



Barcelon**a**ctiva



Ajuntament
de Barcelona



Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

OECD LEED Seminar
More and Better Jobs:
Employment Pacts' Experience & Business Strategies
Barcelona, 25th March 2011
Venue: Museu Picasso

Summary

Introduction

“More and Better Jobs: Employment Pacts' Experience & Business Strategies Seminar” was organised by the OECD LEED Programme in cooperation with the City Council of Barcelona, through its Local Development Agency, Barcelona Activa, to analyse best practices for quality employment in different environments among OECD countries. Particular interest was paid to action plans involving background reforms that combine mitigation measures with preventive approaches in order to move towards a new model that has the approval of both governments and socio-economic players.

Barcelona, as a major economic driver in Southern Europe, Catalonia and Spain, particularly among socio-economic players, is a recognised model for administrations in developing their policies to tackle the economic crisis: policies that have often been promoted from a metropolitan approach, but which have a clear global significance.

One example is Barcelona's “path of dialogue”, a best practice model that oversaw the signature of the first Local Employment Pact in Barcelona in 2001 and, this year, the 2008-2011 Agreement involving local government, regional government, employers associations and trade unions, with the additional support of different political groups. Cities such as Vienna, Berlin, Stuttgart or Dublin, with similar experiences were also analysed during the seminar.



Barcelon**a**ctiva



Ajuntament
de Barcelona



Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

Opening

- *Mateu Hernández, CEO of Economic Promotion Sector, City Council of Barcelona*
- *Esther Sanchez, Secretary for Labour and Industrial Relations. Ministry of Enterprise and Labour. Government of Catalonia.*
- *Mr. Aart de Geus, OECD Deputy Secretary-General*

Mateu Hernández opened the seminar, welcomed the audience and thanked the speakers.

Esther Sánchez thanked the organisers and underlined three features of the Picasso Museum, where the seminar took place, which should inspire public policies for employment: innovation, working/effort capacity and social compromise. This features are embraced in the “Agreement for quality employment in Barcelona”, where the Catalan Government, together with the City Council of Barcelona, employer’s associations and trade unions define and agree the framework and priorities for developing active employment and local development policies in Barcelona. This agreement manifests the commitment of both the City Council and the Department of Work of the Catalan Government to co-ordinate with the social agents of the city as well as with the main actors and organizations of the territory with the aim of promoting a quality and inclusive labour market.

Mr. Aart de Geus underlined the similarities between Catalonia and the Netherlands and outlined the main features of the present labour market situation in OECD countries. OECD countries are suffering from a peak in unemployment, which is expected to be reduced over time. Long-term unemployment and the risk of social exclusion are challenges that need to be tackled in times of shrinking public expenditure and this need to “do more with less” demands smart investment from public authorities. Individuality among political partners needs to be overcome and organisations, as well as their leaders, need to commit in order to move forward in the same direction to achieving more and better jobs. There is a clear need for consensus and to make reforms happen, as can be seen in Barcelona.

“The Barcelona Principles”¹, ten principles, which emerged from a meeting of local economic leaders from across the world, held in March 2009, offers guidance on what localities are doing to

¹ The Barcelona Principles are:

1. Don't waste the crisis, but respond with leadership and purpose
2. Make the case for continued public investment and public services and the taxes and other sources of investment required
3. In the long-term: build local economic strategies which align with long-term drivers and identify future sources of jobs, enterprise, and innovation
4. In the short-term: focus on retaining productive people, business, incomes, jobs, and investment projects
5. Build the tools and approaches to attract and retain external investment over the long-term
6. Building genuine long-term relationships with the private sector, trade unions, and other key partners
7. Take steps to ensure the sustainability and productivity of public works, infrastructure, and major developments/events
8. Local leaders should act purposefully to support their citizens in the face of increased hardship
9. Local economies have benefitted and should continue to benefit from being open and attractive to international populations and capital
10. Communicate and align with national and other higher tier governments



Barcelon**a**ctiva



Ajuntament
de Barcelona



Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

emerge from the crisis and mitigate its impact, have been considered by the LEED Directing Committee as a clear foundation for recovery.

