



COUNTRY
REPORT
FOR
SWEDEN

A photograph of a woman carrying a young child in her arms, walking on a sidewalk next to a brick building. The entire image is overlaid with a semi-transparent red filter. The woman is looking down at the child, and the child is looking towards the camera. The background shows a brick wall and a metal railing.

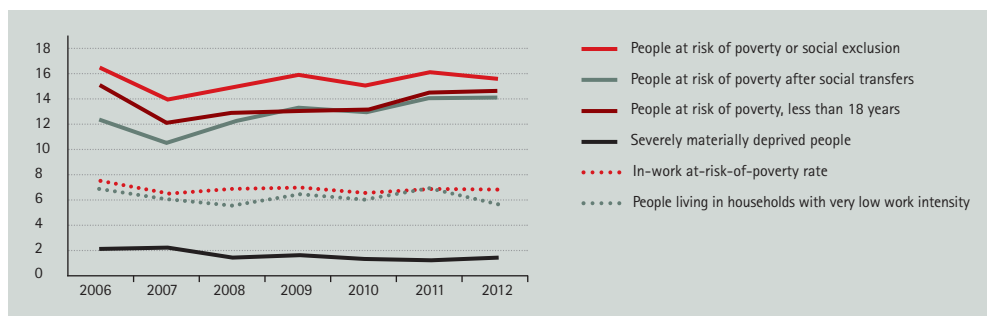
EUROPE 2020
SHADOW REPORT 2014

PROPOSALS FOR THE ANNUAL GROWTH SURVEY,
COUNTRY SPECIFIC RECOMMENDATIONS AND NATIONAL POLICIES.
CARITAS RECOMMENDATIONS FOR EUROPE 2020 MID-TERM REVIEW.

02 Poverty

2.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	
Sweden													
POVERTY													
People at risk of poverty or social exclusion	-	-	15.9	-	-	15.0	-	-	16.1	-	-	15.6	24.8
People at risk of poverty after social transfers	12	14.5	13.3	12	14.5	13.3	12.2	15.7	14.0	12.6	15.6	14.1	17.0
People at risk of poverty, under 18 years of age	-	-	13.1	-	-	13.1	-	-	14.5	-	-	14.6	20.8
Severely materially deprived people	-	-	1.6	-	-	1.3	-	-	1.2	-	-	1.3	9.9
In-work at-risk-of-poverty rate	7.2	6.6	6.9	6.3	6.7	6.5	6.9	6.8	6.8	6.7	6.6	6.7	9.2
People living in households with very low work intensity	-	-	6.4	-	-	6.0	-	-	6.9	-	-	5.7	10.3



Development of poverty and social exclusion indicators in Sweden (2009-2012) based on Eurostat:

- ➔ The highest relative and absolute increase occurred in the rate of people at risk of poverty, which rose from 12.2% in 2009 to 14% in 2012; nevertheless, still below the EU-average (16.9% in 2012). It has to be noted that the highest increase occurred in the rate of women who are at a significantly higher risk of poverty (15.7% in 2012) than men (12.7% in 2012).
- ➔ Another worrying increase can be observed in the child poverty rate which reached a peak of 14.6% in 2012 compared to 13.1% in 2009.
- ➔ However, it is worth highlighting that 2 key indicators experienced a decrease between 2009 and 2012:
 - The rate of severe material deprivation decreased to 1.3%, compared to 1.6% in 2009, the lowest in the EU.
 - The rate of people living in households with very low work intensity decreased to 5.7%, compared to 6.4% in 2009, also the lowest in the EU.

Additional national data shows the severity of the problems reflected by the above Eurostat data:

One of the main focus groups for Caritas Sweden is refugees and migrants, particularly undocumented migrants. Undocumented migrants are most affected during the economic crises and destitution has increased among this segment of the population. Undocumented migrants don't have access to welfare benefits in Sweden, except for access to health care.

Families asking for assistance at Caritas services are mostly migrant families who are unemployed and undocumented migrants with children. Another category of people seeing assistance from Caritas are third country nationals from other EU member states who can end up homeless and destitute in Sweden. The big challenge is how to deal with the issue of destitution among the undocumented migrants with children since there are no reliable statistics on this group and their lack of access to basic rights.

2.2

Recent policy developments

Despite the continuing slow economic recovery there were no budget cuts in the Budget Bill of autumn 2014. (Even though a new social democratic coalition government will be in power from the autumn, no big policy change is expected).

Instead of cutting costs, there have been increases in expenditure and continued measures for welfare and cohesion are expected through: improving the position of families with children that have the lowest financial standard, and raising the special allowance for children included in the housing allowance is also proposed.

A recreational activity allowance is also proposed for children in financially vulnerable households. These measures are aimed at addressing the issue of child poverty.

