

# SOCIAL AGENDA

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## Towards full employment: the EU contribution

A lasting legacy in the fight against poverty and exclusion  
Microfinance for European entrepreneurs



2011 sees the opening of a new phase for the European Union. Spurred on by the adoption of the Europe 2020 strategy, Europe has slowly started to emerge from the crisis and to lay the foundations for a return to growth and prosperity. The shockwaves generated by the economic and financial crisis have prompted a bold rethink of EU political priorities. The Europe 2020 strategy revolves around three key features that will be decisive in determining Europe's future success: growth must be "smart", developing an economy based on knowledge and innovation, it must be "sustainable", promoting a more efficient, greener and more competitive economy, and it must be "inclusive", fostering high employment and delivering territorial and social cohesion. The role of employment and social affairs policy within this vision for Europe cannot be overstated. Amongst the "flagship" initiatives contained in the strategy, three deal with employment and inclusion: Youth on the Move, the Agenda for new skills and jobs, and the European platform against poverty and social exclusion. In our special feature starting on page 15 we take an in-depth look at the new skills and jobs initiative, reporting on the thinking behind it as well as on the concrete instruments being put in place to anticipate and monitor the requirements of the labour market and to accurately and effectively match the demand and supply of skills across Europe.

*"Europe has slowly started to emerge from the crisis and to lay the foundations for a return to growth and prosperity"*

Elsewhere in the magazine we examine the progress achieved in the fight against poverty and social exclusion. The momentum generated by the 2010 European Year against poverty and social exclusion has helped putting the issue firmly at the top of the political agenda. This is reflected in the Europe 2020 objective of reducing the number of people at risk of poverty in the EU by 20 million within the next decade. To put this figure into context it is worth remembering that more than 80 million people in the EU live at risk of poverty, a quarter of them children, and that 8% of Europeans have such limited resources that they cannot afford the basics.

Going back to our main topic, in the "Other Voices" section on page 26 you will find an expert's view on flexicurity and the new skills for new jobs initiative by professor Ton Wiltshagen of Tilburg University in the Netherlands.

And finally, a word about the new set-up of our Directorate-General. The new political priorities that the EU has set itself required a reorganisation of its departments, in order to better adjust their policies and actions to serving the EU's overarching goals. As of 1 January therefore, our Directorate-General's activities concentrate on employment, social affairs and inclusion. The department dealing with gender equality and antidiscrimination has been transferred to another Directorate-General, and this will naturally reflect on the topics covered by Social Agenda magazine.

**Koos Richelle**

## Focus On:



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### **A lasting legacy in the field against poverty and exclusion**

The European Year against Poverty and Social Exclusion put the fight against poverty firmly on the political agenda. p. 7



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### **Towards full employment: the EU contribution**

A range of initiatives and instruments will help Europe to achieve its employment targets in the run up to 2020. p. 15



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### **Microfinance for European entrepreneurs**

A tool to support employment, business development and social inclusion. p. 21

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# NEWS IN BRIEF

## GENERAL

On 1 January 2011 **Hungary** followed on from Spain and Belgium to become head of the Council of the European Union (EU). It is the first time that Hungary takes on the presidency of the Council of the European Union since it joined the EU in 2004. Its priorities include stabilising the European economy, EU expansion, energy and the integration of Roma people.

With the adoption of the **annual growth survey** on 12 January, the European Commission launched the first step in a new system to help national governments to coordinate more closely their responses to the EU's main economic challenges. The survey is part of the new 'European semester', an annual six-month cycle during which governments benefit from the input of their peers at EU-level as they formulate their budgetary and economic policies. Working together on economic policy from the get-go will make it easier for EU countries to pursue shared targets and address common concerns. The survey identifies 10 priorities EU countries should focus on to



boost the economy and raise employment in line with the EU's stability and growth pact and its new strategy for growth and jobs, Europe 2020. These include getting the unemployed back into work, reforming pension systems, reigning in public debt and promoting the full use of Europe's integrated economy. ■■

## EMPLOYMENT AND EUROPEAN SOCIAL FUND

Although most EU Member States are facing similar problems when it comes to **fighting youth unemployment**, there are large differences between the individual national situations. A **report released on 13 January by EMCO** examines how Member States' labour market policies seek to foster youth employment, concentrating in particular on anti-crisis measures. This thematic review focuses on a number of criteria considered to represent potential difficulties for young people in the future: transitions from school to work, education attainment level, early school leavers, skills matching etc. The report also illustrates practices and instruments put into effect in different

countries; it traces existing bottlenecks and shows a glimpse of Member States future priorities for further reforms. The Ad Hoc Group Report also sheds some light on the identity and involvement of stakeholders, the role of ESF and the promotion of good practices in this policy area.

The **Employment in Europe 2010** report was presented on 25 November. It underlines how young people have borne the brunt of the crisis, with unemployment disproportionately hitting 15-24 year olds and reaching over 30% in some countries. Although there are consistent signs of the EU labour market stabilising, with indications of the beginnings of an upturn in some Member States, the crisis has had a profound effect on employment and the overall recovery of the EU economy remains fragile. The rise in unemployment combined with limited opportunities to re-enter work has aggravated the risk of a surge in long-term unemployment or people leaving the labour market altogether. The report stresses that it might be some time before we see a clear upswing for jobs. "European labour markets will emerge from the crisis profoundly changed. That's why workers and employers must be ready with the right skills and incentives to adapt to the changing realities" said László Andor, EU Commissioner for Employment, Social Affairs and Inclusion. ■■





## WORK ORGANISATION, WORKING CONDITIONS AND SOCIAL DIALOGUE

According to the latest issue of Eurofound's European Restructuring Monitor quarterly, published on 24 January, **restructuring measures appear increasingly to be affecting public sector employment** as a result of widespread public spending restrictions and cuts. Over the last quarter (1 October to 31 December 2010), the European Restructuring Monitor (ERM) reported 304 cases of restructuring of which 172 involved job losses. Total announced job losses were approximately 88,000 in the quarter as against announced job creation of just over 47,000. The public administration sector reported by far the largest number of announced job losses (23,000) followed by health and social work (6,126), construction (6,045) auto manufacturing (6,018) and financial intermediation (5,282 jobs). The report also contains an in-depth analysis of the European postal sector, which has undergone considerable restructuring in recent years, driven by EU directives fixing deadlines to remove legal monopolies on all postal services.

On **21 December** as part of its review of the EU working time Directive, the Commission has launched the mandatory second stage of consultation with workers' and employers' representatives at EU level. The second stage consultation paper asks social partners for their views on two alternative approaches based on either a narrower or a broader scope for the review. It seeks opinions on detailed options that cover key themes such as on-call time, timing of minimum rest periods, tackling excessive working hours, and better reconciliation of work and family life. At the same time, the Commission has presented a detailed Report on the

implementation of the current Directive in the Member States, as well as the first findings of independent studies on the economic and social impact of working time rules and of research on relevant changes in working patterns.



On **25 November** the European Union's Occupational Safety and Health Agency (OSHA) and the Belgian EU Presidency organised a one-day conference called "Maintenance: Do It Safely" in Brussels. The conference focused on how safe maintenance can save lives and coincided with the release of EU-OSHA's report *Safe Maintenance in Practice*, outlining the key strategies businesses should adopt to prevent maintenance risks. ■■



## PROMOTING AN INCLUSIVE SOCIETY

On 15 November 2010 the European Commission adopted a new **European Disability Strategy** covering the period 2010-2020. The strategy focuses on eliminating barriers across eight main areas: accessibility, participation, equality, employment, education and training, social protection, health, and external action. It includes a list of concrete actions and a timetable. The Commission will regularly report on the strategy's achievements and progress complying with its obligations under the United Nations Convention on the Rights of People with Disabilities which it has signed.



