



Slovenia

Assessment of the 2008-2010 National Reform Programmes for Growth and Jobs from a social inclusion perspective: The extent of synergies between growth and jobs policies and social inclusion policies

A Study of National Policies

Vesna Leskošek,
University of Ljubljana, Faculty of Social Work

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October 2008



On behalf of the
European Commission
DG Employment, Social Affairs and Equal Opportunities



Content

Summary	4
1. Overall assessment of implementation of the 2005-2008 NRPs during the past year from a social inclusion perspective.....	5
1.1. Assessment of the extent to which there has been a strengthening of the social dimension and increased evidence of <i>feeding in</i> and <i>feeding out</i> since the last (2007) Implementation Report. To what extent efforts have been made to assess the actual impact of policies and programmes.	5
1.2. Good examples of <i>feeding in</i> or <i>feeding out</i> which are supported by impact assessments carried out by the country.	7
2. Assessment of the 2008-2010 NRPs from the perspective of social inclusion.....	7
2.1. Overall assessment	7
2.2. <i>Feeding out</i>	7
2.2.1 Employment and feeding out	7
2.2.2 Economic growth, financial sustainability and feeding out	9
2.3 Feeding in.....	9
3. Governance.....	10
3.1 Monitoring and assessment.....	11
3.2 Involvement of stakeholders	11
3.3 Coordination	11
4. Update on key indicators.....	11

Summary

Since the last 2007 Implementation Report there have been some changes made in respect to a strengthening of the social dimension, but they are not supported with the assessment of actual impact. There is a significant drop in unemployment from 9.4 to 7.7. It is also well recognised that despite positive trends, structural problems in the labour market still persist; these include the low employment rate of the elderly and of the young people, as well as high rates of long-term unemployed persons. There is recognition of the increased need to evaluate and assess the effectiveness of those programmes. There are positive improvements in the system of scholarships for students in secondary and tertiary education, what will improve access to education. Because programme of scholarships was introduced this year there are no data available on the impact on most vulnerable groups of young people.

Weak points of the past period is a drop in unemployed people enrolled education and training. Despite recognition that programme has good results the number of people dropped from 7,351 in school year '03-'04 to 3,888 in '06-'07. The drop in the number of people enrolled in the programme is not explained. Modernisation of social security system can also be one of the weak points that can have an impact on higher rate of people living in poverty. Modernisation is not about setting goals to improve quality of life of people that can not provide for themselves and their families. There is no impact assessment of those changes.

There have been improvements in employment rate of women but differences between man and women persist and there are no measures to reduce them.

Access of decent housing to all, especially to those living in poverty or without financial resources to buy a flat is still not addressed. In the report a problem is bound just to young families. There is a weak access to housing for single persons, single parents, young and older people and other vulnerable groups (homeless, people with disabilities, victims of violence etc.).

There is recognition of regional disparities but not in regard to poverty and social exclusion.

In 2008-2010 NRP new measures were designed in the fields of job creation, education, attention is paid to young and older people in some other groups at risk. There is no recognition of poverty and social exclusion, housing needs of disadvantaged groups are ignored, concept of flexibility is not supported with measures that will prevent risks of the people in precarious employment. Greater quality of plans can also be a consequence of the open method of coordination and well drawn instructions for member states. It is also that a lot of measures planned for the future already exist and are in operation. There is also no recognition of the problem of in-work poverty that is closely connected with flexible forms of employment. The concept of flexicurity is design to strengthen personal capacity of people with life long learning, active employment policy and modernisation of social security system. It does not recognise a need for protection of those that are already working in precarious employment and can experience in-work poverty.

There is almost no strengthening links between National Reform Programme and the Social Protection and Social Inclusion Process. NSRSPSI is not mentioned at all, there is also nothing on poverty and social exclusion. Social inclusion is mentioned few times inside the development priority 4 on modern welfare state and higher employment.

