

The City Strategy for tackling unemployment and child poverty

Elena Urboniene
Grazina Jalinskiene
Ministry of Social Security and Labour

1. The Lithuanian context

Lithuanian economy and employment, which have assumed rapid growth in recent years, started slowing down in the second half of 2008. The first half of 2009 witnessed the consequences of the economic crisis – the growth of the unemployment rate, increased demand for funds necessary for payment of social benefits, and the imbalance of national and insurance budgets. During the period of 2005–2007, the average GDP growth rate exceeded 8 per cent, and the unemployment rate was the lowest (4.3 per cent); however, the economic crisis led to a GDP decrease by as much as 13.6 per cent and the 11.9 per cent unemployment rate in the first quarter of 2009. The number of beneficiaries of the tested monetary support has grown considerably. In May 2009, social benefit was granted to 2.1 per cent of Lithuanian population (64,600 residents), and the increase recorded accounted for 42.4 per cent, as compared to the number of beneficiaries in December 2008 (45,400 residents). The share of beneficiaries of social benefits differs greatly across municipalities: from 0.5 per cent to 6.3 per cent.

In its National Report on Strategies of Lithuania for Social Protection and Social Inclusion 2008–2010 (NR SSPSI), Lithuania highlights the following priorities in the policy for tackling poverty and social exclusion: eliminating child poverty and enhancing assistance to families, increasing labour market participation, and improving access to quality services.

Seeking to increase participation in the labour market, the NR SSPSI envisages promotion of participation in the labour market and employment of the most vulnerable individuals from social risk groups or suffering from social exclusion, encouraging economic activeness of the disabled and better use of their capacities on the labour market. The NR SSPSI provides for increasing the level of activeness of citizens up to 70 per cent, the employment rate up to 68.8 per cent, and the level of activeness of long-term unemployed up to 25 per cent by 2010.

With a view to successfully achieving the quantitative goals defined in the NR SSPSI, we should search for ways to find an adequate balance between the priorities and develop an adequate institutional mechanism in order to enhance interaction between different strategies and their practical implementation.

Within the context of the consequences of the economic crisis, which has been gaining momentum, the problem of employment and its solution have been assuming a bigger role; therefore, the City Strategy in the United Kingdom presented in the Peer Review meeting provides an opportunity to evaluate the unused national potential for promoting employment. We agree with the provision of this strategy that involvement and responsibility of the local level should be enhanced to tackle the problems of unemployment and poverty. Strengthening local institutions with the view of searching for adequate solutions or new ideas is also acceptable. Feasibility of the City Strategy is confirmed by an objective to mobilise the resources of public,

private and voluntary sectors and combine a spatial level with a set of social goals. We also approve of the proposal to enhance the visibility of the individual initiative.

2. Similarities/differences of the policy with the experience of Lithuania

In shaping its employment and social policy, Lithuania, like other Member States, has been observing the EU common goals and priorities. Common priorities and goals unite the employment, social protection, and social inclusion policies developed by the Member States. However, every Member State takes into consideration the existing country traditions, specific features and potential, which result in different policy measures and methods of implementation.

The provisions and goals of the UK City Strategy are close to the objectives defined in the Lithuanian employment and social policies. Like the United Kingdom, Lithuania has not yet reached an adequate level of coordination and integration of the local and national levels in forming and pursuing the employment and social policy. Insufficient cooperation of partners on the local level has been observed while solving relevant economic and social problems. Lithuania also finds relevant the provision set forth in the Host Country Report, saying that “they can achieve more together than separately”, especially with regard to poverty as a multifunctional phenomenon.

Lithuanian local authorities have been drawing up their own strategic action plans covering independent functions of a local authority and the functions assigned to local authorities by the state. Local authorities take part in the implementation of the employment policy through organisation of temporary public works for the unemployed. These public works aim at providing the unemployed with the opportunities to get quickly involved in the labour market and creating the conditions for these persons to earn a living. Public works are a good option of at least provisional employment for those individuals who find it difficult to choose a job according to their profession and work experience. This leads to increased chances of finding a permanent job.

