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**Local development  
agreements as a tool  
to stop segregation  
in vulnerable  
metropolitan areas**

Comment Paper, Lithuania





Looking at the Swedish Metropolitan Policy for the scope of Lithuania, the experience of Sweden may be assessed due to two angles:

first, ability to apply this experience directly;

second, ability to put in use the consolidation of the idea about the Swedish Metropolitan Policy and Local Development Agreements.

When considered the first standpoint, it is difficult to adjust Swedish experience in Lithuania because the problems of segregation of immigrants are not formulated for the meantime.

Yet considered the second standpoint, it is worth to mention couple of specific Lithuanian problems. Speculating on their decisions Swedish experience may be applied.

One problem is related to economically and socially weak areas, mostly small towns, in Lithuania. Their economy was based on one or few enterprises. During the period of transformation those enterprises were closed thus majority of residents have been left unemployed and have been trapped into poverty. However, the Swedish Metropolitan Policy experience barely might be applied for the main problem of those areas: problem cause not competence or qualification of dwellers, but lack of workplaces.

One more problem is related to dormitories districts of big cities. The truth is that it covers not entire districts, but usually only few nearby dwellings. It is a heritage of the period of the Soviet Union, when factory workers had been settled in dormitories. Majority of those workers became unemployed when factories had been closed. Besides they have olden and inadaptable professions. The above-mentioned dwellings are settled by poor people, who are unable to purchase a flat. Some people have privatised only separate rooms where families with children live in one room with common kitchens and shower-bathes for several families; buildings have not been repaired for 20-30 years. Poor living conditions cause settlement of unemployed and small income residents. They have nothing to pay for the maintenance. Criminality and alcoholism circulate in those dormitories. Persons who finally find a job leave dormitory and their place settle another poor people (similar problem is mentioned in Swedish Discussion Paper). It is understandable that the problems cannot be solved separately. The holistic approach mentioned in Swedish Discussion Paper should be applied. Abilities of poor people suppose to be encouraged, communities should be established, and buildings as well as environment maintenance should be financed. Meantime this problem is not formulated in policy) documents of Lithuania, yet reading the Swedish Discussion Paper similarities are evident.



There is one important example of making impact on the geographic concentration of social exclusion in Lithuania. It is so called Local Employment Initiatives. Obviously, it is the most ever apt project associated with social inclusion. It appears for the development might be appealed to ideas that are the frame of the Swedish Metropolitan Policy. Hence, Local Employment Initiatives project is presented below.

### **Local Employment Initiatives and Social Inclusion policy**

Local Employment Initiatives project was originated according to the Programme of Increasing Employment of the Republic of Lithuania for 2001 –2004. However, during the preparation of the Joint Inclusion Memoranda it was decided to use the programme of Local Employment Initiatives for the excluded vulnerable groups. The programme has to become specifically aimed at marginalized groups, such as the unemployed (particularly the long-term unemployed), young people, women with family responsibilities and other groups identified by the local labour offices in co-operation with the social partners.

High territorial disparities in the unemployment rate were taken into account when Local Employment Initiatives were designed (Table 1). Unemployment rate varies three-four times from region to region.

### **Aim and target regions**

Conscious of the need to stimulate greater employment at local level, in 2001 Lithuanian Government introduced a range of legislative incentives to promote the creation of new jobs. The aim of these policies is to provide local communities with opportunities to participate in economic activities and, by doing so, address their socio-economic problems. Other objectives are to lessen the impact of structural change on vulnerable areas and to contribute to the development of more active, self-reliant and mature communities.

Attempts have been made to ensure that the allocation of employment policy resources between different areas of the country reflects differences in the scale of labour market problems. Thus, for example, the allocation of Lithuanian Labour Exchange (LLE) budgets to the Local Labour Offices is based in part on the level of unemployment in each district. However, a large part of total expendi-



ture is absorbed by passive measures such as unemployment benefit and by staff and administrative costs. The amount left for active programmes is relatively small and that limits the potential for regional differentiation in such programmes to have a significant impact on the areas with the greatest problems.

