

SOCIAL AGENDA

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**European Social Fund –
Investing in human capital for growth**

EU economic governance
Population ageing



EDITORIAL

"The most urgent social matter", is how European Commission President José Manuel Barroso qualified youth unemployment, in his September 2011 State of the European Union address to the European Parliament.

Less than four months later, the Commission put forward a Youth Opportunities Initiative (YOI, see p.14): a wake-up call for more partnership and creativity in tackling youth unemployment here and now, addressed to the political authorities, business and trade unions at European, national, regional and local level. This can be done immediately, in particular by refocusing existing programmes and resources, and quickly disseminating measures that are being experimented in different parts of the European Union (EU) and are likely to succeed elsewhere.

"Without decisive action at EU and national level, we risk losing this generation, with a very heavy economic and social cost", emphasized European Commissioner László Andor when he presented the YOI on 20 December 2011. Right now, the Commission is discussing its implementation with each EU Member State, as part of the preparation of the European Semester of economic governance (p.7).

Breaking divides and creating synergies is the key, not just to promoting employment but also to safeguarding Europe's social model: synergies between short term action such as the YOI and longer term structural action such as cohesion policy, in the next phase which runs from 2014 to 2020 (p.16); synergies between the

European Social Fund and other EU structural funds (p.21); synergies across borders by identifying best practices which could also work elsewhere (p.20) and learning from each other (p.19); and of course, synergies between growth, employment and social cohesion, placing them on an equal footing (p.9).

There is yet another crucial synergy that needs to be achieved: that between young and old.

2012 is European Year of Active Ageing and Solidarity between Generations (p.24). Indeed, Europe's social model depends both on the younger generations being financially able to support Europe's ageing population, and on older people being able to participate actively in the labour market and in society at large for a longer period of time than is presently the case. The next issue of *Social Agenda* will devote its special feature to the European Year.

Misperceptions need to be straightened out by facts, such as this one: those countries with higher employment rates among older people also have higher employment rates among younger workers. Conversely, those countries with relatively low employment among older people also tend to perform worse in creating opportunities for young people.

Breaking misperceptions and artificial divides is good for the economy and for the well-being of individual people.

Koos Richelle

"Breaking divides and creating synergies is the key"

Focus On:



EU economic governance

Placing growth, employment and social cohesion on an equal footing p. 7

Human capital for growth

Towards more synergies between EU structural and cohesion funds, including the social one p. 16

Population ageing

2012 is the European Year for Active Ageing and Solidarity between Generations p. 24

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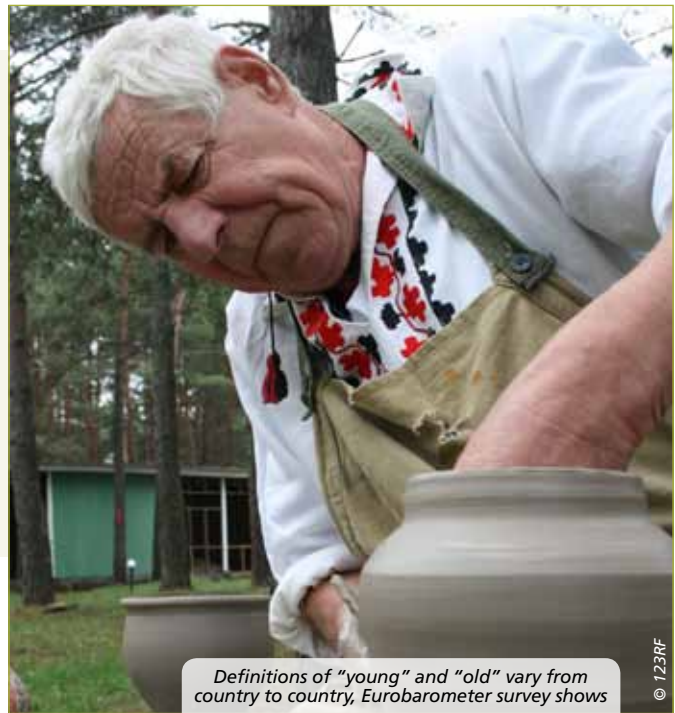
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13 JANUARY 2012 – EUROPEANS READY FOR 'ACTIVE AGEING', SURVEY SAYS

To mark the start of the 2012 European Year of Active Ageing and Solidarity of Generations, the European Commission presented on 13 January 2012 a new Eurobarometer survey showing that 71 % of Europeans are aware that Europe's population is getting older, but only 42% are concerned about this development. For most citizens, people aged 55 years and older play a major role in key areas of society. Over 60% believe that we should be allowed to continue working after retirement age and one third says that they would like to work longer themselves. People closer to retirement are more likely to share this view than the younger generation. The survey shows how definitions of 'young' and 'old' differ significantly across countries. Only one in three Europeans agrees with the idea that the official retirement age will have to be increased by 2030. There is strong support (61 %) for the idea that people should be allowed to continue working once they have reached the official retirement age. 53% reject the idea of a compulsory retirement age, but there are huge differences across Member States. Although the typical pensionable age is 65 years, the average exit age from the labour force in 2009 was about 61.5 years. 42% of Europeans believe that they will be capable of doing the work they are currently doing beyond the age of 65, while 17% expect that they will not be able to carry

on in their current job until they are 60. Around one quarter of Europeans (including those over 55) say they are engaged in voluntary work. ■■



Definitions of "young" and "old" vary from country to country, Eurobarometer survey shows

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20 DECEMBER 2011 – EU CALLS FOR IMMEDIATE ACTION TO DRIVE DOWN YOUTH UNEMPLOYMENT

The new 'Youth Opportunities Initiative', adopted by the European Commission on 20 December 2011, calls on Member States to work on preventing early school



Make better use of the European Social Fund to fight against youth unemployment- European Commission says to the Member States

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leaving; helping youngsters develop skills relevant to the labour market; ensuring work experience and on-the-job training and helping young people find a first good job. The Commission is also urging Member States to make better use of the European Social Fund which still has €30billion of funding uncommitted to projects. In addition, the Commission put forward a set of concrete actions to be financed directly by EU funds. The Commission will also make funds available for technical assistance to help Member States make greater use of available EU funding - especially the European Social Fund (ESF). Against the backdrop of Europe's persistent jobless youth rate of 21 %, the Commission pleaded for Member States, workers' representatives and business to join forces and take decisive action to tackle youth unemployment (see article p.14). ■■

15 DECEMBER 2011 – NEW ANALYSIS SHOWS EMPLOYMENT AND SOCIAL POLICIES KEY TO EUROPE'S JOB-RICH RECOVERY

The first annual review of Employment and Social Developments in Europe (ESDE), published on 15 December 2011 by the European Commission, underlines that a mix of employment and social policies is necessary to ensure a long-term job-rich recovery in the current climate of fiscal consolidation and bleak economic outlook. Its findings show how the economic crisis has aggravated Europe's structural weaknesses such as income inequality and the disappearance of medium-paid jobs, especially in manufacturing and construction. Poverty remains high with 115 million Europeans (23 % of the EU population) at risk of poverty or social exclusion in 2010. The review also analyses labour mobility within Europe, monitors active ageing policies and draws attention to the problem of



Poverty remains high with 115 million Europeans at risk of poverty or social exclusion in 2010, first annual review of Employment and Social Developments in Europe shows

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in-work poverty. It shows in particular that, while inequality has decreased or grown only slightly in historically more unequal countries (like Italy or Greece), it has increased in many traditionally egalitarian Member States, such as Nordic countries, and the general trend remains upwards (see p.28). ■



A third of Europeans currently working are concerned about losing their jobs

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29 NOVEMBER 2011 – SOCIAL SURVEY: DOUBT ON END OF CRISIS AND TRUST IN EU'S ABILITY TO MAKE POSITIVE IMPACT

