



Meeting of the Chairpersons of the Committees on Employment and Social Affairs

22–23 February 2015
Riga

SUMMARY

On 22–23 February 2015, the Saeima of the Republic of Latvia hosted the Meeting of the Chairpersons of the Committees on Employment and Social Affairs, which is one of the events organised within the framework of the parliamentary dimension of the Latvian Presidency of the Council of the European Union. The meeting gathered participants from 26 Houses of Parliaments representing 22 European Union (EU) Member States, as well as delegates from the European Parliament, the European Commission, three Candidate Countries – Albania, Serbia and Montenegro, as well as representatives from Norway and the Baltic Assembly. The participants discussed topics such as promoting inclusion of the most vulnerable groups into the labour market, social entrepreneurship and implementation of the Youth Guarantee.

In the opening session, participants of the Meeting were addressed by Ināra Mūrniece, Speaker of the Saeima of the Republic of Latvia; Valdis Dombrovskis, Vice-President of the European Commission for the Euro and Social Dialogue; and Aija Barča, Chairperson of the Social and Employment Matters Committee of the Saeima.

Ināra Mūrniece, Speaker of the Saeima of the Republic of Latvia

Speaker Mūrniece pointed out that the Latvian Presidency has defined an inclusive Europe as one of its priorities; therefore, Latvia is working on creating an inclusive and sustainable labour market while developing long-term solutions for promoting employment. Since promotion of employment is a task that transcends national borders, it should be addressed as a pan-European challenge. She urged the EU Member States to seek new and effective ways of including socially vulnerable people in both social life and the labour market. The Speaker also emphasised that joint efforts should be made to find new ways of attaining the set social objectives.

Valdis Dombrovskis, Vice-President of the European Commission for the Euro and Social Dialogue

Commissioner Dombrovskis mentioned the role of the committees on employment and social affairs in strengthening partnerships between the European Parliament and the national parliaments. He also reported on two comprehensive initiatives announced by the European Commission in its working programme for 2015 in the area of social and employment policy; he emphasised that these initiatives require close cooperation with the Committee on Employment and Social Affairs of the European Parliament. Both initiatives are aimed at promoting integration and employment.

Dombrovskis affirmed the commitment of the European Commission and his personal intention to continue actively involving the chairpersons of committees on employment and social affairs in the economic governance process and the European Semester. He pointed out that this meeting itself is a step towards strengthening mutual dialogue.

Aija Barča, Chairperson of the Social and Employment Matters Committee of the Saeima

Aija Barča emphasised that the financial and economic crisis has revealed serious flaws in the EU's system of governance, and the aftermath of the crisis clearly shows what happens when important social issues are either ignored or subordinated to purely fiscal aspects, such as the national budget deficit, controlling debt and implementing austerity measures. Undeniably, these issues are very important, but it is equally important to strike a healthy balance, said Chairperson Barča, adding that the regaining of European citizens' trust depends on professional and effective resolution of social challenges – a task shared by national parliaments and the European Parliament.

She also stressed the importance of devising EU's and national policies that are aimed at creating a cohesive society in which people are aware of future developments and capable of managing changes; this will enable them to participate actively in both economic and social processes. She added that it is important to distribute common resources fairly among EU's citizens even in the most remote regions of the EU. The Chairperson emphasised the need to substantially improve the labour markets of the Member States, namely, to adjust education systems to the needs of labour markets.

Session I

Promoting Inclusion of the Most Vulnerable Groups into the Labour Market

At this Session, the conference was addressed by Robert Anderson, Head of the Living Conditions and Quality of Life research programme at the European Foundation for the Improvement of Living and Working Conditions, and Gunta Anča, President of the Board of the Latvian Umbrella Body for Disability Organisations SUSTENTO, Member of the European Economic and Social Committee, Vice-President of the European Disability Forum.

Robert Anderson, Head of the Living Conditions and Quality of Life research programme at the European Foundation for the Improvement of Living and Working Conditions

Robert Anderson reported on the work of the European Foundation for the Improvement of Living and Working Conditions, as well as the statistics compiled and studies carried out by the Foundation. In period between 2008 and 2013, the rate of long-term unemployment in the EU has increased significantly, and it accounts for half of the total unemployment. Anderson pointed out that when speaking about the long-term unemployed as one of the most vulnerable groups, it has to be understood that these people represent various social categories; however, youths, senior citizens and people with disabilities are most at risk of unemployment. Furthermore, since the long-term unemployed are often inactive, it is necessary not only to facilitate their access to the labour market but also to reintegrate them into the labour market and society in general. National policy, social partners and constructive cross-sectoral cooperation are essential factors in this process. In addressing the issue of employment of the most vulnerable groups, it is especially important to share experience and promote the best practices among EU Member States.