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The Spanish city of **Avila**, won the **first-ever European award for improving access for people with disabilities**. The annual honour aims to award efforts to improve accessibility in the urban environment and to foster equal participation of people with disabilities. The Commission praised Avila's plan, developed since 2002, to improve accessibility to public buildings and to give incentives for private initiatives. It has also developed accessible tourism facilities and improved job opportunities for people with disabilities – working directly with disabled and elderly people's organisations. The European jury selected Avila because of its comprehensive plan, the high level of political commitment, the progress achieved so far, and the effective involvement of people with disabilities in the process. ■■

## MOBILITY

The first issue of **FMW, the online Journal on free movement of workers within the European Union**, is available on DG Employment, Social affairs and Inclusion's website. FMW is a twice-yearly publication coordinated by the network of experts on free movement of workers, through a Board of Advisors, under the supervision of the European Commission. Its aim is to develop academic interest and stimulate debate on this fundamental area of European law. In this first issue, lawyer and author Esther Weizsäcker contributes to the debate on possible changes in the regulatory framework for the recognition of professional qualifications. Professor Kees Groenendijk addresses the issue of equal treatment of workers and the remedies available to enforce their rights. Finally, Professor Catherine Barnard discusses the consequences of the Commission v Luxembourg case on the posting of workers in the UK.



Download it from our e-library:  
<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=596&type=2&furtherPubs=no> ■■

# A lasting legacy in the fight against poverty and exclusion

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The European Year against Poverty and Social Exclusion put the fight against poverty firmly on the political agenda

The European Year (EY) against Poverty and Social Exclusion, which officially drew to a close last December, will certainly be remembered for the thousands of events and initiatives organised across Europe, mobilising institutions, civil society organisations, media, artists, schools, politicians, experts and ordinary citizens. More than 700 hundred projects have been co-financed across 29 countries. But perhaps the Year's most lasting legacy will be

its contribution to building an early political momentum and influencing the attitude of political leaders regarding the place of the fight against poverty and social exclusion on the political agenda. While over 80 million people in the EU, a quarter of them children, are still at risk of poverty, the European Union is determined to use the momentum generated by the European Year to step up its efforts to fight poverty in the next decade. The first results can already be seen. For the first time ever, at the initiative of

the European Commission, EU leaders set a concrete target to reduce poverty and social exclusion by at least 20 million by 2020 as part of the Europe 2020 strategy adopted last year. And last December, again in the context of Europe 2020, the Commission adopted a communication establishing a European Platform against Poverty and Social Exclusion. The document sets out ways to help Member States move up a gear in fighting social exclusion. Countries will have to set their own national targets and report on their progress yearly. The Commission will support these efforts through its policies in areas like social protection, employment and education, and by providing EU funding.

Speaking to journalists at the launch of the new anti-poverty initiative, László Andor, EU Commissioner



for Employment, Social Affairs and Inclusion said “Combating poverty is both a moral duty and an economic necessity. With millions still living on the margins of society we are wasting our human resources. Children, young people, migrants, the elderly and other vulnerable groups need particular attention.” He added “I am confident that the Platform flagship initiative will contribute to meeting the EU level target by acting as a springboard for innovative and cost-effective solutions in the fight against social exclusion”.

### **A dynamic framework for action**

As one of the seven flagship initiatives of the EU’s Europe 2020 strategy, the European Platform against Poverty and Social Exclusion communication sets out actions to bolster work at all levels to reach the EU headline poverty reduction target. It is complementary and strongly linked to the other initiatives which focus on raising employment and improving education and skills. The Commission paper considers both the challenges Europe currently faces in combating poverty and social exclusion, as well as the changing nature of poverty. It also identifies the overall need to deliver anti-poverty actions across the entire policy spectrum, such as preventing the transmission of poverty through generations and tackling child poverty; using employment as a route out of poverty through active inclusion strategies; and stepping up efforts to integrate minority groups like the Roma people socially and economically.

Combating poverty and social exclusion is primarily a responsibility for Member States. They will have to take the lead in fighting against social exclusion and poverty, and present their initiatives in the National Reform Programmes linked to the Europe 2020 strategy. The Commission will evaluate these actions and identify best practice examples. EU action in the field is not new: since

2000, the EU has helped Member States learn from each other and improve their policies in crucial fields like child poverty or homelessness, through the Social Open Method of Coordination. Many other policies and programmes also contribute. For example the EU provides direct support to those at risk through financial programmes, and has promoted better working conditions or combated discrimination through legislation. Such cooperation is all the more important as Member States face common challenges, such as child poverty, labour market segmentation, efficiency of social protection systems in a context of strained public budgets.

### **European added value**

Overall, the added value of action at EU level is in developing common EU-wide objectives and approaches that Member States implement by means of national action plans. Meanwhile, EU funding is made

available for activities aiming at preventing and combating poverty and social exclusion, for example under the European Social Fund (which represents 10% of the EU’s annual budget) and PROGRESS programme (which has a budget of around €100 million per year). The European Commission also organises regular pan-European meetings to pool ideas and share successful policy approaches, for example through the annual roundtable on poverty and meetings of people experiencing poverty.

In terms of finances, various programmes already contribute to the poverty-reduction objective, either through direct support to those concerned or by building knowledge and co-operation to develop better policies. The European Social Fund (ESF) co-funds projects tailored to help people who are most vulnerable to poverty, unemployment and social

### **The European Platform against poverty and social exclusion: Key actions:**

- Promoting innovation in social policy. Encouraging innovation to find smart solutions in post-crisis Europe, especially in terms of more effective and efficient social support. This means promoting evidence-based innovation in social policy, where the use of evidence-based methods tests and assesses policy change. For example, testing different ways of distributing or managing existing benefits on specific groups.
- At EU level: making the best use of all EU Funds, in particular the European Social Fund, to support social inclusion objectives and proposing social policy as a priority for future EU funding. The new Microfinance Facility will be up and running in early 2011 and aims to help vulnerable groups access loans to set up their own business.
- Making social protection and services more effective and responsive to new social needs. The Commission will publish a White Paper in 2011 to address the safety, adequacy and sustainability of pensions. Actions linked to the quality of social services, health inequalities and housing exclusion are also planned and 2012 will be the European Year of Active Ageing.
- Bringing on board a much wider range of partners to fight exclusion. The Commission will set out voluntary guidelines on stakeholders’ involvement in defining, shaping and carrying out poverty reduction actions to take on at national, regional and local level.



exclusion, enabling them to acquire or adapt their skills. Every year, 5 million unemployed and 1 million people from vulnerable groups benefit from the ESF intervention.

Overall, the ESF has nearly €76 billion to invest between 2007 and 2013 in programmes that could have a direct or indirect impact on reducing poverty and child poverty. More specifically, out of the €76 billion amount to invest, about one-sixth goes to promoting social inclusion. Active labour market policies and the provision of key services such as childcare are still the main instruments. Education also plays a decisive role in giving young people equal opportunities and breaking the intergenerational transmission of poverty.

Some 18% of the ESF's budget of more than €10 billion a year is earmarked for projects that directly combat social exclusion: helping migrants into the workforce, integrating disadvantaged people and improving equal access to employment. Every year, some 1 million people from vulnerable groups – including migrants, members of ethnic minorities, and disabled people – benefit.

The ESF funding indeed plays an important role in supporting people to get back on track – for example, by helping them to integrate into the labour market. This can involve outreach, guidance, counselling, training, employment support and personalised services, as well as incentives for direct job creation and support for business start-ups.

Many other programmes provide direct support to vulnerable groups or communities, such as the European Microfinance Facility (put in place to provide up to 45,000 micro-loans to unemployed and small entrepreneurs), the EU Food distribution programme

for the most deprived persons (reaching out to 13 million European citizens each year), the European Regional Development Fund and the European Agricultural Fund for Rural Development, as well as the Lifelong Learning Programme.

The new Platform against Poverty and Social exclusion will provide a coherent EU framework for action to ensure social and territorial cohesion thus contributing to Europe's overall objective of smart, sustainable and inclusive growth.