1. Overall assessment of implementation of the 2005-2008 NRPs during the past year from a social inclusion perspective

There are five development priorities set in the National Reform Programme (the same priorities were set out in Slovenia's Development Strategy adopted in June 2005), that is: (i) a competitive economy and faster economic growth, (ii) effective creation, two-way flow, and use of knowledge for economic development and quality jobs, (iii) an efficient and cheaper government, (iv) a modern welfare state and higher employment, (v) integration of measures to achieve sustainable development. As stated in the IRNRP, the development goals are not only economic, but are aimed at an overall increase in population's welfare and quality of living based on the principles of sustainable development.

1.1. Assessment of the extent to which there has been a strengthening of the social dimension and increased evidence of *feeding in* and *feeding out* since the last (2007) Implementation Report. To what extent efforts have been made to assess the actual impact of policies and programmes.

Since the last 2007 Implementation Report there have been some changes made in respect to a strengthening of the social dimension, but they are not supported with the assessment of actual impact. Changes are mostly reduced to some of the social groups: young and older people and people with disability. There is nothing written on poverty and social exclusion. Apart from the commitment to improve employment possibilities of some of the groups (with greater flexibility, life long learning etc.), there is no other social dimensions in the document.

Slovenia reached some positive results. There is a significant drop in unemployment rate (from 9,4 at the beginning of 2007 to 7,7 at the end of the same year). It is also well recognised that despite positive trends, structural problems in the labour market still persist; these include the low employment rate of the elderly and of the young people, as well as high rates of long-term unemployed persons. In order to achieve more permanent employment solutions for the most vulnerable groups, additional efforts have to be made in the fields of counselling, motivational activities, education and training, and project approach initiatives. There is recognition of the increased need to evaluate and assess the effectiveness of those programmes.

There are positive improvements in the system of scholarships for students in secondary and tertiary education, what will improve access to education. Because programme of scholarships was introduced this year there are no data available on the impact on most vulnerable groups of young people. The unemployment rate of young people is still high and they are more often exposed to precarious employment than other age groups. In 2007, 68.3% of all active young persons had a temporary job, while that number for the overall active population was 17.2%. We can not find any additional data on the types of temporary jobs and on actual period of employment. The percentage is much higher than in the EU. They are also most often employed at the Agencies for temporary employment what actually lowers their employment possibilities.

There is no data on drop-out from education (age 15-18).

There were also efforts made to increase the employment rate of older people what is a direct response to the EU recommendations. Implementation of employment policy measures for older workers continued throughout 2008. Measures were: promotion of new jobs for older workers, integrated programmes for the employment of older workers, reimbursement of employers' contributions when recruiting older workers, public works, and programmes for the employment of older workers under the Operational Programme of Human Resources Development co-financed by the European Social Fund. The employment rate of older people is still much under the EU average but is slowly improving.

There are also measures that are not strengthening social dimension. Example for that is active employment policy. One of the recommendations for Slovenia is to improve education in training for low skilled workers to improve their employability. In the report (p.27) we can read that "as for incentives for employers and employees, special attention was focused on training unemployed persons at a specific workplace, and double the amount of funds than previously provided was earmarked for this purpose (4000 unemployed persons included). After completion of training, many employers recruit these persons". There are no numbers that would support that claim. We can also read that "under the active employment policy, the measure of education and training is aimed at implementing training for jobs in shortage as a priority. These projects include training for acquiring additional knowledge, skills and capabilities, notably for professions in construction and construction finishing works, metal workers, welders and metal treatment jobs, masons, bricklayers, drivers, health, hygiene and social care professions". Actually there is a significant drop in the number of unemployed people included in education from 7,351 in school year '03-'04 to 3,888 in '06-'07. The drop in the number of people enrolled in the programme is not explained. The other, more essential are plans on modernisation of social security system. Modernisation is not about setting goals to improve quality of life of people that can not provide for themselves and their families. Modernisation is not about broadening social rights or raising the census for social benefits. Proposed measures are restrictive and aims at preventing "passivity of the recipients of cash benefits". Measures could result in greater poverty. There is no evidence on greater effectiveness of the new system.

There have been improvements in employment rate of women but differences between man and women persist and there are no measures to reduce them.

