ESPON

TiPSE

The Territorial Dimension of Poverty and Social Exclusion in Europe

Applied Research 2013/1/24

Interim Report

ANNEX 3

Summary of Initial Case Study Findings

December 2012

This report presents the interim results of an Applied Research Project conducted within the framework of the ESPON 2013 Programme, partly financed by the European Regional Development.

The partnership behind the ESPON Programme consists of the EU Commission and the Member States of the EU27, plus Iceland, Liechtenstein, Norway and Switzerland. Each partner is represented in the ESPON Monitoring Committee.

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This basic report exists only in an electronic version.

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Preface:

Case study research in the TiPSE project was ongoing at the time when this Interim Report was being produced. The report includes information as of November 15, 2012.

The aim of these reports is to provide information on the regional context of the case studies and some preliminary information on the focus for the in-depth analyses. All of the reports in Annex 3 are structured as follows:

- Summary of research results (executive summary)
- Regional context analysis
- A selected range of maps and tables for in-depth analysis
- Information on interviewed experts

The following case study reports are being issued to learn about the context and the focus of in-depth analyses, without anticipating results from a more detailed analysis in the following weeks.

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Isabel Ramos Lobato, Sabine Weck, Stefan Kaup

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Executive Summary

Poverty and social exclusion play a crucial role in agenda setting in Germany. But most of the political aims concerning poverty refer to the European poverty dimension 'employment'. As a consequence, most measures concentrate on the promotion of employment as well as an improved access to education since overcoming of unemployment is seen as the most effective way of social inclusion. At the same time, the labour market itself has changed. As a result of de-industrialisation, low-skilled jobs which provided an entry for migrant workers into the labour market have been gradually declining in numbers since the 1970s. Post-industrial service jobs, by contrast, demand higher qualification levels which limit entry into employment for low-qualified workers. Thus, the accessibility to high quality education is a prerequisite for upward social mobility and for participation in society. However, education studies in Germany repeatedly revealed a positive association between the educational success of children and the socio-economic status of their parents. In other words, the education system does not provide children with a low social status – and therefore often children whose parents migrated to Germany – with sufficient resources for upward social mobility and equal participation in society.

This case study focuses on the city of Dortmund which is part of the so called Ruhr district – a former famous supplier of coal and steel and destination of international labour immigration. Therefore, the share of non-German people is relatively high within the Ruhr district. Since the 1950s, the Ruhr coal and steel industry went into sharp decline – a lot of coal mines had to be closed and many workers were made redundant. Consequently, a long-lasting process of structural change began. Despite this partly successful change, problems are still evident: the unemployment rate, especially of non-Germans, the share of people depending on social security benefits as well as child poverty is still very high. It should be noted, however, that these indicators vary a lot between the different neighbourhoods. As a consequence, educational opportunities are distributed unequally among the different neighbourhoods as well.

Within the German federalist system, the school system is decentralised which means that the sixteen federal states are responsible for education. Although their educational systems differ in some aspects, a common characteristic is that they are all highly tiered. After just four years of joint teaching (when the children are approximately ten years old), the children are divided into different school forms according to their capabilities. The analysis of quantitative data about the transition from primary to the different secondary school types shows that there is a clear linkage between the socio-spatial environment of the children and their educational involvement. Whereas the transition rate to lower secondary schools in neighbourhoods with a higher share of unemployment and child poverty is relatively

high, it is almost non-existent in neighbourhoods with a high social status. In these neighbourhoods, a relatively high percentage of the children goes to higher secondary schools. In addition, in higher secondary schools which are situated in deprived urban neighbourhoods, a comparatively lower share of children obtains higher graduations. This leads to a perpetuation of educational disparities. Moreover, differences between the educational involvement of German and non-German pupils can be observed. The share of non-German children who change to higher secondary schools after primary school is still comparatively low. As a consequence, non-German children obtain a higher education entrance qualification (Abitur: German equivalent of A-levels) proportionally less often than German children do.

The quantitative data shows that children with a lower social status as well as non-German children are highly disadvantaged within the German education system. Nevertheless, reasons for educational disparities in Germany should be analysed carefully. A distinction is made between migration-specific effects and effects that are specific to a particular social status. The former ones are based almost exclusively on inadequate language skills. The latter ones are composed of the educational biography of the parents and the importance assigned to education, the German education system itself with early selection mechanisms and its low permeability towards higher school forms, discrimination as well as poverty. Even though there seems to be no automatic connection between poverty and educational disadvantage, financial aspects should not be underestimated. In addition, it should be noted that migration-specific and socio-economic effects overlap each other. Whereas educational problems are often reduced to their ethnic background, they depend in most of the cases on the (low) social status of the families.

The policy and institutional context for promoting social inclusion varies across the different federal states and local authorities, in line with the principle of subsidiarity. Thereby, following the critical results of different PISA studies, the topic of educational disparities came to the political agenda slightly delayed. Now, several policy initiatives in terms of educational disparities do exist. Among the most important ones is the national programme “Educational Package“, which offers a right to education and social participation for children from low-income families. The programme supports families in financing school books, educational support, sports, music and school trips. The national programme “Learning locally”, launched in 2009 by the Federal Ministry of Education and Research, creates incentives for cities to develop an education management system and the urban development programme “Social City” aims at counteracting social exclusion in deprived neighbourhoods and improving living situations of neighbourhood residents.

In Germany, there is a large number of actors within the educational system with different resources and competencies. Besides the federal state, which provides the general guidelines (the number of pupils per teacher or the average size of class), the municipalities do have their own autonomy to face educational disparities. They

decide about the distribution of additional teaching staff or about testing new school forms. Besides the local education authority, child and youth welfare service, schools and educational organisations are involved in local educational processes. In addition, there are some actors explicitly focused on the promotion of children with a migration background. It should be noted, that in the face of the large number of actors networking seems to be a crucial point for a successful education policy. Therefore, the so called “Educational Commission” as well as the regional education office were founded in Dortmund in order to coordinate different actors as well as different programmes and projects.

Disadvantages within the German education system seem to be result of different reasons; the majority can be reduced to the education system itself. Especially the early division of the children into different school forms is a crucial reason for the lack of equal opportunities. In addition, the probability for educational advancement, which means a change from lower to higher secondary school forms, is much lower than the educational decline. This also discriminates against children with a lack of German language skills, because due to their language problems they are directly assigned to the lower secondary school form. The low permeability of the German school system is also problematic due to the low degree of institutionalisation: many things depend upon the commitment and decisions of single actors and thus increase the probability of disadvantage. Furthermore, early childhood care and education seem to be essential for educational success – especially for children with a low social status. Therefore, the so called “Betreuungsgeld” which gives financial aid to families whose children do not visit a day care centre and which passed the German parliament in November 2012 could be an additional disadvantage for deprived children.

The majority of the interview partners do have a positive view to the future: Some attempts are being made to increase the educational chances of different social groups by testing new school forms or supporting low-income families. At the same time, it has to be noted, however, that the current commitment seems to be a reaction to demographic changes and, as a result, for economic reasons. The higher birth rate in families with a low social status and families with a migration background forces the German society to become more open and inclusive.

1.1 The Regional Context

1.1.1 Description of the wider area

Dortmund is a large city situated in the Northwest of Germany. It is part of the Federal State of North Rhine-Westphalia (NRW) which is the most highly and most densely populated state in Germany (see Table 1). With its 580,000 inhabitants, Dortmund ranks as the 8th biggest city in Germany, and is part of a larger metro region, the Ruhr. The city of Dortmund is assigned to the NUTS 3 level.

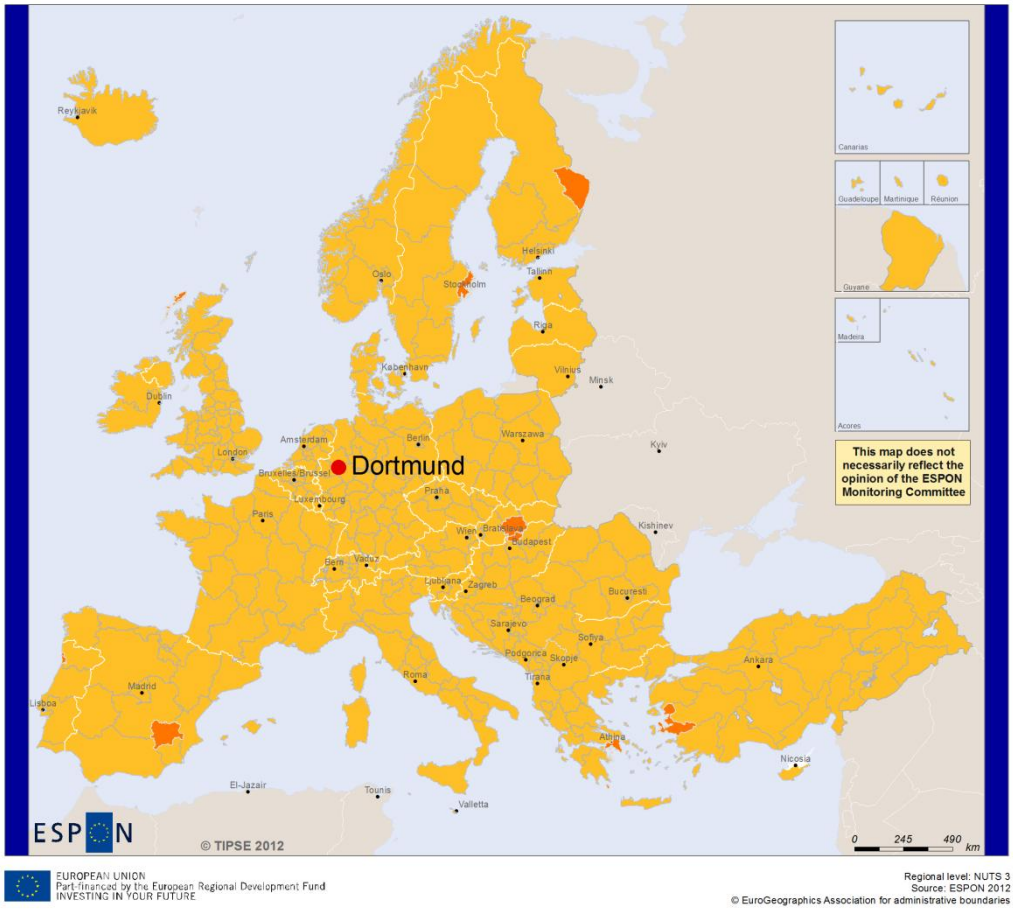

Figure 1: Dortmund in the context of the ESPON Space

Dortmund is the biggest city within the Ruhr district (see Figure 2) which has a total population of more than 5 million inhabitants. The Ruhr district consists of 15 formerly industrial cities and counties which have grown together into the largest urban agglomeration in Germany. The whole area is classified as predominantly urban and the population density is in comparison to NRW relatively high (see Table 1 and Figure 3).

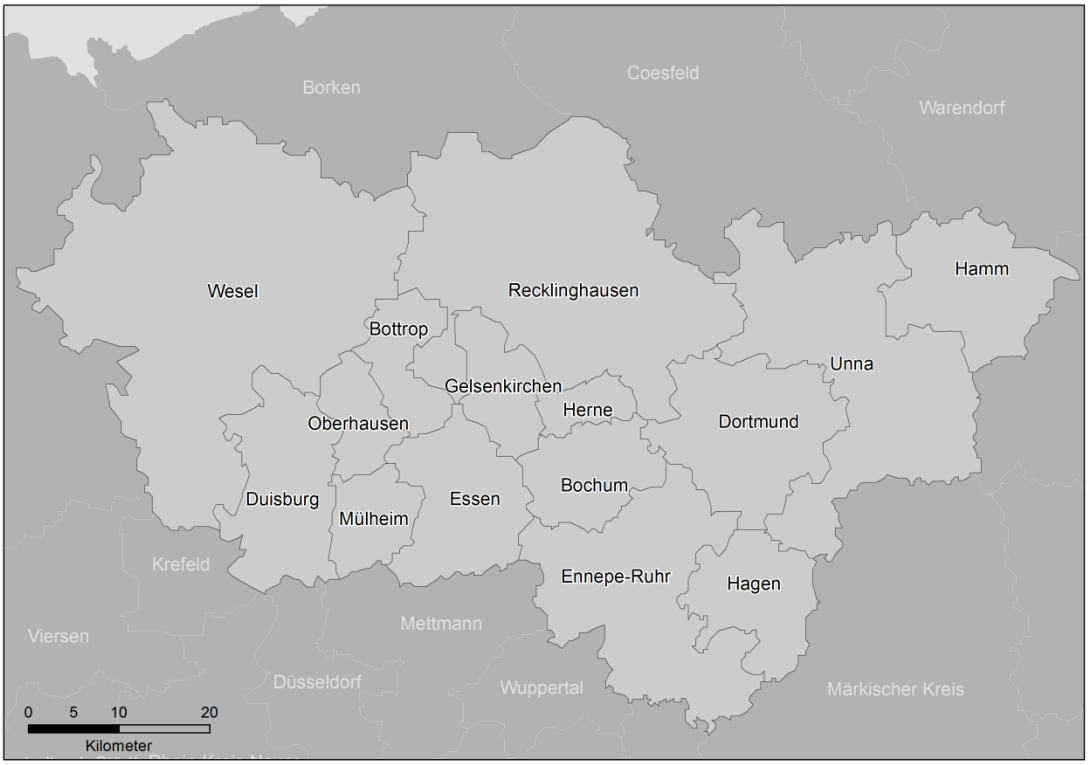

Figure 2: The Ruhr Area

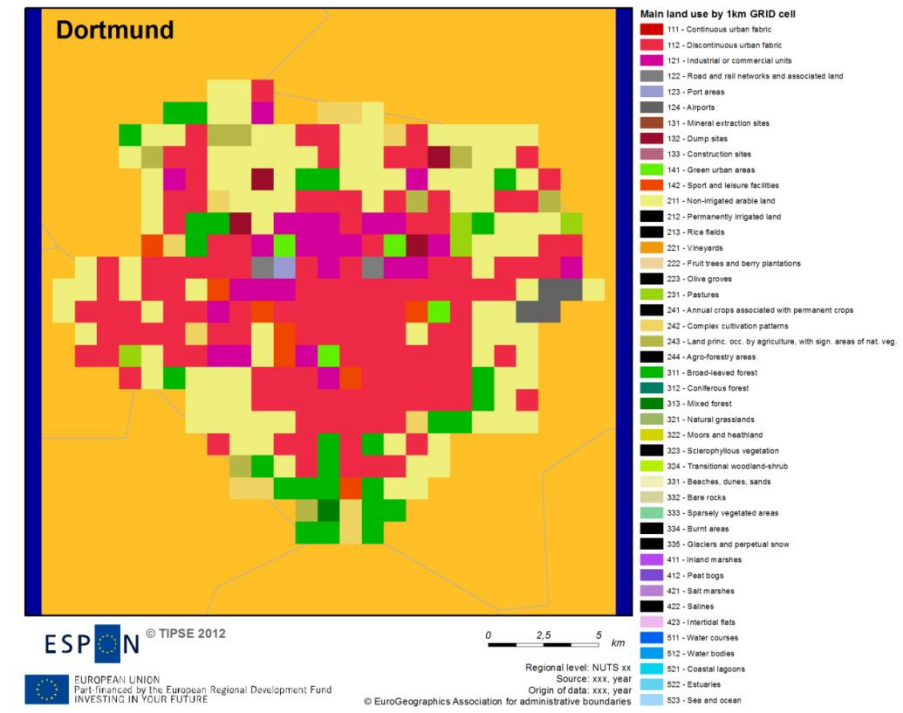

Figure 3: Corine Land Cover Dortmund 2006

As shown in Table 1, Dortmund as well as the Ruhr district are challenged by demographic changes, notably population decline and ageing. The Ruhr district is clearly shrinking. However, this overall trend shows considerable local variations, that is, shrinking and still growing municipalities, districts and neighbourhoods can sometimes be found in direct vicinity to each other (cf. Danielzyk & Meyer 2010: 5). Besides the natural population development, inner German migration trends add to the overall decline of population.

Similar to the population development, the ageing of the population has also a spatially very heterogeneous structure. The Ruhr district has a comparatively high share of senior citizens (cf. Grüber-Töpfer, Kamp-Murböck & Mielke 2010: 17) (see Table 1). The proportion of people over 65 years of age increased from 15.8% to 21.4% (16.2 to 20.8 in Dortmund) between 1990 and 2010. During the same time period, the share of people under 18 years old decreased from 17.6 to 15.9 (16.6 to 15.8 in Dortmund) (source: RVR).

Table 1: Demographic Characteristics

	Dortmund	**Ruhr district**	**NRW**	**DE**	**EU27**
Total population (in 1000) (2010)[1]	580	5,163	17,844	81,751	501,120
Population density (2010)[2]	2,071.4	1,718.9	523.9	229	116.6
Population change 2000 to 2010[3]	-1.5	-3.9	-0.9	-1.0	
% aged <15 (2010) [4]	13.1	12.9	13.9	13.4	15.6
% aged > 65 (2010)[4]	20.8	21.4	20.3	20.6	19.1
% Non-German population (2010)[5]	15.8	11.7	10.5	8.5	-
% people with migration background (2010)[6]	28.5	25.1	23.3	19.2 (2011)	n/a

Sources:
1. IT.NRW; Statistische Ämter des Bundes und der Länder and Eurostat table [tps00001]
2. Eurostat Database; Regional Statistics (Reg) Table [demo_r_d3dens]
3. RVR and DESTATIS
4. Statistische Ämter des Bundes und der Länder and DESTATIS
5. RVR
6. Mikrozensus and DESTATIS
7. Bundesagentur für Arbeit; DESTATIS and Eurostat Database Table [une_rt_m]

The current population structure as well as the economic development within the Ruhr district, and especially in Dortmund, is a result of its industrial history. In the first part of the 20th century, the Ruhr district was a famous supplier for coal and steel and developed into the largest industrial conurbation across Europe. The industrial centres of NRW became destinations of international labour immigration. Therefore, the share of non-German people is relatively high within the Ruhr district (see Table 1).

Since the 1950s, the Ruhr coal and steel industry went into sharp decline, a lot of coal mines had to be closed and many workers were made redundant. As a consequence, a long-lasting process of structural change, characterised by difficulties in adapting began. Structural innovation and modernization policies of the regional state of NRW supported the change, e.g. by establishing several universities and technology centres. Today, a lot of companies in the range of biotechnology, environmental industry or information technologies have settled within the Ruhr district as well as in Dortmund. The structural change is almost completed. In 2009, 77.4% of the labour force (84% in Dortmund) worked within the tertiary sector (see Table 2). In comparison with the major, dynamic agglomeration areas in Germany (Munich, Hamburg, Frankfurt, or the closely located Rhine region including the cities of Dusseldorf and Cologne), however, the Ruhr region is still lagging behind in terms of employment growth rates and knowledge-intensive sectors of the economy (DIW 2010).

Table 2: Economic activity by Sector

Category (2009) in %		**Dortmund**	**Ruhr district**	**NRW**	**DE**	**EU27**
Agriculture, forestry and fishing		0.5	0.9	1.5	2.1	2.2
Industry	In total	15.5	21.7	23.7	24.9	
	Industry (excl. construction)	11.1	16.6	19	19.4	18.3
	Manufacturing	9.6	14.5	17.7	17.7	17.4
	Construction	4.4	5.1	4.7	5.5	7.6
Services	In total	84	77.4	74.8	73.4	n/a
	Wholsesale, accommodation and food services, transport	27.1	26.6	26.2	25.0	n/a
	Financial services, renting, business services	24.1	18.1	17.9	17.3	n/a
	Public and private service provider	32.8	32.7	30.7	30.8	n/a

Sources:
DESTATIS; Eurostat Database, Regional Statistics Table [nama_r_e3em95r2]

1.1.2 Main dimensions of social exclusion

Despite the partly successful structural change, problems are still evident: The disposable income within the Ruhr district and especially in Dortmund is clearly lower than the state and national one (see), whereas the unemployment rate is still high and above the state and national average as well (see Table 3). As shown in, poverty of children is comparably high in Dortmund – almost 30% of the children under 15 years depend on social security. It should be noted, however, that indicators of socio-economic disadvantage (such as unemployment rate, or the share of population

receiving social security benefits) vary a lot between the different neighbourhoods (see chapter 1.2). This consequently illustrates the partly high social segregation within the city of Dortmund.

Within the Ruhr district as well as in Dortmund, non-German population is one of the population groups who are most vulnerable to poverty and social exclusion, partly as a legacy of its industrial past. Especially low-qualified immigrant workforce was hit hardest by job losses in manufacturing industries. Almost 25% of the non-German population in the Ruhr district was unemployed in 2011 (see Table 3) – this number is clearly above the state and national average. In general, the risk of poverty in Germany is twice as high for people with migrant background compared to those without (Microcensus, data from 2010, Federal Statistical Office, 2011).[1] As a consequence, the share of non-Germans who depends on social security benefits is disproportionately higher (see Table 4): whereas in 2011 only 8% of the German population in Dortmund received social security, almost 20% of non-Germans were in the same situation (source: Bundesagentur für Arbeit; IT.NRW). Also, migrants are disproportionately often disadvantaged within the German education system, (see chapter 2)

Table 3: Unemployment rate by nationality and age

		Dortmund	**Ruhr district**	**NRW**	**DE**	**EU27**
Unemployment rate (2011)	In total[1]	12.8	10.3	8.1	7.1	10.0
	Of foreigners[2]	25,7	23,2	17,5	14,0	n/a
	15-20 years[2]	7,9	n/a	4,3	3,5	n/a
	20-25 years[2]	11,3	n/a	7,0	5,9	n/a
	55-65 years[2]	14,1	n/a	9,0	8,6	n/a

Sources:
1. Bundesagentur für Arbeit and Eurostat Database Table [une_rt_m]
2. Bundesagentur für Arbeit

[1] In the German context, and according to the definition of the Federal Statistical Office (Destatis) for the Microcensus (2005), the term 'persons with a migrant background' encompasses the heterogeneous group of those who have in-migrated themselves, as well as all persons born in Germany with at least one parent either migrated or born as a foreigner in Germany. According to this definition, in 2010, 19.3% of the total population in Germany had a migration background (Federal Statistical Office, 2011). In this report, the terms 'immigrants' and 'persons with a migrant background' are synonyms. However, most statistical data categorizes by nationality only, not by migration background. We speak of 'foreigners' for the group of those immigrants holding no German citizenship. Roughly estimated, the share of persons with a migrant background is twice as high as the share of those without a German passport.

Table 4: Poverty and Social Exclusion indicators

	Dortmund	Ruhr district	NRW	DE	EU27
% Social security for children under 15 years old (in % of children under 15) (2011)[2]					
Disposable income (2009)[3]	17,333	18,175	19,682	21,926	n/a
Early school leaver (2010)[3]	6.5	6.1	5.5	6.2	n/a
% Severe material deprivation 2010[4]	n/a	n/a	n/a	5.3	16.4
% Low work intensity[5]	n/a	n/a	n/a	11.1	n/a
% At risk of poverty rate (2011)[6] (*based on NRW average)	22.1*	17.4*	15.4	15.6	16.4

Sources:
1. Wirtschaftsförderung Metropole Ruhr and DESTATIS
2. Bundesagentur für Arbeit and IT.NRW
3. RVR and DESTATIS
4. Eurostat Database, Regional Statistics Table [ilc_mddd21]
5. Eurostat Database, Regional Statistics Table [ilc_lvhl21]
6. Eurostat Database, Regional Statistics Table [ilc_li41] and [ilc_li02], and IT.NRW

1.1.3 Importance of thematic issue for Dortmund

In corporatist-statist environment (predominantly Central European countries), integration into the labour market is essential for societal integration. At the same time, the labour market itself has changed. As a result of de-industrialisation in the Ruhr district as well as in Dortmund, low-skilled jobs which provided an entry for migrant workers into the labour market have been gradually declining in numbers since the 1970s. Post-industrial service jobs, by contrast, demand higher qualification levels which limit entry into employment for low-qualified migrant workers. The accessibility to high quality education thus is a prerequisite for upward social mobility and for participation in society. However, education studies in Germany repeatedly revealed a positive association between the educational success of children and the socio-economic status of their parents (OECD Pisa Study 2010). In other words, the education system does not provide children with a low social status – and therefore often children whose parents migrated to Germany – with sufficient resources for upward social mobility and equal participation in society. As a consequence of the high proportion of people with a migration background, Dortmund provides an important case study of the drivers and consequences of ethnic and school segregation and policy responses in an international perspective.

1.1.4 Policy and institutional context

Poverty and social exclusion play a crucial role in agenda setting in Germany. But most of the political aims concerning poverty refer to the European poverty dimension ‘employment’ (Hanesch 2011). As a consequence, most measures concentrate on the promotion of employment as well as an improved access to education since overcoming of unemployment is seen as the most effective way of social inclusion (BMAS 2004; BMAS 2008). The policy and institutional context for promoting social inclusion varies across the different federal states and local authorities, in line with the principle of subsidiarity. Among the most important policy initiatives in terms of educational disparities is the national programme “Educational Package“ which offers a right to education and social participation for needy children from low-income families. Therefore, the programme supports families in financing school books, educational support, sports, music and school trips. The national programme “Learning locally”, launched in 2009 by the Federal Ministry of Education and Research, creates incentives for cities to develop an education management system. The programme shall promote the goal “education for everybody” and is a central element of the qualification initiative of the federal government which is called “advancement by education”. Another relevant policy initiative is the urban development programme “Social City”, launched in 1999, that aims at counteracting exclusion in deprived neighbourhoods and improving living situations of neighbourhood residents. The programme focuses on local economy, employment, housing, school and education or integration of immigrants (BMVBS 2008). However, in 2010 the federal government reduced the programme funds by more than 70% and the question arises how the development of deprived neighbourhoods can endure.