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## ESF in Italy - From the streets to the catwalk

**F**iorella, 50, lived on the streets of Bologna, Italy, for two years before starting a vocational training course designed for homeless people. Since she ran away from home as a teenager, Fiorella has had a tough and eventful existence. She spent several years in prison, followed by a long period of depression and drug addiction. For two years she lived rough, sleeping in parks and station waiting rooms. Now, at the age of 50, her life has finally settled down. She shares a flat of her own with her placid mongrel Alsatian dog, Alba, and has a stable relationship. She also manages an elegantly decorated vintage clothes shop – *Il Vestito* – in the centre of the city, where residents and tourists stroll through Bologna’s famous arcades. The shop belongs to Piazza Grande, a local organisation set up in 1993 to support homeless people. With support from the European Union, through the European Social Fund, Piazza Grande arranged the dressmaking training that led Fiorella into work and restored her self-respect. “Piazza Grande accepted me and gave me the space and time to recover, and I took all the opportunities they offered me,” she says. “I have had lots of problems, but I have always

kept my dignity and my values. In essence, I’m a worker.”

### Help where it is needed

Fiorella’s first contact with Piazza Grande was in 2002. Originally launched to publish a newspaper to raise funds for homeless people, the organisation now involves social workers and ‘street lawyers’ (*avvocati di strada*) who go out into the city to provide practical help (food, clothing and blankets) and advice. It also employs some 20 people in its cleaning and decorating cooperative (*Fare Mondi*), bicycle workshop, and the clothing warehouse, which collects donations and distributes them to people in need. It runs a theatre group, and has expanded to organise training activities, offering more job opportunities to the poorest and most excluded people in Bologna, many of them immigrants and Roma “The aim is that everyone develops and does what they can,” say organisers. “Piazza Grande workers found me in the park,” remembers Fiorella. “I’m not really a street person, so I had decided to come off drugs. I did it alone, by myself. I learned to fight for myself when I was in my mother’s womb, and I have a strong character – in prison they used to call me ‘ice and

fire’ because of my pale eyes. I have seen too many things, so before being attacked, I attack myself. I’m hard, but I’m also passionate.”

### The essential value of work

Piazza Grande offered the hope she needed. After several months in hospital with serious liver and kidney damage that could have been fatal, she was finally able to get accommodation of her own. In 2004, she took the course in basic dressmaking, and a second training in 2006 taught her to identify vintage garments and transform them into fashion wear. Finally, in November 2007, *Il Vestito* opened its doors. Fiorella and her assistant Micaela Ugolini are responsible for the financial management of the business, selecting items for sale from the clothing donations, and running the shop, with the assistance of a small team of trained dressmakers who carry out alterations.

“I am happy with what I do now. Piazza Grande has invested in me and I can only thank them,” reflects Fiorella. Some time ago, she was also reunited with her brothers and sisters, nephews and nieces, after a long period of isolation.





## Older and more diverse

The third demography forum discusses the changing face of Europe

**T**he third European Demography Forum took place in Brussels last November. Many things have changed since the previous edition, which was held in 2008. The worst recession in decades has deeply affected European economies, labour markets and public finances.

Against this background, the third Demography Forum sought to explore how best to promote active ageing, examine how families can be best supported and debate how to tackle the crisis and consolidate public finances without jeopardizing investment in Europe's demographic future. The Forum attracted about 350 participants mainly from the European Union, but there was also a delegation from AARP, the American association of people over the age of 50, as well as small Japanese and Korean delegations.

### An ageing population

The Forum was opened by European Employment, Social affairs and Inclusion Commissioner László Andor. He recalled that the EU population has passed the 500 million mark in 2009 and is becoming more and more diverse and ageing fast. The future shrinking of the working-age population, as the baby-boomers start to retire, implies that a much better use of remaining demographic potentials has to be made. The success of the Europe2020 strategy will depend to a large extent our ability to tackle demographic challenges.

After Commissioner Andor's speech, four lectures were given by well-known academics. James Vaupel (Max-Planck Institute for demography, Rostock) showed how fast life expectancy continues to increase and argued that this requires

finding ways for distributing work better over the life course, notably by developing part time working. Chantal Cases, director of the French demography institute INED, showed how the EU population has become more diverse as a result of intra EU mobility and immigration from third countries. Sarah Harper, director of the Oxford Institute of Ageing, drew attention to the fact that fertility rates are everywhere dropping below two children per woman, with the exception of sub-Saharan Africa, so that the whole world will be ageing fast. Atsushi Seike, president of Keio University, Tokyo, explained that even in Japan, the most aged country of the world, mandatory retirement is still practiced. Japanese workers have a very strong motivation to work longer and this will allow for a further increase in the Japanese retirement age.





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## Empowering older people

The afternoon session was devoted to active ageing. In three workshops, one for each strand of active ageing (employment, volunteering and informal work, autonomous living) stakeholders presented interesting examples of their activities to promote active ageing. The three rapporteurs (Rainer Muenz, Alan Walker and Bernard Casey) presented some of the most striking examples in the concluding panel debate. André Schroeder, secretary of state in the German Land of Saxony-Anhalt, stressed in his intervention the need for a bottom-up approach when making adaptations the local built environment. Anne-Sophie Parent from the European older people's platform AGE said that working longer is not enough. She argued that we need to empower older people to participate and contribute to their communities so that they can remain autonomous as long as possible. This requires a more age-friendly and inclusive society. The afternoon was closed by a speech from State Secretary Herman Kues of the Federal German ministry for families. He announced among other things a new family care scheme for Germany which would allow a person to take up two years of part time paid care leave.

The Second day of the Forum was opened by a debate led by Lore

Hostasch on family support and the role past and future role of the European Alliance for Families. There was consensus that support for families was not just important so that couples can decide to have the number of children they want, but also to make sure that all children in our societies have equal opportunities to prepare themselves for life. There is not one type of family support policy that is clearly superior to others; an eclectic approach based on evaluation is the best way forward. The European Alliance for Families has proved to be very useful but it deserves better visibility and its activities need to be further strengthened.

Former DG Employment Director-General Klaus van der Pas moderated the concluding policy debate. Among the panellist was the Polish Under-Secretary of State for Labour and Social Policy Radoslaw Mleccko. He presented latest changes in policy regarding retirement and family for his country. The main danger resulting from the recession is now the public finance crisis which may jeopardise our ability to invest in our demographic future. The contribution of Fabian Zuleeg, chief economist of European Policy Centre, was particularly impressive in this respect. He first showed the gravity of the current economic and financial crisis and then issued a stark warning. If the

EU and the Member State governments would continue to respond to the crisis in the current piecemeal tinkering way then very soon all room for manoeuvre could have disappeared in a similar way as is currently already the case in Greece and Ireland.

The Forum was closed by the Hungarian Minister for National Resources, Miklos Rethelyi. He presented the activities of the coming Hungarian presidency. Hungary is very committed to the topic of demographic change and intends to organise a full demography week at the end of March 2011. In this week, there will be a presidency conference on family policies, a meeting of the demography expert group and an informal Employment and Social policy council meeting in Budapest. The next Forum is scheduled to take place in 2012 - during the European Year for Active Ageing.

Demographic trends, and in particular the imminent shrinking of the working-age population will make it more difficult to achieve high growth rates in the future. But there are huge untapped potentials in Europe's ageing and more diverse population. Unleashing these potentials by creating better opportunities for all Europeans must be the priority for the years to come.



# ESF in Lithuania - New skills and a sense of community

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**B**orn in a small village near Vilnius in the 1930s, Aldona Mikalauskiene has witnessed first-hand some of Europe's greatest upheavals, from the atrocities of the Second World War to difficulties and conflict under Soviet rule, to eventual independence for her small nation of Lithuania. Through it all she has maintained a strong character and a sense of duty to her fellow citizens.

"Today we have many new freedoms," she says. "Freedom to run businesses and to improve ourselves, to criticise and speak freely about our government, but we also have an obligation to use our freedoms and our talents to help each other. We are all one people, one society."