Gunta Anča, President of the Board of the Latvian Umbrella Body for Disability Organisations SUSTENTO, Member of the European Economic and Social Committee, Vice-President of the European Disability Forum

There are 80 million people with disabilities in the EU. One in eight people of working age has either a disability or a chronic disease. In 50% of cases a disability has been acquired at working age, and only a small percentage of these people have managed to return to the labour market and fully participate in it.

Because there are various types of disabilities, support measures also need to be varied. Gunta Anča called attention to three main principles that have to be taken into account when developing support measures for people with disabilities: support must correspond to the specifics of the disability, support must be provided in due time and support must be provided for the long-term.

Furthermore, Anča emphasised the need for support mechanisms at the national level, such as a quota system, special workshops, supported jobs, subsidies, and an open labour market. Employers should also facilitate the improvement of working opportunities of people with

disabilities by creating internal company policies that ensure equal opportunities to all, including people with disabilities.

Debate

Eight representatives of parliaments of EU Member States took the floor during the debate. Most comments focused on employment of youths and people with disabilities. The representatives of Member States shared their experience regarding reforms and initiatives implemented in their countries.

The representatives from Austria and Malta reported that their countries have set up a requirement for businesses to employ people with disabilities. In Austria, at least 4% of positions at an enterprise must be allocated to people with disabilities, while in Malta the minimum level has been set at 2%.

It was also pointed out that it is equally important to support businesses that employ the disabled, for example, through subsidised employment. Furthermore, speakers stressed the need for a common EU policy which would ensure fair competition among businesses in different Member States.

Several speakers emphasised the need to give more attention to including and keeping single parents and women in the labour market.

The role of digital technologies which can provide broader access to information was also touched upon during the debate.

In concluding the session, **Robert Anderson** said that more attention should be given to people at risk of social exclusion. He stressed the need to study long-term effects on youth employment, social inclusion and motivation. Furthermore, governments should create strategies to allow pensioners to continue working and participating in the labour market. Taking into consideration the fact that many women take on responsibility for the household and family, this social group should be offered flexible working hours and perhaps other privileges. To sum up – the state must create adequate working conditions for employers so that it is convenient for them to employ vulnerable social groups. Increasing poverty among the employed was mentioned as one of the main problems facing Europe.

In her final remarks, **Gunta Anča** emphasised the need for a common EU employment policy, as well as the need to create conditions that would make it convenient for businesses to employ people with disabilities; otherwise nothing will change. The more best practices are shared among Member States, the better the chances are that the situation will improve everywhere.

Session II

Social Entrepreneurship – a Tool to Achieve Social Objectives

Session II was introduced by the following keynote speakers: Agnes Jongerius, Vice-Chair of the Committee on Employment and Social Affairs of the European Parliament; Ariane Rodert, Vice-President Group III of the European Economic and Social Committee; and Andris Bērziņš, President of the Samaritan Association of Latvia.

Agnes Jongerius, Vice-Chair of the Committee on Employment and Social Affairs of the European Parliament, spoke on social entrepreneurship for sustainable economic growth

While social enterprises exist in many different organisational forms, their core aim is to provide innovative solutions to unresolved social problems. However, these businesses are not a niche part of the economy. On the European level in 2012, social enterprises employed at least 11 million people – that is 6 % of the entire European workforce. Social enterprises have proved to be more efficient on a staff level (more dedicated staff, fewer requests for sick leave, lower management and administrative costs) and more resilient in facing a crisis than are traditional business models. By a number of concrete actions, the European Commission has been working to assist social entrepreneurs. The 2011 European Social Business initiative aims to create throughout Europe a favourable environment for the development of social enterprises.

European social enterprises face significant barriers – namely, lack of visibility and understanding, lack of financing opportunities and lack of uniform legislation across the countries. Vice-Chair Jongerius recalled that the European Parliament’s 2012 report on social entrepreneurship added an extra challenge – namely, to use social entrepreneurship to tackle youth unemployment. She urged the Commission to take this recommendation into account. In concluding her address, Agnes Jongerius stressed the importance of business models that focus on maximising the broader societal benefits from business activity.

Ariane Rodert, Vice-President Group III of the European Economic and Social Committee

In her address, Ariane Rodert spoke about social entrepreneurship as a tool to achieve social objectives and presented the view of the European Economic and Social Committee. She explained the difficulties in defining social entrepreneurship and in having a single legal formula. At the same time, social enterprises are characterised by their aims (dealing with an unmet social need or challenge), methods (ownership), activities (providing social services or benefits). Social enterprises are often created on the basis of civic activities and are related to NGOs, or else their work is complementary. Their funding is often mixed – a combination of private and public funds; various grants and co-financing are extremely important.

