information available to them. Within a given programme, the distribution of funds between the various regions of a Member State or between the different measures concerned is a national responsibility. Distribution depends on a number of criteria, some of them political in nature, which take account of local needs ground. In several of the cases audited, particular criteria were also applied to determine the allocation of resources between regions and/or measures.
- (d) As a general rule, the Member States' approach has been to define the various target groups on the basis of their national education systems and their specific problems. These target groups have been quantified to a greater or lesser extent to obtain an overview of the situation. Several of the Member States audited have set quantified national targets to reduce ESL in line with the European target. See the replies under (a) and (b).
- (e) The purpose of the mid-term review is not to measure the impact, which depends on the results and the extent to which the quantified targets are met by the end of the programme. While the mid-term review is carried out at operational programme level (as stipulated by Regulation (EC) No 1260/1999) for the Member States audited, the mid-term evaluations referred to the specific measures addressing Early School Leaving (ESL), and action has been taken to adjust the focus and strategy where necessary.

In the medium and long term, the number of early school leavers should drop in response to these measures. This is confirmed by 2000 to 2004 trends, as reported in the Commission Communication on modernising education and training COM(2005) 549.

IV. There is an appropriate monitoring and control mechanism in place to ensure respect for the principles of sound financial management in accordance with Commission powers and in proportion to the level of European Union support, although there is room for further improvement through better use of information.

V. The Commission will pursue and strengthen the implementation of these recommendations, beyond the mechanisms already in place, as far as its powers will allow.

- (a) By way of example, as regards the organisation of the evaluation, the 'Guidelines for the mechanisms of monitoring and evaluating ESF interventions during the 2000 to 2006 period' provide appropriate general guidance which can, moreover, be applied to the various different individual cases.
- (b) As regards controls on the Member States' management systems, audit recommendations are made in connection with sound financial management where the situation warrants.

VI. These recommendations must be assessed in the light of the Member States' specific responsibilities as regards the planning of management and control for the Structural Funds. ESF measures in the ESL field are part of a broader national policy context and must be analysed accordingly. The definition and implementation of measures to combat early school leaving take account of the national character of education policies and strategies.

### AUDIT OBSERVATIONS

14. The use of the mechanisms and tools mentioned by the Court should be extended to fully ensure sound financial management as prescribed in Regulation (EC) No 1260/1999.

Some of the procedures described to apply Article 5 of Regulation (EC) No 438/2001 are also designed to guarantee effective and efficient operation of the relevant systems (e.g. procedures for the evaluation and selection of projects, the monitoring and implementation of projects in relation to targets and compliance with the directives on calls for tender).

Fulfilment of the abovementioned regulatory obligations designed to ensure sound financial management is described in detail in the manuals of procedures prepared by the responsible authorities in the Member States. Moreover, the national implementation guidelines provide for the need to address the issue of selection, sound financial management and added value. As regards audits of these procedures ensuring sound financial management, see the reply to point 15.

15. The correct application of sound financial management principles, as far as project selection and follow-up procedures are concerned, is part of the Commission's audit strategy, and its implementation should be reinforced.

As regards the other sources of information relating to the implementation of the operational programmes (such as meetings of monitoring committees, implementation reports and bilateral meetings with the Member State concerned, and so on, the Commission takes the view that the measures already implemented enable management information to be adequately processed, although there is still room for improvement in some cases.

16. The recommendations of the mid-term evaluation report have been assessed, discussed and followed up by the bodies responsible (the Managing Authority and Monitoring Committees in cooperation with the Commission). Following the recommendations, appropriate action has been taken: the findings and recommendations are fed into the programming, implementation and monitoring as required. Finally, the Commission has also followed up the mid-term evaluations by approving the mid-term review decisions.

17. There is a suitable monitoring and control mechanism in place to ensure that the principles of sound financial management are respected, in accordance with the Commission's powers and in proportion to the level of European Union support, although there is room for further improvement through better use of information. As described in the replies to points 14 to 16, sound financial management mechanisms and tools are built in and described in the Structural Funds Regulations; the Commission and the Member States must monitor implementation in accordance with those provisions, and they have a variety of means at their disposal to meet that objective.

