

EAPN RESPONSE TO THE THE DRAFT JOINT EMPLOYMENT REPORT 2009

Context: On the 24th of November, 2009, the European Commission launched a consultation on the EU 2020: [A New Strategy to make the EU a smarter, greener social market](#). EAPN responded by submitting its own assessment and proposals for the new Strategy (see [here](#)). At the same time, EAPN developed its own full proposals on the new strategy, in the document [An EU We Can Trust - EAPN Europe Proposals to Ensure a Legacy for 2010 Year for Combating Poverty and Social Exclusion](#). [The EAPN Crisis Report – Social Cohesion at Stake](#) presents a review of its member's assessment of the impact of the crisis and the recovery packages. On the 15th of December, the Commission released its draft [Joint Employment Report](#). This paper builds on the afore-mentioned EAPN positions, outlining our assessment regarding how EAPN concerns are reflected in the Joint Employment Report (JER) for 2009.

Key messages

- The Joint Employment Report does not underline enough **the key role of employment policies in eradicating poverty and social exclusion**, a key element in the context of economic crisis.
- The **full notion of Active Inclusion** (with its three pillar-approach focusing on access to quality employment, adequate income support and access to quality services) **could be more effectively mainstreamed** in the European Employment Strategy, hence using a significant opportunity for effective approaches to support those furthest from the labour market into quality, sustainable employment.
- **Job creation strategies are regrettably missing** from the document, the emphasis being placed rather on defending current jobs and increasing the employability of jobseekers.
- There is a need to **stress quality of employment**, particularly in order to ensure that jobs created and defended provide a real route out of poverty, rather than contributing to in-work poverty.
- **EU financial support can be better targeted** towards **job creation** and providing personalized support and pathway approaches to vulnerable groups, including through supporting the work of the civil society.
- **Stakeholder involvement** in the European Employment Strategy **should be actively supported and promoted**, by giving a real voice to people experiencing poverty and their organizations.

1. Positive aspects

EAPN welcomes the fact that:

- There is an explicit mention of the “**urgency of implementing comprehensive active inclusion strategies**, with balanced and integrated action across the three pillars (p.4). This could be further improved by concretely supporting integrated approaches and proposing a roadmap for the implementation of the active inclusion principles.
- **Adequate income support** is consistently mentioned throughout the document, once explicitly recognizing its role in preventing poverty (p. 9).
- The Report points out that a **better balance between security and flexibility** is needed (p. 2; p. 6; p. 8; p. 9), underlining the need for more security and protection of employment rights, as means of improving transitions, combating precarious employment and addressing undeclared work.
- An emphasis is placed on the **need for mutual learning** and the need for a constructive dialogue (p. 2), which could be better supported by enlarging stakeholder involvement to the participation of beneficiaries and their civil society organization.
- **Strengthening of social cohesion** is deemed as an explicit objective of employment policies (p. 3). This could be achieved also through proposing quality jobs, which provide living wages which can help close the income gap.
- **Vulnerable groups**, including women, youth, older workers, people with disabilities and migrants/minorities **are explicitly mentioned** in the Report (p. 3), but the case needs to be made more strongly for the need of anti-discrimination.
- **Social economy** and the non-profit sector are highlighted in the context of measures to promote jobs adopted in a number of Member States.
- **Positive reconciliation measures** are featured in the document, together with several innovative approaches to achieving balance between professional and private (p. 5). Unfortunately, there is insufficient progress in most Member States on reaching their quality and affordable childcare targets.
- The **validation of non-formal and informal learning** has been stepped up in a number of Member States (p.7)

2. Analysis of the Report

The Report starts by an overview of the current employment situation in the Member States, identifying **falling demand**, **employment contraction** and **rising unemployment**, which corresponds with EAPN members’ assessment on the ground. Because of the informal labour market, self-employment and precarious work, the unemployment figures are likely to be higher (UK, CZ, ES). The risk of expected **jobless growth** is highlighted, which opens an opportunity to make a strong case for **investment in job creation**, as well as **increasing access to the labour market**, especially for vulnerable groups and for those already excluded