## From humble beginnings...

A farmer's daughter from rural Ukmergė, Aldonis went to school, was married and widowed, and then took up her studies again, distinguishing herself as an older student at university. Now a qualified accountant, she heads her own accountancy firm in the Lithuanian capital, training and employing young people, and

helping a range of clients to succeed during tough financial times.

"I have spent the major part of my career working with upcoming professionals," she says. "I provide apprenticeships and have trained numerous successful accountants.

Her clients are many and varied, from Chinese restaurants and car mechanics to women's and children's organisations, to big companies and manufacturers. "I enjoy my job and I find it particularly satisfying to see my group helping others to succeed," she says, "whether small businesses, service providers or corporations making money for our economy.

"And why should I stop now? I have been around for a while, but I lead an active life and I think I still have something to contribute."

## Still in good form

"The work of accountancy always comes back to numbers," Aldonis explains, "and that means specialised knowledge and the right tools."

A unique programme of IT training for older people, organised by the senior citizens' group 'LPS Bociai' and co-funded by the EU through the European Social Fund, helped Aldonis make fuller use of modern IT technologies for her business, improving her skills and bringing her up to speed on the latest computer equipment, programmes and networking services.

"I spend a good part of my day out and about," she says, "meeting clients, collecting and delivering documents and presentations and selling our services to prospective customers." Then it's back to the office where she collates and analyses results and figures.

"When I started out, we used those old-time adding machines, you know, with that big lever that swings down and goes 'cha-ching'. We thought they were quite handy. My, how things have changed! There are so many new tools and technologies that can be extremely useful in accountancy." The computer courses allowed me to develop new skills and ultimately to do my work more efficiently," she says. "The lessons were a real help."



# Active ageing to be the focus of the 2012 European Year

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EU highlights the importance of promoting a healthy and active ageing population to help achieve higher employment and social inclusion

**T**he European Commission has proposed that 2012 be designated as the “European Year for Active Ageing”. The Year for Active Ageing will serve as a framework for raising awareness, for identifying and disseminating good practice and, more importantly, encouraging policymakers and stakeholders at all levels to facilitate active ageing. The aim is to invite these players to commit to specific action and goals in the run-up year 2011 so that tangible achievements can be presented during the European Year itself in 2012.

## An ageing population

The number of people aged sixty and over is now increasing by around two million individuals a year - twice as fast as in previous years. In addition, in the next few years, the number of people of working age will start to decline. The fact that our societies will age considerably over the coming decades has been known for many years but the first signs are becoming only visible now as we are reaching the stage where the large cohorts born after the Second World War are approaching the end of their working life.

Population ageing presents both challenges and opportunities. It may

increase pressure on public budgets and pension systems, as well as on the staffing of social and care services for older people. Old age is still often associated with illness and dependency, and older people can feel excluded from employment as well as from family and community life. There is a fear that the older generations might become too heavy a burden on younger, working-age people and that this could result in tensions between generations.

## Untapped potential

This view neglects, however, the significant actual and potential contribution that older people — and the baby-boom cohorts in particular — can make to society. We need to enable older people to make their contribution to society, to rely more on themselves and to depend less on others and for this we need to create conditions that allow people to stay active as they grow older. “Active Ageing” promises to be such an approach because it seeks to help older people to: remain longer in the labour market; contribute to society as volunteers and carers; remain as autonomous as possible for longer. Older people are a huge source of potential — indeed, the baby-boomers now reaching their sixties are full of resources and talent but for this govern-

ments need to remove the obstacles that prevent people from fully using their potential as they grow older.

## Why a European year?

The Commission highlighted in its Communication on “Europe 2020 – A strategy for smart, sustainable and inclusive growth” the importance of promoting a healthy and active ageing population to help, among other things, achieve high-employment, invest in skills and reduce poverty. Active ageing needs to be supported by a wide range of policies at all levels of governance. The EU plays its part in such policy areas as employment, public health, information society, transport and social protection, but in the main policy responses on active ageing generally fall within the responsibility of the Member States, which are stepping up their efforts to mobilise the potential of older people. Through the European year, the EU will be able to support their endeavours by creating a more supportive environment, with increased awareness among policy makers and the general public, helping to mobilise policy makers and stakeholders at all levels, supporting mutual learning across Europe and helping to define common objectives and targets.





SPECIAL FEATURE

# Towards full employment: the EU contribution

**R**aising the employment rate for women and men aged between 20 and 64 to 75 per cent by 2020. This is the ambitious target that the European Union (EU) has set itself as part of its Europe 2020 strategy to exit the crisis and return to growth and prosperity. Getting there will be no easy task. The crisis has pushed the employment rate down to 69 per cent, and the unemployment rate up to 10 per cent: assuming that the labour market stabilises in 2010-2011, achieving an employment rate of 75 per cent by 2020 will require an average employment growth slightly above one percent per year. With declining fertility rates, the EU working age population (those aged between 15 and 64) will start shrinking as early as 2012, even with continuing immigrant flows. A skilled workforce is an essential asset to

develop a competitive, sustainable and innovative economy in line with Europe 2020 goals. In times of budgetary constraints and unprecedented global competitive pressures, EU employment and skills policies that help shape the transition to a green, smart and innovative economy must be a matter of priority.

To achieve these objectives, the Commission is proposing actions across four main areas: make Europe's labour markets function better, equip people with the right skills for employment, improve job quality and working conditions, and create jobs. The proposals are part of the newly-launched "Agenda for New Skills and Jobs", one of the flagship initiatives spearheading the implementation of the Europe 2020 strategy. They constitute the EU contribution towards full employment.

The main responsibility and instruments in the area of employment policy lie of course with the Member States. However, the 75 per cent EU employment rate target will only be achieved by pooling all efforts and instruments. While the flagship initiative sets out mainly the EU-level actions required to reach the employment target, many of the proposed actions will involve Member States as well as social partners. Implementation will be based on a mix of EU policy instruments, including legislation, policy coordination, social dialogue, funding and strategic partnerships. The articles that follow examine the proposals contained in the new initiative, and look at some of the instruments that the European Commission is busy developing and putting in place to help the EU reach its ambitious target of reaching full employment by 2020.



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# An agenda for new skills and jobs

## New Commission initiative sets out concrete actions to boost employment in the European Union

**E**urope needs more people in work. Over 23 million people are currently unemployed, 10% of the working population. The economic and financial crisis has led to 5.6 million jobs being lost across the EU since it first hit labour markets in 2008.

Without enough people in employment, the sustainability of Europe's welfare systems is at risk. Europe's demographic challenges are well-known, and very soon, in 2012, Europe's working age population will start to shrink.

The EU has already in the past decade attempted to meet this as well as other challenges, mainly related to the competitiveness of the EU in an international context. The Lisbon Strategy provided the framework within which Member States and the Commission undertook major reforms, including on labour markets.

Earlier this year the EU has set itself new ambitious targets to achieve by 2020. The Europe 2020 strategy aims to achieve smart, sustainable and inclusive growth. For the area of employment this means to reach an employment rate of 75% by 2020, for women and men aged 20-64. On 23 November the Commission adopted the Europe 2020 flagship initiative 'An agenda for new skills and jobs', setting out the contribution that the EU can make to boosting employment. Employment policy is largely the responsibility of Member States, however to reach the employment rate target, efforts are also needed at EU level, based on close cooperation between the Commission, Member States and social partners.

The main message the flagship sends out is that the EU should be proactive to reach the employment rate target

rather than just reacting to outside developments. To do this, the flagship proposes a number of concrete actions that should enable the EU to boost employment.

And there are jobs to be filled. Even during the crisis, some employers have been reporting difficulties in recruiting, especially for vacancies requiring high-skills. In the future, there are likely to be many more jobs that require higher skills. Estimates already show that by 2015, there could be a shortage of 700,000 ICT specialists. The health sector could see 1 million unfilled vacancies and by 2025 the EU may need an extra 1 million researchers.

