



## EURODIACONIA RECOMMENDATIONS AHEAD OF THE 2019 DRAFT JOINT EMPLOYMENT REPORT

Eurodiaconia is a network of 46 organizations in 32 European countries providing social services and working for social justice. Founded in the Christian tradition we work to ensure that our societies provide opportunities for all people to live in dignity and realize their full potential. Ensuring a social market economy that promotes inclusive growth constitutes a priority for our members and this is demonstrated by their engagement in the provision of work integration and related social services **which often target people with lower employability or requiring specific support to reach employment and social inclusion**, like unemployed persons, young people, migrants, persons with disabilities or persons with mental health issues, among others.

On behalf of our members' experience as providers of services conducive to employment, their direct knowledge of employment reality in Europe and their involvement with the European Semester process, we would like to draw your attention to a number of concerns and share some proposals ahead of the next draft Joint Employment Report (JER). These messages should be read in conjunction with Eurodiaconia's recommendations for the coming European Semester cycle<sup>1</sup>.

- The 2019 JER should underscore the need to take immediate action to **boost job quality and fight inequalities** in labour markets in order to build a sustainable path of economic growth and social development in the EU. Against this background, the role of social services is key. **Social services repair** the effects of unemployment and of inequalities generated by labour markets. Conversely, **the lack of services is often a barrier for many people to access quality jobs**, resulting in underutilisation of labour or altogether inactivity.
- The organisation of services around job-seekers from an **individual, person-centred approach** is key to address the needs of each job seeker and ensure the effectiveness of work inclusion interventions. To this aim, we call upon the JER to emphasise once again the need for stepped-up efforts towards a **full implementation of single points of contact at all stages and levels of work inclusion interventions**.
- **Access to reskilling, upskilling and lifelong learning lies at the base of more inclusive labour markets** where all people have a chance to participate in employment, strengthening their position in the labour market and preventing the creation -and transmission- of inequalities. In our view, such investments on skills should combine two complementary but essential approaches. On the one hand, they should primarily **target people with the lowest skill levels**. On the other hand, they should also **ensure continued skill relevance and upskilling throughout the lifecycle**.

<sup>1</sup> [Promoting shared prosperity in the European Semester. Taking stock of the 2018 cycle and launching the 2019 Semester](#) (NB: this document will be officially published in its final version on 16 October 2018).





- Enhancing the readiness of job searchers to face labour market challenges will only yield positive results **if efforts are paralleled on the demand side**. In light of this, the JER should reiterate the need to **mobilize all the instruments at hand for employers** and, among others, call upon increased incentives for more flexibility and adaptability of work arrangements in order to ease the inclusion of employees with special needs.
- Investments made on people with low employability are substantial but their return can also be very high when outcomes are successful. **To protect such investments, it is key to ensure a smooth transition between interventions and job placements, for instance through social enterprise settings or accompaniment into jobs**. We therefore call upon the draft JER to highlight the importance of work integration efforts across a continuum, stressing transition points and avoiding a strict two-stepped approach -from interventions into jobs- which seldom works, in particular for low employability profiles.

Eurodiaconia is aware of the **unique opportunity represented by the next Semester** cycle to mainstream a more inclusive approach to labour markets in light of a **stronger social focus** in the European Semester and the European Commission's reinforced commitment towards **civil dialogue**. Second and most importantly, because we view the forthcoming JER as a **vehicle to steer the implementation of the European Pillar of Social Rights (EPSR)** at Member State level. Indeed, the fundamental right of everyone to engage in work<sup>2</sup> is underpinned since the proclamation of the EPSR in November 2017 by a comprehensive legal framework that sets out the right to enjoy the instruments and services which can bring the fundamental right to work into reality.

We hope that our recommendations can bring additional elements to the assessment contained in the agreed *Guidelines for the Employment Policies of the Member States* and contribute to mainstream an inclusive approach to the forthcoming 2019 Joint Employment Report (JER).

## Looking at negative labour market dynamics behind the numbers

The EU is recovering from the economic crisis and labour markets are showing positive trends as a result. In this regard, macroeconomic figures reveal that economic growth rates in the EU have been accompanied by a recovery of pre-crisis employment levels, which proves the resilience of European labour markets and workers.

However, a closer look at labour market trends shows how **inequalities are on the rise**, as the recovery has been uneven across EU countries and some people remain disproportionately exposed to unemployment. At the same time, the **polarisation of jobs** -i.e. the concentration of employment growth at both the bottom and the top of the income distribution- constitutes a major threat for European job markets with implications for the future of social protection systems and the cohesion of our societies.

Furthermore, such trends can also jeopardise the sustainability of economic growth because inequality is also a robust determinant of the pace of medium-term growth and the duration of growth spells<sup>3</sup> -the higher inequality is, the higher growth rates need to be to reduce poverty levels-. In light of such close links, we believe that the 2019 JER should underscore the need to take **immediate action to boost job quality and fight inequalities in labour markets in order to build a sustainable path of economic growth and social development** in the EU.