In the new social landscape with an unprecedented crisis and complex societal challenges, social enterprises are a solution because they tackle social issues, serve as a catalyst for social innovation, provide both social and economic outcomes and have proved to be resilient and

growing. To take full advantage of social enterprises, they need to become mainstream in enterprise policy; they also need to have access to markets and funding. Furthermore, development and capacity building programmes are also needed, and their social impact should be measured. Finally, Ariane Rodert stressed the need for action plans and implementation plans at the local, regional and Member State levels.

Andris Bērziņš, President of the Samaritan Association of Latvia

Andris Bērziņš reflected on the reasons why social enterprises exist and why they are necessary. To illustrate the wide spectrum of forms that social enterprises can take, he provided various examples of companies active in Latvia that are fulfilling a social function (charity organisations, NGO's with activities to generate income, labour integration companies, companies with social aims, companies with a social product, socially responsible businesses, companies with a tradition to donate and commercial enterprises). Andris Bērziņš pointed out that social enterprises show innovative approaches; for example, the Samaritan Association of Latvia has created a new model of care in which modern technologies are used extensively.

Among the challenges that exist for social enterprises in Latvia, Andris Bērziņš mentioned the following: slow creation of public awareness, the public administration's inertia, market specifics, and the assumption that everything that is social is free of charge, difficult and complex public procurement regulations, and lack of funding resources for start-up businesses.

Debate

Seven representatives of parliaments of EU Member States, as well as two representatives of EU Candidate States participated in the debate. The views expressed focused mostly on various experiences of how social enterprises have been functioning.

The representatives mentioned several possible ways of facilitating the work of social enterprises, including the possibility of fiscal stimulus and subsidised workplaces, special rules on public procurement, as well as the need for innovative crediting instruments because banks may be reluctant to lend funds to social enterprises. In addition, several problematic issues were raised ranging from the need to promote a culture of philanthropy, to the need for a clear legal basis or a definition of a social enterprise, to the risk of establishing regulations that are too detailed. It was pointed out that local authorities could have a special role. Finally, the issue of how to prevent possible market distortion was raised.

Replying to the issues raised by the representatives from the national parliaments, **Agnes Jongerius** stressed the importance of raising public awareness of social enterprises. She explained that social enterprises may have very different backgrounds, and therefore they should not be overregulated at the EU level. It is more important to facilitate the development of social enterprises on the Member State level. She also expressed her belief that for social enterprises to play a greater role in solving current economic difficulties, there is a need for more funding, a clearer definition of what a social enterprise means and a need to gather more in-depth statistics.

In her concluding remarks, **Ariane Rodert** emphasized the need to allow for diversity in the EU and to provide a broader support system for social entrepreneurship in the whole of the EU. She also expressed the view that social enterprises are not used to the full extent. As far as public procurement is concerned, it could remove part of the barriers that exist for social enterprises.

Andris Bērziņš remarked on the importance of definitions, providing as an example the need to clarify whether a social enterprise refers only to labour integration. Consequently, an understanding of what that social enterprise means will be different, depending on the specific circumstances of the relevant Member State.

Session III

Youth Guarantee Initiative – the First Year of Implementation

The speakers of this Session were Marianne Thyssen, European Commissioner for Employment, Social Affairs, Skills and Labour Mobility; Juras Požela, Chairman of the Commission for Youth and Sport Affairs of the Seimas of the Republic of Lithuania; and Emīls Anškens, Vice-President of the National Youth Council of Latvia.

Marianne Thyssen, European Commissioner for Employment, Social Affairs, Skills and Labour Mobility

Every fifth young person in the EU cannot find a job, more than 7.5 million youths are neither employed nor in school. At the same time, there are 2 million job vacancies in the EU which are not filled mainly because European citizens lack the necessary knowledge. In order to tackle the problem of insufficient skills and education, two years ago the European Commission and the Member States agreed on the need to introduce the Youth Guarantee.

A lot has been done during the past 22 months – during the first year all Member States drafted plans for the implementation of the Youth Guarantee, and actual implementation of support measures began in 2014. The Youth Guarantee has encouraged introduction of structural reforms – Member States need to strengthen the capacity of employment agencies, reform and strengthen vocational education, including improving cooperation with employers to ensure compliance of education programmes with the needs of the labour market.