The 'Agenda for new skills and jobs' sets out the priorities for action in the coming years in four areas central to employment.



First of all, labour markets must be made to function better: Based on a new momentum for flexicurity, the initiative puts forward a number of proposals to reform labour markets. These concern work contracts, unemployment benefits, individual support to those who need it most and opportunities for lifelong learning. One proposal is to address the problems associated with temporary and permanent contracts by introducing more open-ended contractual arrangements. These could help overcome the divide between people with different contracts working side by side. They would give everybody the chance to gradually increase employment protection rights while also giving employers clear prospects on the conditions for employing people.

Secondly, people need to be equipped with the right skills for employment. There is still potential for education and training systems to better prepare people to meet the demands of the labour market. The initiative sets out actions for everybody to have the opportunity to acquire the knowledge and skills that are needed in the labour market. One example for concrete action the Commission is taking is the setting up of an 'EU skills panorama' which would help forecast better the skills that will be required in future and ensure people have the right mix of skills – for example, ICT, entrepreneurship and languages – to enhance their adaptability and employability. Another important initiative is ESCO, the European Taxonomy of Skills, Competencies and Occupations. ESCO has the potential to bring much more closely together the worlds of education and training on the one hand, and work on the other hand, therefore contributing to a better match between skills demand and supply. It is also a good example of the need for close cooperation between actors from the area of employment, and stakeholders from education and training. At European level, this

cooperation is already showing its benefits in concrete initiatives such as ESCO that are undertaken jointly.

A third crucial element is the quality of work and working conditions. There is a substantial body of employment legislation at EU level affecting the conditions for job creation, more particularly quality of work and working conditions. In the flagship the Commission proposes to review parts of the body of legislation to make it work better, and be easier to understand and apply for both employees and businesses. One simple reason for the need for such a review is that working patterns and technology change over time and legislation needs to keep up with these developments. In practical terms the Commission will, among other things, propose amendments to the working time directive and make a legislative proposal aiming at improving the implementation of the posting of workers directive.

And, last but not least, job creation. The EU won't be in a position to reach an employment rate of 75% and achieve sustainable growth without creating new jobs. Yet currently people who have the potential to create jobs

still face too many obstacles. There is a need to improve the framework conditions for job creation, especially in fast-moving and R&D-intensive sectors, with less administrative burden, lower taxes on labour and more and better support for (potential) entrepreneurs. Reinforcing the move from informal or undeclared work to regular employment will also create jobs in the formal economy.

The 'Agenda for new skills and jobs' has set priorities for action up until 2014 when the Commission will adapt its priorities to the new Multiannual Financial Framework. Between now and 2014 the Commission will report on progress in the Annual Growth Surveys that form part of the Europe 2020 Strategy.

More information on the 'Agenda for new skills and jobs' can be found on the following webpage: <http://ec.europa.eu/social/main.jsp?langId=en&catId=958>

More information on the Europe 2020 Strategy can be found here: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)





# A new momentum for flexicurity

A valid policy framework needs to be adapted to changes in EU labour markets



**F**lexicurity, an integrated strategy to enhance both flexibility and security within the labour market, was developed as a comprehensive response to the challenges faced by European labour markets and societies in the context of globalisation and technological and demographic change. The EU Common Principles of flexicurity including its four components were adopted in December 2007 by the Council as a means of modernising labour markets and promoting work through new forms of flexibility and security. In order to increase adaptability, employment and social cohesion, Member States were called upon to develop their own national flexicurity arrangements and to devise strategies to reform their labour markets together with social partners.

While flexicurity policies have helped weather the crisis, the urgent need to pursue labour market reforms in order to reduce segmentation and support transitions in the labour market has become apparent. The EU Common Principles for flexicurity, are widely considered to be well-balanced and comprehensive, and remain valid as a policy framework; but the four components of flexicurity need to be strengthened and adapted to the new socio-economic context.

In its Agenda for New Skills and Jobs, the Commission proposes a set of key

policy priorities to reinforce the four components of flexicurity, in partnership with Member States and social partners. These include a strengthened focus on reducing segmentation, greater weight on internal flexibility, improving the access to and targeting of lifelong learning, adapting the mix of active labour market policies and their institutional setting to reduce the risk of long-term unemployment and reforming unemployment benefit systems, including the extension of their coverage.

A new momentum for flexicurity must be the result of a common approach by EU institutions, Member States and social partners. In this spirit, the Commission proposes to hold a comprehensive debate in the first

half of 2011 on strengthening the four components of flexicurity along the priorities listed above, in the framework of a special stakeholder conference.

Improved coordination of policies and the involvement of social partners and other relevant stakeholders are crucial for a successful implementation. To enhance the social partners' participation and ownership of the New Skills and Jobs Agenda at EU level, the Commission proposes to hold, starting in 2011, a Tripartite Social Forum to discuss the implementation of the Agenda and flexicurity policies in particular, ahead of the Tripartite Social Summit that precedes the Spring Council within the European Semester.

## The four components of flexicurity

- Flexible and reliable contractual arrangements (from the perspective of the employer and the employee, of "insiders" and "outsiders") through modern labour laws, collective agreements and work organisation;
- Comprehensive lifelong learning (LLL) strategies to ensure the continual adaptability and employability of workers, particularly the most vulnerable;
- Effective active labour market policies (ALMP) that help people cope with rapid change, reduce unemployment spells and ease transitions to new jobs;
- Modern social security systems that provide adequate income support, encourage employment and facilitate labour market mobility. This includes broad coverage of social protection provisions (unemployment benefits, pensions and healthcare) that help people combine work with private and family responsibilities such as childcare.



## Closing the skills gap

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### New online tools to facilitate job matching throughout Europe

**T**o help European citizens enhance their skills and meet the demands of tomorrow's labour market, the European commission has developed two new online tools. ESCO is the European multilingual classification, or taxonomy, of skills competences, qualifications and occupations; Match & Map provides the automatic matching and geographic mapping of job offers and jobseeker profiles. Created with the aim of improving and facilitating skills matching, these tools can increase the efficiency with which jobseekers will find vacancies and employers will find candidates. They will be supported by the improved EURES portal, the EU platform for the exchange of vacancies, CVs, and learning opportunities.

#### **New challenges on the labour market**

The European labour market will face a number of challenges in the coming years. New technologies are improving the effectiveness of production and changing the way employees work. Companies are now operating across a wider geographical area and there is a greater emphasis on, for example, multitasking and teamwork, thereby increasing the need for higher-skilled workers. Europe's population is ageing, which will have a considerable effect on the supply of labour and skills, and certain sectors, such as health and social care, are increasingly demanding more workers than others. Also, there is an undeniable and ongoing shift to a low-carbon economy

which will necessitate education and training for new professions. A skilled and adaptable workforce not only benefits both employers and workers, but can boost the competitiveness of the European economy. Possessing the necessary skills and having the ability to move between jobs is therefore becoming more and more important. In creating an open, flexible, and adaptable labour market, several factors are vital: the demand and supply of skills need to be accurately matched, the requirements of the labour market must be monitored and anticipated; the skill sets required to enhance the long-term employment prospects of jobseekers need to be identified, and last but not least, education and training must be relevant and responsive.

## Speaking the same language

Efficient matching between skills, jobs, and learning opportunities on the European labour market can only be achieved if there is a common multilingual classification of skills, competences, qualifications and occupations. The European Commission is coordinating, in collaboration with stakeholders, a multilingual classification, or taxonomy, of skills, competences, and occupations called ESCO. It is the only European multilingual taxonomy linking skills and competences to occupations and it will be available free of charge to all labour market and education institutions, and other interested parties in 30 European Economic Area countries. All interested parties are encouraged to actively contribute throughout its development. The first version of ESCO, introduced in the course of 2010, contains 6 000 skills and 5 000 occupations. Over time, this collection will be enriched to include new occupations and skills, including 'soft skills' and competences such as team work, communication, and interpersonal skills. ESCO will continually evolve, in order to remain up-to-date with current labour market situations. Jobseekers can use it to describe their skill set when developing a CV that can then be easily used for various automatic matching purposes, while employers can use it to define a set of skills and competences required when they are developing a job description to be advertised with public or other employment services.