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<sup>2</sup> Article 15 of the Charter of Fundamental Rights of the EU

<sup>3</sup> J.D. Ostry, A. Berg and C.G. Tsangarides (2014), [Redistribution, inequality and growth](#), IMF Staff Discussion note, SDN/14/02



Against this background, **the role of social services is key**. Social services repair the effects of unemployment, of inequalities generated by labour markets and act upon the issues linked to low quality jobs. Conversely, the lack of services is often a barrier for many people to access quality jobs, resulting in underutilisation of labour or altogether inactivity. Also, the lack of services or the existence of obstacles to accessing them may prevent the use of untapped sources of jobs with large potential to contribute to European economies. For instance, migrants, refugees and asylum seekers are the target group of projects such as VAMOS for Young Migrants, a ESF-AMIF funded project by our Finnish member Helsinki Deaconess Institute aimed at guiding 16 to 29 year old migrants towards employment and education<sup>4</sup>. **Access to affordable and quality services is key to unblock such bottlenecks and should, therefore, lie at the heart of employment policies.**

The essential role played by social services has already been emphasised in key initiatives such as the 2016 Council Recommendation on the integration of the long-term unemployed, which stressed in particular the synergies established between these and employment services to achieve sustainable employment outcomes<sup>5</sup>, or the principles enshrined in the Recommendation on Active Inclusion<sup>6</sup>. Coherently with these -and as suggested by Employment Guideline num. 8-, **we encourage the 2019 JER to seize the opportunity to mainstream once again the role played by social services as an essential pillar towards sustainable job inclusion.**

## EU strategy on employment must look at how inclusive labour markets are

Together with job quantity and job quality, fully-fledged action on employment in the EU must crucially pay attention to the degree of inclusiveness of labour markets<sup>7</sup>. For this reason, we call upon the new JER to **emphasise the need for increased employment opportunities for disadvantaged groups of people**, acknowledging their potential to contribute to economic growth and social development in the EU.

To this aim, we encourage the JER to build upon the messages contained in the Employment Guidelines (num. 8) and **call upon the promotion by Member States of inclusive markets that are open to all by fighting all forms of discrimination and promote equal opportunities for under-represented groups in the labour market**. Such efforts should in every case be underpinned by enabling social services that are accessible, affordable and of high quality and can create a sound bridge towards integration into jobs. **Therefore, the JER should stress the need to promote job creation in the social sector as a key resource to make the integration of all people into jobs feasible without overlooking the large potential of the social sector as a source of jobs itself.**

The organisation of services around job-seekers from **an individual, person-centred approach is key to address the different needs of job seekers** and to ensure the effectiveness of work inclusion interventions, which in some cases such as the ones often dealt with by Eurodiaconia members, are of a multi-layered, complex nature. Such a delivery will avoid overlaps, establish synergies between interventions and, as a result, render work inclusion efforts more effective. This provision was already part of the Council Recommendation

<sup>4</sup> <https://www.eurodiaconia.org/wordpress/wp-content/uploads/2017/12/Pub-2017-Guide-to-integration.pdf>, pp.13 & ff.

<sup>5</sup> [Council Recommendation of 15 February 2016 on the integration of the long-term unemployed into the labour market, 2016/C 67/01.](#)

<sup>6</sup> [Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market, 2008/867/EC](#)

<sup>7</sup> These are the three dimensions of labour market performance defined by the renewed OECD Jobs Strategy. For further details on the list of indicators contained in each dimension, see OECD, *Employment Outlook*, 2017, Paris, chapter 1.



on long-term unemployed people, which rightfully identified the need to address unemployment under such a logic. In light of its crucial importance, **we call upon the JER to emphasise once again the need for stepped-up efforts towards a full implementation of single points of contact at all stages and levels of work inclusion interventions.**

## Skill reform for inclusion

A crucial angle to increase the likelihood of job seekers to find suitable jobs has to do with developing **the right set of skills**. In light of today's fast technological change and digitalisation, workers are faced with ever increasing challenges to render their skills suited and relevant for labour demand across their lifecycle. In this regard, access to **reskilling, upskilling and lifelong learning lies at the base of more inclusive labour markets** where all people have a chance to participate in employment, strengthening their position in the labour market and preventing the creation -and transmission- of inequalities. Along these lines, the 2018 Country Specific Recommendations presented by the European Commission last spring underscored the strategic importance of skills. **Eurodiaconia encourages the draft JER to follow suit and emphasise the inclusive role of investing in skills.**

In our view, such investments should combine **two complementary but essential** approaches. On the one hand, **investments on skills should primarily target people with the lowest skill levels**. By targeting such groups, labour market polarisation would be contained on the lower end, preventing further labour-related inequalities. To this aim, relevant action has already taken place in the form of a Council Recommendation on Upskilling Pathways<sup>8</sup> which targets people with the largest skill deficits. One of the main points of the Recommendation has to do with the key importance of validation and recognition of skills. **Eurodiaconia encourages the JER to further stress the importance of such efforts because they will benefit relatively more people with lower employability, who are also those with relatively lower formal education levels and more non-formal skills. In this regard, partnerships between skill and training providers -such as Eurodiaconia members- and education institutions should be promoted.**