A new Eurobarometer survey shows that more than a third of European citizens currently working (35%) are concerned about losing their jobs. This proportion has increased slightly since 2009 (+2 points). At a time when Europe is experiencing grave economic challenges, certain key social indicators show a large majority of respondents feeling that the EU as a whole has taken a backward step in recent times - with 71 % of Europeans pessimistic about the chances that the economic crisis will end soon and 87% saying that poverty has increased (more than in 2009). However, the general sense of gloom about society as a whole – and about the chances of the economic crisis ending quickly – has not translated into a crisis of confidence when it comes to the way in which most respondents view their own prospects. More people in 2011 are confident that they will keep their job than in 2009, two-thirds remain confident that they will have a job in two years' time, and over 60% say that they would be likely to find another job relatively quickly in the event of redundancy (see article p.12). ■

11 NOVEMBER 2011 - REPORT SHOWS OVERALL POSITIVE IMPACT OF MOBILITY OF BULGARIAN AND ROMANIAN WORKERS ON EU ECONOMY

A new report published by the European Commission highlights the overall positive role that mobile workers from Bulgaria and Romania have played in receiving countries' economies. These workers have contributed to the skills mix as well as filling vacancies in sectors and jobs with labour shortages such as in construction and the domestic and food services sectors. Estimates also show a positive impact of the free movement of Romanian and Bulgarian workers on the EU's long-term GDP with an increase by about 0.3% for EU-27.

Studies show too that there has been no significant impact on unemployment or wages of local workers in receiving countries: in the fifteen oldest Member States, studies show wages are on average only 0.28% lower they would have been without workers from Bulgaria and Romania. The report also highlights that there is no evidence of a disproportionate use of benefits by intra-EU mobile EU citizens and that the impact of recent flows on national public finances is negligible or positive. ■■

31 OCTOBER 2011 - €3.9 MILLION FROM EUROPEAN GLOBALISATION FUND TO HELP 528 FORMER CONSTRUCTION WORKERS IN ITALY

The European Commission proposed on 31 October 2011 to provide €3.9 million of assistance from the European Globalisation adjustment Fund (EGF) to Italy. The funding, matched by €2.1 million of national contribution, will help 528 redundant construction workers from a number of mostly small enterprises in the two Italian provinces of Trentino and Bolzano, back into employment. The proposal then went to the European Parliament and the EU's Council of Ministers for their approval. The Italian application related to 643 redundancies in 323 small and medium sized enterprises operating in the construction of buildings sector in the region of Trentino-Alto Adige/Südtirol.

The dismissals were a consequence of the financial and economic crisis, which resulted in a substantial fall in demand for new houses and house renovation in this region where the construction sector is an important employer. Of the total 643 workers made redundant, the 528 workers with the greatest difficulties of re-integrating the labour market were targeted for assistance from the EGF. The package of EGF assistance offers the workers one-to-one counselling and guidance; skills assessment and outplacement; coaching; general training and re-training; individual vocational training; mentoring after reintegration into work and participation and subsistence allowances. ■■

6 OCTOBER 2011 - COMMISSION LAYS FOUNDATIONS TO BOOST IMPACT OF COHESION INVESTMENTS AFTER 2013



800 000 small- and medium-sized enterprises were set up in recent years thanks to EU cohesion funding

EU cohesion policy has been a force for change over the last ten years, making a genuine contribution to convergence and growth in the EU and directly creating over one million jobs, investing in training to improve

the employability of over ten million people, co-financing the construction of over 2 000km of motorway and 4 000km of railway and setting up at least 800.000 Small and Medium-Sized Enterprises (SMEs). To continue this work in the future and strengthen the focus on European economic priorities, the European Commission put forward on 6 October 2011 a legislative package for cohesion policy for the period from 2014 until 2020. It is designed to boost growth and jobs across Europe by targeting EU investment on Europe's Growth and Jobs Agenda ("Europe 2020"). The focus on fewer investment priorities in line with these objectives will be at the heart of the new Partnership Contracts, which Member States will agree with the European Commission (see article p.16). ■■

MORE NEWS ON EUROPEAN EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION POLICY: <http://europa.eu/rapid/search>

Strengthening EU economic governance

The 2012 European Semester was launched in the midst of an ever deepening economic and social crisis

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As the economic and social crisis deepens, a series of proposals are on the table

Sure, the European Semester - the process of bringing together the discussion of EU Member States' economic, fiscal and employment policies within a clear time cycle, every year, from January to June - is not entirely new. Agreed in September 2010, it was implemented for the first time in 2011.

However, things are moving dramatically fast and the second European Semester - the 2012 one - was launched in the context of an ever deeper economic and social crisis. In turn, this context has given rise to a host of initiatives and proposals to deepen EU governance.

Annual Growth Survey

On 23 November 2011, the European Commission launched the 2012 European Semester by publishing its 2012 Annual Growth Survey (AGS). It assesses the economic and employment situation in Europe and provides guidance for priority action at EU and national levels.

The AGS also includes the Joint Employment Report which assesses

progress made on implementing the Employment Guidelines in the EU as a whole. We come back on the AGS and the Joint Employment Report in the next article.

Surveillance laws

Also on 23 November 2011, the European Commission put forward two laws designed to tighten economic and budgetary surveillance in the euro area.

The first law is a Regulation (i.e. a law directly applicable once adopted by the EU) strengthening surveillance of budgetary policies in the euro area. It would require that the Member States concerned present their draft budgets at the same time each year and give the Commission the right to assess and, if necessary, issue an opinion on them.

The second law is also a Regulation. It would strengthen the economic and fiscal surveillance of euro area countries facing, or threatened with, serious financial instability. This would ensure that the surveillance of the relevant Member States under

a financial assistance programme is robust, follows clear procedures and is embedded in EU law.

Stability bonds

Still on 23 November, the Commission adopted a Green Paper (a consultative policy orientation paper) on stability bonds, which analyses the potential benefits and challenges of three approaches to the joint insurance of debt in the euro area. The paper sets out the likely effects of each of these approaches on Member States' funding costs, European financial integration, financial market stability and the global attractiveness of EU financial markets. It also considers the risks of moral hazard posed by each approach, as well as its implications in terms of treaty change.

Fiscal compact

On 9 December 2011, the European Council (heads of State and governments) agreed to move towards a stronger economic union. The Member States would negotiate a new fiscal rule, the "fiscal compact", which would contain an automatic

correction mechanism. The EU Court of Justice would verify the transposition of this rule at national level. The Member States in "excessive deficit" procedure would submit to the EU an economic partnership programme, the implementation of which (and the yearly budgetary plans consistent with it) would be monitored by the Commission and the Council. The Member States' national debt insurance plans would also be monitored in advance at EU level.

In the European Council's own words, the "fiscal compact" represents "a further qualitative move towards a genuine 'fiscal stability union' in the euro area (...) which will rest on an enhanced governance to foster fiscal discipline and deeper integration in the internal market as well as stronger growth, enhanced competitiveness and social cohesion".

Six-Pack

Because the euro area Member States are particularly interdependent, additional measures were required to ensure that shared risks are properly

managed and accompanied by a fair sharing of responsibilities, with procedures in place for all eventualities, including the use of financial safety nets.

To this effect, a package of six new laws - the "Six-Pack" - came into force on 13 December 2011.

The Six-Pack reinforces the Stability and Growth Pact of 1997. From now on, a financial sanction can be imposed by the EU Council of Ministers on the basis of a Commission recommendation upon a euro area Member State which does not respect its budgetary balance obligations, unless a qualified majority of Member States votes against it. This makes the enforcement of the rules stricter and more automatic. The Six-Pack also lays down new requirements for Member States' national budgetary frameworks.