1.2 Characteristics of Social Exclusion and Poverty: Patterns and Processes

State of the Art of Work (November 15, 2012)

The focus of the case study is on school careers and educational success for young people, analysed along ethnic and socio-economic lines. Whereas almost 35% of the German school-leavers in NRW in 2010 visited a higher secondary school with access to university, only 12% of the foreigners did (source: IT.NRW).

The maps produced so far show that educational achievement is clearly interrelated with the socio-economic and ethnic status of the district population. Figure 4 the outcomes of a cluster analysis for defined well-off (green) and disadvantaged areas (red) in Dortmund. The indicators used for that cluster analysis are: the unemployment rate, the share of child poverty (share of children depending on social security benefits) as well as the share of single parents as a population group with a higher risk of poverty. The cluster analysis was linked to the school data: Figure 5 shows the transition rates from primary to secondary schools (at the age of 10 years) by type of school and socio-economic district characteristics. Basic schools (Hauptschule) represent the lowest qualification level opposed to higher education schools where pupils qualify for university entrance (Gymnasium). Figure 6 shows the percentage of those attending higher education schools (Gymnasium) as a percentage of all children leaving primary school. In socio-economically disadvantaged areas (indicated in red), like the central district Borsigplatz, about 10% of the pupils attend schools of higher education whereas in socio-economically well-off areas in the South it is about every second pupil. Figure 7 illustrates the type of qualification obtained by pupils leaving the school.

For the in-depth-analysis, 10 interviews have been carried out, with 1 interviews to be confirmed still. Annex 1 provides an overview on the interviews, as well as on potential stakeholders to be included into the stakeholders' group.

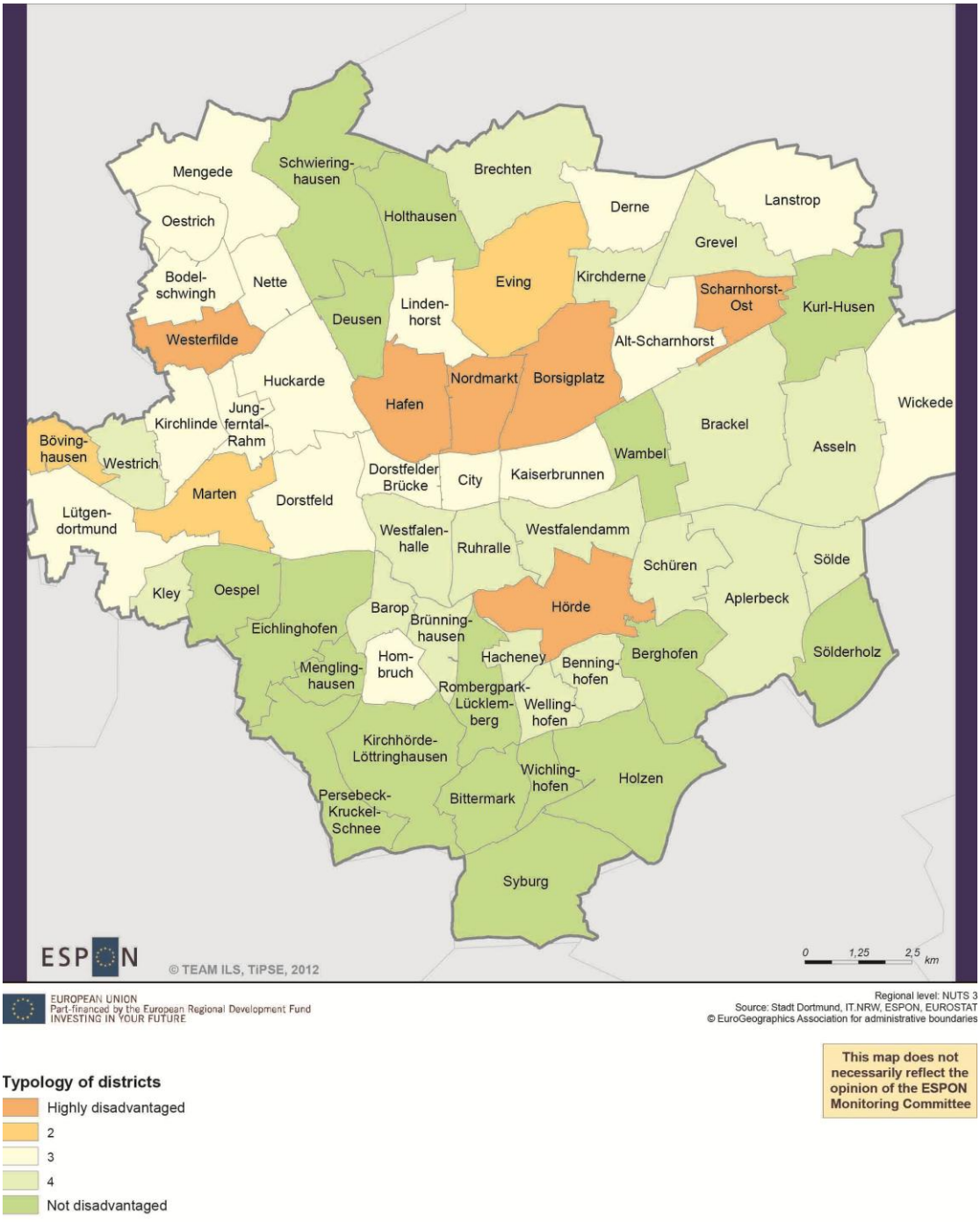

Figure 4: Clusters of socio-economically disadvantaged and well-off areas in Dortmund by district level

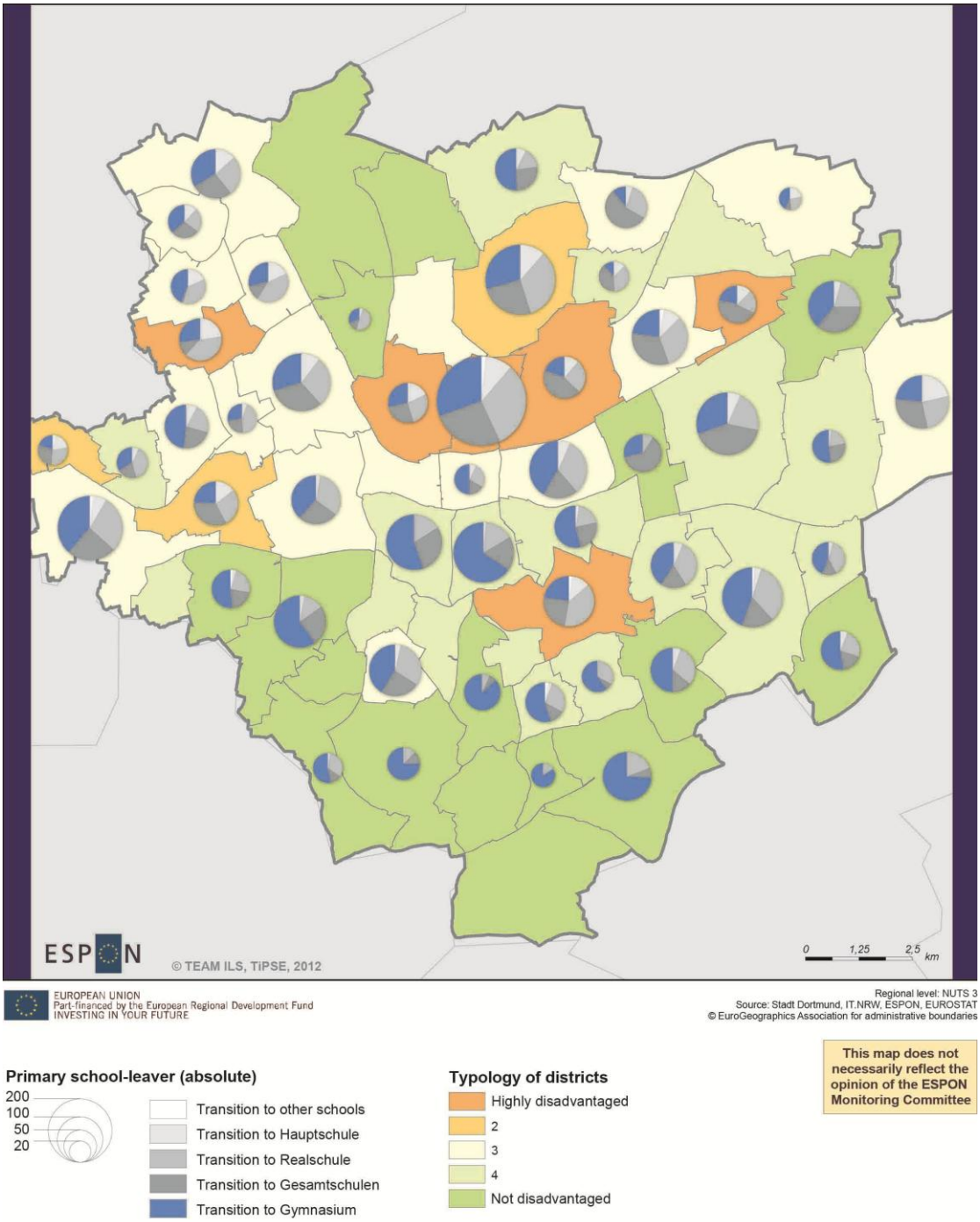

Figure 5: Transition rates from primary schools to secondary schools (at the age of 10 years) by type of school and socio-economic district characteristics

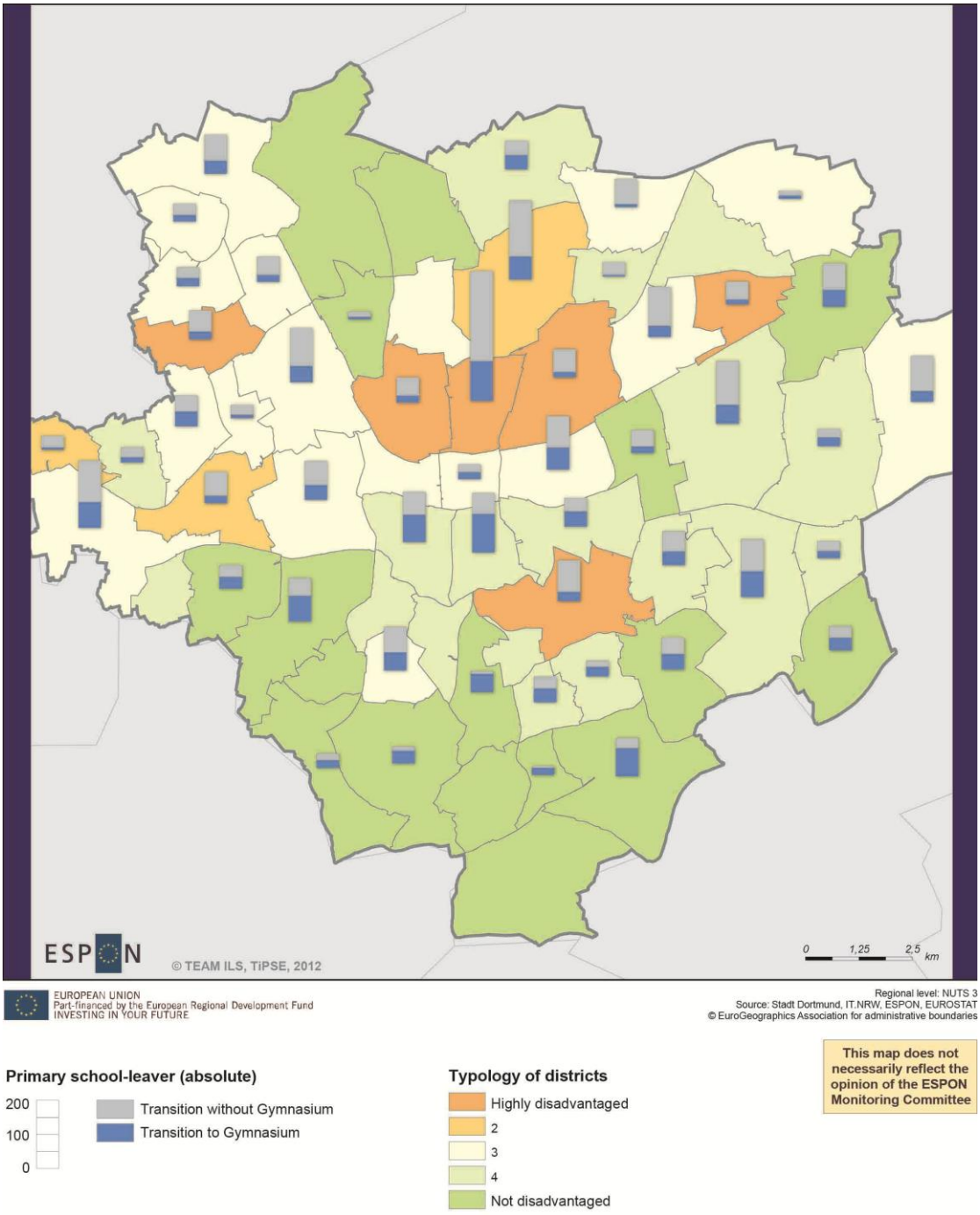

Figure 6: Transition rates from primary schools to secondary higher education schools (Gymnasium)

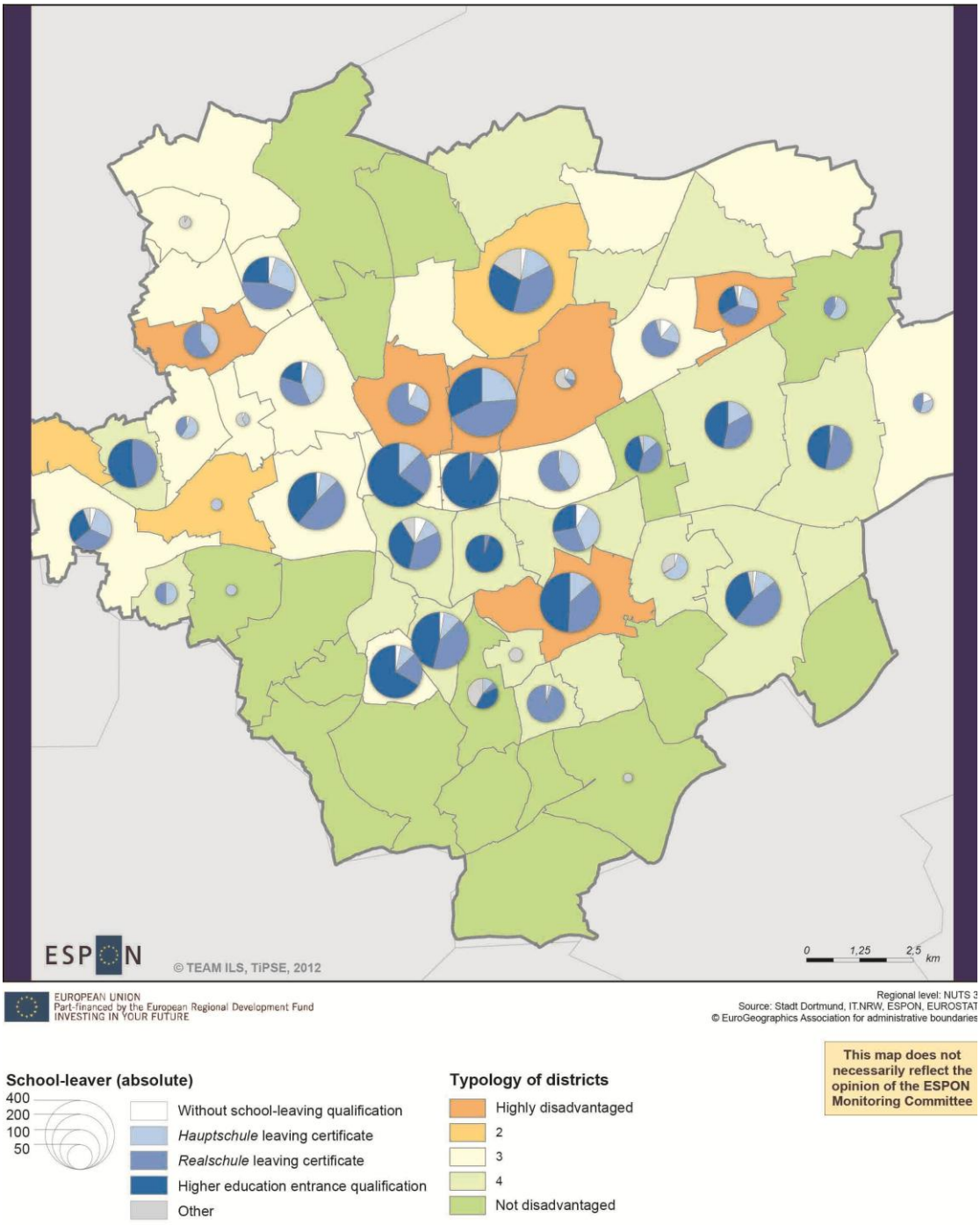

Figure 7: Type of qualification obtained by pupils leaving school

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http://nationalearmutskonferenz.de/data/nak-Stellungnahme_zum_NRP.pdf
[Accessed 25 May 2012]

Appendix 1: List of Interviewed Experts

Institution	Role in dealing with poverty and/or social exclusion	Geographical/political level	Date	Has declared willingness to work with TIPSE?
Ministry of Construction, Housing, Urban Development and Transport of the Federal State of North Rhine-Westphalia (NRW)	Dealing with Integrated Urban Development and Demographic Change in NRW	Regional level / Federal state	12 Nov 2012	
District administration	Member of the Education Commission in Dortmund	Regional level	12 Nov 2012	
Municipal administration	Researcher with focus on regional and local educational disparities	Regional/local level (Municipality)	16 Nov 2012	Yes
Department for Employment, Health and Social Issues, City of Dortmund	Dealing with Integrated Urban Development and Demographic Change in Dortmund	Local level (Municipality)	9 Nov 2012	Yes
Municipal administration	Regional Education Office	Local level (Municipality)	14 Nov 2012	Yes
Municipal administration	Focus on the promotion of children from migrant families	Local level (Municipality)	15 Nov 2012	Yes
Municipal administration	Focus on the promotion of Turkish children and member of the Education	Local level	13 Nov 2012	Yes

	Commission in Dortmund			
Company of social employment	Member of the Education Commission in Dortmund; Transition from school to work	Local level	8 Nov 2012	
Lower secondary school	Social work in schools	Sub-local level, northern district of Dortmund	13 Nov 2012	

There may be one other interview with a community worker at sub-district level, which is still to be confirmed.

2 POHJOIS-KARJALA

Petri Kahila and Liisa Perjo

TABLES

FIGURES

Executive Summary

Decreasing poverty, inequality and social exclusion is one of the government's priorities, and forms important part of the country's implementation of the Europe 2020 Strategy. The National Reform Programme 2012 presents priorities to prevent social exclusion, poverty and health problems. The National Social Report 2012 states that number of people living at risk of poverty and social exclusion has somewhat decreased after 2008 but number of long-term unemployed persons has according the report also increased and income and health differences have grown. Decreasing long-term unemployment is one of the main targets in the 2012 National Reform Programme and the National Social Report. Most important approaches to prevent long-term unemployment include promotion of work-ability, improvement of public employment services, and development of intermediate labour markets in cooperation with third sector, enterprises and municipalities.

Most important policy and institutional actors dealing with long-term unemployment at regional and local level in Finland are Employment and Economic Development Offices, Labour Force Service Centres, municipalities, third sector organisations and enterprises. Lately especially municipalities and third sector organisations have gained more importance in the intermediate labour market by providing employment possibilities under national labour market and social policy. Subsidsed measures tackle long-term unemployment and enable people to enter intermediate labour market or move straight to the open labour market. The role of municipalities will be strengthened in active labour market policies during the parliamentary term through a local government trial.

The case study is focused on municipality of Lieksa in Eastern Finland. The location of Lieksa is particularly remote from main centres of economic growth and activity. The area is also among the most sparsely populated regions in Europe. Rural and remote context is a defining factor in the dynamics of Lieksa labour market. Lieksa also faces challenges and problems as an outcome of industrial change and the weakening of traditional centres of employment. Lieksa has lately been affected by continually high rate of unemployment and long-term unemployment. This year in August unemployment peaked in Lieksa at 20.1% and long-term unemployment at 4.1%. Most of the unemployed and long-term unemployed persons in Lieksa are men and over 50 years old. Lieksa has longer period suffered from structural unemployment as a result of a pace of technological and production change in the economy.

Main factor limiting the employment outlooks in Lieksa gaps in their personal employability qualities, like skills and qualifications. The other major limiting factor is structural changes in the local economic structure, i.e. new employment opportunities are not created and there are weak inward investments in the municipality. Plants have closed down either permanently or production has been modified and jobless

people have not been able to find new positions after leaving or being laid off from a job.

Remote rural locations are generally influenced by dispersed structures of economic activity and geographic peripherality. Remoteness of Lieksa indicates that job seekers in the municipality confront a range of problems mutual to many rural labour markets, such as limited number of and choice of available employment opportunities. In the case of Lieksa, these patterns are significantly worsened as the municipality is isolated from the positive possibilities linked to main centres of economic activity. The deficiency or total absence of public transportation both between Lieksa municipal centre and closest major city Joensuu and also Lieksa municipal centre and remote villages forces unemployed people to limit their activities in searching a job. Private transportation is not a solution, because especially long-term unemployed cannot afford private transportation. Therefore job search is concentrated to local labour markets.

Mobility is connected to welfare and thereby to employment. If we consider remote rural labour market, long-distance commuting is a common way of employment but not real solution for unemployed or long-unemployed persons. Individual characteristics affect remarkably on person's willingness to commute. Generally, young people are more mobile and their place attachment is not that strong as older persons. Long-term unemployed persons are rather often older and have strong attachment to the particular place. Moving elsewhere would in many cases imply a loss of investment in housing as residence is more expensive in economic active areas. A person moving from rural area to an urban centre may need to sell a house at an undervalued price and not find a new house at a reasonable price.

It can be observed that unemployment has a different kind of consequences, whose social cost has to be included to the forgone output that results from unemployment. As short period of unemployment causes little lasting social damage, longer periods will produce various forms of socially negative behaviour and effects. There are number of related problems that the unemployed people will experience more frequently than employed people do. For instance, the unemployed persons are in danger to have fewer relationships within and outside the community. Many unemployed persons, especially long-term unemployed, may be socially excluded from the community. However, it was also emphasised that unemployment per se is necessarily not a defining attribute of social exclusion.

The existing discussion about the relationship between social exclusion and long-term unemployment does not totally reflect the real situation in Lieksa. Long-term unemployment naturally also causes the danger that long-term unemployed person may fall victim into a deep and long-lasting social exclusion of the society. Especially the danger exists if person is isolated from the access to the information about the employment possibilities and at the same time does not have regular contact to municipal services.

The Lieksa case study indicates that social exclusion is to a larger extent a multifaceted concept, which is very difficult to determine. A critical issue for wider analysis of social exclusion is to decide the scope of social and economic problems that defines whether a person is socially excluded or not. Social exclusion was not exactly defined during the interviews in Lieksa in order to leave place for empirical interpretation for the interviewees. It was underlined in Lieksa that long-term unemployment definitely is causing high risk for social exclusion. On the other hand, it was also emphasised that long-term unemployed do not necessarily feel themselves as social excluded although they are in social and economic weak situation.

It is evident that people who have strong ties to their community and family are less likely to be socially excluded. Fragmentation of traditional community and family ties are dimensions that usually lead to greater danger to be socially excluded. Therefore, it was also noted that in rural environment the danger to be socially excluded is less obvious than in urban environment. Firstly, unemployment (and long-term unemployment) is more accepted and usual feature in Lieksa, where cyclical unemployment has always been characteristic for local labour market. Secondly, people have closer relation to nature and they practice hunting, pick berries and mushrooms. People consider themselves available for employment only outside of hunting season and picking berries and mushrooms season. Finally, some long-term unemployed persons are involved in caring responsibilities looking after elderly parents. Therefore, they don't have possibilities or intents to be available for the labour market. However, we have to bear in mind that above mentioned three aspects do not relate all long-term unemployed persons.

Local services are in key position offering employment search assistance for unemployed persons. The division of work between various local labour market institutions has not been distinct. Generally, it was indicated that the Employment and Economic Development Offices should have the main responsibility of supporting unemployed persons. When we discuss about the long-term unemployed persons, definition of the responsibilities becomes more complicated. The Employment and Economic Development Office consider that its main task is to provide employment services and to ensure the availability of qualified labour force. We may argue that as the quality of employment seekers becomes lower, i.e. unemployment time becomes longer and some social or health problems occur, the employability of unemployed persons is not any more appropriate for labour market. Although long-term unemployment is one of the priority groups of the Employment and Economic Development Offices, responsibilities of municipality are underlined as long-term unemployed persons have rather often other complex challenges related to social and health issues.

Co-operation between the municipality and the Employment and Economic Development Office has generally worked well but there have been some different

opinions about the employment search situations of long-term unemployed persons. Key issue is to have both instances working together in order to bridge the gap between formal job search services and social and health issues, which are municipality's responsibility.

Another important aspect is the possibility to manage a range of community based initiatives and interventions to combine important elements of formal employment services and informal networking as well as individual consultation. Intermediate labour market initiatives in cooperation with third sector organisations have had an important position in local labour market in Lieksa. Their subsidised measures and projects tackle long-term unemployment and enable people to enter intermediate labour market or move straight to the open labour market. These measures and projects have a significant position to assist many long-term-unemployed persons, who are caught between lack of social network and the absence of formal employment service.