Access of decent housing to all, especially to those living in poverty or without financial resources to buy a flat is still not addressed. The number of non-profit housing is insufficient and due to current criteria is not accessible to people living in poverty. In the report a problem is bound just to young families. There is a weak access to housing for single persons, single parents, young and older people and other vulnerable groups (homeless, people with disabilities, victims of violence etc.)

There is recognition of regional disparities but not in regard to poverty and social exclusion. There is a plan to introduce administrative regions that will improve access to resources and better respond to regional needs. During broad public debate on regions it was clear that professional public and political opposition rejects the number of regions that is, by their opinion, too large (13 regions) for Slovenia. It is also clear, that regions will not be introduced in next couple of years and there is no alternative plan on reducing regional disparities.

1.2. Good examples of *feeding in* or *feeding out* which are supported by impact assessments carried out by the country.

No such examples could be found.

2. Assessment of the 2008-2010 NRPs from the perspective of social inclusion

NRP 2008-2010 is structured at the same way as the previous one. It consists of five development priorities: a comparative economy and faster economic growth; efficient creation, two-way flow and use of knowledge for economic development and quality jobs; more efficient and cheaper government; modern welfare state and higher employment; measures for sustainable development.

2.1. Overall assessment

It is difficult to assess increased awareness of feeding in and feeding out from different reasons. New measures were designed in the fields of job creation, education, attention is paid to young and older people, people with disability and Roma people. But there is no recognition of poverty and social exclusion, housing needs of disadvantaged groups are ignored, introduction of flexibility is not supported with measures that will prevent the risks of people in precarious employment. Greater quality of plans can also be a consequence of the open method of coordination and well drawn instructions for member states. It is also that a lot of measures planned for the future already exist and are in operation.

There are measures to address the potential impact of the slowdown of the economy. Given the rise in the general price level, in particular of food and fuels, measures were adopted in early 2008 with a view to mitigating the consequences of price growth for people with the lowest income. Taxable persons with a total annual income of up to EUR 8,300 have been granted a general tax allowance of EUR 2,000/year, and those with an annual income above EUR 8,300 but not higher than EUR 9,600/year, a general tax allowance of EUR 1,000/year.

There is almost no strengthening links between National Reform Programme and the Social Protection and Social Inclusion Process. NSRSPSI is not mentioned at all, there is also nothing on poverty and social exclusion. Social inclusion is mentioned few times inside the development priority 4 on modern welfare state and higher employment.

2.2. Feeding out

2.2.1 *Employment and feeding out*

Development towards flexicurity remains a basic labour market policy; however, a more comprehensive and coordinated approach on the part of different policies and a continued search for consensus between partners will be required if it is to be realised. The concept of flexicurity is part of Slovenia's wider strategy – one based on equipping people for change, increasing

productivity and employment, retaining financial sustainability and social cohesion, and placing emphasis on investments in human capital and lifelong learning. Given the relatively favourable conditions on the labour market, the concept of flexicurity is being introduced gradually, with emphasis on those components that have multiplicative effects (see also Recommendation I.b, the 2008 Report and the Reform Programme for Implementation of the Lisbon Strategy in Slovenia 2008–2010). It is explained that the concept of flexicurity in Slovenia is based on flexible contractual employment relations, active employment policy, life-long learning system and modern social security system.

Employment activation and job creation is given high importance. A list of activities is drawn to support employment possibilities of young and older people, people with disabilities and Roma people. Employment activation will be supported with a number of supporting programmes for those groups. There is also a list of programmes that already are or will be introduced to enhance job creation for disadvantage groups. They are part of the Active Employment Policy. Attention will be paid to long-term unemployed, especially women and young people. Although lone parent families are one of the groups that is the most exposed to poverty there is no attention paid to them. That can also be a result of the fact that poverty is not mentioned even once in the whole NRP.

Nothing is said on adequate income from work. There are no plans to insure it. Minimum wage is mentioned just once in relation to Minimum Wage Act. Trade Unions are claiming that the legislation on minimum wage is not satisfactory and does not assure protection in cases of violations. Many of the workers are receiving payments below minimum wage. Even jobs that are offered by the Employment office are advertised with payment below the minimum wage. In-work poverty is not mentioned in the programme at all what has an impact on not including working poor as a group that is exposed to social exclusion. Research shows that people in precarious employment (part time, short term contracts) are the most exposed to poverty. The concept of flexicurity has to incorporate that knowledge and create mechanisms that will assure adequate income and protect workers from poverty. Slovene concept does not deal with immediate effects of flexibility what can have negative results on growing in-work poverty.