Panel Discussion 1: The role of social partners in Employment Pacts. The case of Barcelona

Partnerships, many of which were first created to deal with the social and unemployment consequences of previous economic downturns, have accumulated a considerable amount of knowledge and know-how in bringing different stakeholders together, ensuring coordination and policy adaptation to local needs. Employment Pacts constitute a special partnership agreement for employment where social partners play a significant role. This session will discuss the Barcelona Employment Pact and how social partners shaped the formation of the Pact, its contribution to local development and the role it plays in the recovery.

Moderator: Sergio Arzeni, Director of the OECD Centre for Entrepreneurship (CFE) and Head of the OECD LEED Programme

Panellists:

- Joan Carles Gallego, CCOO Secretary General
- Diego Martínez, UGT Vice-Secretary General
- Salvador Guillermo, Director of Economic Studies, Foment del Treball Nacional
- Antoni Cañete, General Secretariat of PIMEC (Confederation of Micro, Small and Medium Enterprises of Catalonia)

Sergio Arzeni opened the first panel discussion referring to Mr. de Geus' description of unemployment patterns, which have been rising three times faster than they fall, and asked how the Barcelona Employment Pact supports SME's.

Diego Martínez in response underlined the benefits of social partnerships to tackle unemployment. Employment pacts are:

- born outside political debates
- a framework of needed changes and the measures to make them happen
- a feeling of confidence and security

The Barcelona Employment Pact, main success factors:

- Specific measures with budget lines are established
 - A follow-up Commission of the Local Agreement, comprised of two representatives from each signing entity, is set up and meets on a yearly basis
 - Metropolitan will and broad consensus of policies
 - Capacity to take into account all agents and government levels
-



Barcelon**a**ctiva



Ajuntament
de Barcelona



Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

Sergio Arzeni asked how the size and qualification of SME's could be increased.

Salvador Guillermo responded that trade unions and employers' organisations have confrontation elements but also common ones. In order to achieve pacts and partnerships, differences have to be overcome. Salvador Guillermo agreed with Diego Martinez's remarks and stressed the importance of funding in the framework of the strategic agreement support for SMEs to boost creation, innovation, internationalisation, and networking among enterprises. Regarding strategic sectors, it is not easy to identify them (ex: Spain's two largest fortunes are from the textile sector).

Sergio Arzeni affirmed that the real assets of a company are its human capital. How can the education system contribute to increase SMEs' capacities?

Joan Carles Gallego responded that SMEs need to be competitive in terms of innovation, they need human capital with ability to adapt and therefore qualifications play a key role for SMEs. For this reason, Employment Pacts need to tackle economic issues, but also basic education, which will lead to the qualification of people and will build up the necessary human capital. Technical training is as important as the ability to adapt to a changing labour market, therefore education in the labour market and recognition of qualifications in vocational education and training are the first steps to achieve this. But not all actions come from the education side, the labour market should also improve working conditions in order to motivate the education and qualification of people.

Sergio Arzeni referred to the structures of Vocational Training, which sometimes do not adapt to the needs of labour market. How does this work in Spain?

Antoni Cañete responded that agreement is a necessary, but not sufficient condition. Agreement is only the first step, further steps, such as the development of specific actions, are needed. Education and training are the most important elements for innovation and competitiveness. The different scopes of training should be above the individual interests. In this way, the EU has already established a common framework: the Small Business Act, a set of 10 principles, which should guide the conception, and implementation of policies both at EU and national level. The Small Business Act was endorsed politically by the EU Council of Ministers in December 2008 to ensure the full commitment of both the Commission and the Member States together with regular monitoring of its implementation. Focusing on the Barcelona Employment Pact, it is aimed at helping young people to embrace the culture of work and effort. The award programme "Do you know what is needed? Working Values" is an innovative initiative to foster the culture and values of work among young people in Barcelona.

Sergio Arzeni closed the first discussion panel, concluding that the challenge of Employment Pacts is to help restructure the education and training system in order to adapt it to new realities. However, future labour demands are uncertain and therefore education and training should be open and foster people with the ability to adapt to the changing demands of the market. Education, training and entrepreneurship should be reinforced. National policies sometimes miss the regional and local differences and the role of local authorities therefore is still very important.



Barcelon**a**ctiva



Ajuntament
de Barcelona



Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

Panel Discussion 2: The role of Employment Pacts in Economic Development. International Experiences

Even if the recovery is in sight, it may take a long time for many localities to get back to pre-recession levels of employment and business activity and to heal the social exclusion scars of the recession. In the context of “low public spending recovery”, what are the conditions that need to be put in place for Employment Pacts and other forms of partnerships to be able to play a stronger role in supporting growth, job creation and inclusion at the local level? This session will review and draw lessons from experiences in Ireland, Austria, Germany and Spain.