Local authorities approve the programme of public works prepared jointly with the territorial labour exchange units. The programme stipulates the nature, scope, time and duration of works, the number of persons doing public works, payment conditions, demand of funds and fund sources. The employer, who hires individuals, sent by the territorial labour exchange unit, for public works under a labour contract, is paid a compensation for each employed person. The size of the compensation depends on the number of actual hours worked, the minimum hourly wage, and the size of social insurance contributions. The compensation for employers is paid by the territorial labour exchange unit (50 per cent) and the local authority (50 per cent).

Public works for the unemployed may be combined with vocational training or non-formal education when the unemployed person does not have the required qualifications, professional knowledge or skills, or when training is necessary after doing public works under an open-ended employment contract.

The quantitative criteria used for assessing the results of organised public works are the following: the number of temporary workplaces for the unemployed and the number of establishments organising public works.

Independent functions of local authorities cover the planning and provision of social services, establishment and maintenance of social services institutions and social families, as well as cooperation with non-governmental organisations. Inclusion of non-governmental organisations in the provision of social services lead to the creation of new jobs and enhanced civil activeness of the public. NGOs are provided with the opportunity to show initiative in providing multi-faceted services, whereas local authorities are vested with the coordination and control functions.

3. Potential transferability of policy to Lithuania

The presented City Strategy offers some provisions that could be applied in Lithuania when implementing the employment and social policy. One of these provisions suggests that while assessing the success of the to-be-implemented strategy, instead on relying only on quantitative indicators, we should, as is indicated in the City Strategy, put “greater emphasis on individual biographies – i.e. the “human stories” of how disadvantaged people in disadvantaged places have been linked into the labour market”.

Over 600 social workers in Lithuania work with social risk families in municipalities. The State provides funding for their work. The success of their activity depends on the municipal support that enables them to perform such a difficult function – integration of social risk families into the community. No doubt, many of these social workers have no work experience, thus, application of the “human stories” principle would contribute to the dissemination of good practice. Successful “human stories” could be published on the ministry-administrated website www.socialmap.lt. Disseminating this kind of information would encourage social workers and local authorities to look for adequate solutions seeking successful integration of social risk families into the community life, helping them to find a job and making it possible for children to attend pre-school establishments or day-care centres.

The results of the implementation of the City Strategy in the United Kingdom serve as a good example demonstrating that it is necessary to look for new ways to promote more active participation of local authorities in developing and implementing employment and social policy. It is necessary to encourage local authorities to engage both public and private sectors in order to solve issues regarding the locations with high unemployment rate and to find methods for more efficient utilisation of the available resources.

Undoubtedly, it is appropriate and desirable to transfer the provision of using quantitative indicators in order to perform comparative assessment. For the implementation of this objective Lithuania possesses a reliable database – the Social Assistance Information System. This system enables obtaining information on the assistance granted to persons and families. Information on various forms of social assistance granted to persons is incorporated into a single information system that can be used not only by the ministry, but also by local authorities and other institutions interested in specific information. It is appropriate to transfer comparative quantitative indicators used in the City Strategy that would reflect the results of the strategies implemented in local authorities: the reduced number of unemployed persons and beneficiaries of social benefits. The Social Assistance Information System allows monitoring and assessment of the implemented employment and social security policy results across municipalities.

4. Key issues and main questions proposed for the debate at the review meeting

- What is the relation between reducing the unemployment rate and child poverty?
- What should be considered a priority: poverty prevention measures or measures to mitigate the negative consequences of poverty?
- How to ensure a greater positive impact of the employment policy on reducing child poverty?
- Does the adequate level of reconciliation of work and family life help to solve child poverty issues?
- How to reconcile the development of employment policy and policy for reducing child poverty at a local level?
- Who should bear the greatest share of responsibility for child poverty – parents, state or local authorities?
- Is it possible that child poverty will diminish by itself only by solving the unemployment problem?