2.1 The Regional Context

Decreasing poverty, inequality and social exclusion is one of the government's priorities, and forms important part of the country's implementation of the Europe 2020 Strategy. In accordance with this approach, the Finnish government will present a programme to prevent social exclusion, poverty and health problems. These priorities are separately established in the 2012 National Reform Programme, and they will be prepared through a ministerial working group (Ministry of Finance 2012). The National Social Report, which was prepared for the European Union, stated that number of people living at risk of poverty and social exclusion has somewhat decreased after 2008 (Ministry of Social Affairs and Health 2012). However, the number of unemployed and especially long-term unemployed persons has according the report also increased and income and health differences have grown. Therefore various measures should mainly be focused to supporting low-income households, preventing social exclusion of young people, employing people with disabilities, improving wellbeing and availability of services, and narrowing health differences. Decreasing long-term unemployment is one of the main targets in the 2012 National Reform Programme and the National Social Report.

The general policy objective of the Finnish government is mainly targeted on reducing social exclusion through labour market integration. There is a three tier system of unemployment insurance in Finland that varies in their level, duration, and employment history. Labour market support does not necessitate an employment history. Therefore, most of people who are beneficiaries of labour market support are either long-term unemployed or young persons. Basic unemployment allowance requires a three-year employment history, and it is paid by the Social Insurance Institution of Finland for a maximum of 500 days. Earnings related unemployment insurance can be received for 500 days that, however, necessitates longer membership in an unemployment fund. When the 500 day limit is reached, unemployed people drop out of the earnings-based labour market benefits. This means that unemployed people's level of income wills considerable worsen and there is a greater danger to be socially excluded.

One of the main employment policy guidelines in the 2012 National Reform Programme and the National Social Report is to reduce and deal with long-term-unemployment. Most important approaches to prevent long-term unemployment include promotion of work-ability, improvement of public employment services, and development of intermediate labour markets in cooperation with third sector, enterprises and municipalities (Ministry of Social Affairs and Health 2012). Implementation of these guidelines demands close collaboration with various actors at regional and local level.

Most important policy and institutional actors dealing with long-term unemployment at regional and local level in Finland are Employment and Economic Development Offices, Labour Force Service Centres, municipalities, third sector organisations and

enterprises. The Employment and Economic Development Offices are main actors in the labour market and they provide individual services for job seekers. The offices have also a function to assist employers for instance in recruiting and training related requests. The Labour Force Service Centres are managed in cooperation by the labour administration, municipalities and the Social Insurance Institution of Finland. Their actions are targeted to persons such as long-term-unemployed, who have difficulties to access the labour market. The centres reinforced the collaborative actions between the state and municipalities. Municipalities were also enforced to finance some costs of long-term unemployment, i.e. perform active social policy to maintain people's functional capacity and advance their possibilities manage their lives. Third sector organisations have a vital position in the intermediate labour market by providing employment possibilities under national labour market and social policy. Subsidsed measures tackle long-term unemployment and enable people to enter intermediate labour market or move straight to the open labour market.

The role of municipalities will be strengthened in active labour market policies during the parliamentary term through a local government trial (Ministry of Finance 2012). The trial will comprise long-term unemployed, who have been unemployed at least 12 months and are at risk to be excluded from the labour market. Managing an individual's employment support will be transferred to municipalities and employment is advanced by means of local partnerships and multi-professional cooperation. Lieksa is one of the selected municipalities for the local government trial.

This case study focuses on the municipality of Lieksa in Eastern Finland. Lieksa is located in the North Eastern part of the NUTS 3 region of North Karelia and in the LAU 1 sub-region of Pielinen Karelia. The municipality is bordering to Russia and has approximately one hundred kilometres of shared border with the Russian Federation. The fifth largest lake in Finland, Pielinen, is located next to Lieksa and the river Lieksanjoki runs through the town. (Lieksa, 2009)

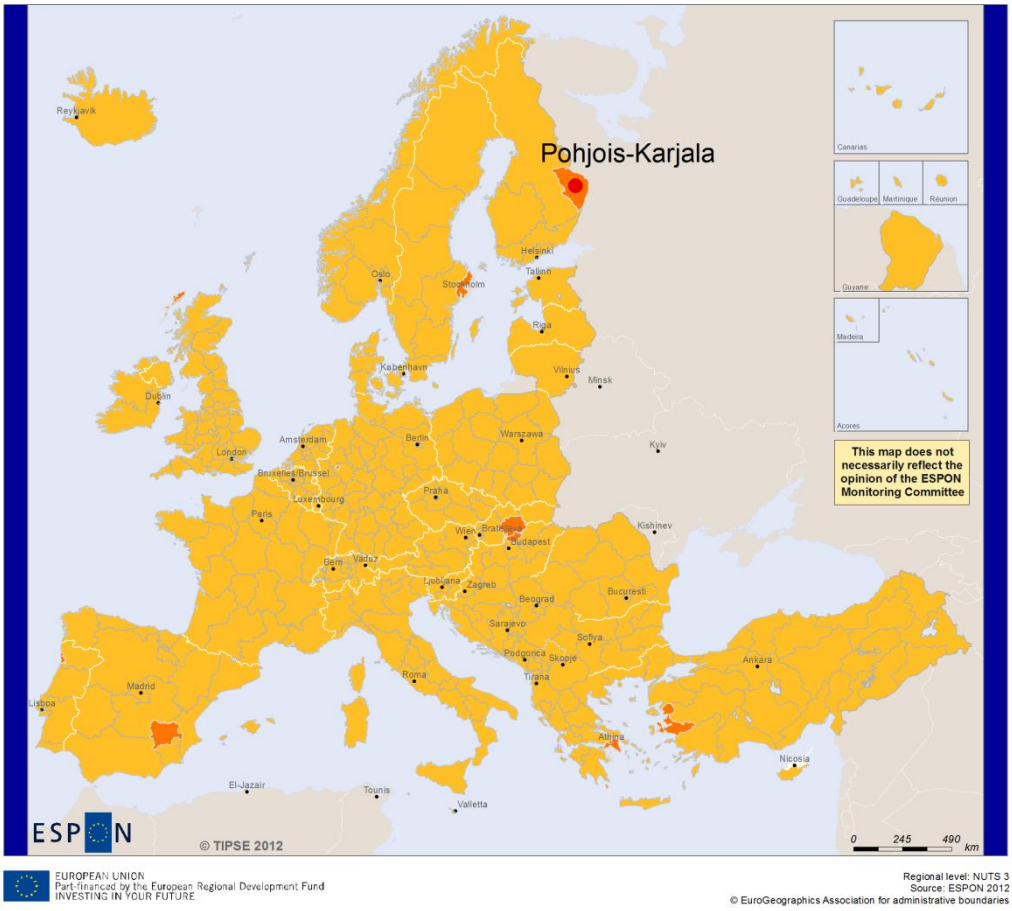

Figure 8: North Karelia in the context of ESPON Space

The landscape in Lieksa is forested and characterised by the Koli hills and the lake Pielinen with its islands. The total area of the municipality is 4067,78 square kilometres of which 3419,55 square kilometres consists of land area and 648,23 square kilometres of water area.

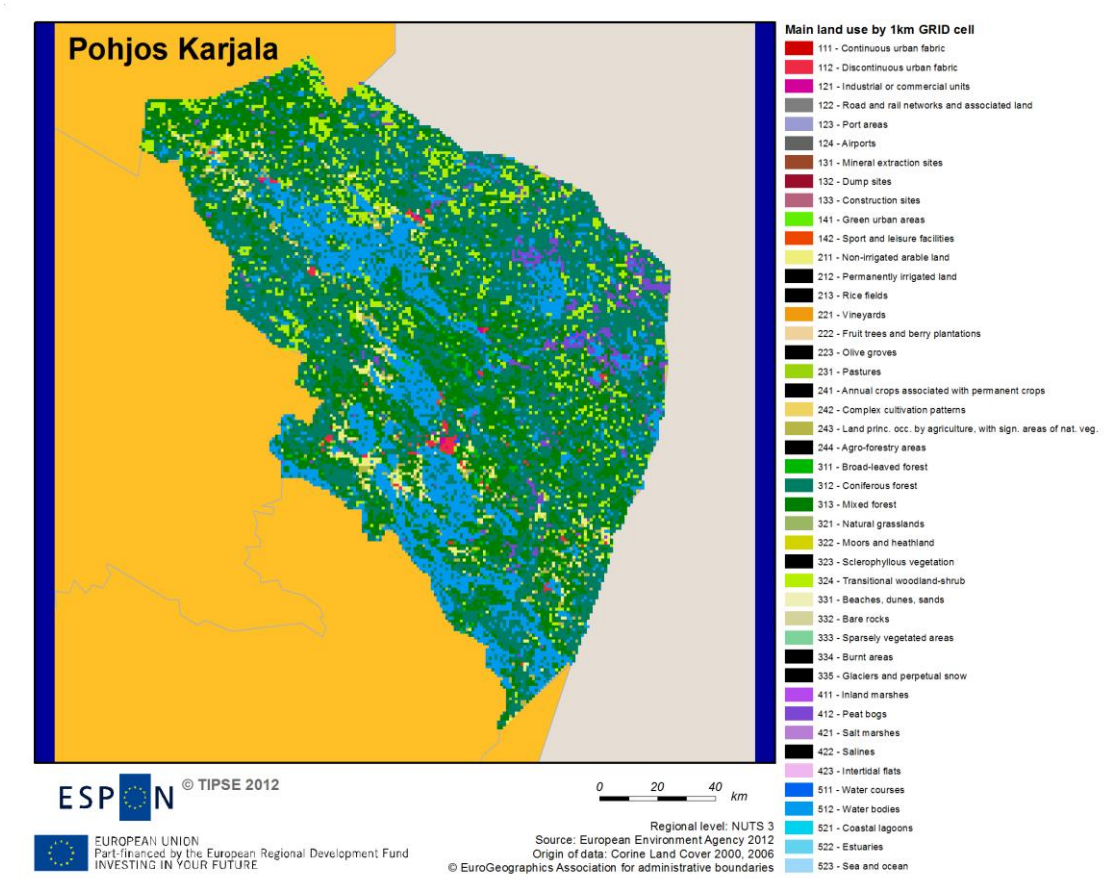

Figure 9: Corine Land Cover North Karelia 2006

The NUTS 3 region of North Karelia is a forested region with a large share of the area covered by water. The region has few urban areas, the university town of Joensuu being the largest city and also the regional centre of North Karelia.

Table 5: Demographic and Labour Market Characteristics

	Lieksa	North Karelia	Finland	EU27
Population density	3.2 (2011)	9.4	17.5	116.4
% aged <15 (2010)	11.1 (2011)	14.9	16.5	15.6
% aged 65+ (2010)	27.7 (2011)	20.6	18.1	19.1
Economic Activity Rate	52.3 (2011)	59.0	66.1	57.6
Unemployment rate (2011-12)	20.1 (2012)	13.3	9.1	9.6
Employment Rate	43.2 (2010)	50.4	60.9	52.0

The region of North Karelia has approximately 165 906 inhabitants of which approximately 12 585 reside in the municipality of Lieksa. (The Regional Council of North Karelia, 2012a) In comparison to the population density of Finland, North Karelia has low population density. The municipality of Lieksa has further lower

population density in comparison to the already sparsely populated North Karelia and Finland.

The share of North Karelian population younger than 15 years and older than 65 years are rather similar to the Finnish and EU-27 averages. In Lieksa, the share of population under 15 years old and over 65 years old is considerable higher than in North Karelia, Finland and the EU-27.

Table 6: Economic Activity by Sector

NACE Rev. 2 Category		Lieksa	North Karelia	Finland	EU27
A	Agriculture, forestry and fishing	11.1	7.6	4.9	2.2
B-E	Industry (excl. construction)	1.0	1.1	17.3	18.3
C	Manufacturing	20.5	15.1	15.9	17.4
F	Construction	4.1	6.7	7.3	7.6
G-I	Wholesale, retail, transport, accomm., food services	18.2	17.5	21.5	21.2
J	Information and communication	0.5	1.7	3.8	1.3
K	Financial and insurance	1.2	1.2	1.7	1.6
L	Real estate	0.8	0.7	0.9	0.3
M-N	Professional, scientific, admin. and support	6.4	8.4	9.3	16.0
O-Q	Public admin., defence, education, health and social work	31.0	33.2	28.5	27.4
R-U	Arts, entertainment, recreation	5.2	5.1	4.8	4.2

In Lieksa, the traditional primary sector of agriculture, forestry and fishing still has a significant role and is considerably important to the economy especially in comparison to its decreased significance in Finland or the EU-27. Also manufacturing is an important economic sector in Lieksa especially in comparison to its decreased role in North Karelia, Finland or the EU-27.

In Finland and in the EU-27, the share of economic activities in industry is significant but in Lieksa and North Karelia their share is considerably less significant with only approximately 1% of all economic activities. Furthermore, the share of the category of professional, scientific, administration and support is low in Lieksa and North Karelia.

The share of public administration, defence, education, health and social work is higher in Lieksa and North Karelia than in Finland and in the EU-27. Compared to the region of North Karelia, the share of wholesale, retail, transport, accommodation and

food services is slightly higher in Lieksa but it is still considerably lower than the Finnish or the EU-27 average.

Table 7: Gross Value Added by Sector and per Head.

		Lieksa	North Karelia	Finland	EU27
	NACE Rev. 2 Category	**GVA per head of working age population (€)**			
A	Agriculture, forestry and fishing	-	2620,6	1194,2	
B-E	Industry (excl. construction)	-	5467,1	8687,3	
F	Construction	-	2782,2	3093,4	
G-I	Wholesale, retail, transport, accomm., food services	-	4187,5	7282,4	
J	Information and communication	-	949,1	2189,3	
K	Financial and insurance	-	484,7	1228,3	
L	Real estate	-	1405,3	3311,2	
M-N	Professional, scientific, admin. and support	-	4087,5	5082,0	
O-Q	Public admin., defence, education,health and social work	-	7850,9	9140,3	
R-U	Arts, entertainment, recreation	-	1111,6	1365,8	
	Total	-	30946,5	42574,2	

The sector of public administration, defence, education, health and social work has clearly the highest gross value added per head in North Karelia. In general, the sectors with highest gross value added per head in North Karelia follow the same pattern as the Finnish average but the GVAs per head in North Karelia are in almost all sectors significantly lower than the national average. In addition to public administration, both Finland and North Karelia have the highest gross value added per head in industry and in wholesale, retail, transport, accommodation and food services.

In Finland on average, the role of real estate as well as the role of information and communication is more significant than in North Karelia. In North Karelia, agriculture, forestry and fishing are more significant than in Finland in general. Primary production is the only sector where the gross value added per head is higher in North Karelia than in Finland on average.

The financial and insurance sector is the sector with lowest gross value added per head in both North Karelia and Finland. However it can be noted that in North

Karelia, the gross value added per head in the sector is only approximately 40% of that of Finland.

2.2 In-depth analysis (selected maps and tables)

Lieksa has been experiencing fast population decrease as its population has decreased with more than one fourth of the inhabitants since 1993 (figure 3). The population decrease in North Karelia has not been equally fast although the North Karelian population in general has also been decreasing. Since 1993, the total amount of inhabitants has decreased with less than one tenth of the inhabitants. The population development in North Karelia has been relatively stable especially during the latest years. During the late 2000s' and early 2010s' the population decrease in Lieksa has also slowed down compared to 1990s' and early 2000s'. However the population is still decreasing notably and much faster in Lieksa than in North Karelia in general.

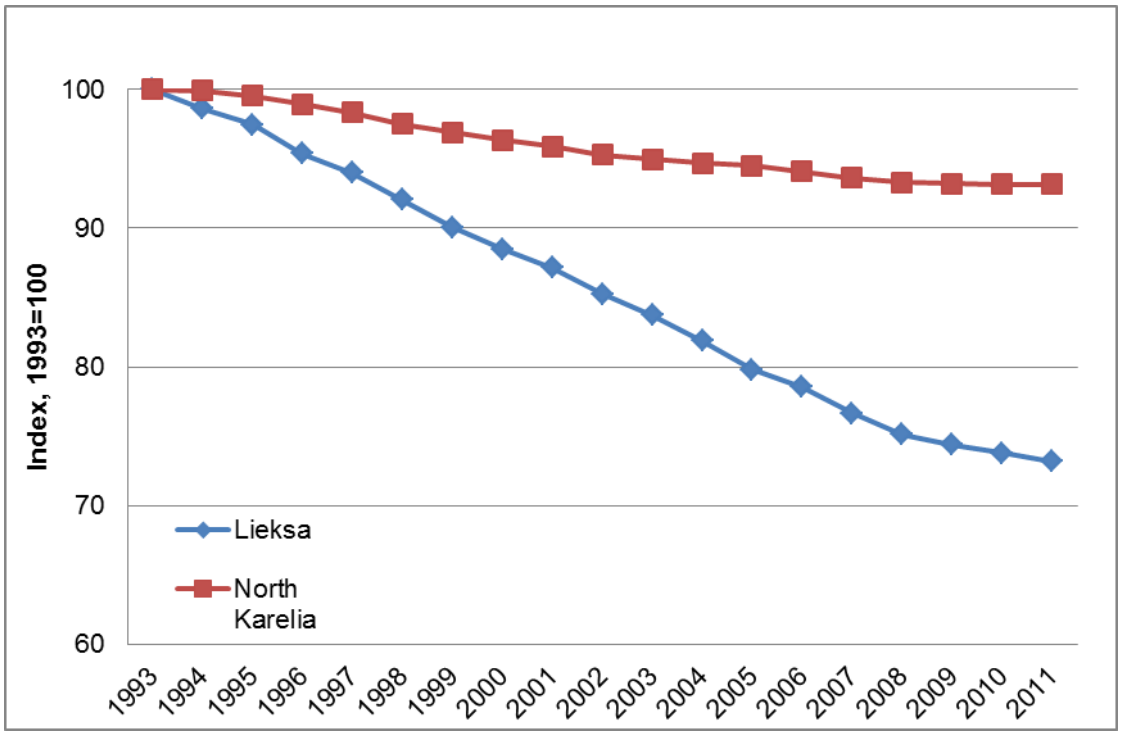

Figure 10: Population Development in Lieksa

The age structure in Lieksa (figure 4) is clearly unbalanced with large share of population in older age groups. Especially the share of inhabitants between 50 and 64 years old is significantly large resulting in mass retirements in the coming years. The share of inhabitants between 20 and 44 years is notably small and the small share of economic active population can be expected to have a large effect on the dependency ratio in Lieksa after the retirement of the large older generations. In

addition to that, the age groups coming to the labour market are smaller than the age groups retiring and leaving the labour market.

Notable for the age structure in Lieksa is also the share of men and women in different age groups. The share of men is larger than the share of women in all groups except for the age groups of inhabitants older than 65 years. In all, the amount of men in Lieksa is higher than the amount of women especially in the economically active age groups.

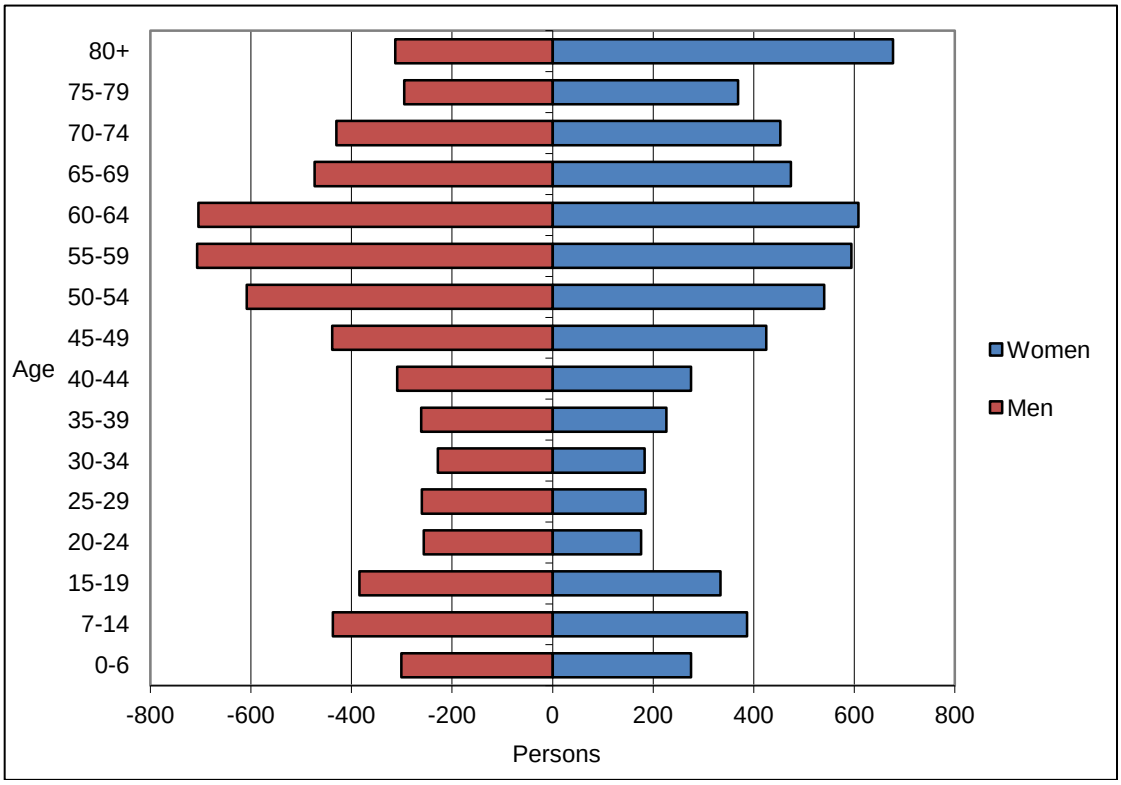

Figure 11: Age Structure in Lieksa

The demographic dependency ratio in Lieksa (figure 5) is considerably higher than that of North Karelia, Finland or the EU-27. Further, as seen in figure 4, the age structure is severely unbalanced and the share of pensioners will continue to grow during the coming years further increasing the dependency ratio. Since 2001, the dependency ratio in Lieksa has been increasing notably faster than in North Karelia, Finland or EU-27. Between 2010 and 2011, the dependency ratio in Lieksa increased from 60,4% to 63,4%. In that period also the dependency ratios of North Karelia and Finland increased still remaining approximately at the level of 50-55% whereas in the EU-27, the ratio has remained slightly below 50% since 2001 with no drastic changes. However after a long period of stable development, also the EU-27 ratio increased from 48,9% to 49,3% between 2009 and 2010.

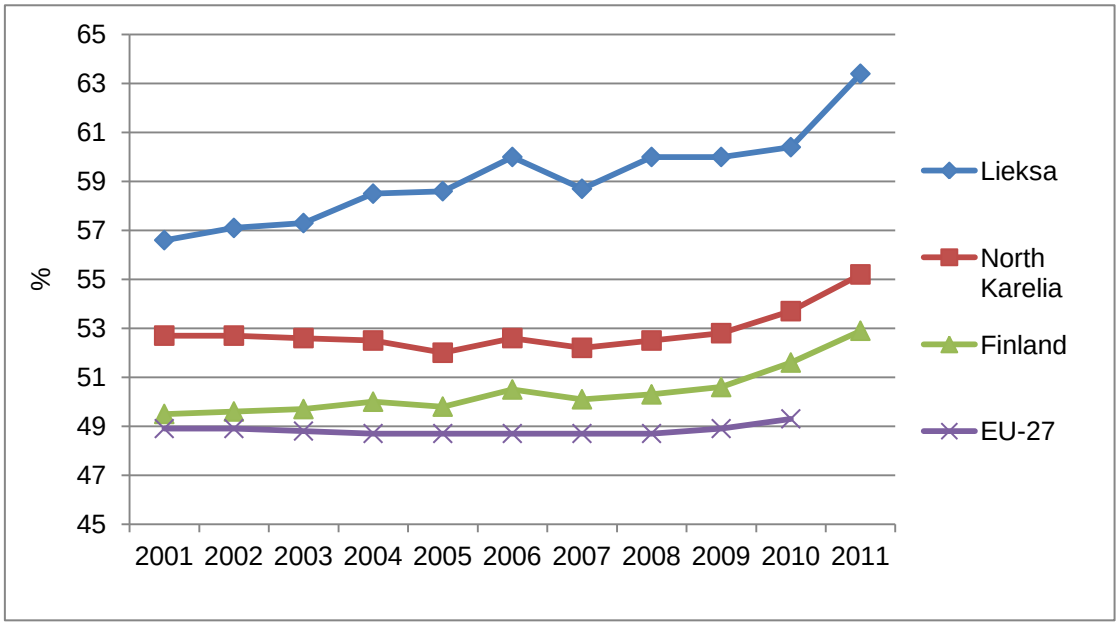

Figure 12: Demographic dependency ratio in Lieksa

The share of inhabitants at risk of poverty in Lieksa (figure 6) has followed a development trend similar to North Karelia as a whole. In early 2000s', the share of inhabitants at risk of poverty was at the same level in Lieksa and North Karelia (approximately 18%) but since approximately the mid-2000s' the share of people at risk of poverty in Lieksa has been increasing faster. At the moment the share of inhabitants at the risk of poverty is higher in Lieksa than in North Karelia. After the fast increase between 2004 and 2007, the share of inhabitants at risk of poverty started to decrease in Lieksa. However the 2010 rate of 22,6% is still considerably higher than the 2001 rate of 18,2%. Also, between 2009 and 2010 there was again a slight increase.

In Finland and in the EU-27, the changes in the share of inhabitants at risk of poverty have been slower even though compared to the 2001 value also the Finnish average share of inhabitants at risk of poverty is higher now. In Finland the share of people at risk of poverty is below the EU-27 share and since 2007 the share has been relatively stable in Finland.