18. Several of the Member States mentioned have succeeded in evaluating the nature and scope of the problem to varying degrees on the basis of the best information available to them (detailed historical data and statistics, specific studies and research, *ex-post* evaluation of the preceding programming period and *ex-ante* appraisal of the current programming period).

19. Several Member States have been able to ascertain funding levels to a greater or lesser extent on the basis of estimates, using the best information sources available.

20. Although the analysis of needs should be further improved, results indicators are defined in the programming documents and are used for follow-up in the context of the annual reports. *Ex post* evaluations of the preceding period and *ex-ante* appraisals of the current period have also helped to prepare measures interventions while guaranteeing the consistency of the strategy and specific objectives and establishing the expected impact of the measures envisaged. Subsequent evaluations in the planning cycle examine the extent to which these pre-defined objectives have been realised.

The Member States also have a variety of follow-up mechanisms based on indicators, particularly where results are concerned.

21 and 22. Strategies have been or are being developed to combat the various aspects of early school leaving in the various Member States mentioned, although in some cases there is room for improvement as regards their consistency.

Article 8 of Regulation (EC) No 1260/1999 states that 'Community actions shall complement or contribute to corresponding national operations.' Moreover, ESF support is required in so far as it improves the quality of measures and has a lever effect in enabling them to reach more beneficiaries.

23. There have been arrangements in place in the United Kingdom since 2005 to ensure a coherent and focused strategy (i.e. Strategic Area Reviews: Stars). At mid-term, the role of each measure was further clarified to ensure that no possible confusion could be created. As to the research reports, there were other means of influencing the targeting of beneficiary groups or the choice of ESL activities (i.e. connections recording systems).

25. As a general rule, the Member States' approach has been to define different target groups on the basis of their national education systems and their specific problems. These target groups have been quantified to a greater or lesser extent to obtain an overview of the situation.

27. The change in the setting of target groups in the United Kingdom following the mid-term review clarifies the purpose of the priorities.

31. In France, the main statistical indicators of the Evaluation and Long-Term Planning Department (DEP) are published annually. As this area is decentralised, it is up to headteachers to define the way in which it is organised and the strategies to be followed in combating early school leaving and to present an annual analysis, based on DEP data, of the situation of unqualified school leavers and the policies to be implemented by the central administration. An annual survey of unqualified school leavers aged over 16 is also conducted. In Portugal, the national authorities have defined several statistical indicators which were used in the mid-term review, leading to a substantial reinforcement of measures designed to address ESL.

32 and 33. ESF measures generally focus on categories of students above the ages of 15 or 16, the aim being to facilitate their entry into the workforce. However, in two of the six countries audited (Portugal and France), there are also co-funded measures targeting the under-16s.

34. As the European Council has set itself the political target of halving the ESL rate by 2010, relative progress against that target can be measured in each Member State on the basis of the particular situation prevailing there.

All national objectives relating to early school leaving are in line with the European target.

In 2001 the Dutch authorities set a national target of contributing to the Lisbon objective (halving instances of early school leaving by 2010).

35. It is up to each Member State to distribute funds within each programme between different regions or measures. Distribution depends on a range of criteria (some of them political) taking account of local needs.

36. A large number of studies, evaluations and research projects on this subject have been conducted and statistical data collected. The use to which they are put could be systematised.

37. The Commission welcomes the good practice mentioned by the Court in the cases of Ireland and the United Kingdom, which have established consortia of schools operating under written agreements in order to improve the efficiency of project and programme administration.

To avoid overlap with the previous project (the Research and Evaluation strand of the Early School Leavers Initiative) and to take advantage of synergies, the Irish authorities decided that it was more appropriate to continue work on the tracking template (of the previous project) under the Primary Pupil Database Project.

38. In France, the approvals procedure is based on standard aid application forms used by schools.

Where applicable, the authority responsible in each Member State should disseminate good practice identified in the projects audited by the Court (in the case of the UK, these include the Surrey Care Trust and Youth Inc.) for the benefit of other selection procedures. Using detailed selection criteria facilitates identification of the groups most at risk.