Moderator: Cristina Martínez-Fernandez, Senior Policy Analyst, OECD Leed Programme

Speakers:

- *Dennis Leamy, CEO of POBAL, Dublin*
- *Beate Albert, PRO-Ge – OEGB, Vienna*
- *Bente Schmiade, DGB Berlin-Brandenburg*
- *Daniela Luster-Hagedorn - Federal Employment Agency, Stuttgart*
- *Joan Comas, President of “Fundació Acció Solidària contra l’Atur”*
- *Mateu Hernández, CEO of Economic Promotion Sector, City Council of Barcelona*

Cristina Martínez-Fernandez welcomed the speakers and remarked that economic growth does not necessarily mean job creation. She raised the question of how Employment Pacts or other partnerships can influence not only economic growth but also job creation. She then introduced some international examples.

Dennis Leamy described the situation in Dublin, where residents of disadvantaged communities were the last to enter employment during the boom and the first ones to face unemployment during the onset of the crisis. Internationally, publicly-funded training and employment services face two types of restriction: budget and opportunity cost when choosing between services for qualified or for marginalized. Qualified people can be placed back into employment with less effort than needed with the more marginalised. However, if training and employment services focus only on the efficiency of bringing people back to the labour market and therefore are invested in the qualified group, the risk that the marginalized group enters long-term unemployment grows and the effort needed to bring this group back to the labour market will increase. During a crisis, dedicating efforts to the marginalized group may be unpopular and show lower efficiency in the short-term, but it tackles the long-term unemployment and covers service needs of the socially excluded, which at times of crisis are higher than ever. Furthermore, geographic disparity of the recovery needs a multi-agency approach.

Beate Albert described the Employment Pact in Vienna, which began its formal cooperation in 1999 and is a partnership between the Municipality of Vienna, the Public Employment Service, the Wiener ArbeitnehmerInnen Förderungsfonds - WAFF (Vienna Fund for the Promotion of Employees), Federal Social Welfare Office – Vienna Regional Office, interest representations of employers and employees (working group of the federal province). The objective is to support economic development and the development of employment policies of Greater Vienna with



Barcelon**a**ctiva



Ajuntament
de Barcelona



Pla Estratègic
Metropolità
de Barcelona

Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

forward-looking, concerted labour market interventions. The core function of the Pact is to coordinate cooperation and to harmonise the strategic and operative labour market and employment policy in Vienna. Its functions are the coordination, collaboration and co-decision to improve employment. These activities are based on joint programme development and on financial coordination of the three key partners: Vienna Fund for the Promotion of Employees, Public Employment Service and Federal Social Welfare Office. The Pact has two special focus areas: youth, who require support in the transition from school to training, and people at a risk of being permanently excluded from professional life. The labour market and employment policies are linked to other policy areas (social, economic, education). The Pact has a trans-national cooperation project with Bratislava.

Bente Schmiade presented two projects in which the DGB Berlin-Brandenburg is involved. First the KBS Brandenburg, a platform for all social partners who participate in the politics of European structural funds: trade unions, employers, employees and even NGOs. Bente Schmiade underlined that the European Commission consults social partners before approving policies and that it is very important, that these partners are given the structure and the help to participate.

The second project, this time in Berlin was the Industrial Master Plan 2010-2020, which has been developed under an alliance between the City of Berlin, Trade Union and Employers. The Industrial Master Plan 2010-2020 for Berlin identifies four Fields of Activity (General Conditions, Innovations, Labour Force, Location Communication), each of which contain several projects, which have been selected by the Industrial Policy Network under the supervision of the Senate Department for Economics, Technology and Women's Issues.

Daniela Luster-Hagedorn, Federal Employment Agency, Stuttgart, presented the stages in which employment agencies assist:

- early prevention
- matching
- qualification
- labour participation
- migration

As the recent global crisis started, Germany looked for socially acceptable solutions with the cooperation of all players: employer and employee representations, representatives of the business sector and politics, the government and the public employment administration.