The JER continues by analyzing progress made under the three priorities established by the Employment Summit of 2009:

1. Increasing labour supply and modernising social protection systems

EAPN warmly welcomes that the Report underlines the **urgency to implement comprehensive active inclusion strategies**. However, most national employment policies prioritise further flexibilisation of labor market and further activation combined with punitive conditionality, instead of integrated approaches, access to sustainable employment, job creation and the social economy. EAPN would have expected the JER to argue for the integrated **Active Inclusion approach** to be fully mainstreamed in the EES and the NRPs.

Access to employment needs to be given equal importance as defending jobs, in order to avoid the creation of a frozen labour market, perpetuating a gap between insiders and outsiders. The focus seems to continue to be on negative activation, combined with punitive conditionality, as reported by our members in UK, SE, NL, IE. **“Make work pay”** approaches and the corresponding sanctions are negatively impacting people experiencing poverty who are already outside the labour market, perpetuating a cycle of exclusion. The emphasis should be placed on support for these groups, rather than on incentives. More weight should be given to **pathways support measures**, both in governmental institutions and grass-root projects and programmes, targeting specific elements, such as opportunities for **training and counseling**, as well as support with **flanking services** such as childcare. Regarding the demand side, measures need to be put in place to ensure that employers comply with pro-active anti-discrimination policies and approaches. Public Employment Services need to provide a **more personalised approach**, and more support is needed for NGOs offering these personalised services, as well as for an **increased cooperation between PES and NGOs**.

Most EAPN members support that the scarcity of jobs is hardly compatible with active measures to increase labour supply, if these are not accompanied by appropriate **job creation mechanisms**. Public investment in smart, green jobs is badly needed, as well as in jobs in services and the care sector, as mentioned by President Barroso in his Political Guidelines. Evidence from Finland and Spain indicates that **public investment** can be used to create jobs in infrastructure and the public sector. Specific focus must be given to measures that will enable people who are currently outside the labour market to access both types of jobs. **Structural Funds** can play a key role in supporting this process. **Social economy**, and particularly Work Integration Social Enterprises (WISEs), as well as inclusive entrepreneurship, could be further supported by providing an adequate legal framework to ensure their good functioning, sharing of best practices and access to resources. Also, **partnerships at the local level** need to be encouraged, so that the newly-created jobs deliver on social inclusion and reach those who are currently excluded from the labour market.

Social protection systems have often proved insufficient to effectively cushion the impact of the crisis, especially on vulnerable groups. Although several countries have operated changes in terms of duration of benefit levels or eligibility criteria, such as CZ or RO, most EAPN members report that income and benefits remain at **inadequate levels**. This has been confirmed by the recent Social OMC Independent Experts Reports | October 2009. Countries such as Italy, where no adequate support schemes are in place, are particularly vulnerable (as with Hungary, Spain and Norway).. Current systems of social benefits and unemployment benefits are not enough for people to live a dignified life. Moreover, **cuts in social protection and benefits** have been reported in LV, HU, IE, DK.

Improving the adaptability of workers and enterprises

Several Member States have opted for **flexicurity strategies**, in order to improve the adaptability of workers and employers. However, most measures favour increased flexibility to the detriment of security. EAPN welcomes the repeated references in the Report to **strengthening security and employment protection**. Flexibilisation of the labor market currently stands for increased precariousness, without an increase in security. In France, the emphasis is on flexibility, without accompanying security measures and reinforced social protection.

Short-time working arrangements, although sometimes effective in maintaining jobs and preventing higher unemployment rates, also meant, for some countries, **reduced wages**, not adequately topped up by corresponding social protection. The question remains how will the transition be made back to normal working time. In DE, for instance, temporary support measures for such arrangements were withdrawn, and one more extra million people are expected to join the unemployed.