There is a section on reconciliation of work and private life. Measures to enable better balance between work and private life are: ensuring more places in kindergartens; continuation with the project “Family friendly enterprise”, than choices of more flexible employment and also more flexible job arrangement. There are no measures on promotion of gender equality, or taking care of gender balance (at list) in public sector.

There is a set of activities to tackle exclusion of older workers and on active aging. Measures are: promotion of new jobs for older workers, integrated programmes for the employment of older workers, reimbursement of employers' contributions when recruiting older workers, public works, and programmes for the employment of older workers. A new National Active Ageing Strategy will be completed till the end of 2008.

Measures to promote entrepreneurship with equity and debt sources of financing will be carried out chiefly by the Slovene Enterprise Fund, which is part of the integrated system of support for entrepreneurship development and operates in support of other promotion programmes for SMEs. The aim is to promote investments in the growth and further development stages of SMEs, on the basis of loans with low interest rates, favourable leasing conditions and easier conditions for the approval of debt sources. We hope in this way to increase the number of SMEs that opt for growth, and accelerate the transition from micro to small enterprises.

2.2.2 *Economic growth, financial sustainability and feeding out*

Modernisation of social protection system aims at establishment of a “more just” and transparent system, the setting-up of an entry point and the linking of databases for decision-making on the right to transfers, the introduction of incentives for the employment of inactive persons, and the strengthening of the organisation of different forms of activity by recipients of social security payments. There is no explanation what “more just” system means and what is not “just” in current system. There is also a statement that this does not stand for a decrease of funds intended for the beneficiaries of the social transfers.

The share of government expenditure in GDP will continue to fall but funds for active employment policy will be assured. No other expenditure in relation to social inclusion is mentioned.

There is a section on regional development but because there is no consensus on the number of regions, we can assume that regionalisation is a project for far future. Government introduced a plan of 13 regions that was rejected by the professional public and by the political opposition. The number of 13 is not rational for small country like Slovenia. There is a debate on 6-8 regions. There are no plans how to reduce disparities in the meantime. We can also predict that those disparities will grow.

There are no measures to address negative consequences of the liberalisation of services including energy utilities.

There are no measures to increase access to the internet of those that are experiencing poverty and social exclusion. There are also no measures to assure those living in poverty to have access to bank accounts and banking services. There are also no measures to address over-indebtedness.

Housing remains one of the weakest policies. The only measures are grants given to young families. No other groups are mentioned and there are no plans to provide housing for people living in poverty and social exclusion.

2.3 Feeding in

There is a clear imbalance in the importance of the documents: while NSRSPSI clearly states, that social policy is subordinated to economic policy and created to deal with the effects of the economic processes and thus relies entirely on NRP, there is no reference to NSRSPSI in the NRP. Regardless of that fact, there is a visible connection between social protection and social inclusion policy and NRP can be identified under the development priority 4: Modern Welfare State and Higher Employment.

Nothing is said on adequate minimum income although that is one of the important issues that need to be addressed. Regarding minimum income there is a need to revise the census for cash benefits.

Lifelong learning is seen as a key element of flexicurity. Education (along with employment) is of the most importance for social inclusion and social cohesion. Government will draw up an action

programme to strengthen investments in human resources. Those programmes aimed at the most vulnerable groups, to raise the general level of knowledge and skills, will be implemented primarily as part of the following:

- adult education and training programmes;
- programmes to reduce the education deficit;
- programmes to increase functional literacy;
- programmes to reduce the number of early school-leavers;
- 'job rotation' programmes;
- careers guidance and advice on education.

The programmes also include early school leavers. Programmes will contribute to both, social inclusion and to growth and job objectives.