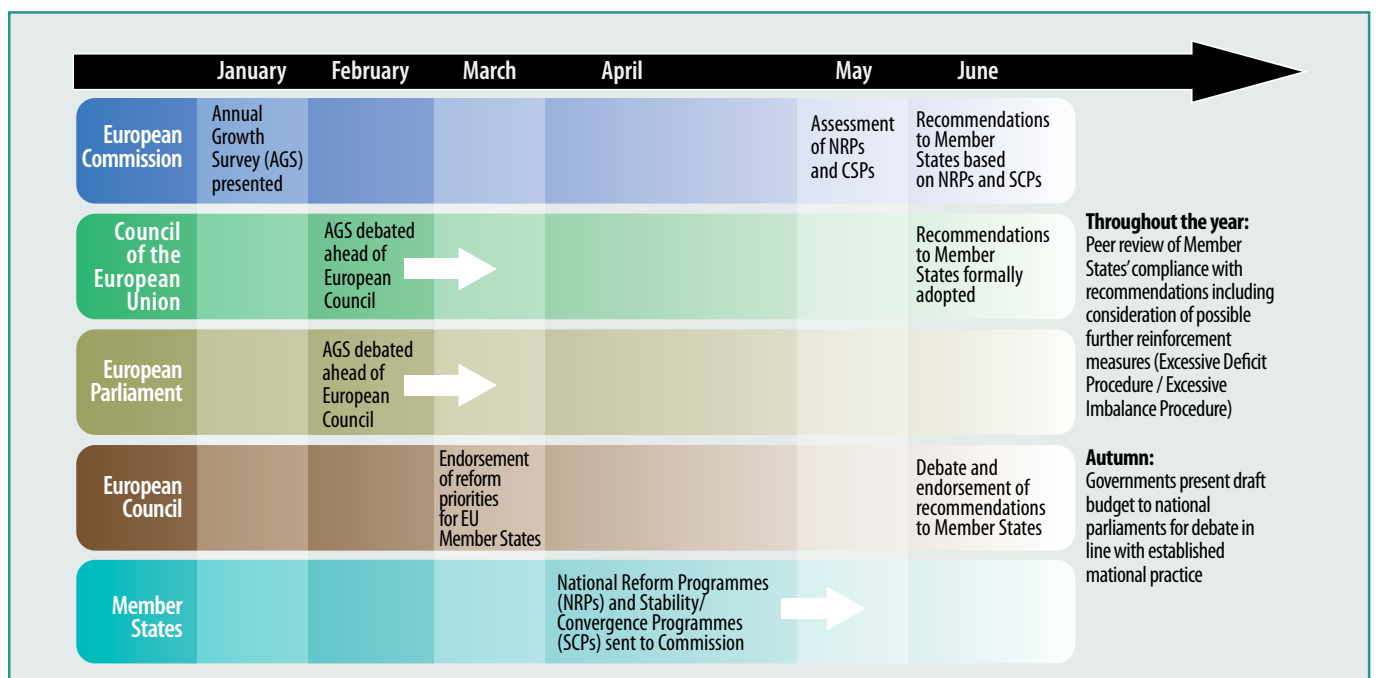
Next steps

The next steps of the European Semester follow immediately as in March, the European Council will discuss and endorse the agenda

set by the AGS, taking ownership and committing its implementation at national level. In April/May, Member States will submit their National Reform Programmes (NRP) to the Commission, together with their Stability or Convergence Programmes which deal with fiscal policy and where they set out their planned reform measures to achieve the targets of the Europe 2020 strategy for smart, sustainable and inclusive growth.

After an in-depth analysis of these programmes, the European Commission will recommend that the Council adopt concrete policy recommendations applicable to each Member State: the "Country Specific Recommendations". The EU Council of Ministers will then discuss and adopt these recommendations, before they are endorsed by the European Council at the end of June.

When the European Semester is over, the Member States will take into account the guidance provided by the EU Council when drawing up the following year's budgets, in the second half of 2012.



The European Semester process takes place every year from January to June



A quest for inclusive growth

We need to make sure that the growth which is being created is also translated into job creation

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Focus on the social section of the 2012 Annual Growth Survey

For the second year running, the European Commission launches the European Semester by publishing its Annual Growth Survey (AGS). It is the basis for building the necessary common understanding about the priorities for action at national and EU level for the next twelve months, which should then feed into national economic and budgetary decisions. The AGS itself is based on the analytical work contained in a draft Joint Employment Report, the final version of which the Commission will adopt together with the Member States in the course of 2012.

The key priority of the 2012 AGS is growth – i.e. smart, sustainable and inclusive growth, in keeping with the Europe 2020 strategy on growth and jobs adopted by the EU in 2010. “We need to make sure that the growth which is being created is also translated into job creation”, emphasised László Andor, European Commissioner in charge of employment, social affairs and inclusion,

when he presented the new AGS on 23 November 2011.

The social dimension is stronger than in the 2011 AGS. The Commission calls for stepping up actions to support a job-rich recovery, with a particular focus on enhancing young people’s employment prospects. The AGS also emphasizes the need to address the increasing risk of social exclusion and poverty among groups with no or limited links to the labour market, such as pensioners or vulnerable people dependent on social benefits (e.g. single parents).

“The crisis is precipitating major shifts across the economy”, states the AGS, “with business undergoing fast restructuring, many persons moving in and out of employment and working conditions being adjusted to changing environments (...) A significant share of the population may not manage such transitions. The share of long-term unemployed has increased, with risks of falling permanently outside

the labour force. The implementation of balanced flexicurity policies can help workers to move across jobs and labour market situations. At the same time, the effect of demographic ageing is now accelerating (...) and the prospect of a stagnating/diminishing working age population is imminent in several Member States. The scope and pace of these changes create the risk of a structural mismatch between the supply and demand for labour, which will hinder recovery and long-term growth. While unemployment has been reaching high levels, the number of unfilled vacancies has also been increasing since mid-2009. This situation results from inadequate wage conditions, lack of adequate skills or limited geographic mobility”.

Mobilising labour

The Member States should give priority to revising wage-setting mechanisms and adapting unemployment benefits, combining



The Member States are due to incorporate the Commission recommendations into the programmes they will present in Spring 2012

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them with training and support schemes to help people get back onto the labour market. Legal obstacles to labour mobility should be removed. Professional qualifications and experience should be

better recognized across the EU and cooperation between public employment services should be strengthened. Access to early retirement schemes should be restricted and longer working lives encouraged.

Business creation and self employment, including social entrepreneurship, should be promoted. Sectors with the highest employment potential (e.g. the low-carbon and resource-efficient economy, the digital economy and the health and social sectors) should be developed.

Dangerous employment trends

The draft Joint Employment report put forward by the European Commission at the same time as the Annual Growth Survey, on 23 November 2011, indicates that:

- The employment rate in the EU declined by 1.8 percentage point between 2008 and 2010.
- The youth unemployment rate has increased from 15 to 21 % between 2008 and 2010, while the share of 15-24 years old who are neither in education, employment or training has risen by 2%.
- The recent increases in employment levels have been mainly driven by increases in temporary contracts and part-time jobs, in sharp contrast to before the crisis.
- The rebound of temporary jobs and part-time contracts are mainly benefiting prime-age workers and, to some extent, older workers. Women are slightly over-represented compared to men in both temporary and part-time work.
- Long-term unemployment is increasing across the EU. The share of children and adults living in jobless households is significantly worsening.
- A simultaneous increase in vacancies in 2010 and 2011 has had no effect on unemployment. This points to increasing labour and skills mismatches.

Supporting employment

Between 2008 and 2010, the total number of young (under 25) unemployed in the EU increased by one million, making it one of the groups that have been worst affected by the crisis. 40 % of young employed persons work on temporary contracts and one out of seven (14.4%) currently leaves the education system with no more than lower secondary education without participating in further education and training.

