

Structural Funds for Financing of the International Co-operation in Human Resource Development

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ABSTRACT: *The European Union (EU) is a family of democratic European countries, committed to working together for peace and prosperity. It is not a State intended to replace existing states, but it is more than any other international organisation.*

The EU is, in fact, unique. Its Member States have set up common institutions to which they delegate some of their sovereignty so that decisions on specific matters of joint interest can be made democratically at European level.

The Structural Funds and the Cohesion Fund are part of the Community's structural policy, which is intended to reduce the gap in terms of development between different regions and between Member States of the European Union and thereby promote economic and social cohesion.

The Structural Funds are the main channel for the European Union's financial and technical co-operation to help the countries of Central Europe prepare for accession to the EU. Set up in 1989 to support reform in Poland and Hungary, today the programme has been extended to include 10 partner countries from Central Europe, all of which have applied to the European Union, including the Czech Republic.

The European Commission, which is the executive body of the European Union, is responsible for funds, in co-operation with the recipient governments.

This paper deals with actual problems of projects funded from the beginning of the programme in the Czech Republic from 1990 to future and indicates their budgets and their implementation form. This paper also indicates types of EU-financed projects with orientation for support international cooperation in human resources development.

1 INTRODUCTION

Dissemination of information and communication technologies through all society levels creates the global information society, which builds its wealth on human capital. The success of society is given by individual's ability to determine the relevant information sources, by the ability to acquire the information, by the ability to analyse them and utilize for some decision-making processes, for dealing with tasks and problems and for enhancing the work or personal life effectiveness.

Information society requires a new approach to education with the stress on lifelong learning because the growing part of the educational processes will take place out of the closed environment of schools and in all components of the educational system. Information literacy becomes a necessary prerequisite for survival. Its importance shifts to the same level of other literacy components like reading, writing and calculating. That is why many countries adjust their educational systems to the needs and challenges of the information society and significantly invest to the integration of information and communication technologies (ICT) and education.

The human resources development is according to the predominating contemporary international practice understood as a process of lifelong education (formal and informal) including learning from practice mainly oriented to better employability, increase in competencies and performance of individuals and work teams. This term includes a wide scale of activities, opportunities and incentives in educational system, economic practice, public administration and other sectors. The term lifelong education is used in the meaning of the Memorandum on Lifelong Learning issued by European Committee in November 2000. The EU defines the lifelong learning as "all learning activity undertaken throughout life, with the aim of improving knowledge, skills and competence, within a personal, civic, social and/or employment-related perspective."

Lifelong learning is perceived as a lifelong educational continuum. The Memorandum also contains the newly coined term lifewide learning, which enriches the picture by drawing attention to the spread of the learning regardless of life stage, place, time or form of learning.

According to the Memorandum the lifelong education includes:

- Formal learning that takes place in educational institutions, which functions, aims, content, means and ways of classification are defined and determined in legislation. The typical educational institution is e.g. a school.
- Non-formal learning does not typically lead to formalised certificates. It takes place alongside the mainstream systems of education. Non-formal learning is focused on certain groups of population and is organized by various institutions (institutions for education of adults, cultural institutions, clubs, foundations etc.)
- Informal learning as a process of acquiring knowledge and skills through everyday experience and contacts. Unlike formal and non-formal learning, informal learning is non-organized, non-systematic and institutionally non-coordinated.

The Memorandum emphasizes two equally important aims for lifelong learning: promoting active citizenship and promoting employability. The terms employment and employability are used as follows:

- Employment as an active participation of able to work inhabitants in economic activities. Employment policy is focused on reaching the balance between workforce supply and demand, it tends to productive utilization of human resources and to ensure the citizens' right to work
- Employability as an ability to be employed. It is a complex of capabilities in particular areas, knowledge and skills that give a chance to be successful in the labour market. It also includes the will connected with resistance, enterprise and desire to succeed, self-confidence and consciousness of the necessity of progressive and responsible attitudes in employment

The EU prepared some valuable support programmes for the development of human resources and for the development of information and knowledge-based society.