The Commissioner emphasised that in 2014 in the framework of the European Semester, the majority of Member States received recommendations on reforms that are necessary for the implementation of the Youth Guarantee. The issue will remain topical when drafting country-specific recommendations in 2015.

The EU cannot afford to lose young talents by letting them remain unemployed protractedly. The Commissioner stressed that funds allocated for the Youth Guarantee will not be enough, and thus she called upon Member States to also provide state budget financing for youth employment issues.

Juras Požela, Chairman of the Commission for Youth and Sport Affairs of the Seimas of the Republic of Lithuania

In his address, Juras Požela emphasised that the recent financial and economic crisis had a particularly strong impact on youths, who are one of the least protected groups in the labour market. In Lithuania, youth unemployment is still 13%. Half of the unemployed youths have no previous work experience, 47% have a secondary education, while one-third of unemployed youths have a university degree. The main problem is the disparity between what schools teach and what the labour market demands. Požela also drew attention to the need to strengthen entrepreneurship at the EU level because businesses are the ones that can create new jobs.

Furthermore, Chairman Požela pointed to challenges in implementing the Youth Guarantee; among the main ones he listed the need to take full advantage of opportunities offered by the

European Commission, to use EU funds effectively, as well as to implement structural reforms and ensure cross-sectoral communication.

In conclusion, Juras Požela stressed that youths are not only our future, as the saying goes, but they are also our present; therefore, a solution needs to be found today.

Emīls Anškens, Vice-President of the National Youth Council of Latvia

Emīls Anškens emphasised that in order to successfully solve the youth employment issue, the reasons behind youth unemployment must be identified. Programmes need to be created not only to address the problem today but also to prevent recurrence in the long term.

Emīls Anškens said that the Youth Guarantee has proved significant in dealing with youth unemployment, but at the same time, it has to be noted that this tool alone will not be enough to provide a long-term solution to this issue. It is necessary to continue work even after the implementation of the Youth Guarantee, and it is also necessary to supplement the Youth Guarantee funding with financing from state budgets.

Anškens also pointed to the low recognisability of the Youth Guarantee – 8 out of 10 youths in the EU have never heard about this instrument. In order to successfully deal with youth employment issues, Emīls Anškens urged that work with young people should start in primary school, that youth organisations should be involved in the implementation of the Youth Guarantee and that individualised approaches should be used in working with youths.

Debate

One member of the European Parliament, eleven representatives of Member States, as well as three representatives of Candidate Countries took the floor during the debate.

Several speakers noted that the youth unemployment issue has been aggravated by the financial and economic crisis, and they welcomed the creation of the Youth Guarantee. At the same time, many speakers also regretted the insufficient financing allocated for the Youth Guarantee. Some also pointed to the unfair situation – the financing for the initiative is not available to all EU Member States. The need to ensure access to information about opportunities provided by the Youth Guarantee was also mentioned.

Some speakers pointed out that in their countries not all youths qualify for the Youth Guarantee measures, and that there are no special EU-level support measures in place for disabled youths. Likewise the differing situations in different regions of a single country were noted.

With regard to the reasons underlying youth unemployment, some speakers stated that many youths lack the necessary skills; it was also mentioned that there is an inadequate transition from the education system to the labour market. On the other hand, it was remarked that youths cannot find a job after graduation due to a shortage of vacancies. Criticisms were expressed about the exclusive focus of the Youth Guarantee on youth employment instead of on promoting entrepreneurship and creation of new jobs.

Several EU Member States offer work placement opportunities for school graduates to provide them with their first work experience. The German representative informed that

Germany is implementing a programme called *The Job of My Life*, which gives youths the opportunity to work in their desired profession after graduation.

A member of the European Parliament suggested the possibility of using social entrepreneurship as a means to deal with youth unemployment and called for the further development of this area.

When answering the questions posed by Member State representatives, Commissioner **Thyssen** stated that the capacity of employment agencies falls under the competence of each Member State, and EU funding may be used to strengthen these capacities. Furthermore, the Commissioner said that the Youth Guarantee also applies to disabled youths and other specific groups. Commissioner Thyssen reiterated that EUR 6 million is not enough to solve the youth unemployment issue and that this funding needs to be supplemented with financing from Member State budgets.

In his final remarks, **Juras Požela** emphasised that significant differences exist between EU Member States. It is necessary to strengthen Europe, promote cohesion and minimise the social gap. The Youth Guarantee is a tool by which to improve the competitiveness of Europe in general.

In turn, **Emīls Anškens** reiterated that youths are a socially unprotected group because they are at a period in their lives when they must make a transition from living with their parents to living independent lives.