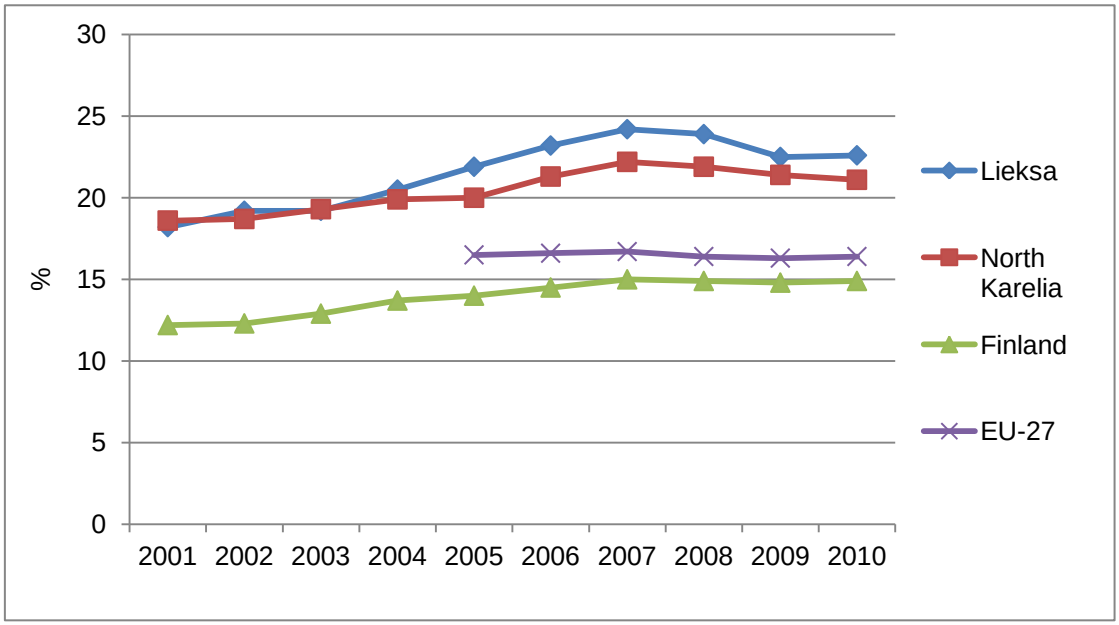

Figure 13: At risk of poverty in Lieksa

The unemployment rate of Lieksa (figure 7) has continuously been high in comparison to North Karelia, Finland and the EU-27. Until 2012, the development of unemployment in Lieksa was to some extent following similar trends with North Karelia, Finland and the EU-27. Unemployment was decreasing first until the economic crisis and then slowly again afterwards. In North Karelia, Finland and the EU-27, unemployment increased notably during the economic crisis in 2009 but the economic crisis seems to have had smaller effect on the already high unemployment in Lieksa.

Since the crisis, the unemployment rates where decreasing on all levels and in North Karelia and Lieksa the decrease in unemployment was notable already in 2010. However in 2012 the unemployment rate of Lieksa further increased significantly while unemployment in North Karelia and Finland continued decreasing. In 2012, the unemployment rate in Lieksa was higher than during the economic crisis and had increased with several percentages from the 2011 rate.

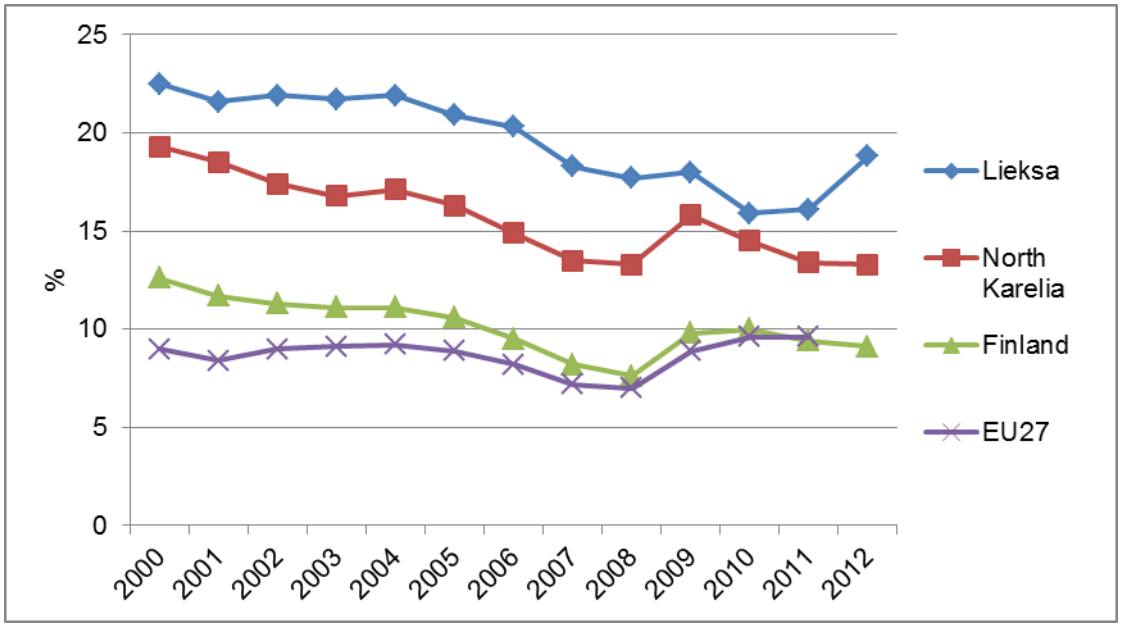

Figure 14: Unemployment Rate in Lieksa in Relation to Regional and National figures

The share of long-term unemployed in Lieksa of total unemployed persons (figure 8) has been fluctuating but also clearly decreasing since 2001. However in 2011 the share increased again and the share of long-term unemployed of all unemployed is now at the same level in Lieksa as in the EU-27 (4%). In the EU-27, the share of long-term unemployed has been increasing rapidly since 2008 whereas in Finland and in North Karelia the development has been more moderate.

Both in Finland and in North Karelia, the share of long-term unemployed of all unemployed persons is lower than in Lieksa and in the EU-27. Even though the rate in North Karelia has at times been higher than the EU-27 average, the region has during the latest years kept the rate clearly below the rapidly increasing EU-27 average.

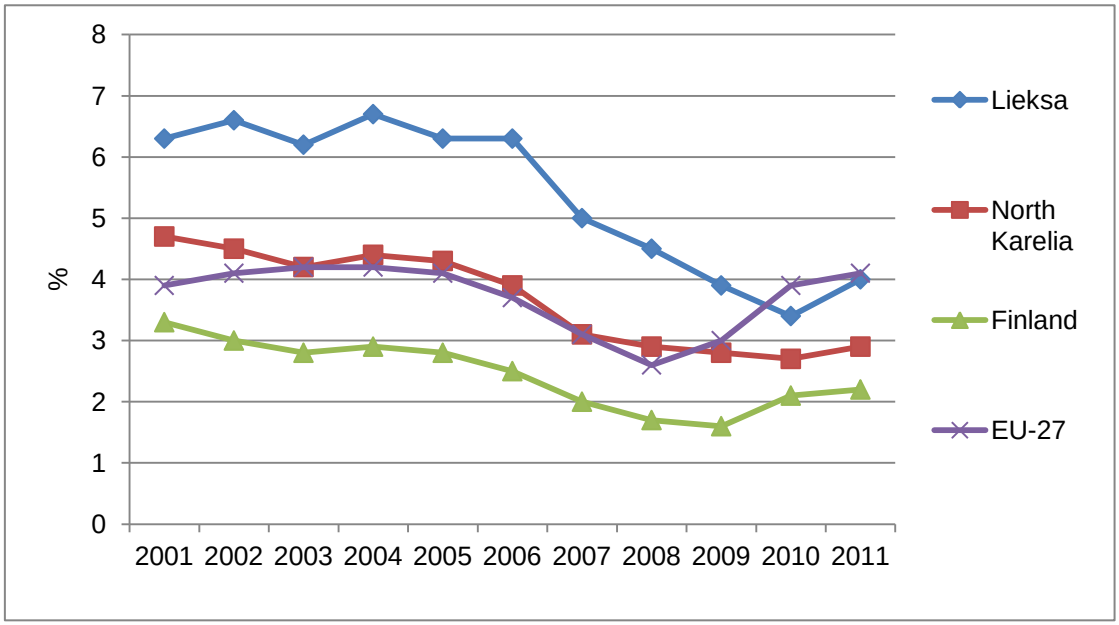

Figure 15: Long-term unemployed in Lieksa of total unemployed persons

The share of unemployed young people of all labour force in Lieksa (figure 9) in 2011 ended at the same level with the EU-27 average. Even though the share of unemployed people aged 18-24 has been decreasing in Lieksa, the share is still higher than in Finland and North Karelia. After an on-going increase until 2009, the share of unemployed young people has been decreasing during the latest years in both Lieksa and North Karelia and Finland. At the same time in the EU-27, the share of unemployed young people has been increasing strongly since 2008.

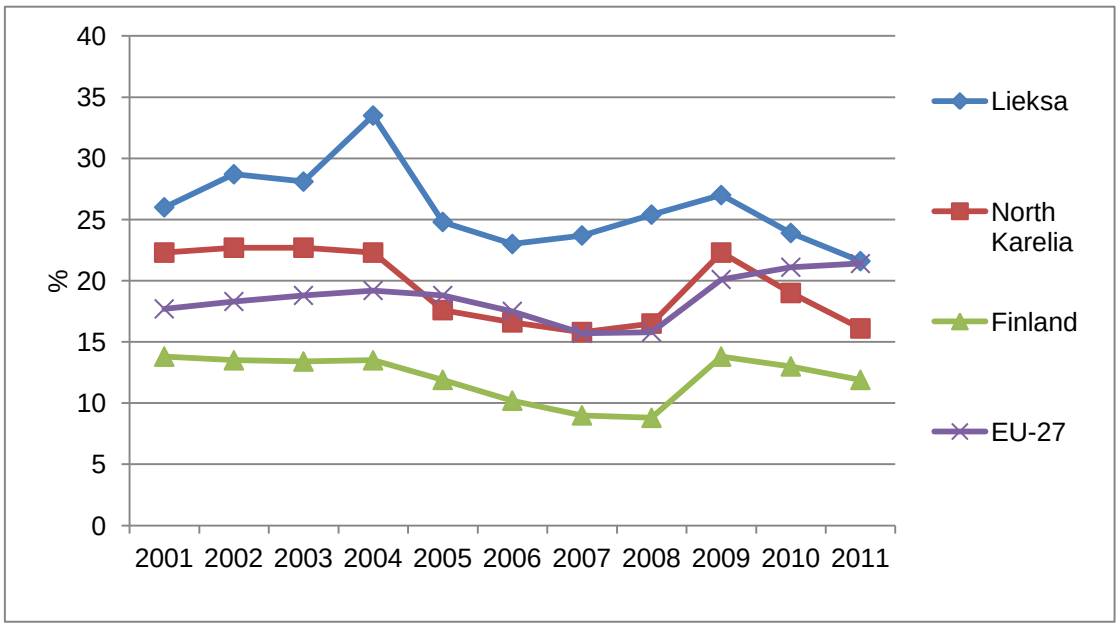

Figure 16: Unemployed young people in Lieksa aged 18-24 of labour force

According to employment service statistics of the Centres for Economic Development, Transport and the Environment, the number of unemployed in Lieksa (table 4) totalled 961 persons in the end of August 2012. After a positive development in 2011, the number of unemployed persons has drastically increased in Lieksa. Similarly the number of notified jobs vacant was 46 in August 2011 but has fallen to 37 in August 2012. Labour market situation has therefore worsened in all dimensions within the last two years. Major influencing factor is continuation of a structural change, in which the number of employment in primary and secondary production is falling. However, the job opportunities in service sector have not been sufficient to replace the lost jobs in primary and secondary production.

It is noteworthy that amount of people employed by subsidised labour market schemes and unemployment pensioners has also at the same time reduced in Lieksa. Intermediate labour market initiatives and other labour market schemes had been introduced in Lieksa, but it seems that they have potentially reached only restricted influence on labour market. Total number of persons activated by wage related measures was 221 in the end of August 2010 but only 114 in the end of August 2012. A major explanatory factor for the decrease has been the finalisation of some important projects in North Karelia region. In addition to this, there has been a clear cut in financing the various labour market schemes at the national level that has concluded approximately one-third less financing for the regions.

Table 8: Job seekers in Lieksa.

Situation at the end of month	Aug. 2012	Change	Aug. 2011	Change	Aug. 2010
	Persons	%	Persons	%	Persons
1. Unemployed	961	*26.4*	760	*-4.8*	798
- laid off	39	*95.0*	20	*-9.1*	22
2. On reduced working week	3	*200.0*	1	*-83.3*	6
3. Those who have work	493	*10.0*	448	*-15.8*	532
- in the conventional labour market	349	*52.4*	229	*-17.6*	278
- in the subsidised employment	144	*-34.2*	219	*-13.8*	254
4. Persons not in labour force	315	*-7.1*	339	*12.3*	302
5. Unemployment pensioners	165	*-28.3*	230	*-17.9*	280
1-5 Total of job-seekers	1937	*8.9*	1778	*-7.3*	1918

The structure of unemployment in Lieksa between 2010 and 2012 (figure 10) reflects the development in the table 4. Number of unemployed has distinctly grown in Lieksa especially among men and over 50-years old persons. Also number of long-term unemployed persons has increased clearly from 2011 to 2012. Profile of the structure of unemployment in Lieksa is to a larger extent corresponding with Northern Karelia.

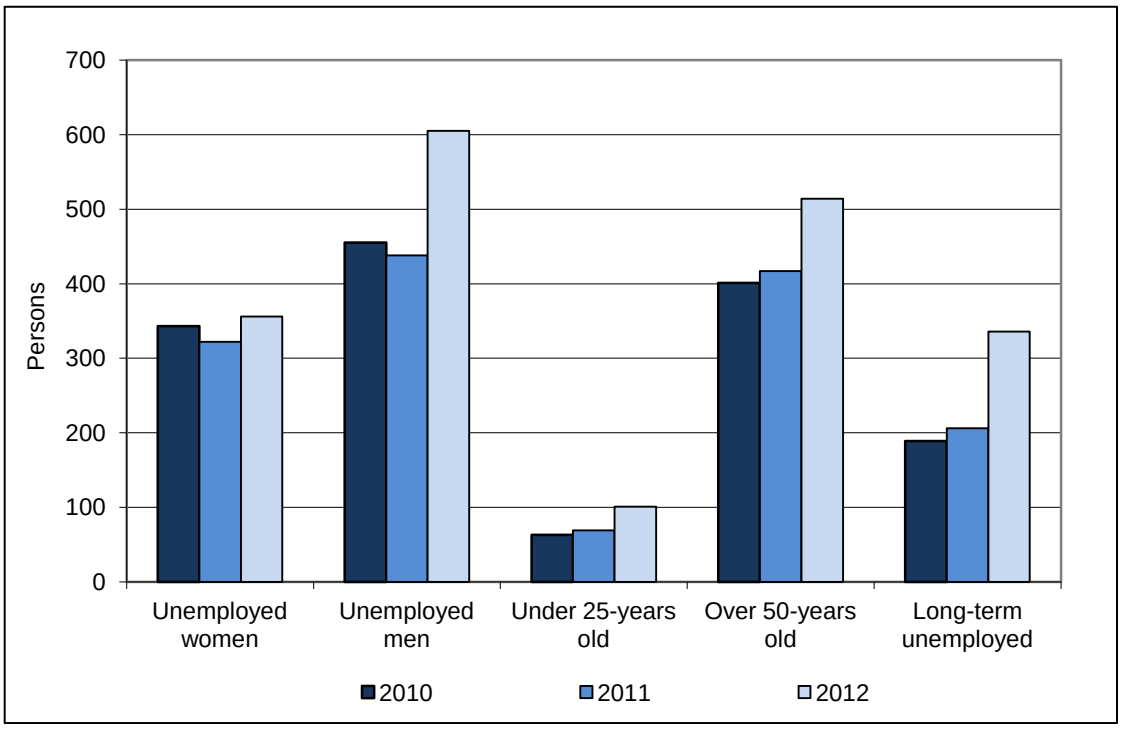

Figure 17: Structure of unemployment in Lieksa 2010-2012.

In Finland, the share of inhabitants with secondary education is 39% and the share of inhabitants with tertiary education is 28% (Statistics Finland, 2011). In comparison to the Finnish average, the share of inhabitants with tertiary education in Lieksa (figure 11) is low (15,7%) but the share of population with upper secondary education is relatively high (41,5%). Also in the region of North Karelia, the share of inhabitants with tertiary education is lower (22,3%) and the share of population with upper secondary education is higher (43,9%) than the Finnish average (The Regional Council of North Karelia, 2012b). In Lieksa, the total amount of inhabitants with upper secondary education has been slowly increasing since 2008 while the population with tertiary education has remained the same or decreased slightly.

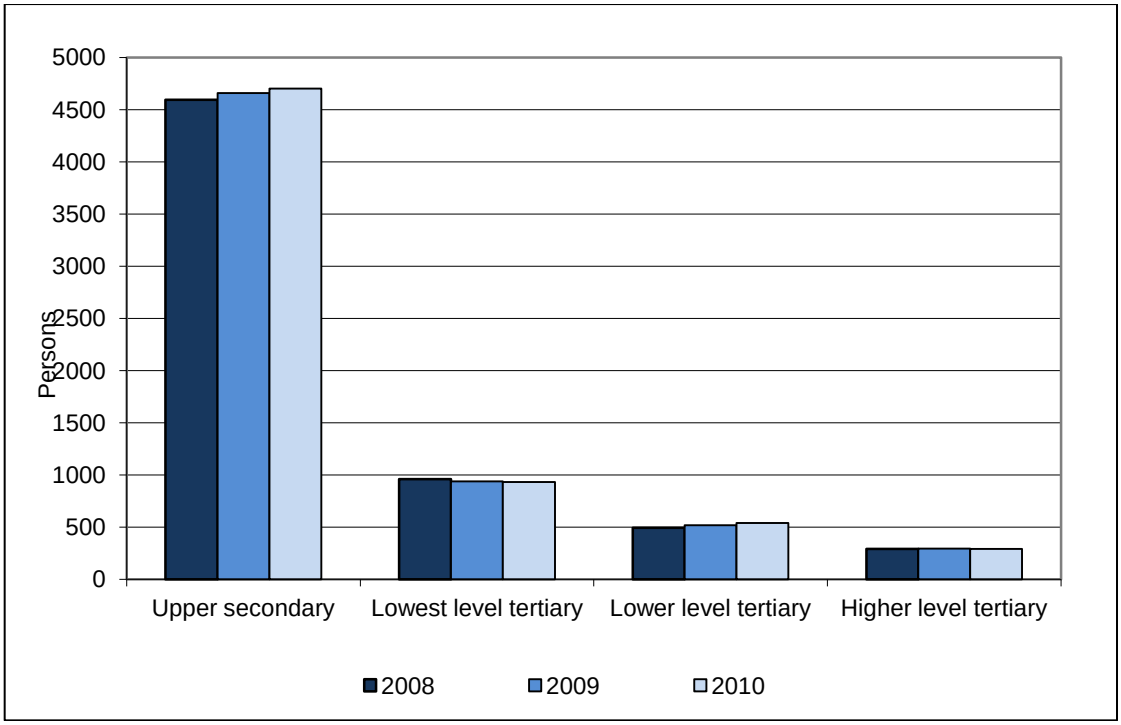

Figure 18: Education Level in Lieksa

In Lieksa, the amount of employees, entrepreneurs, unemployed, persons under 15 years and students (figure 12) has been decreasing while solely the amount of pensioners has increased between 2007 and 2010. The gap between the amount of employees and the amount of pensioners has been continuously increasing.

Furthermore, the statistics presented in figure 7 dates from 2010 and do not take into consideration the expansion of the amount of unemployed in Lieksa between 2011 and 2012. The development of unemployment in 2011 and 2012 further increases the gap between the amount of employed and the amount of pensioners.

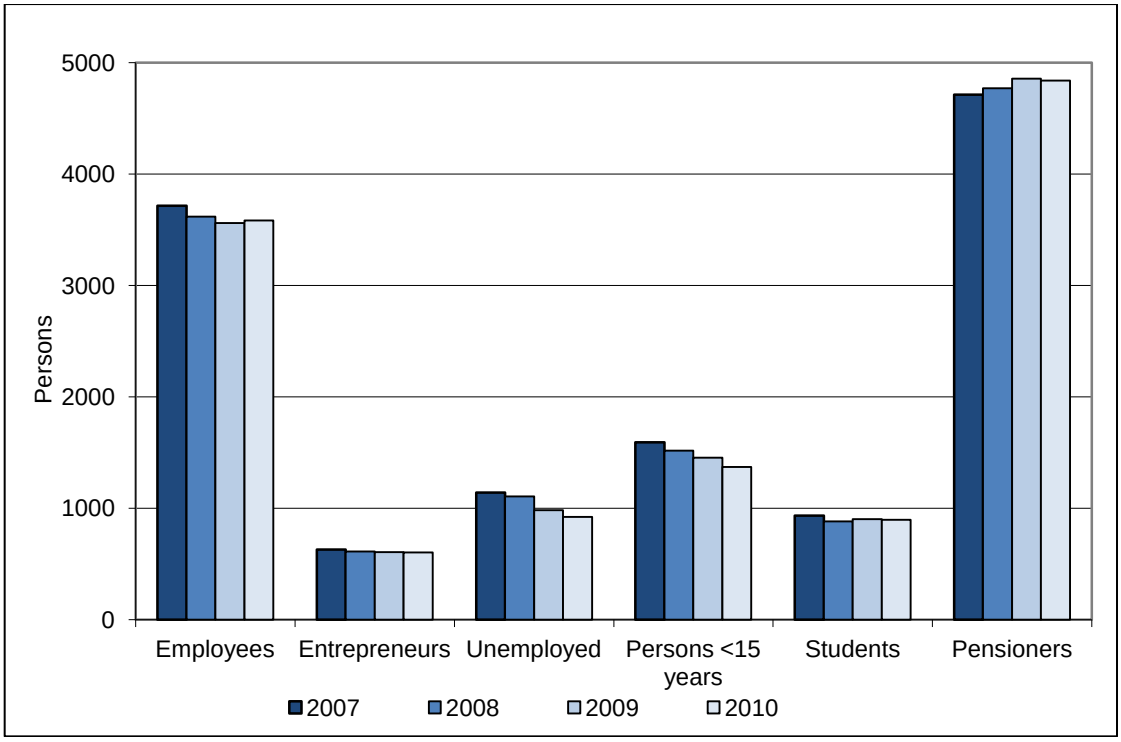

Figure 19: Main Type of Activity in Lieksa

Appendix 1: List of Interviewed Experts

Institution	Role in dealing with povery and/or social exclusion	Geographical/poltical level	Date	Has declared willingness to work with TIPSE?
Municipality of Lieksa	Social Director	Municipality	24.10.20012	
Centre for Economic Development, Transport and the Environment	Director of Economic Unit (responsible for employment policy)	Region	23.10.2012	YES
Employment Service Center	Director (responsible for employment services)	Municipal	24.10.2012	
Centre for Economic Development, Transport and the Environment	Planner (responsible for employment policy)	Region	22.10.2012	
Centre for Economic Development, Transport and the Environment	Planner (responsible for employment policy)	Region	22.10.2012	
Municipal Development Company	Project Manager (project manager in employment project)	Municipal	23.10.2012	
Local Third Sector Organisation	Chairman of Board (employing long-time unemployed persons)	Municipal	24.10.2012	YES
University	Research in employment related issues	Region	22.10.2012	

University	Research in employment related issues	Region	22.10.2012	
Union of Finnish Municipalities	Management of national initiative for long-term unemployed	State	9.11.2012	

3 ATTIKI

George Kandylis, Michalis Petrou & Nikos Souliotis

TABLES

FIGURES

Executive Summary

The Metropolitan Region of Attiki (MRA) exhibited high development rates in the 1990s and the early 2000s, before the current economic crisis. Those development rates were supported by the EY funding and were based on a circuit comprising the construction sector (especially the construction of large projects and transport infrastructure) and investments in the by then liberalized banking, telecommunications and media sectors. However, income inequalities persisted as this was a by and large jobless growth and because employment in Greece is hardly a safeguard against poverty. For example in 2006 the rate of at-risk-of poverty employed persons was twice bigger than the EU15 average.

During the current period of the sovereign debt crisis and the austerity policy implemented under the Memorandum between the Greek governments and the troika, one can already see the Regional unemployment rate rising dramatically and a not unimportant increase of the at-risk-of-poverty rate.

The regional context of MRA consists of at least two other important elements. On the one hand, the high rate of incoming immigration since the early 1990s. The immigrants' integration model is one of poor policy intervention, based crucially on their employment in the shadow economy and their access to affordable housing in the private rented sector. On the other hand, the housing market has been historically characterized by important inequalities in housing conditions, but at the same time by low levels of residential segregation.

We deal with the historical background of the relationship between urban segregation and processes of povertization and social exclusion in more detail in the part of the in-depth analysis. We also provide there some workable definitions of urban segregation, the indices we use to calculate its level and the affected groups, i.e. the ethnic groups of immigrant origin. After a short presentation of the multiple dimensions of the diversity of the immigrant population, the basic work for the analysis is the identification of different clusters of ethnic groups which we term socio-ethnic groups (SEGs) that share similar levels of exposure to poverty/social exclusion, according to latest available census data (2001).

In the absence of data on income, we use two different indicators of poverty/social exclusion that serve as the dependent variables of the analysis. The first is the available domestic space per capita, as we consider overcrowding to be an important dimension of material deprivation. The second is the interaction between available domestic space per capita, tenure and the possession of heating equipment. That is because, in the Athenian context, access to home-ownership is an important indication of upward social mobility and integration and the lack of central heating is, on the other hand, a supplementary indication of material deprivation.