2 THE EU PROGRAMMES TO SUPPORT THE HUMAN RESOURCES DEVELOPMENT

The process of convergence with the EU and the preparation for active membership in the EU are priorities and strategic challenges at the same time. Acceptance of "acquis" is not only a matter of legislation frameworks' convergence and establishment of appropriate institutions but in much greater measure it is a question of values, attitudes, qualification, absorption of new information and experience, orientation in complicated international environment, making new contacts, collaboration with foreign partners etc. It is important to bear in mind that not only the economic growth but also interlinking is a priority of the EU.

The preparation of sufficient number of highly qualified experts who will be capable to work in the institutions of the EU is another challenge.

Of the immediate practical challenges connected with the preparation to membership, it is important to emphasize the ability to prepare, discuss and realize the available projects and programmes of the EU. Institutional framework for utilization and management of the pre-accession and structural funds must not be limited only to administration and formal assessment of the projects but have to come out of the assumptions of future human resources demand and of the strategic intentions to strengthen their competitiveness.

3 TYPES OF PROJECTS FINANCED FROM THE EU RESOURCES

There are a few various projects that are financed from the EU resources and the Czech Republic benefits from them:

- Services including consultancy, training and studies that concerns the preparation to the EU membership and implementation of the projects financed from the EU resources.
- Supplies of equipment that should help to apply legislation and policy of the EU (acquis communautaire).
- Building works in the frame of the infrastructure's building to protect the life environment (e.g. waste treatment plants) with the aim to help the Czech Republic to achieve the EU standards.

- Grant and loan schemes according to which the funds with clearly formulated criteria are founded or supported. Czech enterprises, non-governmental organizations and individuals are called on to submit their applications for grants and loans, which are subsequently given to those who were the best in meeting the criteria. It includes also the EU programmes that have usually been accessible only for the member states so far but now they were broadened to the candidate countries too. These are usually programmes in the area of education and vocational training.

In some cases the grant's beneficiary can decide to lend the resources to enterprises or other organizations but the EU does not require those resources back as long as they were used for the purpose they were given on. Services, supplies and building works have to be done by the firms that are capable to do them and that were chosen in bidding. Some specialized governmental and non-governmental institutions can also be connected.

4 PARTICULAR TOOLS FOR FINANCING OF HUMAN RESOURCES DEVELOPMENT

Community programmes

The term "community programmes" is used for the activities that the EU created over the years with the aim to support the cooperation between the member states in various specific areas that concern the EU policies. Although these programmes were originally intended only for the member countries, within the frame of new countries' preparation to the accession into the EU, the participation in the programmes is gradually broadened to the candidate countries.

Structural Funds

Structural funds and Cohesion fund represent the part of the EU structural policy whose aim is to reduce the differences in conditions for development between various regions and between various member states and by this contribute to the economic and social coherency.

The EU has four financial instruments to promote the regions:

- The European Social Fund (ESF) was founded in 1957. Investment in the human resource development.
- The European Guidance and Guarantee Fund (EAGGF),
- The European Regional Development Fund (ERDF) was founded in 1975. Promotion of economic infrastructure.
- The Financial Instrument for Fisheries Guidance (FIFG) was founded in 1993.

And the Community Initiatives - EQUAL, INTERREG, URBAN and LEADER.

The European Social Fund

is one of the EU structural funds which supports the European Employment Strategy targeted on the promotion of employment and employability of the people in the EU.

Activities, which individual member states chose within the frame of their national plans as crucial for fulfilling the national aims of the EES, are financed from the ESF resources.

During the years 2000-2006 the ESF concentrates on five areas that comply with the main points of the European Employment Strategy:

- active labour market policies to fight unemployment,
- promoting social inclusion,
- lifelong education and training systems to promote employability,
- anticipating and facilitating economic and social change,
- improving the participation of women in the labour market

Within the frame of those policies it is also possible to promote education, create new jobs, increase the qualification of scientists, develop the structure and systems of education and the labour market with the preservation of equal access to those activities.

The community initiative EQUAL that supports trans-national cooperation to fight all sorts of discrimination and inequality preventing access to employment is a part of the ESF.