On the other hand, **investments in skills should not be limited to guaranteeing a minimum level but ensure continued skill relevance and upskilling** throughout the lifecycle. Diaconal providers of skills such as the [low-tec](#) project in Germany are for instance actively facing the challenges linked to new technologies by organizing a significant size of training interventions around digital skills. This is an important transformation with respect to the more traditional approaches that link low employability profiles with the need of basic skills only and acknowledges the cross-cutting role of digital skills. This will help anticipate changes in the demand of skills and equip workers to better manage career transitions. To this end, we call upon a **renewed approach to active labour market policies and skilling actions that treat such interventions as a preventive arm against unemployment, skill obsolescence and a weakened position in the labour market** from workers who are either without a job or, even if employed, are at greater risk of losing their jobs in light of the mentioned trends.

## What employers can and should do

Enhancing the readiness of job searchers to face labour market challenges will only yield positive results if efforts are paralleled on the demand side. Employment guideline number 5 in fact follows the spirit of this recommendation but somehow overlooks the essential role that employers have in this endeavour. **Employers are core to fostering fair, inclusive and sustainable jobs that provide increased employment opportunities for people who are perceived as having 'lower employability'**. Eurodiaconia members acknowledge the key importance of supporting the demand for jobs. In this way, and together with the services provided to job seekers, the *Casa del Lavoro* of our Italian member Diaconia Valdese also offers services to

<sup>8</sup> [Council Recommendation on Upskilling Pathways: New Opportunities for Adults](#), 2016/C 484/01.



companies as potential employers. Such services include trainings on legislation and active labour market policies available to hire specific profiles of people, talent scouting or human resources consulting.

In light of this, the JER should reiterate the need to mobilize all the instruments at hand for employers and, among others, call upon increased incentives for more flexibility and adaptability of work arrangements in order to ease the inclusion of employees with special needs or the promotion of job carving in order to customise job duties to the capabilities of profiles requiring extra support. Last but not least, it should continue emphasising the benefits of more diverse and inclusive workforce at both social and firm level.

## Building stronger paths towards work inclusion

Investments made on people with low employability are substantial but their return can also be very high when outcomes are successful. To protect such investments and work inclusion efforts, it is key to ensure a smooth transition between interventions and job placements. Eurodiaconia members witness on a daily basis the importance of such transition points and strive to create such intermediate spaces. For example, the different social enterprises set up by many of our member organisations are often a stepping stone towards integration into mainstream labour markets.

Also, accompaniment services for new entrants during the first weeks of employment increases significantly the success and sustainability of placements. For example, the Agency for Supported Employment and Social Rehabilitation operated by the Diaconia in the Czech Republic supports adult people with learning disabilities or mental illnesses and accompanies them when they start a new job. This accompaniment, done in close cooperation with the employers, is key and helps in particular to plan realistic workloads for users, eases their communication with their new colleagues and liaises between supervisors and the newly placed worker. The integration of APZ users in firms is largely a success story, as 90% of people accompanied through the job integration programme are still employed after one year of contract

We therefore call upon the draft JER to **highlight the importance of work integration efforts across a continuum, stressing transition points and avoiding a strict two-stepped approach -from interventions into jobs- which seldom works for low employability profiles.**

To do this, it is key that public authorities do their best to create an **enabling framework that maximises the opportunities and spaces for the work inclusion of people with added vulnerabilities.** The EU should continue to command the promotion of an enabling ecosystem for the **social economy and social enterprises** through the Social Business Initiative and Member States following suit. Another very important instrument is **public procurement** thanks to the opportunities made available by Directive 24/2014<sup>9</sup> to maximise the social impact of contracting procedures carried out by public authorities. The light regime<sup>10</sup> applicable to operators with a social aim should be a lever for more and better services for work inclusion. Also, the use of reserved contracts<sup>11</sup> where competition is restricted to operators employing a significant share of people with disabilities or with another type of disadvantage can broaden the space for the employment of such profiles and create new bridges for the integration in mainstream labour markets. In light of this, **we call upon the 2019 JER to recall the wide range of instruments available to underpin such formulae which constitute sound transitioning bridges between work inclusion interventions and sustainable placements in mainstream labour markets.**

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<sup>9</sup> [Directive 2014/24/EU on public procurement and repealing Directive 2004/18/EC.](#)

<sup>10</sup> *Ibid*, arts. 74-76 and annex XIV

<sup>11</sup> *Ibid*, art. 77



Improvements in employment figures in Europe should not be an excuse to not address the many challenges and precarious realities still faced by large numbers of Europeans. Therefore, **we urge the 2019 JER to point at these issues and ensure a new Semester cycle which is committed to quality employment and social inclusion as a sound path towards a more sustainable and cohesive EU.**

We thank you in advance for your attention and remain at your disposal if you would like more information on our proposals.

Yours sincerely,



Heather Roy, Secretary General.