Social partners must commit to promoting quality apprenticeships, traineeship contracts and entrepreneurial skills. Particular attention should be paid to a vocational training dimension in tertiary education systems, and to getting

Other priority actions

The section of the Annual Growth Survey 2012 on “tackling unemployment and the social consequences of the crisis” is only one of the five sections this survey contains. The others deal with:

- **Fiscal consolidation** taking account country specificities: restoring macro-financial stability primarily requires that the fiscal consolidation continues, albeit at a differentiated pace to take into account each Member State’s specific situation while prioritizing growth-friendly expenditure in areas such as education, research, innovation and energy.
- **Restoring normal lending** to the economy: actions should be continued to reform the financial sector and create conditions that will enable more normal lending patterns to business and private households.
- **Promoting growth and competitiveness** for today and tomorrow: large benefits can derive from fully developing the potential of the EU digital economy, the internal market for services and external opportunities. The EU’s structural funds should also be fully mobilized to support growth.
- **The quality of public administrations:** the AGS places a special emphasis on modernizing public administrations at all levels of governance.

work experience. Excessive rigidities of permanent contracts must be reduced. Protection and easier access to the labour market must be granted to those left outside, in particular young people.

Education and training systems must be further adapted to reflect labour market conditions and skills demand. For instance, the number of information technology (IT) graduates has not increased since 2008 and if this persists, the EU may lack 700 000 IT professionals by 2015. The quality and funding of the universities must be reviewed, e.g. by introducing

tuition fees for tertiary education, accompanied by student loans and scholarship schemes or the use of public funds to leverage private investment.

Protecting the vulnerable

“The social tissue of the EU is being put to the test”, states the AGS. “The crisis has disproportionately hit those who were already vulnerable, and has created new categories of people at risk of poverty. There are also clear signs of increases in the number of people at risk of income poverty, notably child poverty, and social

exclusion, with acute health problems and homelessness in the most extreme cases. Member States should give priority to further improving the effectiveness of social protection systems and avoiding precipitate withdrawal of past extensions of coverage and eligibility until job growth substantially resumes. They should implement active inclusion strategies encompassing labour market activation measures and adequate and affordable social services to prevent the marginalisation of vulnerable groups. And they should ensure access to services supporting integration in the labour market and in society, including by ensuring access to a basic payment account, electricity supply to vulnerable consumers and access to affordable housing”.

The Member States are due to incorporate AGS 2012 into the programmes they will present to the Commission in the Spring, as part of the European economic semester. In the meantime, the Commission calls upon the Member States to step up their reform efforts in order to implement the commitments they had made on the basis of AGS 2011, during the previous European Semester.



The social tissue of the European Union is being put to the test

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How are you doing?

Achieving real prosperity also means taking well-being into account when measuring progress

For three years now, the European Commission has been measuring people's well-being in the face of the employment and social situation

"Putting growth, employment and social cohesion on an equal footing is vital for Europe's recovery", László Andor commented when the results of the third Eurobarometer survey of the employment and social situation were published in October 2011. "Achieving real prosperity also means taking well-being into account when measuring our progress", added the European Commissioner in charge of employment, social affairs and inclusion.

Since 2009, the European Commission has been monitoring European citizens' perceptions of their own well-being in the face of the employment and social situation they are going through. It is now therefore in a position to chart the evolution in respondents' opinions over the last two years. This is particularly useful in gauging whether Europeans feel more or less confident today about their employment prospects than they did in 2009.

12.3 years with the same employer

The study begins by considering the perceived impact of the economic crisis on the job Market. It asks respondents how concerned they are about their own jobs and those of their family members, and about how soon they expect the downturn to end. Nearly half (47%) of all European respondents are concerned that their children might lose their jobs, though concern about their own jobs or their partners' jobs is lower.

It then looks at the employment status of the respondents themselves, whether they are in work and how long they tend to stay with the same employer. The average time spent working for an employer has risen from 11.6 years in 2009 to 12.3 years in 2011. On average, Europeans have changed jobs 3.2 times, marking no change from the 2009 survey.

It goes on to look at the level of public support for the EU's promotion of 'flexicurity' (a policy approach

A quest for social justice

Fairness and social justice in the EU have suffered as a consequence of the economic crisis, according to 79% of respondents. In line with this, 83% of the respondents think that the burden of public spending cuts and other austerity measures has affected some people more than others in their country. 87% of people think that poverty has increased over the last three years (+3points since September 2010), and only 22% think that enough is being done to address this.

A need for better information

The latest employment and social eurobarometer survey reveals that there is a general appetite for better information about the future job market: 57-58% would like to receive information that would help them decide what training courses to take, and what jobs to apply for in the future. Over a third of the respondents (36%) say spontaneously that they did not receive any careers guidance at school; a third (33%) say that careers guidance helped them to acquire the skills they needed for the type of job they wanted. A quarter says that it did not help them acquire these skills.

that links the flexibility of the labour market with job security and social rights) and the perceived impact of the austerity measures, and the EU's employment measures. Europeans broadly agree with the principles of 'flexicurity' but 51% disagree that many people retire too early.

It also assesses whether respondents who are currently working feel confident about retaining their jobs. 82% of respondents currently working are confident that they will keep their job, more than in May-June 2009. 65% are confident that they will have a job in two years' time.

Same job, same location

The study then asks respondents how they would react should they lose their job, and about their expectations in the event of redundancy. If they were made redundant, close to half of respondents currently working would look for work by applying for the same kind of job in the same location but for another employer. More than



Putting growth, employment and social cohesion on an equal footing is vital for Europe's recovery

a third would apply for the same kind of job but in a different location.

It also looks at attitudes to starting a business as a possible response to redundancy, and at the assets that job seekers should emphasise in order to return to work. Overall, 35% of respondents currently working would consider starting their own business in response to redundancy. A majority of Europeans agree that starting your own business is more difficult for some categories of the population (e.g. a person with a disability, a young person leaving full-time education, a person over 50 years old, etc.). Professional experience and the level of one's qualifications remain the two assets that should be emphasised in order to find a job.

The Eurobarometer report also tackles issues associated with training, such as its usefulness in helping participants to secure a job, and also barriers to participating in training programmes. It looks at traineeship and its value in finding employment, and evaluates the importance of information on skills required in the future. Over the past twelve months, 23% of Europeans have participated in training courses; over half (55%) of them were funded by their employer.

A third of respondents (34%) have completed a traineeship; 44% of them think it helped them to get a permanent job. However, more than a quarter consider that it did not help them to find a job (26%).

Finally, it considers the overall impact that respondents think the EU has in the area of employment and social policy; for example, helping people finding a job, fighting poverty and social exclusion, and helping to modernise social protection systems. The EU's measures for getting more people into work, such as supporting people who want to start a business, are broadly seen as being effective. More than half of Europeans think the EU has a beneficial impact on general employment and social policies. However, when interviewed more precisely on the different measures, the number of people who think the EU is having a positive impact has fallen in most countries since 2009, very substantially in some.

Full results of the Eurobarometer opinion poll n°377 on the Internet: http://ec.europa.eu/public_opinion/archives/eb_special_379_360_en.htm#377

YOUTH EMPLOYMENT



Boosting opportunities here and now

The European Commission will propose a European quality framework on traineeships in the first half of 2012

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The European Commission has launched a Youth Opportunities Initiative to accelerate effective action

“The most urgent social matter” is how European Commission President Manuel Barroso qualified the plight of youth unemployment, in his State of the Union address to the European Parliament in September 2011.

True, since 2010 and the adoption by the EU of the Europe 2020 strategy, youth issues have been firmly placed at the heart of the policy agenda for the years to come, with precise targets to be reached concerning in particular education, employment and poverty reduction, and the launch of the Youth on the Move “flagship” initiative.

However, more immediate action is needed, right now, in 2012 and 2013. Youth unemployment can lead to persistent difficulties and marginalisation over time. It is crucial therefore

that young job seekers stay connected to the labour market.

On 20 December 2011, the European Commission launched the Youth Opportunities Initiative - a wake-up call, to get unemployed young people who left school or training without having achieved upper secondary level education, back to school or into a vocational training fitting the labour market needs; and ensure that young people who obtained a diploma but cannot find a job, get a first work experience.

The initiative addresses three areas in particular: greater use of the European Social Fund for youth employment measures; innovative approaches supporting youth employment, and supporting mobility of

young people in the labour market. It sends a signal right across the EU, seeking to mobilise and support a stronger partnership between the political authorities, business and trade unions at all levels of governance (European, national, regional and local) in order to boost and spread measures that are already being experimented in different parts of the EU. A partnership in which the Commission is fully involved, offering policy guidance and concrete assistance in the process.