Harmonogram

- End 2002 – submission of documents to government

- March 2003 – sending the documents to the European Commission for examination
- During 2003 – eventual corrections of the documents based on the EC recommendation, preparation of implementing structures and their internal audit, preparation of the projects that will apply for support
- 2004 – 2006 - audit of the implementing structures after the accession to the EU and official approval of the documents, contracts, realization of the projects, preparation of new documents
- 2008 – ending of the resource utilization, closing of the programmes

Phare

The Phare programme is the main instrument by which the EC assists the candidate countries of central and eastern Europe in their preparations for joining the European Union. The programme was created to support the reforms in Poland and Hungary in 1989. The original intention of the Phare programme was to assist the applicant countries on their way to democracy and market economy. However the original role of the Phare programme changed and since 1994 it has been focused on the support of the candidate countries in their preparation for accession to the EU. The European Commission as an executive body has a full responsibility for the resources. The Commission co-operates with the national governments of the countries that have benefits of this programme.

Socrates II (2000-2006)

SOCRATES II is the European Community action programme in the field of education, which continues after the first phase of the programme, and at the same time it introduces a number of new activities and aims. Socrates II places emphasis on the strengthening of the European dimension in education by promoting co-operation of schools and other educational institutions, mobility of students and teachers, improvement of the knowledge of the languages at all levels and types of education and by encouraging innovation in the development of educational practices including new information and communication technologies in education.

Leonardo da Vinci (2000-2006)

is a European programme supporting quality, innovation and European dimension of vocational education. Member States of the EU, Norway, Liechtenstein, Iceland, Cyprus, Malta and associated central and eastern European countries (CEEC i.e. the Czech Republic, the Slovak Republic, Poland, Bulgaria, Estonia, Hungary, Lithuania, Latvia, Romania and Slovenia) can participate in the programme.

5 FINANCING OF THE HUMAN RESOURCES DEVELOPMENT

The area of financing the human resources development is a very complicated and sensitive subject. Limited financial resources are a big challenge for the entire system.

Financing from more resources, diversification of the financial resources and utilization of alternative approaches to financing are trends in highly developed countries. A range of legislative, administrative and economic barriers to higher involvement of private sector in financing exist in our country.

Burden of financing the human resources development rests on public sector, particularly on the state budget. The public sector dominates in financing, in providing initial education incl. vocational and plays an important role in the area of subsequent education of adults e.g. in re-qualifications or in distance education at public schools.

Although education is one of the priorities of the public finance, it is not sustainable to finance growing demands on human resources development and particularly on education mainly from the state budget in future. The aim is to enhance the participation of private sector in financing of education or rather some of its components.

The expenditures of enterprises in Central and Eastern Europe on the development of human resources compared to those in highly developed countries are low. Enterprises do not even significantly participate in financing of vocational education. Moreover during the present phase of restructuralization, when many enterprises fight for survival, any increase of their expenditures can be fatal. Experience of educational institutions evidences that demand for training by enterprises is closely related to their economic situation. Investments of the individuals in their education and development is also insufficient

although the individual benefits resulting from the acquired education esp. tertiary and subsequent education can be many times greater than individual costs. However, analogous to the enterprises there is a range of obstacles to higher participation of individuals in the financing of education. Underestimation of education and resulting unwillingness to pay for it is one of the most common barriers.

It is necessary to ensure that the lack of money in the families with children will not make their access to education more difficult, particularly for those who are gifted in some areas. Many habits and prejudices from past are also influencing the perception of people. Education was not considered as an economic investment and people got used to the fact that education is free regardless of the costs.

6 MAIN STRATEGIES OF THE FURTHER DEVELOPMENT OF HUMAN RESOURCES

When evaluating the effects of the investments in the human resources it is necessary to take into account not only the direct and indirect economic (financial) effects but also non-economic (non-financial) effects that demonstrates as higher effectiveness of enterprises, lower unemployment, higher wages and salaries of employees and higher profits of entrepreneurs. Other benefits or utilities resulting from higher level of education are for example higher ability of rational and independent decision making, better readiness to future changes (concerning the scope of employment, career or job), better utilization of democratic rights and stronger sense of responsibility, better social cohesion, more ecological behaviour, better health condition of inhabitants, prolongation of active age, better individual and family planning of investments etc.