Improved adaptability must not endanger **quality of employment**. Several EAPN members report a degradation of working conditions (LV, NL), as well as downward pressure on minimum wages, with decreases noted in IE and LV. EAPN is disappointed that the full requirements of [Guideline 17](#) are not being implemented or monitored – particularly the reference to “improving quality at work” as a specific horizontal theme. In the light of the demands of economic recovery, **decent living wages form a crucial element to support consumer demand**, as well as ensuring decent living standards, and a key instrument in the fight to ensure that work provides a route out of poverty. However, there is no mention of the 17% of the employed population which still lives in poverty, despite having a job. Adequate minimum **wage levels** (living wages), together with **proper working conditions** and **training opportunities** need to be placed at the heart of the employment agenda, to guarantee that a job does indeed ensure a route out of poverty, as well as respect for human dignity.

Evidence (reference the crisis report) from EAPN members supports that people on **temporary contracts** were the people in employment worst hit by the crisis, together with the **low-skilled**. These categories are also the ones having the hardest time to come back to the labour market. There should be a call for **better employment protection** and less segmentation of the labour market, in the sense of providing more secure contracts. We appreciate the references to the challenge posed by **labour market segmentation**, as well to the problems raised by **undeclared work**.

Increasing investment in skills and human capital

EAPN welcomes the references to **increased opportunities for lifelong learning**, especially targeting the low skilled and the unemployed. While measures to upgrade skills in order to pave the way for better jobs are needed, EAPN members highlight that training opportunities need to be available also – or especially – to people currently outside the labour market and to vulnerable groups, in order to increase their access. The focus on education and training needs to be complemented by **measures aimed at job creation**, in order to ensure better matching between the skills acquired and the labour demand. The high rates of youth unemployment in countries like CZ, for instance, can be explained by a mismatching of qualifications with the jobs offered.

Professional training, especially in what concerns reconversion, is a crucial issue, and it should be adapted to individual situations, while taking into account labour market expectations, but also specific circumstances of individuals, especially their living conditions during training. Adequate income support systems need to be in place to ensure that jobseekers can lead a dignified life while receiving training. As pointed out by the report, the **recognition of non-formal skills** and competences is a key aspect.

As pointed out by the report, the situation of **young people** is extremely difficult, registering very high levels of unemployment in countries such as UK, IE, NL, BE etc). This category is particularly hit, as young people who have never worked before are ineligible for most benefit schemes. **Apprenticeships** need to be supported by **appropriate income schemes**, to prevent financial dependency on parents and families and to encourage youth autonomy. **Older people** also find themselves at the frontline of personnel cuts (CZ), while pension levels are significantly threatened by cuts in social security contributions and the impact to the crisis. Transitions between education and employment, and between employment and retirement, need to be safe and not trigger poverty risks.

Although **women's employment** seems to have suffered less, as indicated in the document, sectors which traditionally employ women (leisure, services, the public sector) are currently under risk, as for instance in the UK. However, women are also often concentrated in the informal economy and do not show up in normal statistics. Also, the economic downturn has put increased pressure on women to find jobs, which created additional difficulties relating to **reconciling their private and professional life**. The Report should stress more the importance to reach the **Barcelona targets of quality childcare**, as well as to improve the provision of care services for other dependents as well. Progress made on **parental and maternity leave** schemes and other reconciliation measures could be strengthened, by extending the period of nontransferable leave and by providing adequate remuneration and protection against dismissal. EAPN welcomes the highlighting of the **gender pay gap** as a persisting problem needed to be addressed.