The Commission is asking Member States to adjust the way they use the European Social Fund in order to tap into the €30 billion of funding, which remain uncommitted to projects for the current 2007-13 programming period.

Additional EU leverage funding is being mobilised directly by the European institutions to boost a series of concrete actions.

First and foremost, the European Commission wants to spread the

Youth Guarantees, which Finland and Austria are successfully experimenting, as a way of implementing the Europe 2020/Youth on the Move target - that young people can be in employment, education or training within four months of leaving school. €4 million are earmarked to that end. The challenge is to ensure that such good practices can be adapted and transposed to other Member States.

€1.3 million will be dedicated to supporting the setting up of apprenticeships through the European Social Fund. An increase of 10% by the end of 2013 would add a total of 370,000 new apprenticeship placements.

Traineeships can help young people acquire the necessary labour market relevant skills, provided they are of high quality and, for instance, do not replace proper jobs. This is why the Commission will propose a European quality framework on traineeships in the first half of 2012.

EU funding will also be invested to improve young people's access to jobs

across the EU. The new mobility pilot project "Your first Eures Job" will help up 5,000 young people to find a job placement in another Member State, in 2012 and 2013.

The Erasmus and Leonardo da Vinci European mobility programmes are being geared as much as possible towards placing higher education and vocational training students in enterprises. The aim is to reach the target of at least 130,000 placements in 2012. The Erasmus for Entrepreneurs programme will ensure 600 further exchanges of young new entrepreneurs.

The budget allocation for the European Voluntary Service is being reinforced to provide at least 10,000 volunteering opportunities, which will equip young volunteers with soft skills (such as leadership, creativity, etc.) that are more and more valued by recruiters.

The Commission also wants to boost entrepreneurship and help young people start their own business,

individually or collectively. In that perspective, the European Progress Microfinance Facility, which was designed to help people who cannot access conventional credit (which is the case for most young people), will be a useful tool. It will be further expanded in the next programming phase 2014-20 as part of the Europe 2020 Programme for Social Change and Innovation, with a special budget line for social enterprises.

All these measures, taken at European level, will constitute a sound basis on which Member States can further elaborate when designing their Operational Programmes for the next period, 2014-2020.

More information on the Internet:
Youth opportunities Initiative:
<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1143&furtherNews=yes>
Youth on the Move:
<http://ec.europa.eu/social/main.jsp?catId=950&langId=en>



Tackling youth unemployment is the most urgent social matter

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Strengthening the social dimension of cohesion policy

The European Social Fund has helped set up more than 10 000 small and medium-sized enterprises

The European Social Fund should account for at least 25% of future EU cohesion policy co-funding

Time has come to define how to further improve the EU's political and financial instruments for the next EU budgetary period, which runs from 2014 to 2020.

Over the last year and a half, the European Commission has made two major proposals on the future of EU cohesion policy.

On 17 June 2010, presenting its proposal for the EU budget for the years 2014-2020, it suggested that cohesion policy co-funding by the EU (i.e. complementary to the national budgets) amount to € 376 billion.

On 6 October 2011, the Commission proposed a package of legislation on the future of cohesion policy over the same period of time, ensuring that EU funds are better oriented towards outputs and results; that the different sources of EU funding be used in a more coherent and integrated way;

and that funding gets a much sharper focus on growth and jobs.

The European Social Fund (ESF) is one of those cohesion funding sources. Underlining the importance of investing in human capital, the Commission suggests it should account for at least 25% of the total amount of EU cohesion policy co-funding. This would result in a minimum amount of 84 bn Euro being available for people.

From 2014 onwards, if the European Parliament and the EU Council of Minister accept the Commission's proposals, 20% of ESF allocations to the Member States will be devoted to promoting social inclusion. Greater emphasis will be placed on fighting youth unemployment, mainstreaming and specifically supporting gender equality and fighting against all forms of discrimination. Job creation through entrepreneurship support and social business will receive more

prominence as will dedicated support to marginalised communities such as the Roma.

The ESF will also benefit from other improvements suggested by the Commission. It will be easier to use and manage, more result-oriented, concentrated on fewer objectives and more coherent with the way other funds are used in a given region.



From 2014, 20% of European Social Fund allocations should be devoted to promoting social inclusion

Making it happen



The European Social Fund helped a transport company launch a project to find new bottom-up approaches for cultivating a trustful working environment

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ESF co-funding enables creative projects to take place

Combining artistic creativity and social change, the Austrian ESF-sponsored project Demontage- und Recycling-Zentrum (DRZ) introduces long-term unemployed people and people with disabilities into electronic goods recycling – including into works of art! After eight weeks of training they can be employed for up to nine months. “We give them the opportunity to pursue a regular job,” says project manager Anton Stengeli. “They also have a chance to receive further training in parallel to intensive socio-educational care”. DRZ also ensures that faulty electrical devices are mended by a registered repair shop. In addition, it offers innovative ‘Trash Design Manufacturing’, turning electrical waste into anything from jewellery to furniture - visually appealing design objects which also symbolise how participants are encouraged to deal with the environment responsibly.

Green SMEs and jobs

In Spain, the Green Jobs programme, spearheaded by the Fundacion Biodiversidad of the Spanish Ministry of Environment, Rural and Marine Affairs, is currently running more than 80 projects. It aims to support more than 28 000 people and create 1 000 new green small and medium size enterprises (SMEs) and jobs in the future. The Foundation regularly publishes calls for proposals to support projects from a €44.1-million fund, through to 2013. The programme seeks to improve workers’ environmental skills and qualifications through training, foster the growth of new green SMEs and encourage the environmental sustainability of economic activities. “The ESF plays a key role in the Green Jobs programme,” says Silvia Fernandez Campa, International Coordinator at the Fundacion Biodiversidad. Projects run for one to two years

and have a budget ranging from €40 000 to €400 000. Activities range from training courses, conferences, information campaigns, studies and guides, to professional advice. Priority is given to projects involving workers who are hit by restructuring, those who live in rural or protected areas, workers in the environmental sector, as well as women, the disabled, immigrants, over 45s and under-qualified workers.

Social innovation nurseries

Movares (for ‘movement and mobility’) is a Dutch leader in designing European transport systems. It is experimenting innovative ways of motivating and retaining its 1 200-strong workforce of highly trained professionals – and attract more. “With ESF support, we launched the ‘Sustaining movement’ project to find new, bottom-up approaches for cultivating a working environment based around mutual trust, flexibility and the confidence to try out new ideas,” explains project leader Ronald Stoeckart. Using internal ‘natural leaders’ to drive progress, the

project set up several social innovation 'nurseries', tackling issues such as 'flexible working conditions', 'other ways to evaluate performance', 'new pay structures' and a 'buddy system' for younger workers. Many staff took part in the nurseries' activities, guided by external advisors and a support group of management and worker representatives. "The project revealed much useful information," says Stoeckart, "For example, we found that some departments felt freer to innovate than others, that there are better alternatives to a points system for evaluations, and that a buddy system (mentoring) is much appreciated by new colleagues." Movares is now moving ahead to disseminate several of the project's themes more widely across the company – a successful conclusion that helped win a 'Best Employer' award in 2010 from among 380 large companies in the Netherlands.

Having a good idea for a new business but lacking the cash to get it going is not uncommon. In the Polish county of Nysa, budding entrepreneurs found the help they needed. Indeed, the Nysa Investment Project – run by the District Labour Office – helped 35 new businesses get off the ground with ESF funding. "We were the first Labour Office in the

region to introduce such a project," explains Piotr Bobak. "Looking at the results, without doubt it was worth every penny". Would-be entrepreneurs were asked to put forward a good idea and 25% of the required funding. The Labour Office selected 60 of them to pass through to the next stage – a training course on entrepreneurship, including business planning, marketing and accounting. Four weeks later each candidate presented their business plan and 35 were chosen for funding worth approximately €4500. Among the successful start-ups were a photography studio, an estate agent, a PR company, and Boguslaw Prasak's construction firm which specialises in renovating historical buildings: "Today I employ two workers and I've also broadened the business," he says, admitting that the project helped him fulfil a dream. "It just proves that in business everything starts with a good idea. And there are many people out there with great ideas – we just need to help them become real," emphasises Piotr Bobak.