We perform a regression analysis at the individual level using as indicators the variables of gender, age, household type, socioeconomic class (according to ESeC), education level and nationality. We find out that apart from the household type, nationality plays a significant role in both models. Consequently, there seems to be a specifically 'ethnic' dimension of material deprivation and thus we then perform a tree discriminant analysis in order to identify a hierarchy of SEGs. We end up with a solution of 5 SEGs and then we examine the level of segregation of these SEGs along the five dimensions of segregation as proposed in the vast related literature. We also elaborate maps that represent the distribution of the SEGs in MRA.

The basic conclusion is that there is no linear relationship between levels of segregation and exposure to poverty/social exclusion. First of all, all SEGs show low to moderate levels of residential segregation. Then, while it is true that the most segregated SEG 3 is at the same time the most deprived one, SEG 1 performs rather badly regarding deprivation measures but it is the least segregated SEG. Consequently, it becomes necessary to include in the analysis, apart from the findings at the meso-scale of the MRA, some reflections from the micro-processes at the micro level of the neighbourhood. There we can see that seemingly equal degrees of segregation may mean different levels of local inequalities, different levels of social polarization and social mobility prospects.

Furthermore, in the context of a residual welfare state where social reproduction is substantially based on family relations, we claim that MRA faces certain major policy challenges:

- The transition from a centralized model of policy making to a model where more actors (like NGOs and private providers) are involved in policy making and welfare provision. This is not without contradictions and one interviewee mentions that it might lead to a fragmented and inefficient system of welfare provision.
- The need to elaborate area-based policies, while up to now the dominant tendency was to focus on sectoral policies (either for the general population or for specific population groups, such as the unemployed, nuclear families, elderly people etc.), without being able to address poverty/social exclusion issues in specific localities.
- The lack of a consistent immigration policy and more specifically the issue of undocumented immigrants. New immigrants in MRA have today very limited opportunities to obtain any kind of legal residence. For this reason they are extremely vulnerable and exposed to several forms of maltreatment. Concerning urban segregation, the issue of 'illegality' has as a consequence to treat the concentration of immigrants in specific places as a matter of security and public order than as an area for political intervention.

3.1 The Regional Context

The Region of Attiki counts today a population of around 3.8 million inhabitants (Table 1.1). The region's population remained relatively stable between 2001-2011, against estimations by Eurostat for an increase from 3,904,292 to 4,113,979 during this period (Eurostat REGIO database).

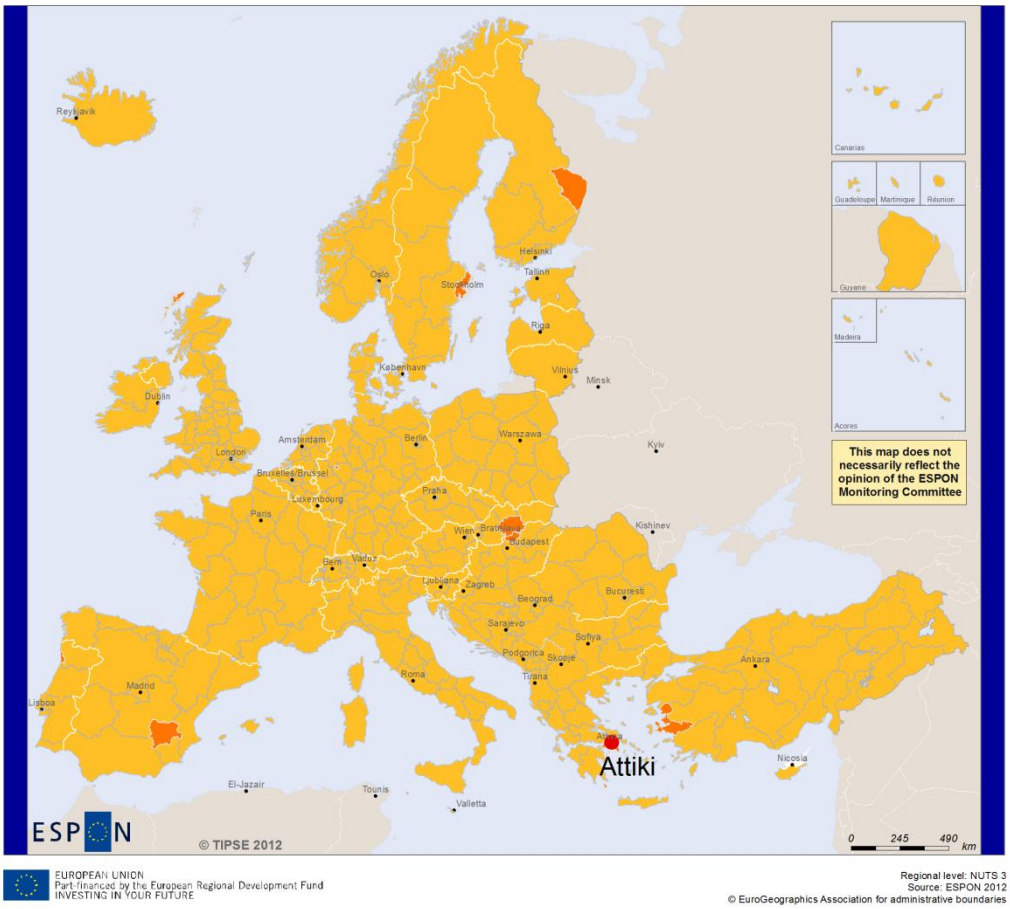

Figure 1: Athens in the context of the ESPON space

Following more general demographic trends in Europe, the age group of 65 years or over consists a significant and growing part of the population of Attiki, representing 17.5% of the total in 2011 Table 1.2). In the period before the current sovereign debt crisis, the Region experienced remarkable economic performance: GDP grew at a rate of more of 5% during the period 2005-2008 (Table 1.3). PPS per capita in Attiki is quite high and much higher than the national average (Table 1.4). The economy of the Region is based mainly on the tertiary sector (especially commerce, tourism and leisure and financial activities), while manufacturing plays a secondary role (Table 1.5). This is only partially a result of the deindustrialization of 1980s, as Attiki was always primarily a service and administration center.

Table 1: Resident Population of the Region of Attiki.

	1991	2001	2011[2]
Attiki	3,594,817	3,894,573	3,812,330

Source: Census, Hellenic Statistical Authority

Table 2: Population by age groups, 2011.

	Attiki	Greece	EU 27
% aged <15	14.2	14.4	15.6
% aged 65+	17.5	19.3	17.5

Source: Eurostat REGIO database

Table 3: GDP at current market prices, 2005-2009

	2005	2006	2007	2008	2009
Attiki	88,846	97,795 (10.1%)	104,216 (6.6%)	109,718 (5.3%)	110,546 (0.8%)

Source: Hellenic Statistical Authority

Table 4: GDP Indicators, 2011.

	Attiki	Greece	EU27
PPS (€'m)	119,244	249,868	11,751,419
PPS per Capita	29,100	22,100	23,500
% of EU 27 Average	124	94	100

Source: Eurostat REGIO database

[2] Provisional data.

Table 5: Employment by sector of economic activity, 2011.

NACE Rev. 2 Category		Attiki	Greece	EU27
A	**Agriculture, forestry and fishing**	1.2	17.9	5
B-E	**Industry (excl. construction)**	12	16.9	18
F	**Construction**	5.4	8.81	7.4
G-I	**Wholesale, retail, transport, accomm., food services**	32	44.1	24
J	**Information and communication**	3.4	2.66	2.9
K	**Financial and insurance**	4.7	4.04	3
L	**Real estate**	0.2	0.2	0.8
M-N	**Professional, scientific, admin. and support**	9.8	10.3	9
O-Q	**Public admin., defence, education, health and social work**	24	32	25
R-U	**Arts, entertainment, recreation**	6.9	7.4	5.4

Source: Eurostat REGIO database

The Region of Attiki hosts the capital city of the country. The urban character of the Region of Attiki is stressed by its classification in the ESPON typology compilation project (see Table 1.6). It is also evidenced by its population density (1,001.11 inhabitants per 1km grid cell, Hellenic Statistical Authority, Map 1.2) and the quite unimportant share of the primary sector employment in the total private sector (0,89 % in 2006, EDORA Future Perspective). At the same time, however, quite large parts of the Region are mountainous and covered by agricultural land, semi-natural areas, wetlands and forests (the latter uses represent around 73% of the region's surface, see table 1.7 and Map 1.3).

Table 6: ESPON CU typology and classification of the Region of Attiki

Typology	Classification of the Region of Attiki
1. Urban-rural regions	Predominantly urban region
2. Metropolitan regions	Capital city region
3. Border regions	Other regions (not a border region)
4. Islands regions	Not an island region
5. Sparsely populated regions	Not a sparsely populated region
6. Outermost regions	Not an outermost region
7. Mountainous regions	Moderately mountainous regions under urban influence
8. Coastal regions	Coastal regions with a very high share of coastal population
9. Regions in industrial transition	Area not covered by typology

Basic socio-economic indicators show that despite the GDP growth during the 2000s, social inequality remained important. Furthermore, the burst of the sovereign debt crisis aggravated dramatically social inequality. Unemployment rates remained relatively high in the 2000s (between 6.5-9%), to explode after 2010 (17.5% in 2011 and 23.3% during the first semester of 2012, Table 1.8). Women are more vulnerable concerning unemployment (Table 1.9). The difficulty of reinsertion in the labour market is evidenced by quite high levels of long-term unemployment rates (Table 1.10). Social inequality is also evidenced by the rate of people whose disposable income after social transfers is below the at-risk-of-poverty threshold (60 % of the national median) and the people facing severe material deprivation (Table 1.11): the former fluctuated between 12-13% during the years of economic growth to climb to 16.3% in 2010, and the latter remained at 9.5-10.5% in the years 2005-2010. Early leavers in education show one more dimension of social inequality and touches 1/10 of pupils and, among them, mostly males (Table 1.12). Last, one major demographic transformation of the Attiki's region which is associated with forms of social inequality, especially in the labour and housing markets, is the increase of migrants. From 2.2% in 1991, individuals with foreign citizenship increased to 9.5% in 2001 (Table 1.13).

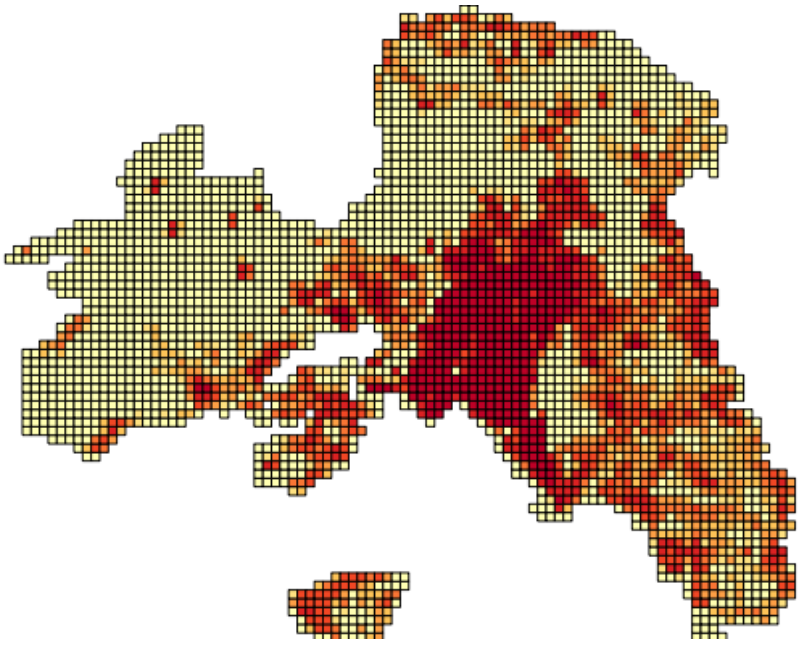

Figure 2: Population density by 1km GRID cell. Region of Attiki, mainland.

Table 7: Unemployment rates in the Region of Attiki, 2000-2012.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012[3]
Total	12.1	10.4	9.3	8.8	9.1	8.8	8.3	7.6	6.5	8.9	12.3	17.6	23.4

Source: Hellenic Statistical Authority

Table 8: Unemployment rates by sex and age, 2011.

	15 years or over	From 15 to 24 years	25 years or over	Females 15 years or over	Males 15 years or over
Attiki	17.6	21.4	8,3	20,9	21,9
Greece	17.7	44.4	15,8	51,5	38,5
EU 27	9.6	43.2	16,1	47,3	39,6

Source: Eurostat REGIO database

Table 9: Long-term unemployment (12 months and more), Region of Attiki.

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
4.83	5.05	4.70	4.45	4.54	3.78	2.82	3.28	5.02	8.53

Source: Eurostat REGIO database

[3] First and second trimester.

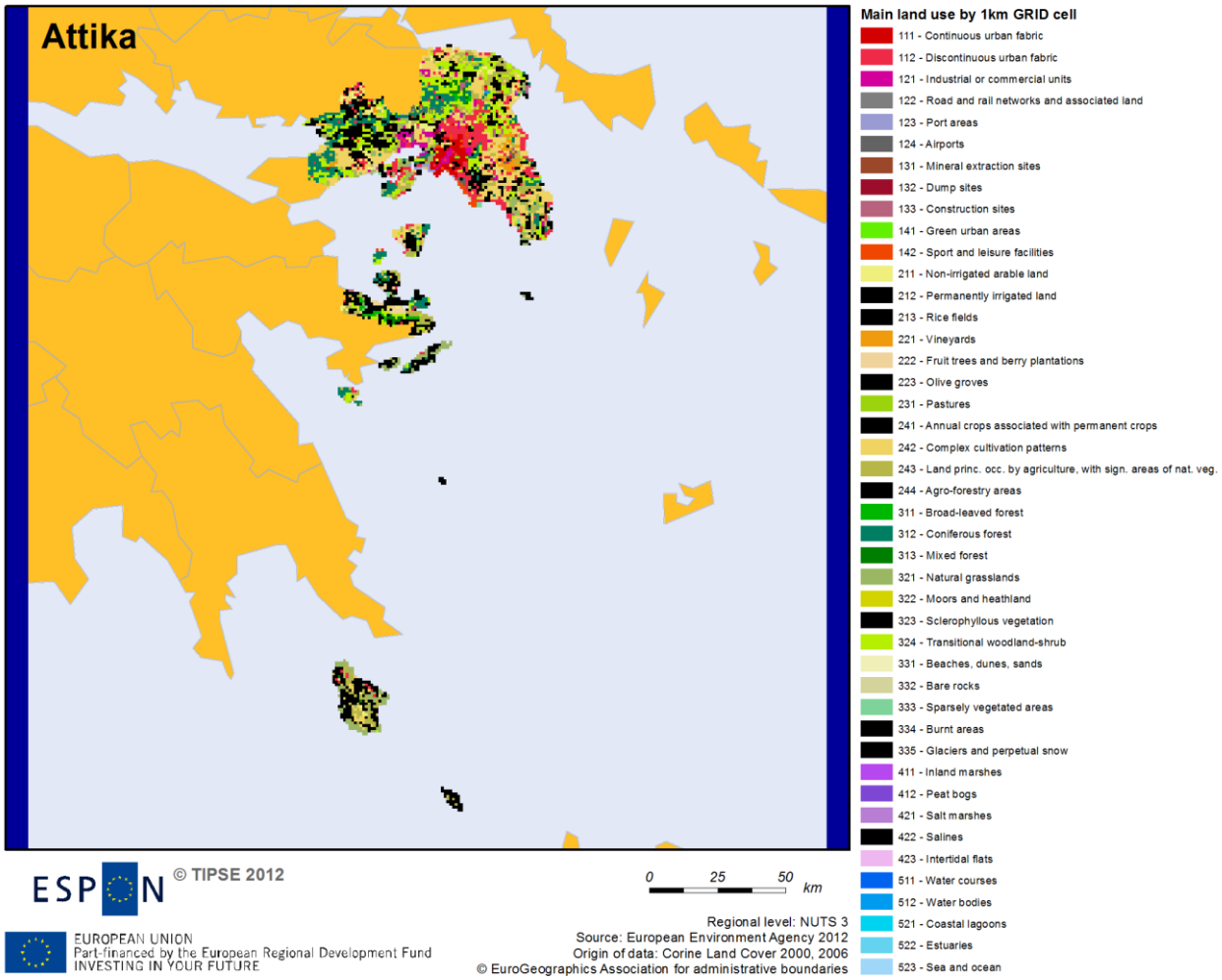

Figure 3: Main land use by 1km GRID cell. Region of Attiki

Table 10: EU (Eurostat) Poverty Indicators.

	Attiki	Greece	EU27
% At Risk of Poverty 2010	16.3	20.1	n/a
% Severe Material Deprivation 2010	9.5	11.6	n/a
% Low Work Intensity 2010	6.8	7.5	n/a

Source: Eurostat REGIO database

Table 11: EU (Eurostat) Education Indicators.

	Attiki	Greece	EU27
Persons aged 25-64 with tertiary education attainment (2011)	31.5	25.4	26.8
Early leavers from education and training (2011)	10.6	13.1	13.5

Source: Eurostat REGIO database

Table 12: Citizenship of the population of the Region of Attiki.

	1991	2001
Greek	3,513,495	3,524,355
Foreign	80,717	369,973
Non declared	605	245
Total	3,594,817	3,894,573

Source: Hellenic Statistical Authority

There are at least three main underlining processes that produce the above-mentioned forms of social inequality and transcribe them into urban space:

1. The dynamics of the labour market. Since the mid of the 1990s Attiki's economy started to grow, overcoming the crisis of the 1980s and early 1990s. The engines of this growth were EU-funded investments in transport infrastructures and deregulation and privatizations in banks, telecommunications and media (Stathakis, 2010). In 1995-2002, this growth did not lead to a diminution of unemployment (jobless growth), as it was based on more intense utilization of the existing workforce (increase of the marginal productivity of labour, see INE, 2005: 75). In 2003-2008 unemployment decreased, following the more general European trend of the period (INE, 2008). Greece's accession to the Eurozone in 1999 entailed cheap credit for households and led to a more private consumption-drive growth. Labour-intensive services grew and unemployment rate withdrew, although it never felt to very low levels (INE, 2008). During the crisis unemployment rose as a result of the general collapse of the Greek economy: the reduction of nominal and real wages in both private and public sectors led to a dramatic decrease of private consumption; the decrease of the demand lead to the reduction of production and, therefore, to the increase of unemployment.

Nevertheless, it must be underlined that in the case of the Greek economy employment protects less from poverty than in other European countries. The rate of

poor employed persons in the mid 2000s was double in Greece than in EU (14% against 7% in EU-15 in 2006, INE, 2008). This must be attributed to jobs' characteristics (low wages, part-time and unstable occupations) and to a familial structure where one or more individuals depend upon one employed person (INE, 2008: 221).

2. Immigrants' settlement has been a major source of social inequality and exclusion. Since the early 1990s, Greece started to receive important inflows of mostly undocumented immigrants, initially from Balkans and later from Asian countries. The integration of these immigrants into the labour market and the Greek society has taken place without institutional regulation. The absence of integration mechanisms entailed the exposure of immigrants to hyper-exploitation, through informal occupations and low wages. The integration of immigrants into the labour market has been associated with their de-qualification, their working position being rather linked to gender and ethnicity (Kandylis et al., 2012). The vast majority of immigrants in Attiki hold lower technical and routine jobs at a rate of between 70% and 90% compared with 24% for Greeks (Kandylis et al., 2012: 271). The only exception among immigrants is that of immigrants of Greek origin who have been rewarded with full citizenships rights and generally enjoyed a preferential treatment by the state which facilitated their integration into the labour market (Kandylis et al., 2012). The current fiscal crisis and the implementation of austerity policies put additional stress on immigrants. They face now higher rates of unemployment while at the same time they do not enjoy the same social protection as native populations.

3. The main forms of social inequality are converted into socio-spatial segregation mainly through the mediation of housing production processes. State intervention and public housing has played diachronically a minimal role in housing production in the case of Athens (and more generally in Greece, Maloutas 2010). State regulation has been confined to building legislation and the urban master plans. The access to housing depended upon market processes and, during the first postwar decades, spontaneous housing production. Market processes involved small construction companies and petty landowners, and produced an affordable housing stock of small and medium-sized apartments (Kandylis et al., 2012; Maloutas, 2010). Socio-spatial segregation of postwar Athens has been relatively mild in the sense that this model of housing production generated a socio-economic continuum in the urban space rather than sharply separated socio-economic zones. However, more intense forms of social segregation appeared since the 1990s in the city center as a result of suburbunization process and the irregular integration of immigrants in the Athenian society. Since the late 1970s, a large number of dwellings in the city center have been gradually vacated by the native middle and upper middle strata that moved to the suburbs of Attiki (Maloutas, 2010). Given the absence of a housing policy for

immigrants, the latter occupied a large part of this stock, often in very bad housing conditions. Actually, the housing and social conditions in the city center appear in the public agenda as the most important problem of social exclusion and social segregation in Athens.

3.2 In-depth analysis (selected maps and tables)

The thematic focus of the present case study is on the multiple connections between processes of povertization and social exclusion and the urban segregation pattern in the Metropolitan Region of Attiki (MRA). By urban segregation we mean especially the residential segregation of different socio-ethnic groups, although some comments on the differential spatial mobility of these groups are going to be made. Table 2.1 summarizes the basic definitions employed for the elaboration of this thematic issue.

Table 13: Basic definitions about urban segregation

Metropolitan Region of Attiki (MRA)	The mainland of the Region of Attiki, leaving aside the islands and the separate area of Peloponnese that administratively belong to the Region.
Residential segregation	The separation of the residential space occupied by two or more social groups.
Evenness	A dimension of segregation that refers to the differential distribution of two or more social groups among areal units. Indices used: IS, H.[a]
Concentration	A dimension of segregation that refers to relative amount of physical space inhabited by one social group. Index used: DEL.[a]
Centralization	A dimension of segregation that measures the concentration of one social group in the city centre (defined here as the Municipality of Athens). Index used: ACE.[a]
Clustering	A dimension of segregation that measures the extent to which areal units inhabited by one social group adjoin one another in space. Index used: ACL [a]
Exposure	A dimension of segregation that measures the extent to which members of two or more social groups confront one another by virtue of sharing a common residential area. Index used: P.[a]
Ethnic group	People sharing the same nationality in the 2001 census.
Socio-ethnic group	A cluster of ethnic groups that share common characteristics in terms of living conditions.

a. See the Appendix of final case study report for equations.

The structure of this part of the case study is as follows. First we present a short summary of the historical urban segregation pattern in the MRA, its context, its

underlying processes and its relationship with processes of povertization and social exclusion for specific groups of the population, in different parts of the metropolitan area. Then we move to a quantitative description of the new immigrant population, focusing on its ethnic and demographic diversity. In the next section we explore the formation of a socioethnic hierarchy of unequal positions in the society of the metropolis and we connect these unequal positions to different levels of exposure to risks of poverty and social exclusion. This is followed by an investigation of the spatiality of the socio-ethnic hierarchy, using some key segregation indicators and maps. In the last section we draw some basic conclusions about the context-dependent relationship between urban segregation and poverty/social exclusion, also focusing on the dynamics of the micro-scale of specific neighbourhoods of the metropolitan area.