Last but not least, **migrants** find themselves in a particularly difficult position. Although the report highlights a series of measures aimed at attracting migrants to the European labour market, these are not accompanied by **appropriate measures to facilitate integration**, and especially to **combat discrimination**. Undocumented migrants are amongst the first to lose their already precarious employment. **Lack of skills**, including linguistic competencies, is a serious obstacle for migrants wishing to re-enter the labour market. Public spending has been cut in some countries for anti-discrimination measures (IE), and **competition for scarce jobs** and resources exposes migrants and ethnic minorities to **xenophobic and racial backlash**, excluding them further from the labour market and undermining integration. In some countries (ES), migrants encounter specific difficulties in accessing **unemployment benefits**.

The use of EU financial support to enhance priority actions

The Report mentions some of the steps taken by Member States to use **the potential of Structural Funds** to curb the impact of the economic crisis, but EAPN members highlight that **these measures were mostly targeted at maintaining employment and supporting the recently unemployed** (FR). The resources could have also been used to **support people excluded from the labour market**, or to finance much needed policies dealing with **equality or discrimination** (IE) or to promote integrated Active Inclusion approaches, and access to services.. In countries where Structural Funds were used to cover **core social services**, traditionally provided by public authorities, doubts are raised about the sustainability of the provision, and about the general long-term shift towards the privatization of the sector.

Additionally, **NGOs on the ground face increasing and changing demands**, as they need to step up provision of multiple services addressing people's growing difficulties with debt, and to compensate for the cuts in public services. However, they are faced with **shrinking resources** and reduced financial support, as public subsidies are being cut, private funding is declining, and Structural Funds fail to deliver on social inclusion.

Improving Stakeholder Involvement

EAPN welcomes the call for an "open and constructive dialogue with social partners and other stakeholders", but insufficient steps have been taken to embed civil society consultation at the national level, through the national action plan/National Reform Programme process, as part of an on-going structured dialogue. In fact we **do not see the consultation** needed for reforms that have such an impact on people's lives. This lack of broader stakeholder involvement should be highlighted in the Report. Aside from the social partners, **civil society stakeholders, including people experiencing poverty and their associations and networks, are crucial actors** who will enable the development and delivery of more effective employment policy responses. Lessons need to be learnt from the **Social OMC**, which has greater experience of embedding such a dialogue and the current study and conclusions on governance and participation.

3. Conclusion

The JER makes no reference to the 16% of Europeans currently living in poverty, and **no poverty-proofing is carried out as part of the NRP process**. EAPN feels that the European Commission thus misses a great opportunity to send some clear strong messages on the fight against poverty and the role of effective employment strategies, linked to adequate social protection and access to services, especially given the troubled economic climate. Such a reference would have been expected particularly in the context of the **European Year for Combating Poverty and Social Exclusion** and the current reshaping of the Lisbon strategy.

Unemployment can't be addressed exclusively through **placing the responsibility on the individual** (increasing employability), without really taking on board the significant obstacles for many people from different groups to access the labour market, particularly in the current crisis context. Overcoming these obstacles needs specific **measures from the supply and demand side**, including crucial aspects of job creation, providing quality employment, and improving access to the labour market for those currently excluded. The key role of a job needs to be to provide people with **adequate wages, employment protection and opportunities for participation in society**, while virtuous circles need to be created between economic productivity and social protection.

The European Employment Strategy needs to be revitalized, while the fight against poverty and social exclusion needs to be effectively mainstreamed through it. The **Employment OMC** and the mutual learning process **need to be supported and strengthened**, including a clear methodology, and a real, on-going, structured dialogue with stakeholders, including civil society, as a fundamental way to get ownership, raise visibility and effectiveness. The integrated approach proposed by the **Active Inclusion strategy need to be mainstreamed** through employment policy initiatives and recovery measures.

The context of the **European Year for Combating Poverty and Social Exclusion**, as well as the designing of the new **2020 Strategy**, and the backdrop of the economic and social downturn, provide a great opportunity for doing what needs to be done to **promote good activation and active inclusion** and to implement commitments already made, for a more socially cohesive, poverty-free society in the European Union.