## A good match

Closely related to ESCO, the creation of Match & Map on the existing EURES portal is a vital step towards the realisation of better matching between skills and labour market needs. It answers the question all jobseekers and employers are asking simply



and efficiently: 'Where are the jobs and where are the workers?' Match & Map, to be implemented in several steps from 2011 onwards, goes a long way towards limiting skills mismatches, while ensuring a widespread and efficient job-matching and support service for all European citizens. It is a user-friendly, transparent online service, providing comprehensive and accessible information on occupations, skills, and learning and training opportunities across the EU. Match & Map requires interoperability between many different operators and systems. This can only be achieved successfully if information is standardised, and at a high quality. The standards already exist, from Europass CVs to country

classifications, but if not all actors use them the quality of the information provided is affected. Match & Map is therefore developed with the use of ESCO to ensure a high quality of information. Match & Map automatically matches information provided in a jobseeker's online CV with the available job vacancies. It evaluates the jobseeker's profile, professional and educational background, skills, interests, qualifications, and desired occupation. The result? A graphical map of Europe, showing the jobseeker where they can find the opportunities they are looking for, and the employer where they can find the available jobseekers and skills they need.

## EURES: The European jobs network

The EURES Job Mobility Portal is built on a platform for the exchange of vacancies, CVs, learning opportunities, and information on European labour mobility. The portal contains more than one-third of all vacancies on the European labour market. At the end of 2010, the portal hosted over one million job vacancies, 500 000 CVs and over 20 000 registered employers. It is a central information point for both jobseekers and employers, and members of the EURES network.

In addition to hosting countless jobseeker CVs and job vacancies, the EURES portal provides a platform for syntactic interoperability. This means that vacancy information can be exchanged between Public Employment Services in a standardised way; ensuring that clear material is presented to jobseekers and thereby eliminating skills mismatches. Additionally, the use of a common set of documents including a European CV format, provided by Europass, allow the skills and qualifications of a jobseeker to be clearly and easily understood throughout Europe. In combination with the use of the ESCO taxonomy in the development of vacancies and CVs, the EURES portal therefore has the potential to be the sharing point for all European vacancy information. Jobseekers' qualifications can be widely recognised and identified, and posted vacancies understood and answered.





# Microfinance for European entrepreneurs

## A tool to support employment, business development and social inclusion

**A**t the time when Dr. Muhammed Yunus, a Bangladeshi economist and founder of the Grameen bank, was awarded the Nobel Prize for Peace in 2006, microfinance was considered as one of the most successful models for poverty alleviation. However, microcredit lost its halo due to the recent developments in Bangladesh and India where growth and profits took the upper hand and the initial role of microfinance in poverty alleviation was neglected. Is it then a good idea to promote microcredit within the European Union as does the recently launched European Progress Microfinance Facility?

In an attempt to satisfy the high demand for microcredit, a growing number of microfinance institutions in the developing world started to seek for profit to attract investors. In some

cases, this has led to usury interest rates of more than 80% and predatory lending practices with micro-credit providers failing to control the use made of microloans and substantial pressure put on individuals to pay money back. As a consequence, many borrowers in the developing countries have lost confidence in the microfinance institutions.

The situation in Europe is, however, not comparable to the one in developing countries. In the EU microfinance is only one of the tools to support employment, business development and social inclusion. It is well known that access to finance is not sufficient for success: the chances of creating a viable business a much higher if the entrepreneur receives advice, mentoring and/or training. Microcredit is therefore usually part of a whole package of measures. The majority of

European microfinance institutions thus offer integrated business development services to the micro-borrowers. In 2011, the Commission will contribute to this by assisting the countries and regions of the European Union in improving the quality of entrepreneurial support systems through the European Social Fund Technical assistance.

Due to its focus on the social objective, the interest rates for micro-credit in Europe are also more moderate than those that led to the scandals in Bangladesh and India: in 2009, the average interest rate charged by European microfinance institutions was 9%. Around 60% of microfinance institutions in Europe have a not-for-profit status. The Commission, together with the microfinance sector, is currently also working on a Code of good conduct

aimed at providing guidelines and advice to microfinance institutions on raising the standard of their services and operations.

Given the described differences in the situation between Europe and the developing world, microfinance remains an important option for Europe. Since the economic crisis through its credit crunch has squeezed a high number of previously bankable people out of the credit market, microfinance has become an even more important tool for stimulating entrepreneurship. And the creation of business is crucial for achieving the triple goal of smart, sustainable and inclusive growth set out in the EU's Europe 2020 Strategy. Indeed, if the employment levels in Europe are meant to rise to 75% and if 20 million less people should be under the poverty line by 2020, Europeans have to



start more businesses. This fact has been recognised by the flagship initiatives adopted in the context of the strategy, several of which include actions to promote entrepreneurship and / or self-employment: under the *Agenda for new skills and jobs*, the EU countries are invited to remove measures that discourage self-employment. Progress Microfinance is one of several financial instruments that can assist the

Member States in this respect by facilitating the access to finance for business starters. Similarly, the microfinance instrument it is part of the *Youth on the move* initiative that aims at tackling youth unemployment, which has risen sharply during the crisis. Finally, the *European platform against poverty* recognises the role of entrepreneurship and microfinance in overcoming social exclusion.

### Progress Microfinance – Where do we stand?

The European Progress Microfinance Facility has been set up by the European Commission to help people who want to start up or further develop their own business but have difficulties in accessing banking loans, e.g. because they are unemployed, at risk of losing their jobs or belong to another disadvantaged group and therefore do not have a good credit history or cannot provide a collateral. These potential beneficiaries do not apply directly to the European Investment Fund who manages Progress Microfinance on behalf of the Commission (and the European Investment Bank who is also financing a part), but can get in touch with a microfinance institution in their country that is participating in the programme (for details on the functioning of Progress Microfinance please visit our website: [www.ec.europa.eu/epmf](http://www.ec.europa.eu/epmf)).

The first microfinance provider that has signed an agreement with the European Investment Fund is *Qredits*, a Dutch not-for-profit foundation which provides (micro)financing as well as mentoring to start-ups and existing enterprises. When *Qredits* gives a loan, it "rather looks into the future than into the past", meaning that also people on welfare benefits and socially excluded persons can get a loan, as long as they have a viable business plan, but without access to commercial financing. *Qredits* is filling a market gap as these groups are not served by commercial banks due to the high operational costs per loan and the high risk involved. The official signing ceremony takes place in The Hague on 11 February 2011 in the presence of Commissioner Andor.

At the end of February, a second deal will follow with the newly created Belgian microfinance provider *Microstart*. This not-for-profit organisation will concentrate its activity on the Brussels neighbourhoods of Saint Gilles / Anderlecht and Saint Josse ten Node / Schaerbeek where unemployment rates reach around 30%. A number of agreements with microfinance institutions in the Member States are in the pipeline.

These first operations are only the start; a significant number of operations will be launched in 2011. By April 2011 the Commission will report on the implementation of the European Progress Microfinance Facility to the European Parliament and Council.



# Social security coordination: you have rights

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The Commission launches a campaign to raise awareness on social security rights for people moving within the EU... and beyond

**N**ew regulations came into force on 1 May 2010 modernising the EU rules which have been coordinating social security since 1959 (see Social Agenda no 22, November 2009). The main focus of the reform has been to make the coordination work more efficiently and provide better protection of citizens' rights. New social security coordination provisions require the national authorities to deliver user-friendly services and to proactively provide people with the information necessary to assert their rights. It was time for the European Commission to revamp its website and information tools and to seize the opportunity to launch an awareness-raising campaign throughout Europe.