German short-time work is the outstanding measure in the employment field, which helped Germany to overcome the economic crisis. Employers kept their skilled employees due to short-time-work compensation as well as company related measures like over time-hours and holiday-entitlements as working-time accounts and overcapacity. Short-time work gave flexibility to companies and facilitated the transition to the rebound of the economy. Employers were able to keep their trained employees and due to short-time work 400.000 employees nationwide were able to keep their jobs. The measure worked well because there was an understanding between employees and employers that full time job would be reinstated as soon as the recovery allowed.

Lifelong learning is essential to cope with new challenges of the demographic situation (decrease in population and polarization of the qualification scale) and the increasing need for flexibility. Investing in Human Capital with special focus on women, young and immigration is of particular importance.



Barcelon**a**ctiva



Ajuntament
de Barcelona



Pla Estratègic
Metropolità
de Barcelona

Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

There is a need for social enterprises and for better matching skills in the labour market.

Joan Comas presented “Fundació Acció Solidària contra l’Atur”, a private non-profit foundation, which acts as an economic fund to give loans without interest and which provides coaching for solidarity projects which combat unemployment. The projects applying for loans are usually presented through institutions (ex: Barcelona Activa, PIMEC) that have previously tested the business plan. However, the payment default rate is twice that of commercial banks. The importance of collaboration among several institutions, to reduce risk, is vital. The foundation also gives some non-refundable loans and organizes awards to the best innovative business initiative to create employment.

There are 3 employees and 40 volunteers working at “Fundació Acció Solidària contra l’Atur”. It is important that civil society gets involved in proposing solutions to social problems and not only wait for policy solutions. This foundation is an example of that.

Mateu Hernández remarked that the Employment Pact is not a just a tool to recover from the economic crisis, but a tool to improve economic and labour market performance. The Pact is part of the economic strategy of the city, with the objective of further developing Barcelona, leading to job creation. The strategy comprises:

- Budgetary measures: even if the local authority’s budget decreases, no cuts in strategic expenditures are made. An investment that helps increase infrastructures
- Governance measures: entrepreneurship, unemployed, training people at school before they enter labour market, attracting talent, developing new industrial policies. The Pact was opened to political parties in the government and opposition, but not all agreed to sign it.
- Palliative measures
- Proactive measures: promoting the city abroad, tourism, change at the 22@ district transforming industrial land into knowledge-based industrial land. Maintain industry (food, health, media) and diversify the economy.

The present scenario shows a clear need for coordination at several administrative levels and a complementarities of funds (local, regional, national) to achieve impact results through the “Barcelona Employment Pact”. The strong involvement of the Catalan Government, who on 2008 signs for the first time the Pact, becomes a key element for its consistency. The social agreement and co-ordination achieved through the “Agreement for Quality Employment in Barcelona” has allowed Barcelona to improve its levels of competitiveness at the same time as advancing in welfare, territorial and social cohesion.



Barcelon**a**ctiva



Ajuntament
de Barcelona



Pla Estratègic
Metropolità
de Barcelona

Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

QUESTIONS:

- How to push existing SMEs to absorb innovation and grow?

Answers **Dennis Leamy**, CEO of POBAL, Dublin:

Unemployed should be trained to meet the needs of SMEs, which need talent. Employers should offer good working conditions to motivate people to get trained in the required fields.

- Could short-time work be applied to other environments? Under which conditions? Does it work only for big corporations? And what happens with low qualified workers?

Answers **Daniela Luster-Hagedorn**, Federal Employment Agency, Stuttgart:

Short-time work, works both for small and big companies who will keep employees after the crisis. It works for qualified and less qualified employees.

CLOSING REMARKS:

Sergio Arzeni applauded the lessons to be learned from Germany, who understood that the crisis should not affect human capital and that companies are competitive if they have motivated staff. The importance of motivating people and retaining qualified people inside companies was a success factor as it was investing in entrepreneurship.

It can also be noted that countries that had invested more to help the unemployed create their own enterprises and generate employment, are emerging better from the crisis. Germany's crisis is a V-form thanks to national policies and the importance of regional/local dimension in this confederation of states. On top of that competitiveness is highly dependent on the openness of the economy.

However, lessons should be adapted to each local/regional reality. Each one has to find its way out of the crisis and a path to growth through the empowerment of people. Social partnerships are a pre-condition to achieve a common objective and empower people. Consensus is of high importance in order to share a common objective.