Personal development

In Malmö, Sweden, the "New City" ESF-backed project managed by "The House of Dreams" uses personal

development to try and get socially excluded youth aged 18-24 into employment or education. "The unemployment rate for youth in Malmö is very high," says Johanna Eriksson, one of the coaches involved in the project, "and some hesitate to seek contact with the authorities, either because they are not aware of what kind of help they can get or because they think the authorities cannot help them." Each youth has a coach and sets his/her own personal goals. Activities include going to job fairs, attending motivational courses as well as taking part in creative courses, such as boxing and dancing. The coaches are in close contact with the local authorities, trying to change the way they perceive unemployed youth. The project ran until the end of 2011. The House of Dreams aims to get 70% of participants into study or work. Since it started in 2009, 50% of the 450 participants have found work or started studying. By the end of the project, it expected to have coached 900 participants.

More information on ESF-funded projects:

<http://ec.europa.eu/esf/main.jsp?catId=466&langId=en>



The European Social Fund co-funds projects which help young unemployed people into work, studies or training

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Paving the way for a cross-border youth employment policy

An integrated European approach to youth employment is key to achieving the 2020 target of having 75% of the active population employed

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A network involving eight EU Member States has put forward key recommendations

Since 2009, The European Social Fund has been paving the way for a transversal youth strategy involving policy makers and stakeholders at national, regional and local level. Together with the Republic of Cyprus, it has been co-funding a Youth Employment European Network which connects a sample of EU Member States: Cyprus, Belgium (the Flanders region), Germany, Greece, Italy, Lithuania, Spain and Sweden.

The aim of this mutual learning network is to mobilise authorities and organisations in what is more than ever a priority of the European Union: the fight against youth unemployment.

The Network has been tackling youth unemployment from three angles: entrepreneurship; education and vocational counselling; and mobility.

For each of these thematic areas, it has evaluated promising practices in the Member States involved and submitted them to a single, integrated benchmarking exercise.

On this basis, the Network produced in November 2011 a Common (European) Reference Framework for Youth Employment Policies, identifying key success factors and providing recommendations to policy makers:

- combine the European Regional Development Fund and the European Social Fund;
- create partnerships involving as many stakeholders as possible, especially the young themselves, in designing employability programmes;
- combine different ways of building up young people's capacity to enter the labour market;

- upgrade career guidance services;
- create a common web-based database to provide reliable information on guidance, mobility and entrepreneurship programmes and practices;
- use the European Social Fund to give disadvantaged young people the opportunity to train abroad...

An integrated approach to youth employment, breaking the divide not only between EU Member States but also between different facets of this issue, is key to reaching the target the European Union has set itself for 2020: having 75% of its active population employed.

European Network on Youth Employment website:

<http://www.youthemploymentnet.eu>



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Transnational learning networks - a second batch

The European Commission is issuing a new call for the last part of the current European Social Fund programming period

Building upon the EQUAL initiative which was implemented between 2000 and 2006, the Learning Networks were set up in 2009 and 2010 as part of the European Social Fund (ESF) strategy for transnational cooperation. Their aim is to provide input into the design of employment strategies, including how to target ESF support beyond 2013 when the current programming period comes to an end.

Learning Networks are initiated by groupings of managing authorities, intermediate bodies and public administrations in charge of policies supported by the ESF. They are managed by the relevant ESF managing authorities in a

participatory way, and are open to stakeholders or anyone likely to benefit from a common learning process... and willing to share competencies and experience.

They address themes and issues which have a clear European dimension and focus on common concerns, interests and learning objectives. They facilitate the exchange of good practices, experience, tools and plans between the network partners and their peers across Europe. Moreover, they build upon the capacities established by the network partners to monitor, validate and document good practices, and to test them in different situations.

Together with the EQUAL initiative, the Learning Networks provide a wealth of experience in EU-level networking. This experience is now being fed into the preparation of the next phase of Learning Networks under the current ESF programming period. It will also serve to ensure a smooth transition towards the next ESF programming period (2014-2020), bearing in mind the priorities of the Europe 2020 strategy.

Web page on ESF transnational cooperation:

<http://ec.europa.eu/esf/main.jsp?catId=56&langId=en>



"Competitiveness has mostly to do with the capabilities of people, not only to work but also to be entrepreneurial and innovative"-Andriana Sukova-Tosehva, European Social Fund Director

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Growth and jobs strategy triggers future cohesion policy

Director Andriana Sukova-Tosehva is in charge of the overall coordination of the ESF in the European Commission

Is the European Social Fund motto, "investing in human capital", still relevant in times of economic austerity?

More than ever! A recent study of the Organisation for Economic Co-operation and development (OECD) demonstrated that return on investment is higher when it involves investing in people, in their education and training, in their requalification and in their employability. Indeed, not only is there a high unemployment

rate in Europe but there is also a persistent mismatch between the skills that are available on the labour market and the needs of the employers and the markets. Investing in people always has a very positive sustained impact on the economy.

How about adding "for growth" to the ESF motto?

By investing in people, we invest in growth. Competitiveness has mostly to do with the capabilities of people,

not only to work but also to be entrepreneurial and innovative. This is a major prerequisite for growth and competitiveness. Human capital is the major source of productivity. If you don't make the best use of your human resources, you are depriving your economy of a very serious productivity growth factor.

We cannot possibly set aside people who are part of society. Not only do people who are unemployed for a long time lose perspective

and self-esteem but society also loses their contribution. People with disabilities want to be part of the labour market and can indeed be integrated. It's a matter of creating the appropriate work environment to make this happen.

Isn't investment often associated with infrastructure rather than people?

I went to Portugal recently, where there is a lot of excellent infrastructure. However, at this stage, this is not enough to help the economy grow. Portugal has a 30% rate of youth unemployment and 12% overall unemployment. In Spain, where you also have wonderful motorways and railroads, in the last quarter of this year you still have more than 40% youth unemployment and 20% overall unemployment. Actually, it is people who create new enterprises, products and services and who then need, as a complement, to have proper access to certain sites, to broadband Internet and road facilities to disseminate their products around the country or around Europe. If you don't have anybody to produce, you don't have anything to carry. So the first thing to do is to invest in people and incite them to be innovative, to develop new products and services and make them easily accessible. Then growth will inevitably follow. Infrastructure provides work during the time it takes to build it but you have to think about the next phase: for whom and what do we need it for?

Is it correct to say that, in the present situation, investments in Greece, for example, come mostly from the European funds?

Yes indeed, the structural funds are the main source of investment in some of the countries that are experiencing the most severe economic and financial problems right now. Recently, we have amended our

legislation so that, in the six countries with which the International Monetary Fund and in some cases the European Central Bank as well have signed memorandums of understanding (Greece, Hungary, Ireland, Latvia, Portugal and Romania), EU co-financing will be able to account for up to 95% of the projects' cost.

In view of the present crisis, are growth and jobs the driving force behind the series of cohesion policy proposals for the next programming period, 2014-2020 which the Commission put forward in October 2011?

The Europe 2020 strategy and the EU headline targets and objectives are the starting point of the Commission's Cohesion Policy Package. The European funds should help the Member States achieve their Europe 2020 national targets, and the EU as a whole achieve the European targets. Unfortunately, for the time being, the national reform programmes put forward by the Member States do not match the level of ambition required by the Europe 2020 strategy.