With the theme 'Europe is your playground', the campaign material and adverts aim at drawing people's attention to the simple fact that they

have such rights. And that social security coordination may actually benefit them. We estimate to reach around 17 million national press readers and another 7 million potential jobseekers through banners on targeted websites.

It is a priority of the Barroso Commission to ensure that citizens do not have to face obstacles when they decide to move across borders within the EU: building citizens' awareness on their rights is an important step in this direction. What happens to your pension rights when you work in more than one EU country? Can you still receive unemployment benefits when looking for a job abroad? Who pays your child benefits if your family members live in more than one EU country? On what conditions can you access healthcare if you move to another EU country as a pensioner? Millions of Europeans are moving

within Europe for work or for pleasure, for a trip or a permanent move. Not all of them are aware that EU rules on social security coordination make sure they don't lose out because of this choice.

As a first glance, it may seem that few people take advantage of their right to free movement guaranteed by the Treaties: 2,3% of people in the EU currently reside in an EU country other than their own, according to a Europe-wide *Eurobarometer* survey, published last July. Nevertheless, this survey reveals that 10 % of Europeans have lived and worked abroad at some point in their lives. So, on a population of 500 million, altogether more than 60 million EU citizens are or have been mobile. The *Eurobarometer* also tells us that 17 % of the European population envisages working abroad in the future and that 48 % would consider looking for work in another



country or region if they were to lose their job. Mobility in Europe is a reality and, in particular within frontier regions, a key element of identity and citizenship.

Facilitating and promoting intra-EU labour mobility is also one of the levers identified by the Commission to bring about economic growth. The communication "An Agenda for new skills and jobs. A European contribution towards full employment", adopted last November, is one of the flagship initiatives which the Europe 2020 strategy for smart, sustainable and inclusive growth is built on. This initiative aims at matching labour supply and demand more effectively and at raising people's — particularly young people's — participation in the labour market. Geographical labour mobility is considered to be a powerful adjustment mechanism to respond to labour market needs. This is particularly relevant in frontier regions where the labour market is cross-border. Mobility makes labour markets further adaptable to change and finally contributes to the 2020 employment rate target of 75% for women and men.

But Intra-EU mobility is only one of the sides of the challenge facing

Europe today. A Communication of the Commission on the international dimension of social security coordination is scheduled for June 2011. This initiative addresses the social protection needs of internationally mobile workers in an increasingly globalised environment. It partly builds on the recent adoption of the EU position on Association Council decisions providing for social security coordination between the EU and a number of third countries, i.e. Algeria, Morocco, Tunisia, Croatia, Macedonia (FYROM) and Israel. Once adopted, the decision will ensure that nationals of these countries will be able to receive their pension acquired in an EU country even if they no longer reside there. In other words, their pensions become "exportable". In the same way, EU nationals will be able to "export" pensions due to them by these six associated countries. Currently, the benefits can only be exported when the national legislation or a bilateral agreement provide so.

The recent adoption of the regulation extending the modernised coordination provisions to third-country nationals legally residing in the EU and experiencing intra-EU mobility is

another piece of the puzzle. Article 34 of the Charter of fundamental rights of the European Union clearly states that "everyone residing and moving legally within the European Union is entitled to social security benefits and social advantages in accordance with Union law and national laws and practices". Nationals of non-EU countries were already covered by the previous regulations. The final agreement in the Parliament and the Council in November, and the entry into force of the new regulation on 1 January 2011, puts an end to an inconvenient situation in which one set of rules applied to EU citizens and a different one to non-EU citizens.

People moving within the EU have rights. But these rights need to be made effective. In its 2010 Citizenship report, "Dismantling the obstacles to EU citizens' rights", the Commission put forward 25 actions aimed at guaranteeing that citizen's rights are fully enforced, at making their exercise simpler and at raising awareness about them. Modernising social security coordination rules and communicating on them is part of this shared effort to make Europe a reality for the people who choose to live there.

## The 4 principles of social security coordination

### 1. Only one legislation applies

When moving from one country to another, you are always covered by the social security of only one country. In general, you are subject to the legislation of the country where you work. For non-active persons, the legislation of their country of residence applies.

### 2. Equal treatment

According to the principle of equal treatment or non-discrimination mobile EU citizens have exactly the same rights and obligations as the nationals of the country where they are covered.

### 3. Aggregation of periods

Thanks to EU law, when you claim a benefit, your previous periods of insurance, work or residence in other countries are taken into account if necessary.

### 4. Exportability of benefits

According to the principle of exportability, if you are entitled to a cash benefit from one EU country, you may generally receive it even if you are living in a different country.



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# ESF in France - Channelling youth and energy

**A**fter just a few years in the workforce, as a commercial representative and later as a marketing agent, Yann Lelievre had a pretty clear idea of where he wanted to go. "I saw friends and colleagues moving up in the world, based on good ideas and a lot of hard work," he says, "and I wanted to do something too, to make something of myself."

Yann is an avid outdoor sportsman who rollerblades to work and climbs rock faces at the weekend. His energy seems unquenchable, "but without a solid business plan in hand," he says, "my dream of starting an outdoor sporting goods shop was slipping through my fingers."

The fact that he was just 27 years old did not seem to bother Yann, but for others, like Clermont-Ferrand's local lending institutions, his youth and inexperience seemed to count against him.

"It was hard for me to get a bank to take me seriously," he explains. "I had already carried out my own market study, but I wasn't quite sure how to present my ideas, how to make an impression."

Clermont-Ferrand's Espace Info Jeune, co-funded by the European Union through the European Social Fund, helps young people get training, find

work, activities and housing, or start a project.

"I understand the need for rules and regulations," Yann says, "but the hoops you have to jump through to get a business started can be mind-boggling. Espace Info Jeune helped me to understand the system and create a professional business plan. It was a real boost, allowing me to convince the banks but also to bring important suppliers on-board. Without it, I wouldn't be where I am today."

## Green sports

Yann's 'Espace' shop sells a variety of high-quality clothing, shoes and equipment for climbing and mountaineering, rollerblading and skateboarding, and a range of other 'green' outdoor sports (no motorised sports).

He is proud of his business' environmental credentials, an issue close to his heart. "We don't cater to polluters," he insists. "We sell only the most durable products, observe strict rules for sorting waste, and the shop itself is equipped with the most energy-efficient lighting system."

The shop has continued to expand since its establishment in 2002.

"We've just moved into a larger space. Today, I employ one part-time and two full-time workers, and this is something I'm especially happy about. We've got a great team here. We're always learning about new products and technologies and we provide the best possible advice to our clients," he enthuses.

## Building on success

Yann's dynamism and energy would be hard to repress even in the most hostile of business environments. "I like speed, being on the go, getting people and things moving. That's exciting!"

But in a relaxed moment, after the shop doors are closed, he takes time to reflect. "At the core I think I was someone who lacked self-belief," he admits. "This experience has changed me. It's given me a great deal of confidence. I know how things work now, and I know I can build on my success if I set my mind to it."

"I can't say right now where I'll be in two, five or ten years, but I do know one thing – I'm not stopping here. I'm going to be moving forward, looking at bigger and better opportunities, and I'll bring new colleagues, partners and associates along with me."



# Europe on right track with New Skills and Flexicurity Agenda

In a global world economy co-ordinated European action is more necessary than ever

Last November the European Commission published its agenda on New Skills and New Jobs. This agenda also includes an update on another flagship policy, namely Flexicurity. In this contribution I consider two aspects of this agenda.

First I would like to reflect on the need for such an agenda. In my view everything starts with values, i.e. European values. Those values, enshrined in the new Lisbon Treaty and several other treaties and charters, form the basis of our identity. It's about human dignity, solidarity, also between generations, protection of the environment, democracy and citizenship: being able to participate in society and having a say in everything that affects you as a citizen. The world economy has currently become a 'game without frontiers', where everything is interrelated and interdependent. There is no longer one central and authoritative 'leader of the game'. It's only by way of co-ordinated European strategy and action that we can keep our values leading the way that we want to live, work and do business.