Government has also proposed a moderate increase in the housing supplement for old-age pensioners with income from work and the introduction of a supplement and housing allowance for people entitled to introduction benefits (newly arrived refugees who receive a permit to stay in Sweden).

Increased quality, effectiveness and efficiency in health care and social services through a multi-year initiative for people suffering from chronic illnesses, more places in health care education programmes and better alcohol rehabilitation programmes are all anticipated.

In general, CSRs issued for Sweden in 2014 can be considered adequate to tackle the problems of poverty and social exclusion. To tackle these problems it is important to address the issue comprehensively in all the policy areas and still maintain the current fiscal policy.

2.3

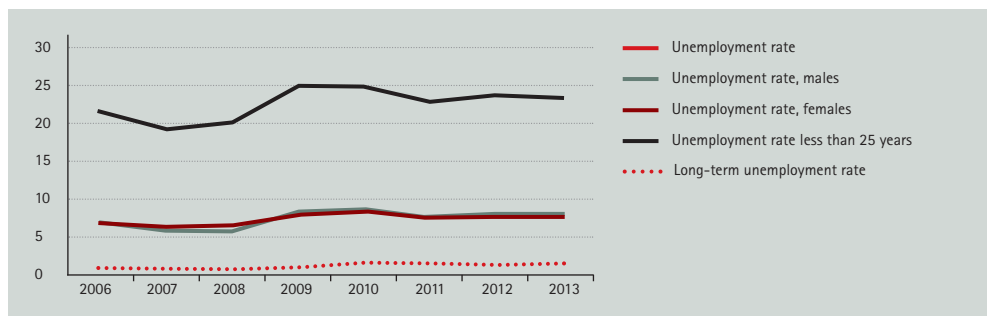
Recommendations

- ➔ to ensure access to welfare benefits/services for undocumented migrants
- ➔ to develop research tools to monitor the inflow and demands of undocumented migrants

03 Employment

3.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			2013			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	
Sweden																
EMPLOYMENT																
Employment rate	80.9	75.7	78.3	81.1	75.0	78.1	82.1	76.5	79.4	81.9	76.8	79.4	82.2	77.2	79.8	68.3
Unemployment rate	8.6	8	8.3	8.7	8.5	8.6	7.8	7.7	7.8	8.2	7.7	8	8.2	7.8	8	10.8
Unemployment rate, under 25 years of age	-	-	25	-	-	24.8	-	-	22.8	-	-	23.7	-	-	23.4	23.4
Long-term unemployment rate	1.2	1	1.1	1.8	1.4	1.6	1.7	1.3	1.5	1.7	1.3	1.5	1.7	1.3	1.5	5.1



Development of employment indicators in Sweden (2009-2013) based on Eurostat:

- ➔ Most employment indicators experienced an improvement in the observed period:
 - The employment rate increased to 79.8% in 2013, more than 1 p.p. than in 2009 when it stood at 78.3%. In fact, it is the highest employment rate in the EU. It is worth noting that although there is a gap of 5 p.p. between the employment rate of men and women, it is one of the smallest gaps in the EU. In fact, Sweden has the highest employment rate of women in the EU.
 - The unemployment rate of people under 25 years of age decreased by 1.6 p.p., reaching a rate of 23.4% in 2013.
- ➔ However, the long-term unemployment rate seems to have shown a rising trend since 2009, reaching 1.5% in 2013, 0.4 p.p. more than in 2009. However, it is one of the lowest in the EU.

Additional analysis the severity of the problems reflected by the above Eurostat data:

The Swedish labour market has continued to develop slightly. The Labour Force Survey¹ in August 2014 shows that the number of employed persons aged 15–74 amounted to 4 863 000, an increase of 97 000 persons compared to August 2013. The increase is mainly explained by women and foreign-born persons entering the job market. The employment rate was 67.4 percent, an increase by 0.8 percentage points compared to August 2013.

The number of unemployed persons aged 15–74 amounted to 389 000 in August 2014, corresponding to an unemployed rate of 7.4 percent and, when seasonally adjusted, the unemployment rate shows small changes compared to previous months and was 7.9 percent.

The fact that unemployment has not returned to the same levels as before the financial crisis, despite the chances of employment having recovered, can partly be explained by a change in behaviour in groups that historically have lower levels of participation in the labour market, such as young people and foreign-born persons. It is primarily in these groups that the labour market participation has increased, since a greater proportion of them are coming into the labour market as a result of them actively seeking work. At the same time, the chance of finding a job has not increased to the same extent, leading to higher unemployment in precisely these groups. In addition, foreign-born persons and young people have increased as a share of the population, which contributes to higher unemployment in the population as whole. Demographic changes are therefore an important part of the explanation for why the recovery, since the crisis began, has not been stronger.²

The measures proposed by the government in the Autumn Budget Bill 2014 focus on increasing employment in the short term and permanently strengthening the incentives to work. The Government is also continuing its work to improve job opportunities for young people, the long-term unemployed and people who for other reasons have difficulty getting established in the labour market, particularly among newly arrived refugees and migrants.