Improvement of the life conditions of some problem groups will be better influenceable by education than by any other means or strategies. It is necessary to systematically evaluate the effects and value of education and compare them with the effects and costs of alternative programmes in the frame of public budgets and projects of enterprises and households. It is necessary to reach the wide political accordance about the priority of investments in the human resource development. This will be basis for looking for and fostering of new sources and forms of financing the human resources development. At the same time it is necessary to perceive the expenditures on education as a system, which should bring synergic effects that have more general impact on economy. It seems to be useful to give preferential treatment to public expenditures on active policy of employment, particularly on re-qualifications and some other supports aimed to higher employability of citizens. Perhaps it should be policy or more precisely regulation that strictly determines that wherever it is possible and desirable investments in human resources will be preferred.

Implementation of a range of actions stimulating the enterprises to higher investments in education would help in the entrepreneurial sphere. They could invest not only in their present employees but also in their future employees – pupils, students and apprentices. It is necessary to think over and prepare:

- system of direct and indirect financial support of education for SMEs (e.g. by tax benefits or by providing some public purpose grants),
- decrease taxes on firms that invest in education of their employees and support more general education improving their employability and flexibility in the labour market,
- project of national, regional or firm funds where employees, enterprises, government, municipalities etc. would contribute. These funds would finance the projects and programmes of vocational education,
- measures for support of fair co-operation of enterprises and national and regional educational systems and transparent conditions for financing of schools by enterprises, suggestion of significant tax preferences in the case of donations and grants for education
- information service for enterprises, employees and the unemployed about the offer and instruments of public support and financing of education

It is necessary to make an effort to improve individual interest in education and to enhance willingness to spend own money on it. It should be a real strategy of gradual enhancement of the individuals' participation in financing the human resources development depending on the general incomes growth, which would motivate the users to enhance and broaden their education and at the same time to get them used to the necessity to financially participate in the costs of their own education (the strategy of small successive steps). For that it will be necessary to prepare and develop:

- compound form of the individuals' education financing (individuals, government, regions, municipalities, enterprises, funds and foundations participate in it). This should go from the analysis of the present situation and from abroad experience
- tax preferences to individuals who invest in their education
- system of financial support for the unemployed and for the employees who want to enhance their employability e.g. in form of public grants, contributions or loans that will be payable after reaching a certain level of income (so-called Australian system); giving of public funds for a specific purpose could be conditioned by expending own money
- improved system of public grants and public social supports that will enable education for all people who want to educate themselves, particularly for those with lower incomes
- information service for the citizens about the offers of various forms and areas of education and their relation to the employability (demand for various professions). It could also pay the attention to the possibilities of financial help.

Financial sector and market should be more involved in the financing of the human resources development. Households and organizations could search for the financial resources on education in the credit market.

Collective investors e.g. investment funds can also participate in the investment in the human resources. It is necessary to support the development in this area by effective instruments of liabilities' determination and their recovery. The system of loans paid off by instalments, as a proportion in their future incomes, should be set up to not allow denying the incomes.

Financial support of socially disadvantaged but talented pupils and students will be very important. Hence it will be necessary to:

- evaluate present national and regional systems of providing grants and social supports and design its improvement to enhance the effectiveness of learning,
- elaborate the project of governmental support (financial and moral) of private grants and other supports for talented students
- enable tax preferences for firms providing grants to socially and economically weaker students

The public educational institutions should be urged to seeking, acquiring and goal-directed utilizing of non-budget resources for financing of education, research and development and widening the offer of study programmes.

Strengthening the multi-source financing of educational institutions will depend on the abilities of their managers and also on administrative and legislative conditions.

The development of distance learning, e-learning and self-education programmes (with use of information technologies) is another not very common way of decreasing the costs of education. Some of these methods can be suitable for broader use in public education.

7 CONCLUSIONS

Strategic recommendations in the field of financing can seem to be excessive with regard to the long-term insufficiency of resources in the system incl. the limited number of highly qualified educators and high-quality education opportunities. Certain fear can arise that increasing of expenditures will increase averageness and the resources will be given also in activities that will not be necessary or of high quality. Therefore it is important to deal with financing in connection with all other strategies and prefer selective approach focused on consentaneous priorities and on programmes and activities, whose relevance and quality are indisputable.

If Europe wants to maintain and increase its competitiveness in the global market, it has to work on the human resources development and it has to develop education as a whole i.e. in all areas, sectors and stages and it has to prepare economically active citizens for work and life in information and knowledge-based society. The recommendations mentioned above have to get in all forms of education, in support and development of lifelong learning, in maintaining of information and research background and in development of modern, high quality and effective methods of education.

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