Barcelon**a**ctiva



Ajuntament
de Barcelona



Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

Annex 1: About the OECD and the LEED Programme

About the OECD

The Organisation for Economic Co-operation and Development (OECD) is a unique forum where the governments of 34 market democracies work together to address the economic, social and governance challenges of globalisation as well as to exploit its opportunities. The OECD's way of working consists of a highly effective process that begins with data collection and analysis and moves on to collective discussion of policy, then decision-making and implementation. Mutual examination by governments, multilateral surveillance and peer pressure to conform or reform are at the heart of OECD effectiveness.

Much of the material collected and analysed at the OECD is published on paper or online; from press releases and regular compilations of data and projections to one-time publications or monographs on particular issues; from economic surveys of each member country to regular reviews of education systems, science and technology policies or environmental performance. For more information on the OECD, please visit www.oecd.org/about.

About LEED

The OECD Programme on Local Economic and Employment Development (LEED) has advised government and communities since 1982 on how to respond to economic change and tackle complex problems in a fast-changing world. It draws on a comparative analysis of experience from some 50 countries in the Americas, Asia, Australasia and Europe in fostering economic growth, employment and inclusion. For more information on the LEED Programme, please visit www.oecd.org/cfe/leed.

Annex 2: Barcelona Employment Pact

The Barcelona Employment Pact is a partnership agreement among the City Council of Barcelona, Comissions Obreres (Trade Union) of *Barcelonès*, the UGT (Trade Union) of Catalonia, Foment del Treball (The Department for the promotion of Work), PIMEC (the organisation for promoting SMEs) and the Government of Catalonia that defines and agrees the framework and priorities for developing active employment and local development policies in the capital of Catalonia. It constitutes a long trajectory of social co-ordination in the city of Barcelona as manifested in previous Agreements for Employment of Barcelona signed in 1997, 2001, and 2003.

The aim of the agreement is to promote a quality and inclusive labour market, with a high level of productivity and one that generates professional opportunities for everyone. The agreement is committed to the economic growth of the city of Barcelona that incorporates more added value and innovation and that allows the reaching of high levels of competitiveness, welfare and social and territorial cohesion.



Barcelon**a**ctiva



Ajuntament
de Barcelona



Agreement
for quality
employment
in Barcelona
2008 - 2011

Seminar organized in the framework of

The signing entities agree to carry out the following measures:

1. To promote measures to turn **Barcelona into entrepreneurship capital** by means of extending entrepreneurship, making business creation easy, coaching innovative business creation and growth of high added value and creating a favourable environment for economic activity.
2. To boost a battery of measures aimed at identifying, maintaining and attracting creative and innovative talent to the city.
3. To design a plan for the **socio-labour inclusion of youths who drop out of the education system** without the minimum qualification for starting out, from the third course of secondary education onward and in complete co-ordination with the educational centres
4. To design a mechanism of **orientation, training and professional insertion**, tailor-made for the people affected by the recon-version of sectors in difficulties, such as construction or certain business activities which allows them to remain active in the labour market by taking advantage of the opportunities generated by emerging sectors, and priorities in the city such as services for dependent people, amongst others. Furthermore, measures of prevention and anticipation will be designed so as to preserve the existing industrial fabric of the city.
5. To design a programme of **professional progress** aimed at improving the human capital of the city of Barcelona.
6. To elaborate and develop a strategy of **labour inclusion of the collectives suffering from high vulnerability** in the labour market by means of new active policies that include training programmes and itineraries of personalised insertion closely coordinated and optimising the overall resources and existing entities in the city.
7. To design a plan for the **improvement of employment, the covering of vacancies and professional prestige of the professional profiles associated with the sectors of commerce, the hotel and restaurant industry and tourism in Barcelona.**
8. To design a pack of initiatives related to the **renovation and modernisation of the culture and values of work** in the city of Barcelona, aimed, especially at the youngest in which special emphasis will be given to equal opportunities between men and women, and health and security at work.
9. The City Council of Barcelona will boost the quality of employment of public responsibility while ensuring that the companies that access public contracts fulfil the social obligations as included in the current regulations, and furthermore, contribute, within the framework of their possibilities, to an improvement in the stability and quality of the employment.
10. To jointly organise between the entities of the agreement, and as necessary with other institutions, a range of events for spreading and making the citizens aware and a technical debate about the challenges identified in the Local Agreement itself.