39. The issue noted by the Court in connection with the UK has been addressed following the Mid-Term Review.

40 and 41. In several of the cases mentioned, objective criteria are now used to select beneficiaries. In Ireland, for instance, guidelines on the targeting of pupils (ESL risk assessment) have now been made available to all projects and have been covered in the course of the in-service training provided for local coordinators. All projects use a form of student profiling. Moreover, there is a fair, justifiable basis at project level for linking resources and needs transparency, where Early School Leavers Initiative projects are concerned through the use of pre-designed selection criteria applying a scoring system.

In the UK, several detailed databases at Connexions level (input following school profiling exercises, pupil interviews) and a number of instances of good practice as regards beneficiary selection criteria are helping to improve choices and thus enhance use of resources.

In France, each education region comes up with solutions on the basis of the needs expressed in discussions about the situation and the strategic objectives which it has set within the framework of its education plans. Consequently, the criteria applied may vary from one regional education authority to another.

In the Netherlands, pupils meeting the minimum requirements include those who have not obtained any recognised qualification at the level immediately below their present one, those who have used up the time available for them to spend on education, those with social difficulties and early school leavers who have been guided back to school through the remedial system. Consequently, nearly all of the pupils concerned are, because of their nature and characteristics, at high risk of leaving school early. This is confirmed by the education inspectorate's annual reports on the state of education.

Schools submit their project applications, which are then judged on their formal and management aspects and their content using reference frameworks such as standard protocols and assessment matrices. If necessary, additional information is requested and provided by the applicants. The output indicator built into the financing system also guarantees effective selection, and benchmarking between projects is carried out on the basis of cost data.

42. In France, the information system responsible for collecting data on the activities of the General Integration Measure (MGI) is currently being overhauled with a view to improving the reliability of analyses. The new version will be available in 2007. In the meantime, changes are to be made in recording pupils registered participating in the measures, so as to improve the reliability of the data.

43. The Commission recognises the importance of sharing information (particularly between primary and post-primary schools). However, schools can be reluctant to share pupil information, particularly pupils' psychological assessments and pupil profiles, with other schools, as there are fears about the possible future legal implications arising from the sharing of such information. In Ireland, the National Coordination Team issued a letter to all projects in October 2003 on targeting and sharing information. This issue will be examined in greater depth by the overall Management Committee, and the Department of Education and Science has also started to develop protocols for integrated working (and, hence, information sharing) between the National Educational Welfare Board and coordinators working on other programmes for the disadvantaged, including the School Completion Programme.

In the United Kingdom, the National Audit Office report regarding cooperation between British agencies also found evidence of much goodwill between bodies when it comes to collaborating and sharing information. The Commission stresses that data protection legislation may limit the sharing of personal information between the different levels of schools and educational bodies.

45. For Ireland, with responsibility for the programme now transferred to the expanded Social Inclusion Unit and with the establishment of the overall Management Committee, the issues highlighted in relation to cross-communication and exchange of information should not present a problem in future. Guidelines on the targeting of pupils (ESL risk assessment) have now been made available to all projects. The new overall Management Committee will further refine the core risk indicators and disseminate the results to all projects on the ground.

The arrangements in place in the Netherlands should minimise the risk mentioned by the Court. Information is exchanged via the network of ESL coordinators, platforms, various working associations, evaluation studies and internet sites to allow schools to benefit from each other's experiences and to avoid 'reinventing the wheel' for comparable activities.

46. As the prevention of early school leaving is a preventive measure, there are indeed limits to measuring its effectiveness. In the medium and long term, the number of early school leavers should drop as a result of the measures. This is confirmed by the 2000 to 2004 trend reported in the Communication on modernising education and training (COM(2005) 549). It will always be difficult — even for an evaluator — to separate the effects of an ESF early school leaving project totally from the impact of other national policy measures aimed at preventing early school leaving.

In the UK, the national authorities are adapting the system to allow for intermediate data collection (added to the collection at project closure).

47. The mid-term review does not seek to measure the impact, which depends on the results and the degree to which the quantified objectives are achieved by the end of the programme. While the mid-term review is conducted at Operational Programme level (as stipulated by Regulation (EC) No 1260/1999), for the Member States audited, the mid-term evaluations referred to specific measures targeting ESL, and action has been taken to adjust the focus and strategy where necessary. The problems detected in the mid-term evaluations have repeatedly been addressed by the Commission's departments in their contacts with the authorities in the Member States.