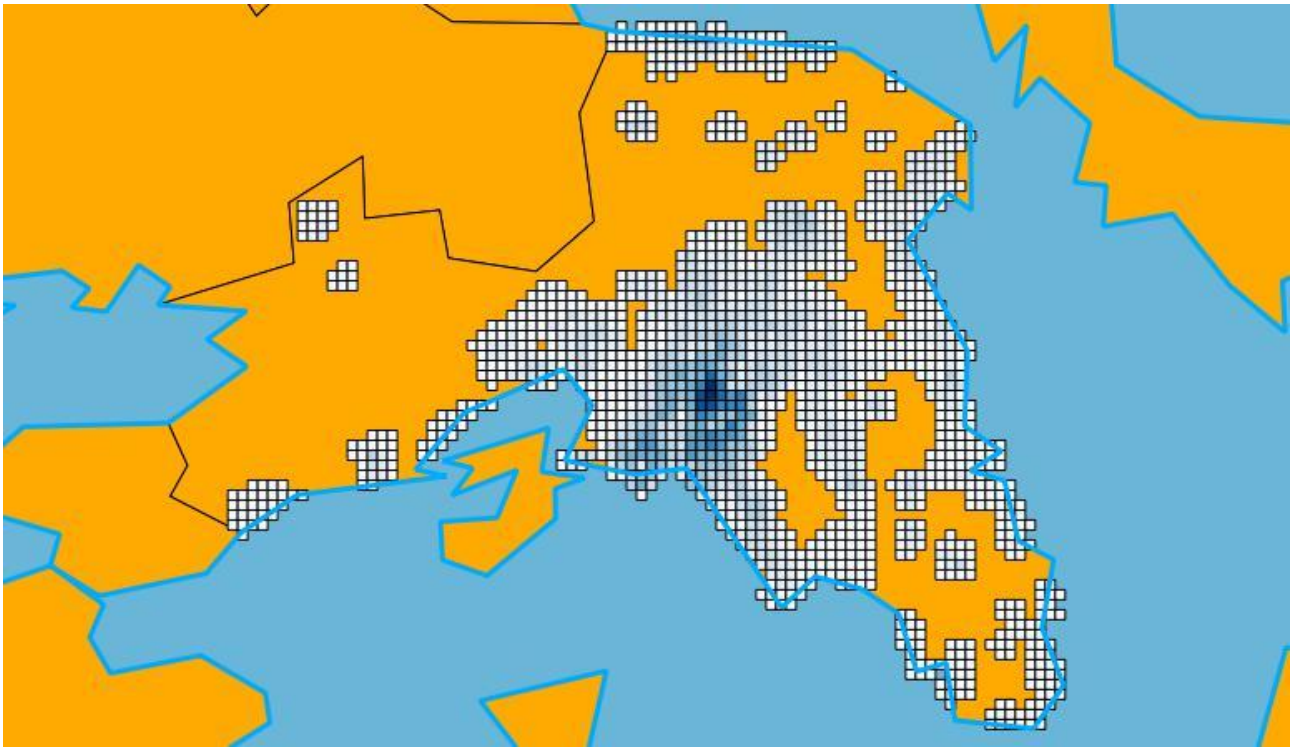

Figure 4: Immigrant residents per 1km grid cell. MRA, 2001. Data source: 2001 census, EKKE-ESYE 2005

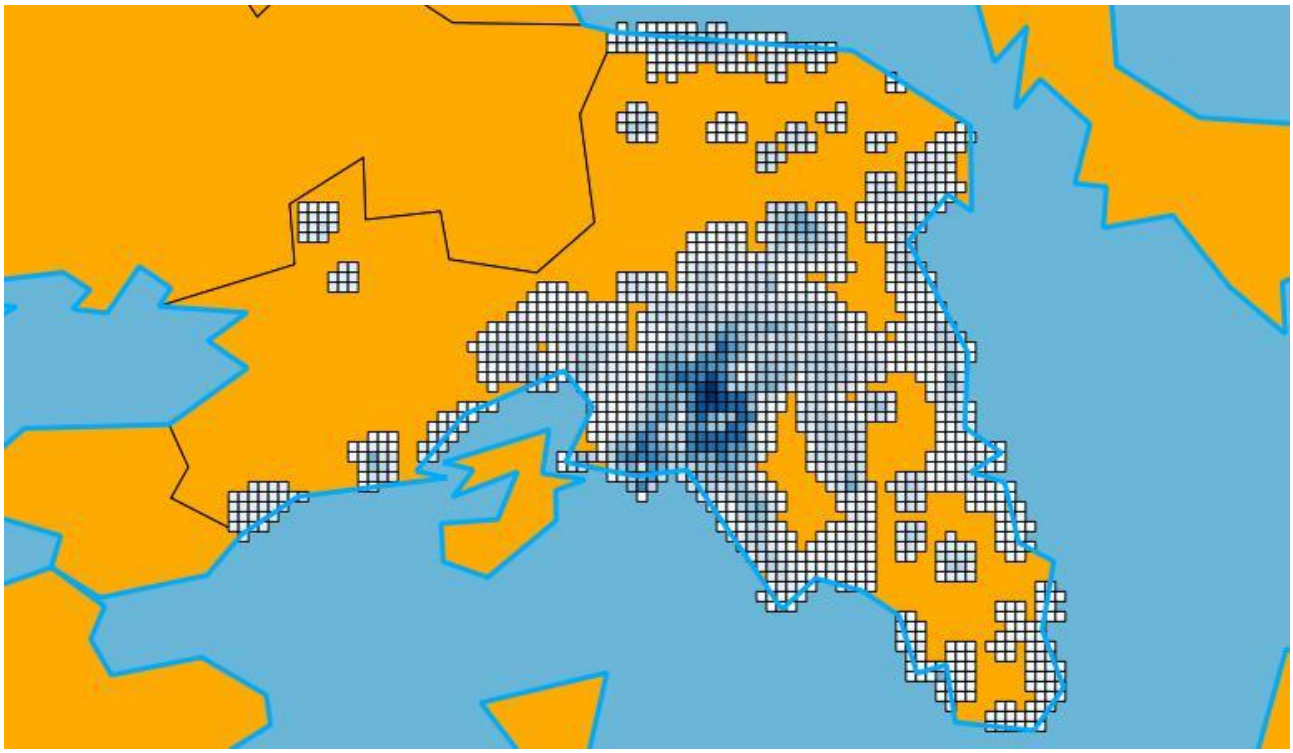

Figure 5: SEG 1 residents (Albania) per 1km grid cell. MRA, 2001. Data source: 2001 census, EKKE-ESYE 2005

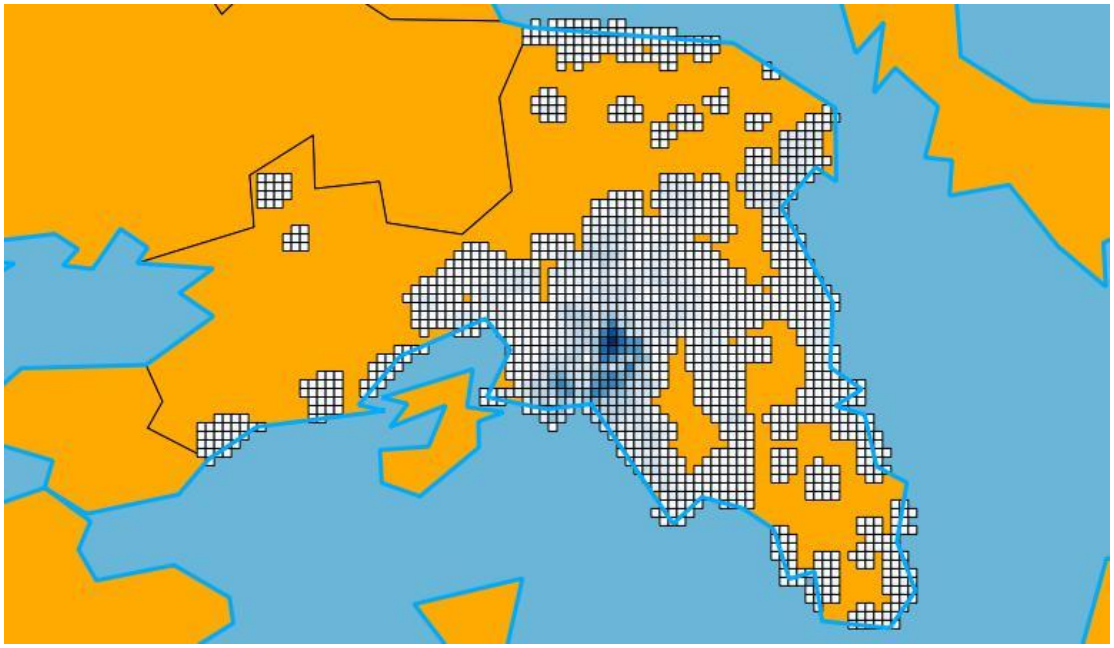

Figure 6: SEG 2 residents (Armenia, Egypt, Kazakhstan, Nigeria, Poland, Romania, Syria) per 1km grid cell. MRA, 2001. Data source: 2001 census, EKKE-ESYE 2005

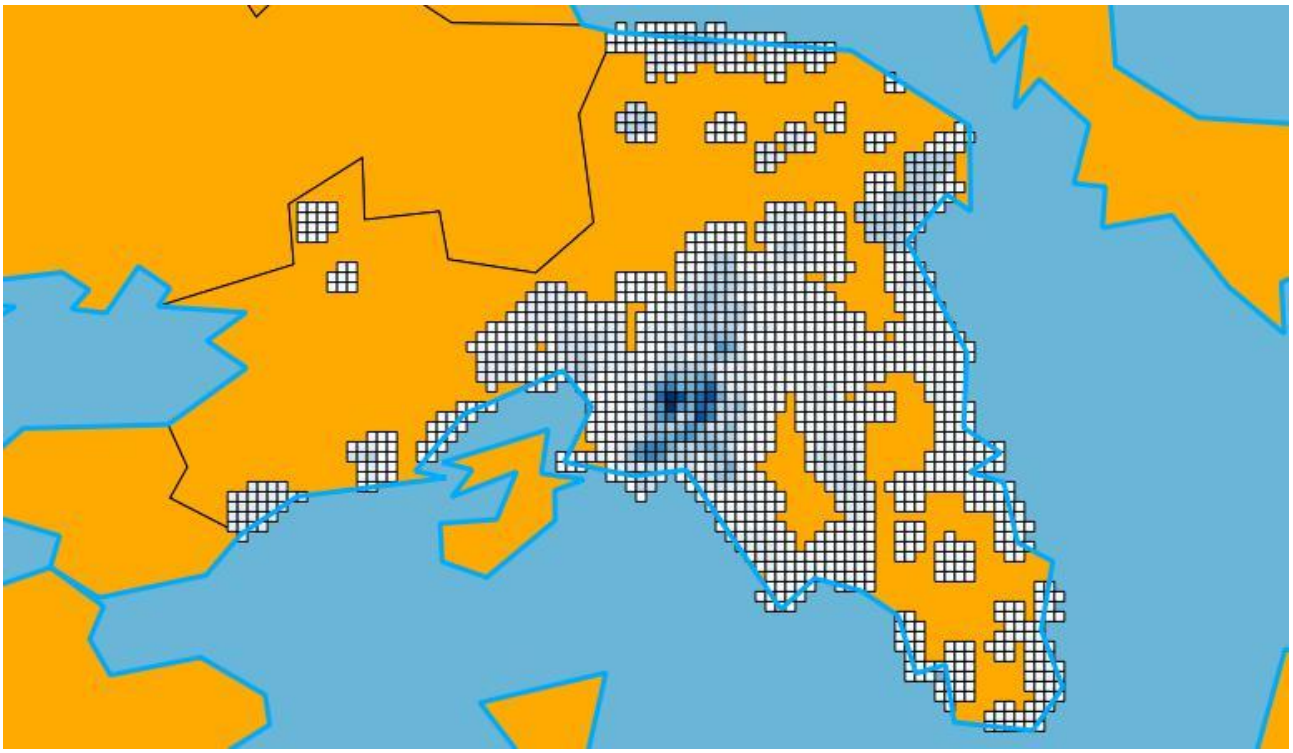

Figure 7: SEG 3 residents (Bangladesh, India, Iraq, Pakistan) per 1km grid cell. MRA, 2001. Data source: 2001 census, EKKE-ESYE 2005

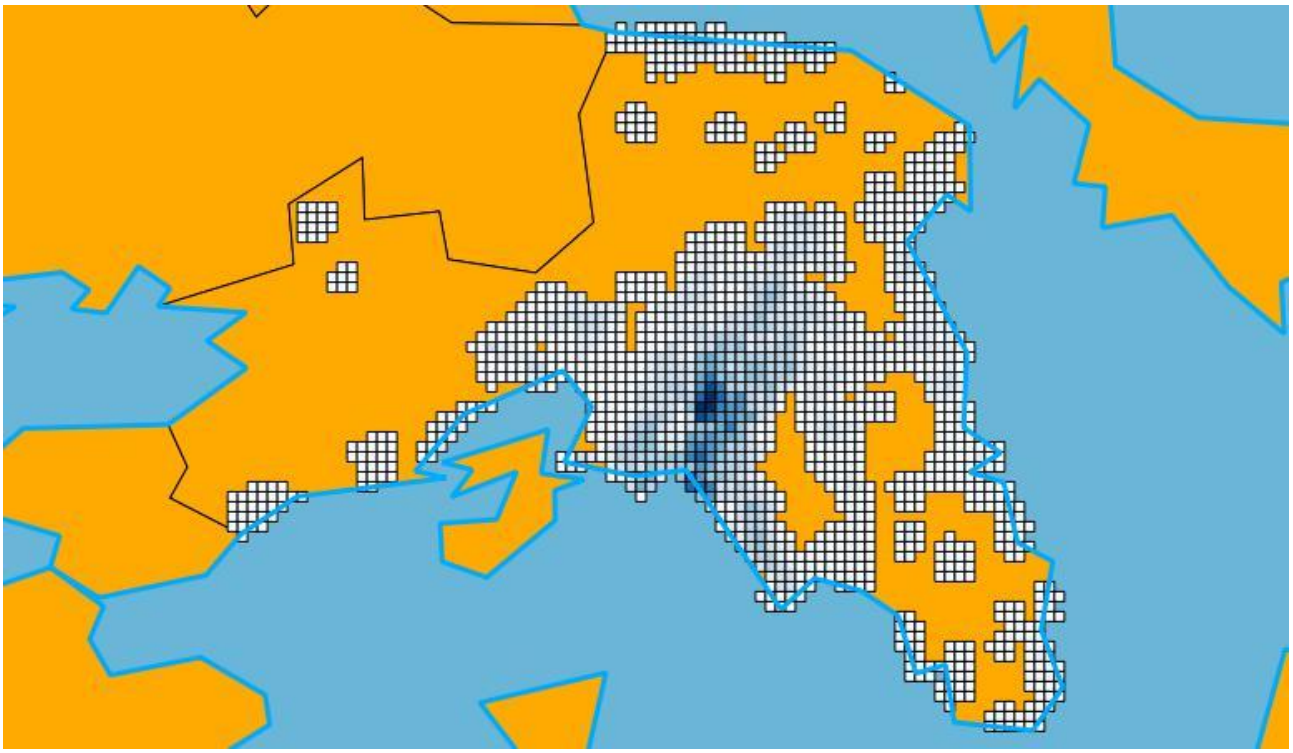

Figure 8: SEG 4 residents (Bulgaria, Georgia, Turkey, Ukraine) per 1km grid cell. MRA, 2001. Data source: 2001 census, EKKE-ESYE 2005

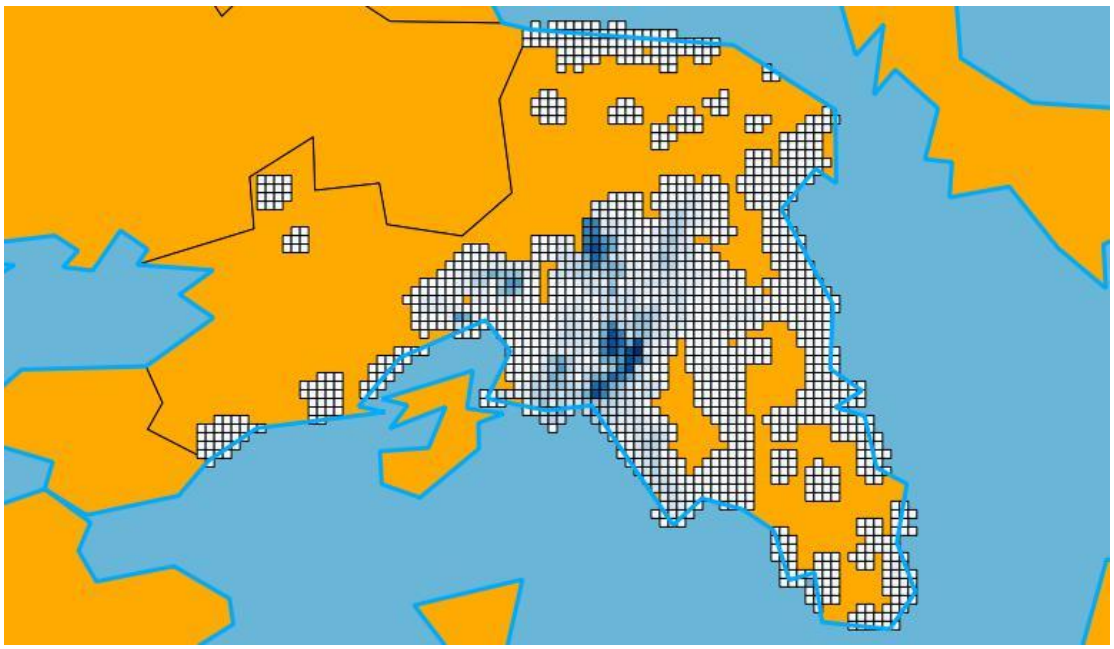

Figure 9: SEG 5 residents (Philippines, Moldova, Russia) per 1km grid cell. MRA, 2001. Data source: 2001 census, EKKE-ESYE 2005

Appendix 1: List of Interviewed Experts

Institution	Role in dealing with povery and/or social exclusion	Geographical/political level	Date	Has declared willingness to work with TIPSE?
Municipality of Argyropuli-Elliniko	Vice Mayor, Responsible for the Social Policy Department	Local government, Policy making/ Policy implementation	25/10/12	YES
Charity Fund of the Archdiocese of Athens	Director	Third sector, Policy making	9/10/12	
NGO Klimaka	Responsible for actions about homelessness	Third sector, Policy implementation	6/11/12	YES
Municipality of Athens	Social worker	Local government, Policy implementation	18/10/12	YES
Centre of Reception and Solidarity of the Municipality of Athens	Vice-president	Local government, Policy making	25/10/12	
Direction of Immigration Policy, Ministry of Interior	Head of the Department of Legal Coordination and Control,	Central government, Policy making	15/11/12	YES
Sudanese Community of Attiki	Secretary	Minority group, policy implementation	3/12/12	YES
President of 'KASAPI', Filipino Community in Greece		Minority group, policy implementation		
President of the Pakistani Community in Greece		Minority group, policy implementation		
Representative of the ROMA		Minority group, policy implementation		

Community of Attiki				

4 NÓGRÁD COUNTY

Katalin Kovács, Gergely Tagai & Gyöngyi Schwarcz in collaboration with Anna Hamar

TABLES

FIGURES

Executive Summary

The NUTS3 region selected for the Hungarian case study (Nógrád HU313) is part of the North Hungary NUTS2 region and lies along the Slovak-Hungarian border. According to the Edora classification system it is one of Hungary's predominantly rural areas. Due to its scarce road networks, the absence of highways and main railway lines it is classified as remote. Remoteness is also influenced by the features of the terrain: the area is hilly cut up by valleys with meadows, where most of the 122 villages (with an average population of 1100) and six towns are situated. The most important characteristics of the region are related to its limited natural and human endowments as well as low economic potentials: Nógrád's share in the country's GDP is less than 1%, the GDP per capita is also the smallest amongst the 19 counties of Hungary.

Nógrád still suffers from the slow recovery from the economic breakdown of the early 1990s. As a region dominated by traditional economic sectors like mining and manufacturing, it was heavily hit by the collapse of these industries. The jobs lost in these sectors have not been recovered and compensated; the scarce economic potentials kept activity rates low and unemployment, especially male unemployment high in the region, particularly in rural areas. However, as compared with the other subunits of the North Hungary NUTS2 region, Nógrád is generally in a better position thanks to its relative proximity to the capital city Budapest. A narrow strip of the western and southern border territory of the county belongs to the external commuting zone of Budapest. From the villages of this area a large segment of the active population, mainly male workers find employment either in the capital (being 60-80 km far) or in the growing towns of the conurbation. Much fewer women commute and this fact – in addition to age structure – contributes to the high female inactivity rate: the 67,6% figure is lower than the average of the NUTS2 region (69,2%) but higher than the country average (65,4%) and significantly higher than the average of the EE-NMS (59,2%) and the EU (51,7%). The gap between the activity/inactivity rates of the post socialist countries and that of the old member states suggests that this is one of the indicators demonstrating quite well the transition-related weaknesses of the EE-NMS' labour markets. Lower female than male unemployment seems also more characteristic to EE-NMS especially in regions of structural crisis like Nógrád.

According to our empirical research findings, the actual system of primary and secondary education fall short for several reasons of its task of preventing current disadvantages from being translated into lifelong disadvantages. It has rather an amplifying effect on the already existing process of social exclusion starting during elementary education. Empirical researches demonstrated an advanced stage of residential segregation (30-50% of the entire population is Roma) in certain villages, where the process of selective outmigration started already before the fall of Socialism generating almost full segregation in local schools. The same process

might affect vocational schools. Segregated schools have no hope to teach according to the civilised standards: the social and cultural problems they necessarily face are so dramatic that these schools have to struggle for preventing their students from the consequences of their being neglected or not properly supported by their families. Segregated schools and their students are usually excluded from social networks, they are not supported by firms and they can find practicing possibilities to their students with great difficulties. At this point, prejudices and discrimination also applies: trained Roma girls do usually not find employment in shops as an assistant or hairdresser, non-Roma people refuse to buy any products from the training shop of the vocational schools. Teaching in a ghetto school is extremely challenging and can easily end up in apathy: in one of the ghetto schools teachers were not willing to provide mentorship for talented Roma children even for remuneration (they simply got tired of their misbehaving).

When a group of respondents (mayors, social workers, teachers) were asked to draw correlation between poverty and social exclusion as well as between poverty and (Roma) ethnicity, they did not see the correlation that strong and emphasised individual misbehaviour and refusal of widely accepted norms as the most important sources of social exclusion (according to their understanding of the term, communities exclude those who do not appreciate their norms). The poor can misbehave and therefore not deserve community's respect and solidarity which are provided as long as norms are kept. Different attitudes of Roma and non-Roma towards social assistance were also mentioned as a source of biased picture (According to those mentioning this bias, Roma poverty is more visible than the poverty of the impoverishing middle class.) Finally, consumption habits of some of the Roma families did not allow for a clear-cut judgement in relation with linkages between ethnicity and poverty for the non-Roma locals: "Roma do spend on luxurious goods like plasma TV and mobile phone while they neglect their homes and gardens and do not spend on the education of their children" – as one of the interviewed principals described the tension between the "spending habits" of the minority and the rest of the local community. Others emphasised the cultural heterogeneity of the Roma: the narrow layer of rich amongst Roma come primarily from 'Olah-Gypsy' background. They earn their living from metal trade business (in Pásztó, from among the examined localities). Paradoxically, this group of people were mentioned as ones insisting on maintain their traditions like (abduction of young girls) that generate gender inequalities in schooling. In order to prevent their daughters from being abducted, some of the families concerned by the problem keep them at home (home schooling). Another group, Boyash was mentioned as poor, but more integrated therefore, less commonly excluded from the labour market then the ones lacking abilities, skills to work according to the standards demanded by jobs of the manufacturing industries present in the nearby towns. The latter group in one of the visited villages was characterised as people who lost their old (traditional) culture (Romungro or Hungarian Gypsies) and failed to acquire new culture.

Nevertheless, evidence based mainly on interviews with principals clearly show the close correlation between the poverty of households and that of their extreme as well as long term exclusion from labour market. This derives partly but not entirely from low level of schooling of the Roma. The fact that people with low educational attainment have much less chance to find employment than their counterparts in Western Europe is a shortage typical to the post-socialist countries. This fact contributes to the high rate of long term unemployed. The high birth rate in certain Roma communities (that ensures eligibility to child care benefit) can provide short-term path of escape from poverty but already in the medium run turns into the opposite and results in extreme poverty. The combination of these and other factors like cultural traits as well as the deepness of poverty and social exclusion of the Roma makes ethnic distinctions relevant.

Most of the schools and municipalities make sure that pupils/students who come from extremely poor and multiple deprived families are fed and they have the minimum set of toolkits in their disposal (the so-called multiple disadvantaged children are entitled to have three free meals per day at school and they are also provided with toolkits, handbooks for free in every September.) However, when a municipality cannot afford to feed eligible school children, the drama of poverty and deprivation becomes more and more acute, deepens the gap between the poor and the middle class and threatens with social unrest locally.

4.1 The Regional Context

Nógrád is situated in the northern part of Hungary next to the Slovakian border of the country. The NUTS3 region is also a local government unit called “megye” (county). Nógrád’s middle tier administrative role has long historical tradition rooting in the Hungarian Kingdom (and in its variant states). With its two neighbours, Heves and Borsod-Abaúj-Zemplén counties Nógrád is part of the Észak-Magyarország (Nothern Hungary) NUTS2 region. The third inland neighbour of the county is Pest in the south-west which assures connection towards Budapest, the capital city of Hungary.

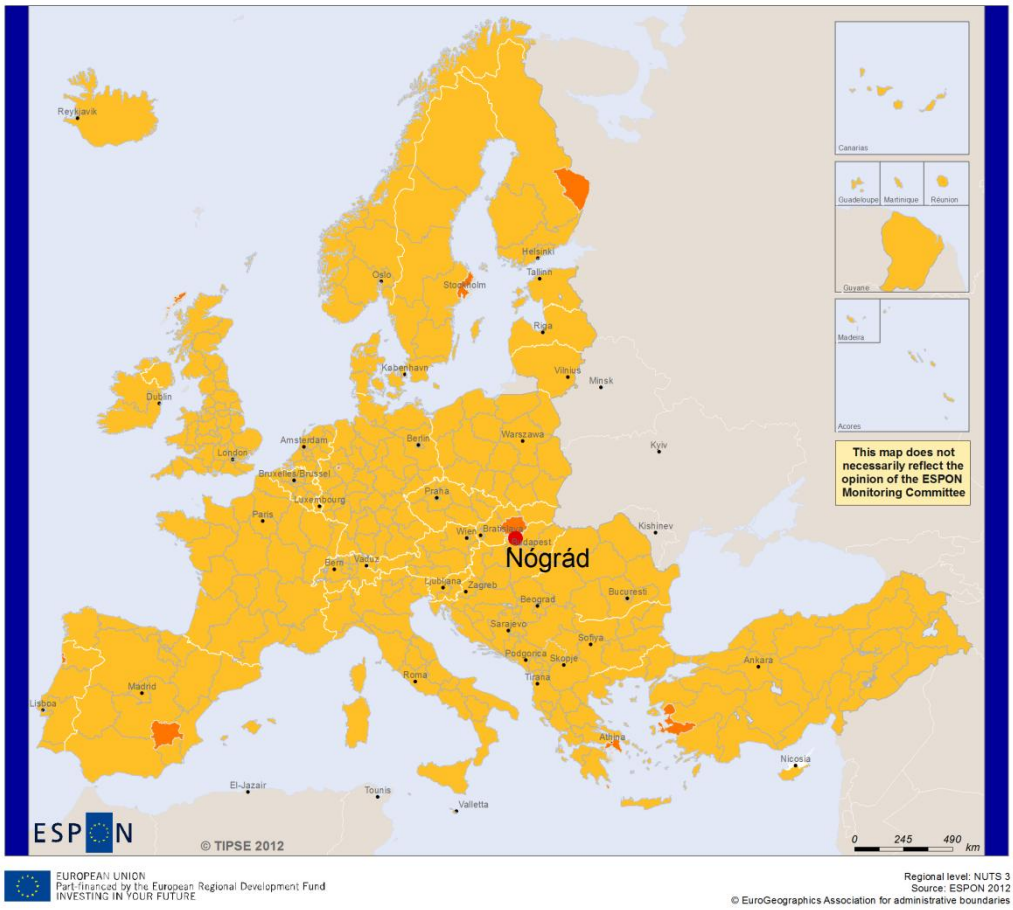

Figure 10: Nógrád in the context of the ESPON Space

Nógrád had never been labelled as a prosperous region in Hungary, neither in the socialist era when industrial activity based on traditional branches (mining, metallurgy) was extensively developed. After the 1990 political shift and parallel with the socio-economic transition of the early nineties, Nógrád got into a deep structural crisis with the greatest economic decline among the counties of Hungary. The

formerly determining economic branches have collapsed, causing high rise of unemployment and intensive outmigration of mobile social groups from the county. These effects have resulted in a quite unbalanced demographic structure and labour force situation which together with the hardly renewing economy determines the present social and economic position of Nógrád within Hungary and in the East European space.