Youth unemployment is still one of the most challenging issues in Sweden. Labour market attachment and the reasons for unemployment differ among young people who are unemployed. For most young people, unemployment spells are relatively short and they fairly quickly manage to get established in the labour market. At the same time, a sizeable number of unemployed young people are detached from the labour market with difficulties finding paths into the labour market. An important reason for difficulties in becoming established within the labour market is the lack of upper secondary education. Young people without a completed upper secondary education are in a more vulnerable situation in the labour market. The same applies to people born outside Sweden. Young people who have not completed their upper secondary education, were born abroad or have impaired work capacity have the highest risk of long-term unemployment and future labour-market-related problems.

Eurostat data reflects the overall reality of the employment situation in Sweden. But it doesn't reflect the reality of newly arrived migrants/refugees' employment situation. As the numbers of asylum seekers and refugees continue to increase, particularly those who are arriving from prolonged wars and violence in their home countries, their entrance into the labour market will be difficult and will take time. Most of the newly arrived migrants, particularly those who come through secondary migration (family re-unification) lack the necessary skills suited to the Swedish labour market and need special attention to prepare them to enter into the Swedish labour market.

As the size of the refugee/migrant population increases every year (over 80 000 arrivals are expected in 2014) their path into the labour market will take much longer than previous years and thus the unemployment rate among this segment of the population will continue to remain high.

¹ SCB, LFS August 2014

² SCB, LFS August

3.2

Recent policy developments

Sweden's NRP 2014 is an update of the 2013 national reform programme based on the initiatives and reform ambitions proposed by the Government in the 2014 Budget Bill and the 2014 Spring Fiscal Policy Bill. The 2014 NRP focuses on continuously following-up and improving the labour market situation for young people, older people and people born outside Sweden with a weak foothold in the labour market. Proposed measures in the 2014 NRP together with the new measures in the Budget Bill 2014 might help towards achieving the employment target in Sweden. Most of the measures proposed in the 2014 Spring and Autumn Budget bill remain the same as in the previous year.

In the Budget Bill for 2014, the Government proposed some measures to support and permanently increase employment, strengthen pupils' knowledge and skills and business competitiveness, and enhance welfare and cohesion in Sweden while protecting the environment and climate.

Proposed measures include;

- ➔ Strengthening household finances through an increase in the earned income tax credit, a raised threshold for state income tax and lower tax for pensioners.
- ➔ New and broader paths to working life for young people through support into vocational introduction jobs, investment in apprenticeships and vocational programmes as well as reduced social security contributions for the youngest category and more effective labour market policy measures.
- ➔ Better conditions for long-term unemployed people to find work through, for example, additional investments in the special recruitment incentive.
- ➔ Better integration through more measures to facilitate the introduction of newly arrived immigrants, more hours of Swedish instruction for newly arrived pupils in years 1-5, better opportunities for supplementary courses for immigrants with tertiary qualifications and the introduction of new start zones.
- ➔ A more flexible and secure labour market through state support for short-time employment and measures to improve labour market flexibility.
- ➔ Better opportunities to follow up job seeking activities and clearer requirements for those taking part in labour market policy programmes and others.
- ➔ Financial support for employers who recruit young people on the basis of vocational introduction agreements.

3.3

Recommendations

- ➔ Measures to improve the quality of schools, both in terms of teacher competence and early support, above all in compulsory schooling, should be given priority to reduce the number of upper secondary school dropouts, because they are important measures to strengthen young adult's position in the labour market.
- ➔ The Government should raise its level of ambition for the Swedish EU2020 target for the percentage of higher education graduates. Both for young people and people of foreign

backgrounds, an active labour market policy with effective and early measures is important to strengthening the transition between school and working life and to bridging a lack of contacts and networks that is of importance to the labour market.

- ➔ As regards more specifically migrants and refugees, the access to validation of previous education and work experience, as well as good opportunities to supplement studies at compulsory, upper secondary and tertiary level are key.
- ➔ Language training in Swedish for immigrants must also be of high quality and be adapted to the level and the needs of the individual.
- ➔ Adult vocational training should become a permanent feature of adult education.
- ➔ People who migrate to Sweden are a very heterogeneous group. For increased growth and a more effective labour market the individual's skills, capacity and ambitions should be more in focus. An important perspective that should be taken into account more than it is today is to ensure that there are measures to promote better matching in the labour market. Everyone who immigrates to Sweden would benefit from guidance and information on the Swedish labour market, and should be offered Swedish language training and validation services.

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