The national reform programmes are the major documents in which the Member States identify the policies for reaching their national targets and how much progress they can achieve by 2020 to reach, for example, the headline target of having 75% of the population aged 20-64 in employment. For the few Member States that already have a higher employment rate, the major problem may be elsewhere: youth unemployment, increasing participation of minorities, addressing people with special needs... These Member States will also need to further increase their employment rate if Europe wants to deliver on its headline target on employment. So each Member State is facing specific challenges according to its degree of economic development.

Is that why, for 2014-20, the Commission is proposing to better coordinate all the European funding that is made available to the Member States?

Yes, the Commission proposes to draw up a Common Strategic Framework (CSF) at Union level which will establish the key actions to be supported by each of the five funds - the structural funds (the European Regional Development Fund, the European Social Fund), the Cohesion Fund and also the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund) - and indicate how to ensure coordination between them. Then the Commission will sign a partnership contract with each Member State, stating the major priorities selected by each country and how EU and national co-funding will be provided to pursue them. The third stage will be drawing up operational programmes which will be funded by the structural funds and the Cohesion Fund. It will be again possible, as during the 2000-2006 period, to integrate human and infrastructure investment into multi-fund programmes if deemed necessary. Moreover, the Commission proposes a number of instruments aiming at strengthening coordination and synergies. In the future it will be possible to fund operations from several priority axis or even operational programmes. Integrated territorial investments and Community-led local development are two other innovative tools, which allow combining different financing flows to achieve given objectives. Finally, it will also be possible to implement parts of programmes using a result-based instrument called a "Joint Action Plan" (JAP). The JAP will make it possible to link payments to outputs or results. This innovative instrument will have a simplified management and control system and reward performance rather than financial input. So there will be

different possibilities and options of combining the funds in order to best achieve the headline targets and the Europe 2020 objectives.

Where does the ESF stand in all this?

The Commission proposes that at least 25% of the cohesion policy shall be allocated to the ESF. Currently the ESF share is 22% and the trend is going down. What the Commission is proposing is to stabilise the share of ESF funding.

The Commission will take into account the general, macro-economic situation of each country before paying the funds?

Both ex-post evaluations and academic studies, as well as experience of programme implementation, have highlighted that the effectiveness of investments financed by the Funds can be undermined by weaknesses in policy, regulatory and institutional frameworks. Such weaknesses should be addressed.

Macro-economic conditionality is key. Establishing a closer link between cohesion policy and the economic governance of the Union (see article p.7) will ensure that the effectiveness of expenditure under the CSF Funds is underpinned by sound economic policies. It also means that the CSF Funds can, if necessary, be redirected to address the economic problems a country is facing.

Suspension decisions will by no means be automatic. This will be a staged process, where suspension is only used as a last resort. When deciding on suspensions, the Commission should also respect equality of treatment between Member States, taking into account in particular the impact of the suspension on the economy of the Member State concerned. The suspensions should be lifted and Funds be made

available again to the Member State concerned as soon as the necessary action has been undertaken.

Is simplification also a key characteristic of the Commission proposals for 2014-20?

Yes. The Commission intends to go further in terms of simplification, in particular for the ESF, since its operations tend to be small. A key aspect of the simplification effort is that it targets mainly the beneficiaries. In the past simplification was there often for the Commission itself or for the Managing Authorities.

To start with, we want to harmonise to the fullest extent possible the logics of strategic programming, thematic concentration (concentrating funds in certain policy areas) and the relations between the funds. We are therefore proposing one general regulation which will provide common rules and procedures for all the 5 funds, which will all be covered by the same Common Strategic Framework.

In addition, the new regulation expands the scope of the simplified cost options which exist already today. It introduces more standardi-

sation and increases the legal certainty for Member States. The JAP, mentioned earlier, benefits from a simplified management and control system based on the achievement of agreed outputs and results, and performance will be rewarded rather than financial input.

So there is a clear link between simplification and a results-oriented approach?

Yes, I firmly believe that we cannot adopt a more results-oriented approach if we all - Commission, Member States, beneficiaries - remain bogged down by complicated administrative procedures. Simplification is a must. This is what we pursue for instance with the JAP. There are, however, other important elements to strengthen the results-oriented approach. For instance, a performance framework agreed with the Member States will help tracking the actual performance of operational programmes before it is too late for corrective measures. A performance reserve will direct more funds towards those programmes or parts of programmes that are more successful in achieving their objectives.



Should we be afraid of population ageing?

The promotion of active ageing goes together with fostering solidarity between generations

2012 is the European Year for Active Ageing and Solidarity between Generations

Ageing starts now, as the baby-boomers are reaching retirement age and a much smaller generation arrives onto the labour market.

Will it lead to increasing tensions between generations? Will older people be left by the wayside and face a life of poverty and exclusion? Or, on the contrary, will they defend their interest at the expense of younger people, burdening them with ever-increasing taxes and social protection contributions?

At present, there is little evidence of a generational divide: the generations care for each other. But there is clearly a need to allow older people to use their potential to the full.

Ageing is not a problem if good health lasts longer, the labour market offers more opportunities to work longer, society more opportunities to remain active and if the general environment preserves people's autonomy for as long as possible.

This is what active ageing is all about. By empowering older people to stay in control of their own life and to contribute to the economy and society,

it reduces the risk of conflict between the generations. It is in fact the foundation for solidarity between generations.

The goal of the European Year is to promote active ageing by getting everybody to focus on what obstacles need to be overcome and how solidarity between generations can be strengthened. It should go well beyond raising awareness and foster numerous commitments to specific initiatives.

At national, regional and local level, action is required by political authorities, businesses, the social partners, civil society organisations, the media

and by individual citizens - to remove obstacles that prevent older people from continuing to work, and to encourage their participation in social activities, adult learning, volunteering and healthy ageing. It will also be crucial to adapt housing and infrastructure and provide services and technologies so that older people may live independently.

The European Union also has an important role to play. Active ageing is key for achieving its aim of a 75% employment rate for the 20 to 64 age range and to lift at least 20 million people out of poverty and social exclusion by 2020.

Get involved on www.active-ageing-2012.eu

The Active Ageing website is the central meeting place of the European Year. It contains information on all commitments and initiatives being undertaken. It puts on the map events and activities taking place in all 27 European Union Member States plus Iceland, Liechtenstein and Norway. It is the place to share and showcase life stories and testimonials of European citizens of all generations, for example on how older people can support the young and strengthen the bonds between different generations. At the end of 2012, the most outstanding contributions to active ageing and solidarity between generations will be honoured at a European awards ceremony. Click on 'get involved' to share with others what you are doing. Identify yourself as a partner of the European Year by using the logo in your activities!

Bridging the gap

20000 people commute daily between Denmark and Sweden using the Øresund bridge

A social security coordination project connected the two sides of the Øresund bridge

Thomas Steffensen gives some insights into the project the Øresunddirekt association managed in 2011 for cross-border workers in the transnational Danish and Swedish Øresund region.

Why did you target cross-border workers in Denmark and Sweden?

Since the Øresund bridge between Denmark and Sweden was inaugurated in 2000, the number of

commuters has steadily risen. Today, about 20,000 people commute daily between the two countries. These people enter a new labour market where they must learn the language and adapt to the working culture; but they also face new rules and administrative structures. Øresunddirekt has provided public information targeted at commuters for the past ten years, covering for instance, family benefits, old-age pensions, tax systems, etc.

What actions did you carry out to provide information to this specific audience?

We chose to produce a series of cartoons (link: <http://www.youtube.com/oresunddirekt>) which describe the rules concerning old-age pensions, maternity leave and family benefits. They were reassuring for the citizens: "There is someone who understands the rules and actually strives to convey them to me." Moreover, Øresunddirekt organised a conference for case-handlers from the authorities of both countries. It gave them the opportunity to network and learn more about the impact on their

daily work of the new regulations on the coordination of social security systems, which apply since 1 May 2010. It may sound strange that we spend time "educating" the authorities rather than doing something concrete for citizens. But at the end of the day, people turn to them when claiming their family benefits etc.

What is the project's main achievement? Can it be used as a model for other regions?