Paradoxically, though Nógrád is not a coastal or an island region, symptoms of outer isolation is relevant in the case of this NUTS3 unit as well, originating its location at the Hungarian-Slovakian border. The borderland position made Nógrád become a peripheral area within Hungary. Nowadays the borders can be traversed easily but the region had previously (still has) limited connection with the territories in its northern neighbourhood. At the same time Nógrád is also an inland periphery as despite its small distance from the core region of Hungary and the capital city, its accessibility is unfavourable (even in the case of accessing neighbouring counties).

Table 14: Different ESPON CU Typologies of Nógrád, 2009

Costal typology	Area not covered by classification
Island typology	Not an island region
Metropolitan typology	Not a metropolitan region
Mountain typology	Moderately mountainous, remote region
Industrial transition typology	Region with industrial branches losing importance
Urban-rural typology	Predominantly rural region, remote

Source:
ESPON CU

Nógrád can be classified not just as a border region but through its physical makings as a mountainous one. On the one hand these mountains compose physical barriers towards the neighbouring areas – Börzsöny in the western part, Karancs-Medves in the north, Mátra in the south-east and Cserhát which is situated in the middle and southern part of the region. On the other hand the mountainous character of the county determines many factors of economic activity together with settlement structure and circulation possibilities (all influencing the socio-economic characteristics of the region).

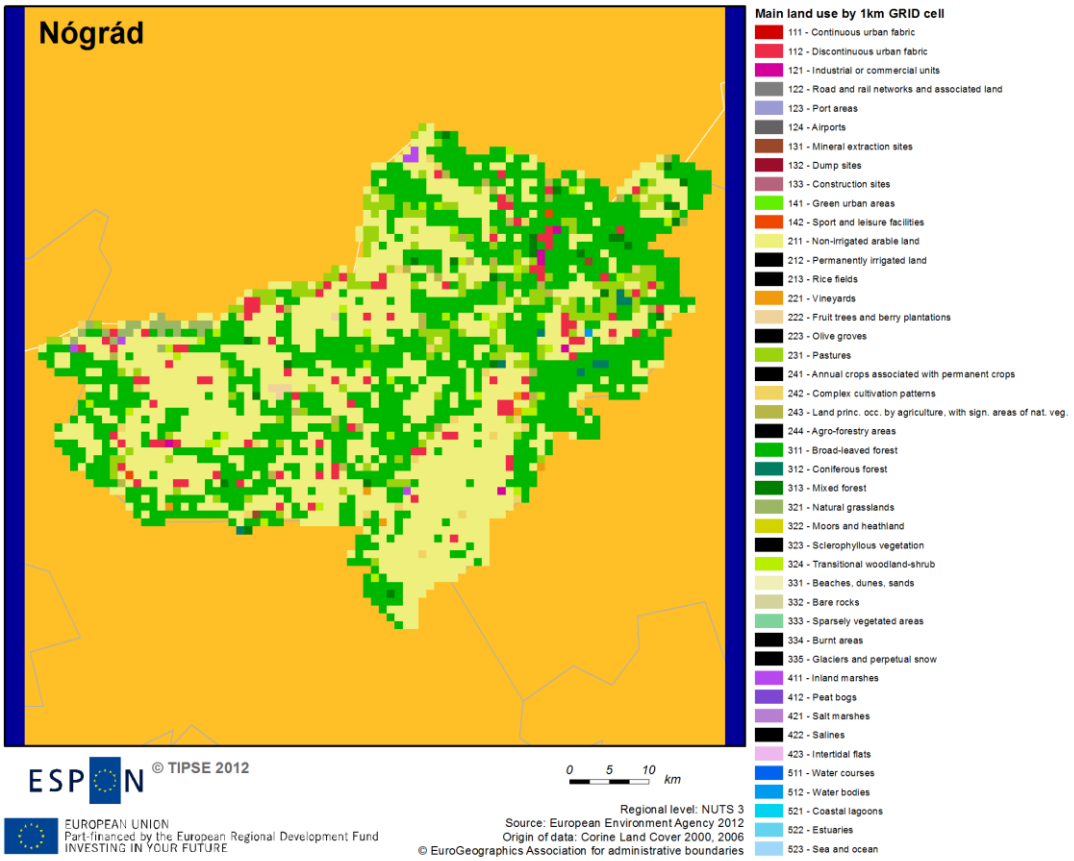

Figure 11: Corine Land Cover Typology of Nógrád, 2006

Mountains (like in Nógrád) can offer various natural resources for special economic activities e.g. mining, but they also limit the possible forms of others, like agriculture. As being a moderately mountainous area rising to 950 metres both in the west and in the east, significant area of Nógrád is covered with broad-leaved forests. Joining to the mountainous areas extensive pastures can be found. Territories favourable for agricultural cultivation are mainly situated in wider river valleys (e.g. Ipoly or Zagyva) and in basins, like Nógrádi-medence. The main land-use type of these parts of the region is arable land both for stock-raising and cropping. These areas are also the locations of bigger settlements with continuous urban fabric.

The population of Nógrád is just above 200 thousand which denotes that the region misses highly populated towns (not a metropolitan region in ESPON typology) and also can be considered as predominantly rural area – in relation among others to the mountainous character. The biggest towns are Salgótarján, the present county seat (37 thousand inhabitants) and Balassagyarmat (16 thousand inhabitants), the former one. One of the causes of the deep structural economic crisis of Nógrád is that its urban centres are small and weak therefore they are incapable of generating growth and prosperity in the region. Salgótarján is a relatively young town (gained its township in the early 1920s), but under the socialist era it became a relatively populous settlement with 50 thousands inhabitants. The source of growth during the

socialist era were such extensively developed industrial branches (traditional in the area) like mining, metallurgy or glass production. With the occurrence of the structural crisis of heavy industry Salgótarján and its environment become a lagging area and in the last 25 years the county seat has lost the 25% of its population.

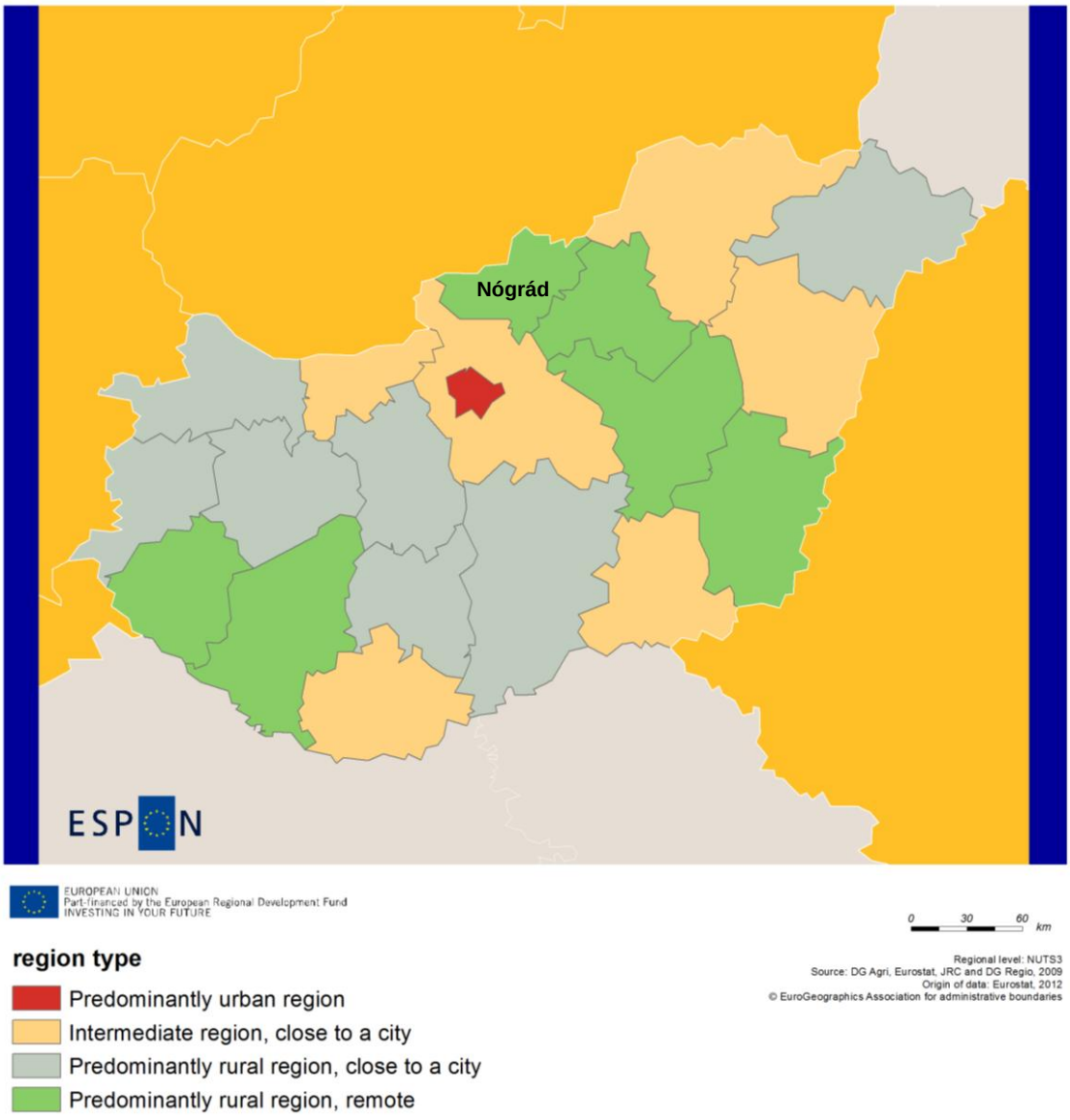

Figure 12: ESPON Urban-rural Typology in Hungary, 2009

The remoteness of Nógrád is influenced by the mountainous character of the region as well. Physical relief limits the access of given areas from any directions, thus the general paths of circulation and transportation in Nógrád follow larger flat terrains and some main routes located in river valleys between the mountains. Inter-county circulation connections are also unfavourable: the main routes follows the direction from south to north, transversal connections are more marginal. Beside local facilities, other factors also determine the deficiencies of accessibility of the region. Despite its relatively closeness to the most developed metropolitan area of Hungary, Nógrád has not profited much from its dynamism. Transit routes do not link

adequately the county to the socio-economic core of the country, while direct connections are also insufficient. E.g. in the latest years some railway lines were closed, the traffic of many others were rarefied – nowadays there is no direct intercity train between Budapest and Salgótarján.

However, western and southern sub-regions of the county have been moderately profiting from their relatively close proximity (30-60 km distance) to the metropolitan area offering job opportunities mainly in the quickly growing towns within the conurbation zone. The villages here are also destinations for urban outmigrants, though the intensity of outmigration is much less intense here than within the primary commuting zones.

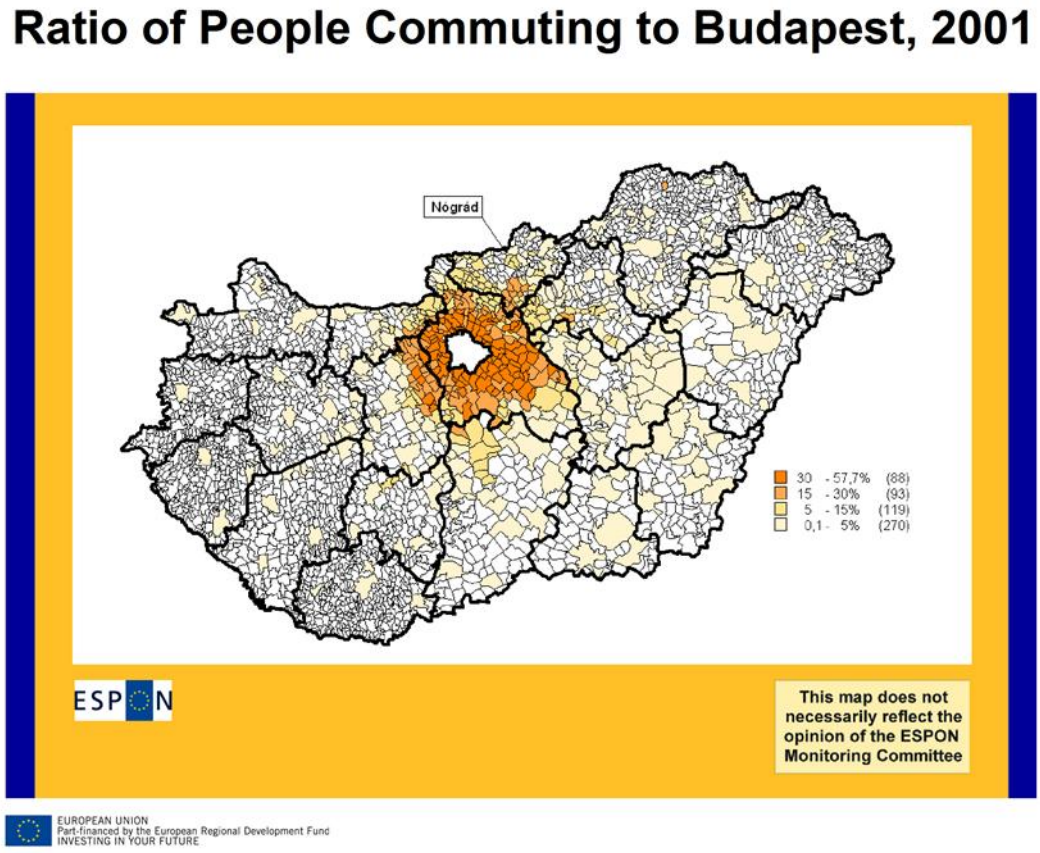

Figure 13: South-West Nógrád Budapest commuting zone

Considering population number, Nógrád is the smallest county of Hungary. The number of its inhabitants just reaches 200 thousand and it still diminishes intensively, due to the unfavourable cosio-economic and demographic characteristics of the region. Even if its population has the smallest number in Hungary, the population density of Nógrád is not so low given that its 2544 km^2 area is the second smallest in Hungary. Though other counties in Észak-Magyarország (the NUTS2 region Nográd belongs to) have higher values of population density, there are many regions in the Hungarian Great Plain and in Trans-Danubia which are more sparsely populated.

Regarding the demographic characteristics of the county, age structure has become more and more unbalanced in the last decades. The ratio of young age groups (aged <15) is equivalent that of Hungary, but the ratio of elderly people (aged >65) is high in comparison both with Hungary and Észak-Magyarország (a possible indirect effect of remarkable outmigration). This possibly projects the severe future challenges of the labour market in Nógrád, as the decrease of the ratio and headcount of younger age groups also shows the "melting" of future working age groups, while the number of inactive persons increases more.

Észak-Magyarország is generally considered as a lagging region within Hungary, but the position of Nógrád is even worse within it if one considers its labour force situation. Economic activity rate in Nógrád is only 45,2% while it is above 46% in Észak-Magyarország and the Hungarian country average is more than 50%. In the case of employment the difference between the rates is similar, while in Nógrád its value does not reach 40 percent. The level of unemployment in the county is among the highest within Hungary. The structural causes of economic crisis are also denoted indirectly in the area. The long-term unemployment rate is quite high in the whole Észak-Magyarország, while Hungary (the country itself) has to suffer "less" from this problem. As the below table illustrates, it is the low activity rate (and inversely, the high inactivity rate) that indicates the scarce economic capacities as compared with the EU27 countries.

Table 15: Demographic and Labour Market Characteristics

	Nógrád (HU313)	**Észak-Magyarország (HU31)**	**Hungary**	**EE-NMS***	**EU27**
Population (2010)[1], person	204,917	1,209,142	10,014,324	102.1 M	501.1 M
Population density (2010)[2], person/km^2	79.9	89.5	107.5	96.2	116.6
% aged <15 (2009)[1]	14.9	15.9	14.9	14.9	15.6
% aged 65+ (2009)[1]	17.7	16.8	16.4	14.7	17.2
Economic Activity Rate (2009)[3], %	45.2	46.4	50.1	n/a	57.6
Employment Rate (2009)[4], %	38.0	39.3	45.1	n/a	50.5
Unemployment rate (2009)[5], %	15.9	15.2	10.0	n/a	8.9
Long-term Unemployment rate (2009)[6], %	n/a	7.0	4.2	n/a	3.0

Sources:
Eurostat Database, Regional Statistics (Reg) Table [demo_r_pjanaggr3]; Eurostat Database, Regional Statistics (Reg) Table [demo_r_d3dens]; Eurostat Database, Regional Statistics (Reg) Table [lfst_r_lfp3pop]; Eurostat Database, Regional Statistics (Reg) Table [lfst_r_lfp3pop, lfst_r_lfu3pers]; Eurostat Database, Regional Statistics (Reg) Table [lfst_r_lfu3pers]; Eurostat Database, Regional Statistics (Reg) Table [lfst_r_lfu2ltu]

***** East European New Member States of the European Union (Estonia, Latvia, Lithuania, Poland, Czech republic, Slovakia, Hungary, Slovenia, Romania, Bulgaria)

The below table compiled from 2001 census data illustrates some important issues already raised an yet to be developed, namely, the extremely high level of inactivity rate in Hungary as compared with the group of post socialist countries (EE-NMS)

particularly with the European average. The figures reflect even more structural problems in Észak-Magyarország, within which Nógrád shows the lowest but still high inactivity rate. Unemployment figures show the situation a decade ago when new member states were still struggling with transition-related weaknesses. This explains the high unemployment rates and also the higher male than female unemployment in these countries. Ten-twelve years ago the proportion of unemployed approached that of the post socialist countries in Észak-Magyarország, was lower in Nógrád and much lower in Hungary, even lower than the European average (thanks to the low female unemployment).

Finally, the rate of highly educated people was rather low in 2001 as compared with the European and particularly with the NMS figures that were above the European average. The situation was even less favourable in Nógrád but availability of highly educated people was still less scarce here than in the other two sub-units of the Észak-Magyarország region.

Table 16: Inactivity, unemployment, the rate of highly educated persons, 2001 census data

	Nógrád (HU313)	Észak-Magyarország (HU31)	Hungary	EE-NMS*	EU25**
Economic inactivity Rate (Total 2001) %	61.7	63.6	59.7	54.1	44.6
Male	55.2	57.4	53.4	48.2	37.0
Female	67.6	69.2	65.4	59.2	51.7
Unemployment rate (Total 2001), %	13.8	16.6	10.1	17.5	11.0
Male	16.0	19.1	11.3	18.0	10.8
Female	11.1	13.4	8.7	17.1	11.6
Rate of persons with tertiary education (ISCED level 5-6) (Total 2001) %	7.3	6.7	9.2	12.4	11.5
Male	7.5	6.8	9.6	12.8	11.6
Female	7.0	7.5	8.8	12.5	11.4

Source:
Eurostat Database, Census 2001 round, Regional data, Table [cens_01rews]

***** East European New Member States of the European Union (Estonia, Latvia, Lithuania, Poland, Czech republic, Slovakia, Hungary, Slovenia, Romania, Bulgaria)

** Without Belgium and Malta

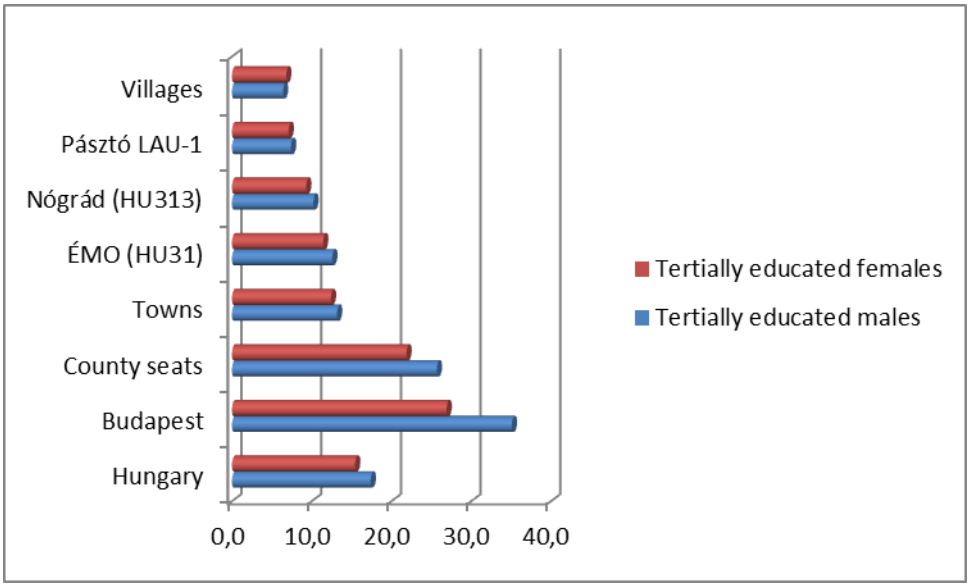

Figure 14: Tertially educated by gender 2000

Source: Census 2001

The scarce potentials of the county are appearing in the economic performance of Nógrád being the lowest among the NUTS3 regions in Hungary. In 2009 the total GDP volume of the county did not reach even the one percent of the Hungarian GDP. Considering the per capita GDP, Nógrád also gives the lowest economic performance with 4200 € per inhabitant, which is less than the half of the Hungarian country average. In international context the position of Nógrád is similarly bad. The per capita GDP of the county does not reach the 18% that of the EU average, while it is just dropped out from the 50 NUTS3 region within the EU, with the lowest per capita GDP – this list consists of Bulgarian, Romanian and Polish regions. By regarding its economic performance the position of Nógrád is also unfavourable in comparison with an average region from East-Central Europe, as its per capita GDP is only the half of the group average of East European member states of the EU.

Table 17: GDP Indicators, 2009

	Nógrád (HU313)	Észak-Magyarország (HU31)	Hungary	EE-NMS	EU27
Millions of euro	868	6778	91403	853588	11751419
Euro per inhabitant	4200	5600	9100	8350	23500
Euro per inhabitant in percentage of the EU average	17,9	23,8	38,7	35,5	100

Source:
Eurostat Database, Regional Statistics (Reg) Table [nama_r_e3gdp]

The socio-economic crisis following transition in the 1990s, the structural problems and the decline of traditional industrial branches (heavy industry) resulted that the economic performance of Nógrád has stagnated or lagged in the past twenty years.

While some counties in Hungary managed to execute a successful economic shift (e.g. Győr-Moson-Sopron, Komárom-Esztergom) and others performed well due to their economic potentials, weight and functional diversity (Budapest and Pest), Nógrád has stayed behind. The disparities among the prosperous regions of Hungary and the lagging ones, e.g. Nógrád became broader in the last two decades. The financial-economic crisis of the past few years has amplified this process in Hungary, as the lagging and more vulnerable regions with structural problems reacted worse to the new challenges.

The county's low agricultural endowments and the yet significant industrial potentials, especially in manufacturing are indicated by the figures of the below table. The weak urban and road/rail networks and centres explain the lower than average figures of commerce. These deficiencies influence information-and communication industries, finance and insurances as well. Relatively low rate of highly educated people discussed above are having impacts on the representation of this professionals: Nógrád has the lowest rate of this sector, as little as 3.9% as compared with the county average (7.5%) and that of the EE-NMS (5.9%) or the European Union at large (8,6%). In addition to manufacturing, it is the historically rooted administrative capacities that show remarkable strengths amongst the economic sectors with 25.2% share.