**Table 1: Regional unemployment disparities (unemployment rate, 01 01 2004)**

Local labour exchanges	%
Prienai	6,4
Moletai	6,0
Kretinga	5,6
Trakai	5,1
Vilnius city municipality	5,0
Vilnius district municipality	14,2
Lazdijai	18,1
Pasvalys	18,8
Akmene	18,7
Mazeikiai	20,3
Druskininkai	22,2
<b>Average in the country</b>	<b>9,8</b>

*Ministerial (Ministry of Social Security and Labour) order of April 24 2002 No. 59 on the local employment initiatives implementation provided legal rules for Local employment initiatives. **The target territories have been defined where the level of unemployment exceeds the country's average level by 1,5 times.***

## **Administration**

Ministerial order No. 59 on the local employment initiatives provided, that request for the governmental support can be presented by Small and Medium Enterprises (SMEs) and public establishments in case if less than \_ votes belongs to central or local authorities.

Local Labour Offices are responsible for the organisation of local employment initiatives. It was provided, that directors of the Local Labour Offices have to invite representatives of employees and employers organizations and municipality to take part in Commission of Local employment initiatives. The Commission is responsible for requests selection in accordance with defined crite-



ria: involvement of local community and addressing high unemployment; multiplication effect on employment; opportunity to up-date skills for newcomers; support from municipality; sustainability; transparency; management ability.

### **Early outcomes**

Since 2001 the Ministry of Social Security and Labour have implemented, through the Lithuanian Labour Exchange, the pilot projects of the promotion of local employment initiatives in areas with the highest unemployment, which aim at providing state assistance to employers who create new jobs.

87 projects for the creation of 644 workplaces were prepared. 16 pilot projects of local employment initiatives were competitively selected and realised in areas with the highest unemployment (Druskininkai town, and Akmene, Pasvalys, Sakiai, Jonava, Siauliai, Jurbarkas, Pakruojis, Sirvintos districts). Almost 50 percent of projects were designed for the provision of services, 40 percent – for the development of production, and 12 percent – for agriculture. Project implementation commissions were established for the selection of projects and their evaluation at the territorial labour exchanges according to given criteria, in areas where the projects were implemented.

Using around 1,2 million LLT (0.35 million EUR) from the state budget, 151 new workplaces were created. Employers and sponsors covered 60 percent of the value of all projects.

Based on the accumulated experience, the conception of the further development of the local employment initiatives and suggestions regarding the improvement of the procedure for the implementation of projects were prepared. Since 2002, such projects have been implemented in all territories where the level of unemployment exceeds the country's average level by 1,5 times.

### **Merging the Local Employment Initiatives and Social Inclusion Policy**

In 2003, Joint Inclusion Memoranda for Lithuania was drafted. Two sets of measures related to the participation in employment were foreseen:

1. Measures to Increase Access of Vulnerable Groups;
2. Measures to tackle Regional and Geographic Concentrations of Unemployment.



In order to create an open labour market that would meet the needs of vulnerable groups, the following future social policy priority areas were identified:

- to develop, together with municipalities, specific employment programmes for the youth, disabled, rural dwellers and other socially vulnerable groups;
- to assign responsible officials and to establish labour exchange branches and special job centres adjusted for these activities.

The legal provisions are prepared for these measures. In accordance with 2001 amendments to the Law on Support for the Unemployed, additional assistance is provided to the following categories of the unemployed:

- disabled persons;
- young persons between the age of 16 and 25 entering the labour market;
- graduates from vocational and tertiary educational establishments starting work by acquired profession;
- long-term (more than two years) unemployed persons;
- persons with not more than five years left until retirement age;
- a father or a mother raising a child under the age of 18;
- and ex-convicts whose imprisonment was more than six months.

Previously employment quotas had been established for the aforesaid groups, but these quotas have been revoked on the ground that they infringed upon employers' rights to choose freely employees with necessary qualifications.

Hence, as mentioned above, "Local Employment Initiatives" were intended to be used for integration of vulnerable persons. "Local employment initiatives" designed for creation of new workplaces. JIM proposed measures to strengthen socially vulnerable persons' ability to work. Consequently, project became more complicated. It is important to formulate appropriate coordination of all actors' actions.

Labour Exchange offices are directly responsible for unemployment reduction programmes in Lithuania, meanwhile local authorities provide help for socially excluded people. Implementation of the Swedish Metropolitan Policy might be the good practice of the coordination of various institutions coping complex problems.



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Two specific questions were raised at the discussions on the “Local development Agreements...”:

- 1) Disaggregation of statistical data on social exclusion at the level of districts (what are sources of data? How does statistical data collection or research is organised?);
- 2) Costing of specific measures on social inclusion; (section Finances of the Discussion Paper).