There is recognition of importance of promoting social inclusion through promoting gender equality and on the impact on growth and job objectives. There is a list of activities to promote equal opportunities and combat discrimination. A **good practice** example can be taken from the plan. Government Office for Equal Opportunities few years ago started a campaign for promoting active fatherhood with the aim of overcoming existing stereotypes and the traditional roles assigned to women and men in family life and in society in general, the promotion of paternity leave, and the more balanced allotment of leave for childcare and family work between both parents. Amongst other material a short film was made – a documentary on fathers that are on the paternity leave. Film is very good example of empowerment of men and of breaking down gender prejudices and stereotypes. Campaign can be interesting for other countries with more traditional gender relations¹.

There is a plan to put more emphases on developing social economy.

Poverty is not mentioned even once in the whole document (actually it is mentioned ones in relation to structural indicators when one of them is also at-risk-of-poverty rate).

3. Governance

There is no separate section on governance arrangements in the document. The whole process is designed and coordinated by the Government Office for growth. The extent to which ministries are involved into the process can not be assessed. Implementation report and new NRP was presented and debated in Economic and Social Council. It is also said that civil society was invited to comment on the draft NRP, but it is not possible to get a list of NGO's invited to the debate, what time they were given for comments and how many of them actually participated. In order to collect more accurate data, we made a telephone call to 24 major NGOs in the field of social care and welfare and the result was that none of them received any invitation to participate to the process. We believe that the representative from the Ministry of Labour, Family and social affairs is an important member of the group that created a new NRP but that does not assure that social dimension is strengthened, because there is no reference to NSRSPSI.

¹ More information on the web page of the Government Office for Equal Opportunities:
http://www.uem.gov.si/fileadmin/uem.gov.si/pageuploads/Zapishnik_oceti_01.doc 26. 10. 08

3.1 Monitoring and assessment

There are no such arrangements.

3.2 Involvement of stakeholders

As already mentioned the only body that is explicitly mentioned is the Economic and Social Council.

3.3 Coordination

The whole process is coordinated by the Government Office for Growth, no further details are provided. We also have to state that Slovenia does not have an independent social policy. In second semester report we explained that social policy is understood as a part of economic policy in the sense that it deals with problems that emerge as results of the processes in the market. That is explicitly written in NSRSPSI. In this sense economic dimension is mainstreamed in social policy and not vice versa. From that point of view we can understand the lack of “social” in the NRP (apart from priority 4, that partly cover the process of social inclusion).

4. Update on key indicators

Structural indicators listed in NRP 2008-2010 are following:

- At-risk-of-poverty rate after social transfers,
- Long term unemployment rate,
- Employment rate of older workers,
- Youth education level,
- Employment rate.

There is also a plan to develop indicators to monitor further enhancement of the public profile of entrepreneurship using the indicators from the GEM research; apart from the prevalence of part-time and temporary employment among young people that is only one of the indicators of labour market flexibility; there are plans to closely examining all the barriers that make it difficult for young people to enter into the labour market, including strengthening links between the education system and the labour market. Also indicators for monitoring lifelong learning will be developed. No other plans to use or to develop indicators are made. There is no recognition of the growing problem of in-work poverty. The problem is not mentioned at all.

Indicators for monitoring social protection and social inclusion are very rudimentary and can not provide policy makers with information that would be sufficient. It would be useful to include following indicators that were developed by the Social Protection Committee as common indicators from the social protection and social inclusion (overarching portfolio)²:

- Healthy life expectancy,
- Self reported unmet need for medical care,

² http://ec.europa.eu/employment_social/spsi/docs/social_inclusion/2008/indicators_update2008_en.pdf 26. 10. 08

- Total health expenditure per capita
- Early school leavers,
- People living in jobless households,
- In-work poverty risks,
- Low wage trap

Indicators from the proposed list of primary indicators:

- Persistent at-risk-of-poverty rate,
- Population living in jobless households,
- Early school leavers not in education or training,
- Employment gap of immigrants.

All indicators, that still have to be developed, are highly relevant: child well-being, indicators connected to housing, in-work poverty, especially in relation to precarious employment and indicators for monitoring material deprivation. Also indicators on drop-outs can be included.