I think we managed to convey how important it is for cross-border workers to be part of the European Union: there are rules which protect them when they work abroad. Hopefully this will contribute to building an integrated labour market within the EU. We have to establish a "comfort zone", where people feel confident about moving across borders. In this respect, the project has been of great value. I hope that other border regions in the EU will now take on the challenge. It is not "rocket science" but it is extremely important. Even the largest picture consists of a multitude of small details: we should never lose sight of the citizens' perspective.

Project Internet website:

<http://www.oresunddirekt.com/>



Thomas Steffensen, of the Øresunddirekt association which ran a project to support cross-border workers

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Indignados - the Madariaga Foundation organises "citizens controversies" on European Union-related issues

© Image Globe

Is Europe responding to the social impact of the crisis?

A critical point when addressing this question is to ask whether the global meltdown which started in 2008 resulted in a social crisis, or whether it was the other way round - a social crisis which actually precipitated the current situation. The genesis of the foreclosure crisis in the United States of America (USA) can be traced to an increase in income inequalities due both to globalization and to domestic policy choices. Tax rates for the rich have been cut in the USA since the 1980s, along with welfare programmes. Credit to poor households became the main way to cope with poverty, leading to a massive external debt increase which in turn provided huge domestic political returns.

The situation in Europe is rather different, despite some similarities in the United Kingdom and Ireland in terms of private debt accumulation and increased inequalities. The sovereign debt crisis is not a consequence of widening social divides, although Europe did also experience an increase in income inequalities over the last few decades. Inspired by orthodox competitiveness strategies, Europe ended up being one of the world's regions most affected

by both corporate and income tax competition.

Alienating citizens

So, what does today's crisis mean for Europe in social terms? Since the beginning of the crisis, Europe has experienced huge job losses. Governments have little room for manoeuvre to cope with the sovereign debt crisis because of the pressure exerted by the markets. All the European Union (EU) Member States have embarked on austerity policies to prevent contagion or to comply with the conditionality required by the European Central Bank and the International Monetary Fund. Civil servants and pensioners will be the next round of victims, after the million people who lost their job in the aftermath of the credit crunch. Presenting the current bailouts - technically, a transfer of citizens' money towards the sovereign debt creditor - as an alternative to disastrous default, is understandably alienating citizens from both EU integration and domestic politics.

The institutional response of the EU is focusing mainly on the double task of reigning in deficits and enhancing

competitiveness. Even assuming that this might be a comprehensive and far-reaching response in the long-term, one has to admit that the social dimension of the crisis has been completely neglected, or left to Member States, which are required at the same time to cut social spending. The recommended measures - whether they are necessary or not - are not pointing in the direction of social inclusion which the Europe 2020 strategy calls for. There are signs of moving towards revenue-raising measures which are not socially detrimental, such as Eurobonds or a financial transaction tax, but the political mood is still quite uncertain, along with the outcomes of such measures. However, if Europe is unable to go for this kind of response and keeps on heaping the adjustment-cost burden on the shoulders of the workers, retired people and unemployed, the end result will be that the European social model will be at odds with integration, leading therefore towards a loss of consensus in favour of the latter.

Marco Giuli, Research Fellow,
Madariaga Foundation
(College of Europe, Bruges, Belgium)

From transport to social policy

Zoltan Kazatsay, Deputy Director General of the European Commission's DG Employment since 1 December 2011

Whether at national or European level, Zoltan Kazatsay has dealt with several European Union structural funds

So, moving on from infrastructure to people?

Transport is not only about infrastructure. It's also about operational issues and human beings - customers, employers and employees. In the European Union, there are at least 10 million people directly employed in transport. It's an area where trade unions are strong and extremely competent. Each and every mode of transport has its own set of social regulations. For example, the working time directive affects the road hauliers, whose work and rest periods are registered by tachographs.

What exactly did you do in the field of transport?

I started as a civil engineer and I worked as a consultant in different countries, dealing with motorways and airports. In the late 1980s, I joined the Hungarian ministry of Transport to deal with large scale projects co-financed by the World Bank and the European Investment Bank. I started working with road hauliers, railway companies. Then I worked a bit for the Hungarian World Fair Office, as Director General. There I learnt a lot about economics and the environment.

Back in the Transport Ministry, I dealt with European and international transport issues. In 1997, I was appointed Transport Deputy State Secretary and negotiated the Transport part of the EU accession treaty.

What was it like negotiating with the EU?

At first, it was not always easy to understand the EU way of reasoning. Our minds were not entirely functioning the same way. But gradually, we found common ground and everything went all right. In 2004, I applied for a job as Deputy Director General in the European Commission's Transport department and was lucky enough to get it.

What advice can you give to the EU institutions today in their dealings with citizens?

Cultural differences at national or regional level sometimes create misunderstandings. We in the European Commission have to keep in mind the global picture, while the beneficiaries of EU funds are focused on the details of their own projects. We have to help them become aware of the global picture, understand the logics of EU funding

and clarify their objectives accordingly. There is definitely a need to simplify our procedures. We also need to protect them in the face of the local circumstances, conditions and politics they are facing.

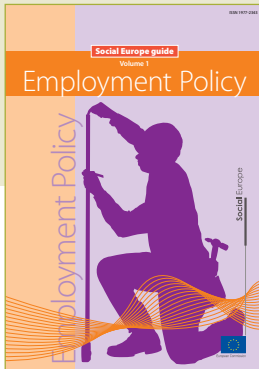
Simplification and synergy between structural funds are two buzz words of the proposals for the future of EU cohesion policy which the European Commission put forward in October 2011. Your experience with other EU structural funds should come in very handy?

Every experience helps. In the Hungarian government, I dealt with ISPA and PHARE and later the Cohesion Fund and the European Regional Development Fund. In the Transport department of the Commission, I was involved – inter alia - in the trans-European networks, in the co-financing issues related to the Cohesion Fund and some major regional development programmes such as the Danube development strategy.

So your experience will be an asset?

At least, that's how I feel.

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The Social Europe guide is a bi-annual publication aimed at providing to an interested but not necessarily specialised audience a concise overview of specific areas of EU policy in the field of employment, social affairs and inclusion. It illustrates the key issues and challenges, explains policy actions and instruments at EU level and provides examples of best practices from EU Member States. It also presents views on the subject from the Council Presidency and the European Parliament. This first volume in this series focuses on the biggest challenges the EU is facing in the area of employment. In particular, it describes EU actions to fight unemployment, develop new skills and create new jobs. It also explains the role of employment policy in the context of the Europe 2020 strategy and European economic governance. The last chapter outlines main orientations for EU employment policy in the future. This publication is available in printed format in English, French and German.

Catalogue No.: KE-BC-11-001-EN-C



Consulting European social partners: understanding how it works

Social partners play a vital role in shaping European social policy and the European Commission consults them extensively. This brochure gives an overview of the social partners' contribution to EU integration before setting out how this consultation works. It looks at consultations related to legislative proposals and those aimed at supporting EU policies. In addition, it addresses the topic of Impact Assessment. Lists of publications, websites and social partner organisations are also provided. The brochure is available in English, French and German.

Catalogue No.: KE-32-11-943-EN-C



Employment and social developments in Europe 2011

The economic, financial and sovereign debt crises and subsequent austerity measures underline the need for a more integrated approach to employment and social policy. This review merges two previous European Commission reports on these areas. It begins with an overview of the current European employment and social situation before looking at recent shifts in Europe's job structure and in income inequality. The review then examines patterns of poverty and social exclusion in Europe and the phenomenon of in-work poverty. Issues of active ageing, intra-EU labour mobility and the impact of enlargement are also covered. The review is available in English only.

Catalogue No.: KE-BD-11-001-EN-C

Useful websites

The website of Commissioner Andor: http://ec.europa.eu/commission_2010-2014/andor/index_en.htm

The home page of the Commission's Directorate-General for Employment, Social Affairs and Inclusion: <http://ec.europa.eu/social/>

The website of the European Social Fund: <http://ec.europa.eu/esf>



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