The Agenda on New Skills and New Jobs and Flexicurity is a crucial part of the overall European strategy as it aims at a double and fully intertwined goal: making sure that European companies remain competitive by being able to

dispose of the right number of workers at the right time with the right qualifications and thus offering workers and their families employment and income security. The crisis has all but strengthened the need for these policies. At the same time we can now conclude that, as the Agenda shows, we have learned from the crisis. Although it was already acknowledged that internal and external flexicurity are equally important, we have now gained more experience with the merits of internal flexicurity in the form of well-developed short-time work arrangements which a number of Member States was able to provide. The right mix of flexicurity does depend on the state of the labour market and the economy.

Second, I would like to give a brief and further outlook for the Agenda. It does explicitly take account of the changes labour markets and the employment relationship are going through. However, I feel that this awareness needs to be strengthened even more as much of the changes are likely to be rather structural. This applies e.g. to the growth of what we still call non-standard work. Especially in service economies contractual diversity will rise further and we might already have passed the historical peak of wage employment. However, we still attach most of the facilities and rights with regard to training, income

security and career guidance to the standard (open-ended) wage earner contract which in fact might be on the decline. This implies that sustainability strategies in the labour market should not exclusively rely on building security and training ladders from non-standard to standard employment. To avoid further segmentation in the labour market and to ensure a high quality of labour supply we also need to develop universal systems that indifferently apply to all forms of work and guarantee fundamental entitlements in case of sickness, unemployment, parenthood, training and pensions. This will also warrant the sustainability of these facilities as more people will take part.

Another implication is that we urgently need to include new forms of representation, e.g. of the self-employed and other self-reliant workers, as far as they are not being represented by the existing social partner organizations. We also need to stimulate 'triple helix' coordination at the regional level between business, local government and education institutes. That way we will have the vehicles in place that are required for carrying and implementing the new Agenda.

Contribution by Ton Wilthagen  
Professor at the Reflect Institute,  
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**Koos Richelle,**  
the new Director-General of DG Employment,  
Social Affairs and Inclusion, speaks to Social Agenda

**You took up your position at DG Employment on 1 January. Before that you were Director-General of the EuropeAid co-operation Office. How do you feel in your new field?**

In a sense I feel like my professional path has come full circle with my appointment at the head of DG Employment. I started out in the field of education and social affairs in the Dutch administration, culminating with my role in the Copenhagen Social Summit of 1995. There, as Director-General of Social Affairs for the Dutch administration I took on the vice-chairmanship of the Summit and was responsible for the preparation of the programme of action. It was a considerable task, requiring two years' work. That is when I was recruited by the Dutch Ministry of Foreign Affairs, which led to my becoming involved in development policy – again promoting socio-economic development, but this time on a world scale.

**You have significant experience of employment and social policy from within a national administration. What in your view should the Commission do to regain citizens' confidence?**

It is important that, as a bureaucracy we do not become complacent and self-satisfied, and appear too slow in delivering results for the citizens. We need to simplify procedures and control systems, better to prepare for the future. In other words, we should

focus less on doing things right and more on doing the right thing.

**Employment is a top priority, particularly at this moment. The EU has launched several initiatives to help Member States' job creation efforts within the Europe 2020 strategy. What should be done to ensure they give the best results?**

The EU 2020 strategy serves both as an umbrella for policy initiatives and as the instrument underpinning all that needs to be done. With this strategy we have identified the subjects to be addressed, we have set up flagship initiatives to spearhead action in each area, and we encourage Member States to act in order to fulfil the commitments that they accepted at the highest level, in the European Council. Action must be taken at national level. The EU is here to help, doing what it does best by providing analysis, facts, examples at national and EU level, by identifying best practice and by disseminating this wealth of knowledge and experience. It is a substantial role, backed by the structural funds which are available to Member States. They in turn should be encouraged to draft programmes more focused on serving priorities and identifying concrete results.

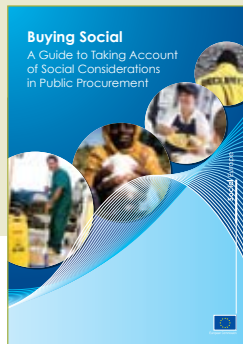
**2010 was the European year for combating poverty and social exclusion. How can we keep the momentum generated by the Year's activities?**

The European Year's momentum will not fizzle out, also because the fight against poverty and social exclusion figures prominently in the EU 2020 strategy. The EU poverty platform is a flagship initiative, and as such it guarantees that the issue will remain on the agenda. Yearly surveys and the setting of targets against which progress is measured will ensure delivery. One of the key issues to be addressed is the situation of Roma people, who almost without exception belong to the severely deprived. We need to put together a concrete plan addressing areas like housing, employment and education.

**What are the key priorities for DG Employment, social affairs and inclusion in 2011?**

Priorities are largely dictated by political events. During the EU semester DG EMPL is closely involved in focused and intensive debates with each Member State on the implementation of the growth strategy. This gives us great capacity to influence national policy and action, but it also means we have an increased responsibility to deliver results. Moreover, the EU must decide before 2014 how much money will be available for which policies. We therefore need to develop solid arguments for sufficient funding for EMPL policies and instruments in support of a strong European social dimension. This all has to be done on top of the normal workload: legislation, ESF financing, producing policy papers and so on.

# RECENT PUBLICATIONS



## Buying Social - A Guide to Taking Account of Social Considerations in Public Procurement

Public procurement accounts for about 17% of EU gross domestic product. Its leverage in areas such as social policy is thus considerable. With this Guide, the European Commission aims to capitalise on this by (a) raising contracting authorities' awareness on the benefits of opting for goods and services delivering good social outcomes and (b) explaining the opportunities offered by the existing EU legal framework to take into account social considerations in public procurement. The Guide defines socially responsible public procurement (SRPP) before explaining its benefits. It looks at SRPP in relation to the EU social model and the legal and policy approach to the subject in the Union. The Guide also elaborates an SRPP strategy and explains how to identify needs and plan procurement procedures. It also explains from a legal perspective, how social considerations may be addressed at the different stages of the procurement process (from defining technical specifications and selection criteria, to awarding contracts and monitoring subsequent performance). National examples are provided to illustrate different steps within the process. This publication is available in printed format in all EU official languages.

Catalogue No.: KE-32-10-584-EN-C



## The European Employment Strategy - Working to Improve Employment in Europe

Increasing the number of people in work is vital for social cohesion and poverty reduction. Achieving this in Europe requires coordination of national employment policies, in which the European Employment Strategy plays a key role. This leaflet explains the functioning of the Strategy and the challenges which it faces. It also outlines the bodies involved in helping to increase employment and education levels and cut poverty in the EU, in line with the 2020 targets. It is available in printed format in 21 EU official languages.

Catalogue No.: KE-31-10-900-EN-C



## Employment in Europe 2010

Produced annually by the Directorate-General for Employment, Social Affairs and Equal Opportunities, the Employment in Europe report is now in its 22nd year. It has become one of the main tools of the European Commission for supporting Member States in analysis, formulation and implementation of their employment policies. Employment in Europe 2010 begins by assessing EU labour market adjustment since the onset of the economic crisis, taking account of the crisis' impact and future prospects. It also analyses EU and Member State policies aimed at mitigating the effects of the crisis and supporting recovery, and looks ahead to their gradual phasing out. The Report then examines the need to reduce segmentation in labour markets and improve the job situation of young people before drawing conclusions on the way forward. This publication is available in printed format in English only. Please note that the "Employment in Europe 2010" report is now also available as a user-friendly, navigable html-version (see [http://ec.europa.eu/employment\\_social/eie/index\\_en.html](http://ec.europa.eu/employment_social/eie/index_en.html))

Catalogue No. : KE-AH-10-001-EN-C

## Useful websites

The website of Commissioner Andor: [http://ec.europa.eu/commission\\_2010-2014/andor/index\\_en.htm](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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