As regards the UK measure, the issue noted by the Court (the risk of overlap between target groups in measures 3.1 (Priority 3) and 2.2 (Priority 2); multiple target groups, leading to confusion and complicating data collection) has been addressed following the mid-term review.

48. As regards Ireland, this statement has already been made under point 24. As regards Portugal, the special review in 2002 and the mid-term review enabled the EU-Member States partnership to focus especially on monitoring the problem of early school leaving. This led to a substantial review of the objectives and funding of measure 1 of PRODEP when re-programming took place in 2004.

## CONCLUSIONS AND RECOMMENDATIONS

52. There is an appropriate monitoring and control mechanism in place to ensure compliance with the principles of sound financial management, in accordance with the Commission's powers and in proportion to the level of European Union support, although there is room for improvement through

better use of information. The Commission would refer to the various processes implemented with a view to guaranteeing this, which are described in the replies to points 14 to 16.

Going beyond the mechanisms already in place, the Commission will pursue and extend the implementation of these recommendations within the limits of its powers. By way of example, as regards the organisation of evaluation, the 'Guidelines on ESF monitoring and review provisions for the 2000 to 2006 period' are adequate general guidelines which can be applied to different individual cases. Exchanges of good practice in the field of sound financial management will also be pursued.

As regards checks on the Member States' management systems, audit recommendations on sound financial management are issued where the situation warrants.

53. The recommendations made under the following points (54 to 60) must also be assessed in the light of the Member States' specific responsibilities as regards planning the management and control of the Structural Funds. ESF measures to benefit ESL are part of a broader national policy context and need to be analysed as such. The definition and implementation of measures designed to combat early school leaving respect the national character of education policies and strategies.

54. As a general rule, the Member States' approach has been to define various target groups, depending on their national education systems and their specific problems. These target groups have been counted to a greater or lesser extent to obtain an overview of the situation (see the replies to points 18 to 25).

55. The Commission would refer to its reply under point 54. As far as the Netherlands' ability to estimate the population targeted by ESL actions is concerned, the situation mentioned by the Court has now been remedied through the use of a national database.

In several of the Member States mentioned, quantified national targets have been set to reduce early school leaving in line with the European target. In the medium and long term, the number of early school leavers should drop in response to these measures. This is confirmed by the 2000 to 2004 trend as reported in the Communication on modernising education and training (COM(2005) 549).

56. The distribution of funds between the various regions of a Member State or between the different measures is a national responsibility. Distribution depends on a number of criteria, some of them political, which take account of local needs.

The Commission agrees with this recommendation, but it should take into account the political nature of the choices determining the allocation of funds.

57. The Commission welcomes the good practice mentioned by the Court in the cases of Ireland and the UK in establishing consortia of schools operating under written agreements to improve the efficiency of project and programme administration. In many of the cases mentioned, objective criteria are now used for the selection of beneficiaries. For example, in France the approval procedure is based on standard aid application forms used by schools. Frameworks such as the standard protocols and assessment matrices used in the Netherlands also ensure proper project selection.

The correct application of sound financial management principles to project selection and follow-up procedures is part of the Commission's audit strategy and should be reinforced.

58. Measures have been put in place for the two Member States concerned (Ireland and the Netherlands) to improve the coordination of measures and the dissemination of research findings. Mid-term reviews have referred to the specific measures designed to combat early school leaving in the Member States audited. Where necessary, action has been taken following these reviews to fine-tune the strategy and the targeting of measures.

60. Early school leaving is one of the explicit priority areas of the European Employment Strategy (EES), which involves all the Member States working within a common framework. Each year, the Commission and the Member States agree on a series of guidelines for action. All the Member States work towards these goals within their own yearly employment action plans. Each year, the Commission sets out, in its draft Joint Employment Report, the Member States' progress in complying with the guidelines adopted the previous year. The ESF thus translates the national priorities identified in the framework of the EES into concrete priorities and measures for funding.

This means that ESF programmes are implemented in a decentralised context, which is the best way to address the specific ESL problems of each Member State.

See also the reply to point 53.

As far as good management is concerned, the Commission agrees with the general principle stated by the Court.

In addition to the mechanisms already in place, the Commission will pursue and extend the implementation of these recommendations within the limits of its powers.

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