Table 18: Economic Activity by Sector (%), 2009

NACE Rev. 2 Category		Nógrád (HU313)	Észak-Magyarország (HU31)	Hungary	EE-NMS	EU27
A	**Agriculture, forestry and fishing**	6,6	7,4	6,9	14,6	3,4
B-E	**Industry (excl. construction)**	30,1	28,6	23,0	22,7	24,0
C	**Manufacturing**	27,5	24,5	20,6	19,7	21,7
F	**Construction**	6,4	7,8	7,3	8,2	8,5
G-I	**Wholesale, retail, transport, accomm., food services**	22,1	22,2	24,3	22,8	27,1
J	**Information and communication**	0,6	0,6	2,3	2,0	2,3
K	**Financial and insurance**	1,0	1,1	2,3	1,9	1,9
L	**Real estate**	0,4	0,4	0,8	1,0	1,0
M-N	**Professional, scientific, admin. and support**	3,9	4,0	7,5	5,9	8,6
O-Q	**Public admin., defence, education, health and social work**	25,2	24,1	21,3	17,9	20,5
R-U	**Arts, entertainment, recreation**	3,9	3,8	4,3	3,1	2,6

Source:
Eurostat Database, Regional Statistics (Reg) Table [nama_r_e3em95r2]

4.2 In-depth analysis (selected maps and tables)

4.2.1 Poverty indicators at NUTS1 level, introducing Roma issues

Table 19: Eurostat Poverty and Exclusion Indicators

	Észak-Magyarország (HU31)	Alföld és Észak (HU3)	Hungary	EU27
At-risk-of-poverty rate[1], 2010 (%)	n/a	17,1	12,3	n/a
Severe material deprivation rate[2], 2010 (%)	n/a	25,0	21,6	n/a
People living in households with very low work intensity[3], 2010 (%)	n/a	15,6	11,8	n/a
Early leavers from education and training[4], 2010 (%)	n/a	12,1	10,5	14,1
Disposable income per inhabitant[5], 2009 (€)	4511,7	n/a	4888,6	n/a

Source:
1. Eurostat Database, Regional Statistics (Reg) Table [ilc_li41]
2. Eurostat Database, Regional Statistics (Reg) Table [ilc_mddd21]
3. Eurostat Database, Regional Statistics (Reg) Table [ilc_lvhl21]
4. Eurostat Database, Regional Statistics (Reg) Table [edat_lfse_16]
5. Eurostat Database, Regional Statistics (Reg) Table [nama_r_ehh2inc]

Table 20: Poverty and exclusion indicators 2005-2011

At-risk-of-poverty rate by NUTS 2 regions [ilc_li41]

GEO/TIME	2005	2009	2010	2011
Hungary	13,5	12,4	12,3	13,8
Közép-Magyarország (HU1)	7,6	7,1	6,5	8,3
Dunántúl (HU2)	11,1	11,5	11,4	12,6
Alföld és Észak (HU3)	**19,3**	**16,9**	**17,1**	**18,9**

Severe material deprivation rate by NUTS 2 regions [ilc_mddd21]

Hungary	22,9	20,3	21,6	23,1
Közép-Magyarország (HU1)	19,7	18,5	20,7	20,2
Dunántúl (HU2)	19,2	17,6	17,9	20,3
Alföld és Észak (HU3)	**27,7**	**23,6**	**25,0**	**27,5**

People living in households with very low work intensity by NUTS 2 regions (population aged 0 to 59 years) [ilc_lvhl21]

Hungary	9,5	11,3	11,8	12,1
Közép-Magyarország (HU1)	5,3	6,6	8,1	8,3
Dunántúl (HU2)	7,6	9,4	10,4	11,7
Alföld és Észak (HU3)	**13,7**	**15,8**	**15,6**	**15,3**

People at risk of poverty or social exclusion by NUTS 2 regions [ilc_peps11]

Hungary	32,1	29,9	29,9	31,0
Közép-Magyarország (HU1)	26,2	24,9	25,4	26,0
Dunántúl (HU2)	28,1	26,9	25,3	27,9
Alföld és Észak (HU3)	**39,0**	**35,7**	**36,6**	**37,0**

Table 21: Povery rate of children and young people

	2000	2005	2009
Poverty rate of 0-17 years old children	17	20	21
Poverty rate of 18-24 years old young people	13	17	18

Despite potential weaknesses, Nógrád and its micro-regions (LAU-1 units) do not belong to the most deprived territorial units of Hungary; unlike in the North-East and South West peripheries of the country, its geographical position and ethnic composition of the population prevent the creation of enclaves of poverty at territorial scale. Where such enclaves appear, that is structural crisis and peripheral locations intersect, a third component, so called ghettoisation might also add to the already grave economic and social crisis.

In Hungary most of the Roma live in rural areas: those who declared Roma identity in 2001 (2% of the entire population) 57% lived in villages, therefore (Roma) ethnicity seriously contribute to shaping rural poverty. In Nógrád, where ghettoisation appears sporadically both in towns and villages, 7267 citizens declared Roma identity in 2001 (4.5% of the population) and almost three fourths of them lived in villages like in the North Hungary NUTS2 region.

Since ghettoisation and rural poverty are much more widespread in other sub-units of Eastern Hungary (HU3 NUTS14) than in Nógrád, poverty indicators at this level show more deprivation than Nógrád on its own would indicate (EUROSTAT data), nevertheless, they are worth considering:

- at risk of poverty rate was 5 percentage point higher, 18.9% here (Hu3 NUTS1 Unit) than the country average (13.8%)
- severe material deprivation rate was 4.4 percentage point higher (27.5) in East Hungary than the county average (23.1%)
- people aged below 59 with very low work intensity was 3.2 percentage point higher (15,3%), then the Hungarian average (12,1%)
- and the proportion of people at risk of poverty or social exclusion was as high in East Hungary as 37% in 2011, 6 percentage point higher than the country average.

4.2.2 Social and Spatial Polarisation

As far as territorial aspects of poverty are considered, as a consequence of sharp social and spatial polarisation generated by the uneven territorial potentials and divergent pace of economic regeneration after the collapse of early 1990s in regions: the situation has worsened a lot during the course of transition in the peripheries and improved in the areas impacted by economic cores, like Budapest in central Hungary and Vienna in the north-west section of the country.

[4] Alföld és Észak-Magyarország, practically the East from the Danube part of Hungary

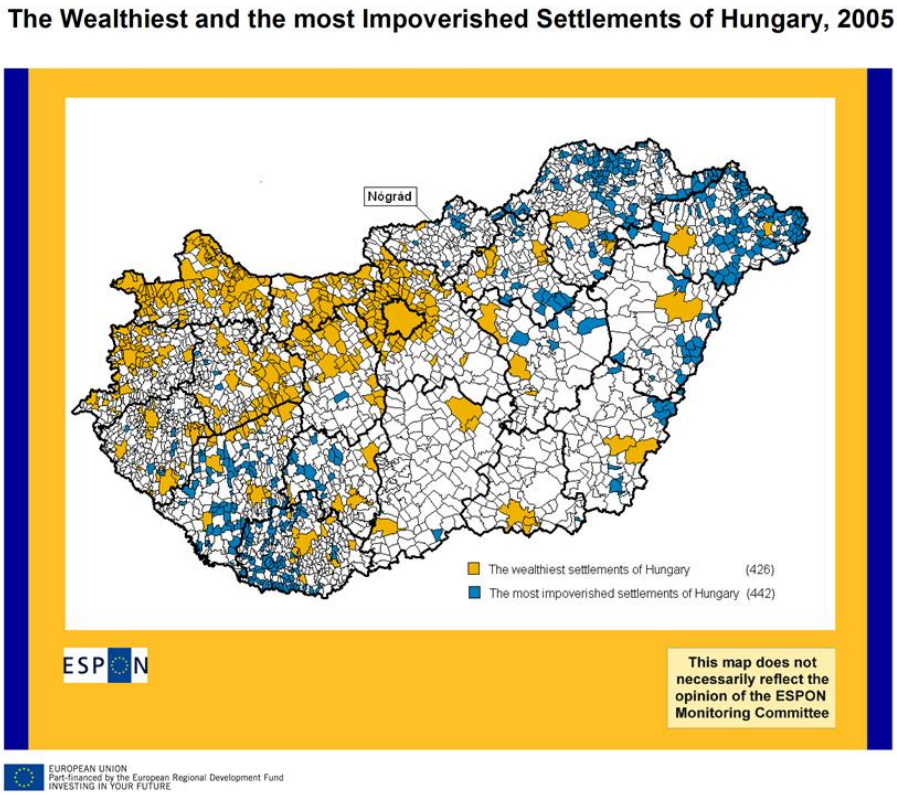

Figure 15: The outcome of social polarisation illustrated by the social composition of LAU-2 units

Villages and towns in Nógrád stand closer to the losers than to winners: according to a composite index measuring the wealth of the population at LAU2 level, 31% of towns and villages belonged to the middle in 2005, 37% to the above average group of LAU2 units and 42% to the below average group meaning higher than average unemployment, lower than average income, poorer than average housing conditions, higher than average rate of young people eligible for social benefits. Interestingly, the "middle" is stronger in Nógrád than in Hungary at large, where the picture is balanced, and much stronger than in case of the North Hungarian NUTS2 region (HU31) where the impoverished group of towns and villages represent the majority (66%). Even more balanced the picture in the researched LAU1 unit, the Pásztó micro-region, where the middle makes 34%, the above average category 30% and the below average group of villages 35%.

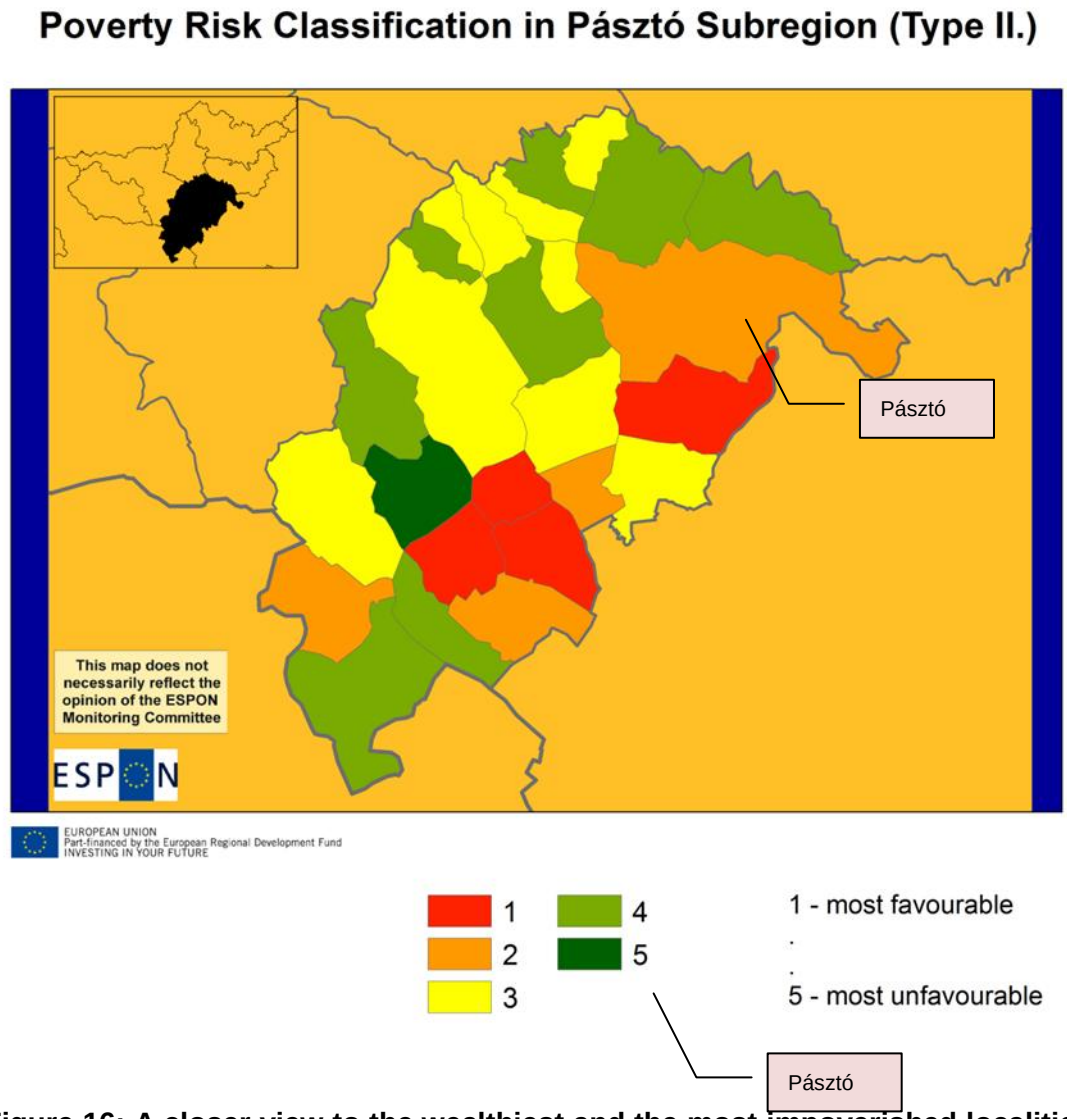

Figure 16: A closer view to the wealthiest and the most impoverished localities of the Pásztó LAU-1 unit in Nógrád

4.2.3 Empirical investigation in the Pásztó LAU1 subunit

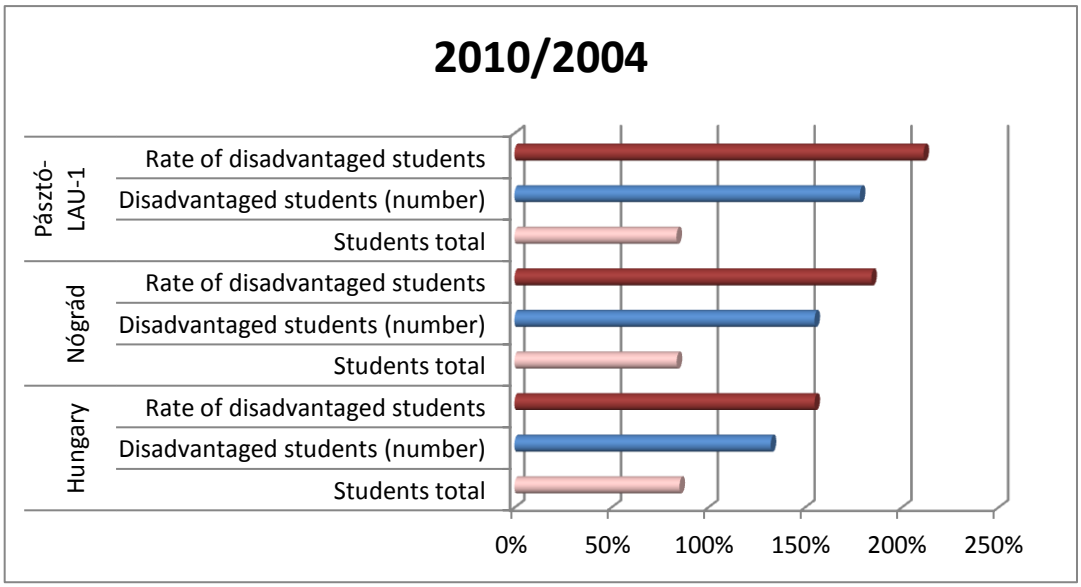

Figure 17: Increasing inequalities, growing numbers of disadvantaged students

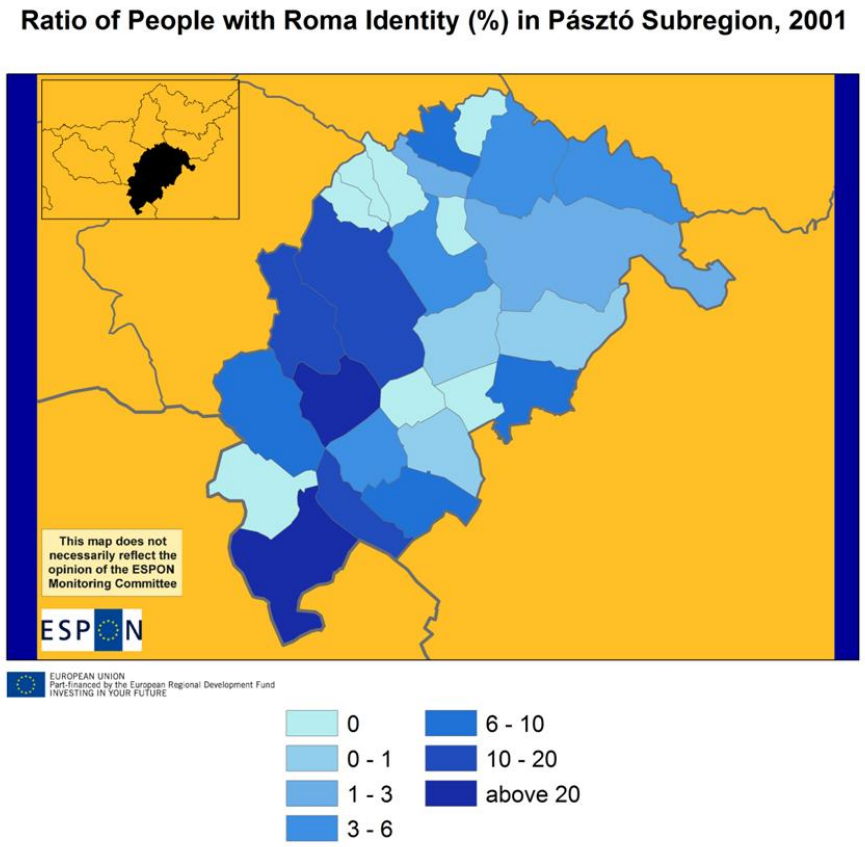

Figure 18: Ratio of People with Roma Identity in Pásztó Subregion, 2001

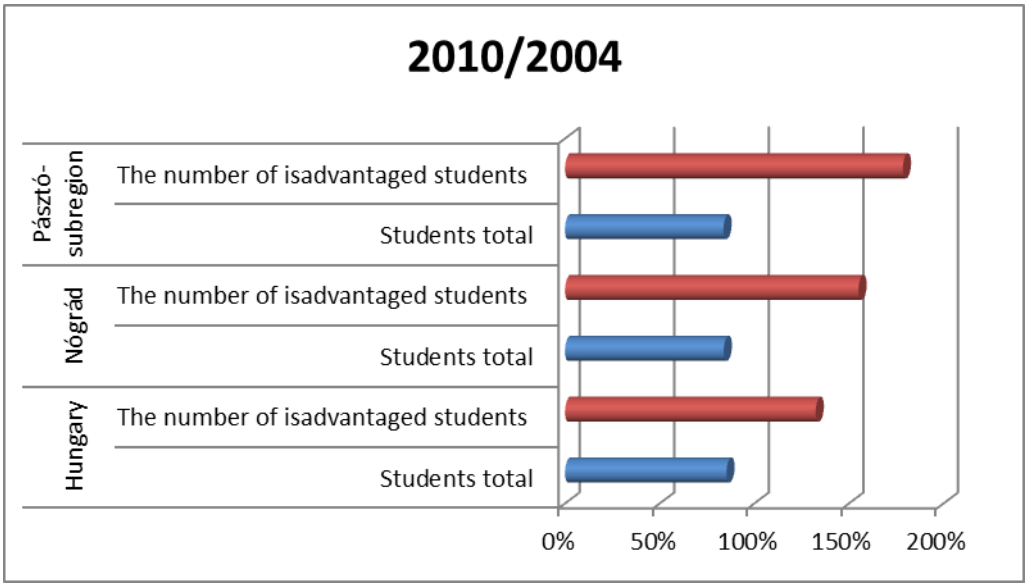

Figure 19: Changes in students' numbers and their social background in Nógrád and the Pásztó subunit 2004-2010

Table 22: The proportion of Roma people in the % of the population (2001)

Territorial units	Settlements	Population	Roma population	
	Number			%
Hungary	3 135	10 078 138	205 720	2,0
North Hungary (HU31)	603	1 297 596	69 214	5,3
Nógrád county (HU313)	128	221 642	9 950	4,5
Pásztó subregion	26	34 524	2 021	5,9
Budapest	1	1 712 677	14 019	0,8
Regional centres	23	2 010 967	19 986	1,0
Towns	304	3 201 526	66 777	2,1
Villages	2 807	3 152 968	20 341	0,6
Villages between 1000-1999 no of population	639	930 820	32 906	3,5
Pásztó	1	10 319	212	2,1
Szirák	1	1 212	381	31,4
Kálló	1	1 440	339	23,5
Erdőtarcsa	1	648	92	14,2
Mátraszőlős	1	1 714	96	5,6
Erdőkürt	1	611	-	-

Source: Census 2001

Appendix 1: List of Interviewed Experts

	Institution	Role in dealing with poverty and/or social exclusion	Geographical/poltical level	Date	Has declared willingness to work with TIPSE?
1.	Multi-purpose Assosiation of Pásztó Micro-region	Senior staff member being in charge of public human services	LAU-1 unit	7 Nov 2012	No
2.	Child Protection Service of Pásztó Micro-region	Professionals whose clientele comes mainly from among deprived families	LAU-1 unit	7 Nov 2012	No
3.	Representatives of Parents of Pásztó Primary School (4 persons)	One Roma and three non-Roma parents representatives discussed Roma exclusion	LAU-1 unit	7 Nov 2012	No
4.	Mayor and Vice-mayor of Pásztó Local Government	Chief decision makers of the town	LAU-2 unit	8 Nov 2012	No
5.	Head of Welfare Department of Mayor's Office of Pásztó	Senior staff member being in charge of criteria and eligibility of welfare benefits and implementing social policies	LAU-2 unit	8 Nov 2012	No
6.	School principal and Youth Protection Referent of Pásztó Primary School	Leader in primary education responsible for preventing school segregation	LAU-2 unit	8 Nov 2012	No
7.	Head of the Unifed Methodological Institution for the Education of Defective Children - Pedagogical Consultative Institution of Pásztó Micro-region	Head of a segregated institution (mostly Roma children with learning difficulties are taught here)	LAU-1 unit	8 Nov 2012	No
8.	School principal of Mikszáth Kálmán General Secondary School and Postal Secondary Vocational School and Boarding Facility, Pásztó	Leader in secondary education with experiences on social composition of children and drop-out	LAU-2 unit	9 Nov 2012	No

9.	Head of the District Nurse Service	Service with primary information on child poverty of Roma and non-Roma families	LAU-1 unit	9 Nov 2012	No
10.	Mayor of Mátraszőlős Local Government	Decision maker of a village where a ghetto school was closed recently	LAU-2 unit	7 Nov 2012	No
11.	School principal of Kálló Primary School	Principal of a ghetto school with first hand experiences of linkages between ethnicity, poverty and SE	LAU-2 unit	7 Nov 2012	No
12.	Mayor of Kálló Local Government	Mayor of a segregating village with first hand experiences on residential segregation, long term unemployment and local employment policies	LAU-2 unit	7 Nov 2012	No
13.	Representatives of Parents of the Kálló Primary School	Roma parents with experiences on school segregation, local social policies, discrimination and anti-Roma sentiments	LAU-2 unit	7 Nov 2012	No
14.	Mayor of Erdőtarcsa Local Government	Chief local decision maker of a segregating village	LAU-2 unit	8 Nov 2012	No
15.	Roma Minority Self-government of Erdőtarcsa	Roma representative of a segregating village	LAU-2 unit	8 Nov 2012	No
16.	School principal of Erdőkürt Primary School	Head of a non-Roma primary school where non-Roma parents of the segregating villages enrol their children	LAU-2 unit	8 Nov 2012	No
17.	Mayor of Erdőkürt Local Government	Chief decision maker of a village where Roma are “kept away”	LAU-2 unit	8 Nov 2012	No
18.	Vice-Clerk of Local Government of Szirák	Local administrator of a segregating village with experiences on long term unemployment and local social and	LAU-2 unit	27 Nov 2012	No

		employment policies			
19.	Principal of the Primary School of Szirák	Principal of a ghetto school with first hand experiences of linkages between ethnicity, poverty and SE. The school is maintained by the Nation Level Roma Minority Government	LAU-2 unit	15 and 27 Nov 2012	Yes
20.	Head of Roma Minority Self-government of Szirák and the vise mayor of the town (also a Roma person)	Roma representatives being in charge of local Roma policies, agenda setting and employment issues	LAU-2 unit	15 Nov 2012	No
21.	Member of the Roma Minority Self-government of Nógrád County	Roma representative at NUTS3 level linking local and national Roma leaders; involved in re-organising maintenance of the school	NUTS3	27 Nov 2012	No
22.	Head of Váci Mihály General Secondary School with a special department for socially deprived children	Head of a secondary school with rich experiences in relation with gifted children of poor families	NUTS3-level catchment area	15 Nov 2012	No
23.	Head of Fáy András Vocational Training School and Boarding Facility	Head of a vocational school with rich experiences in relation with children of poor Roma background with high drop-out rate	NUTS3-level catchment area	15 Nov 2012	No
24.	Grassalkovich Antal Vocational Secondary School, Vocational Training School and Primary School for Adults (Hatvan)	Head of a vocational school with rich experiences in relation with children of poor Roma background with high drop-out rate	NUTS3-level catchment area	22 Nov 2012	No
25.	Júlia Szalai senior	Leading scholar, expert of themes	national	16 Novem	No

	researcher, Institute of Sociology, HAS	related to extreme (deep) poverty, social exclusion and Roma issues		ber 2012	
	Nógrád County Government Office Department of Education	Refused interview	NUTS3		
	Pedagogical-Vocational/Professional Consultative Institution of Nógrád County	Refused interview	NUTS3		
	Ministry of Human Resources	We were promised a month ago that somebody will be assigned for the interview but we have not yet been contacted			

5 EILEAN SIAR

Philomena de Lima and Andrew Copus

TABLES

FIGURES

Executive Summary

This case study explores processes and dynamics related to poverty and social exclusion in the Western Isles, located on the extreme north-western edge of the EU. The Western Isles is part of the Highlands and Islands NUTS 2 region in Scotland. It is known officially by its Gaelic Local Authority name *Eilean Siar* at the NUTS 3 region. It is a predominantly rural and remote region, classified as being sparsely populated, reflecting characteristics of a 'post productive countryside' and "below average" in terms of key economic performance indicators.

The population of the Islands is just over twenty-six thousand with a low population density. Twenty percent of Western Isles population live in very remote small towns and 78% are spread across very remote rural areas. The Island has been experiencing a long-standing process of population decline and a growing ageing population, driven by declining fertility rates, selective outmigration of younger and economically active people. This has left a legacy of an imbalanced age structure which is projected to continue. In 2010 the dependency ratio was 62.84 compared to the Scottish average of 52.21 (CnES 2010, p1).

The Western Isles is recognised as facing a number of challenges given its geographical location and demographic trends. Issues such as access to good and services given its low population density, fuel poverty (home and transport), lower economic activity rates and low average gross weekly combine to create particular challenges for a wide range of groups in a context where the opportunities for economic development are limited.

Policies related to addressing poverty and social exclusion is the shared responsibilities of both the UK and Scottish Governments. For example, the State Welfare System and taxation are the remit of the UK government; the devolved Scottish Government has responsibility for issues such as education, housing and health services. The Scottish Government 's strategy for addressing poverty and exclusion is reflected in its National Performance Framework which sets out I5 objectives, 16 national outcomes and 50 indicators, and which all public bodies including Local Authorities are required to address and report on annually. In addition to a specific reference to different age groups, including more recently older people, there are also commitments to addressing inequalities between groups, improving economic activity rates between regions and improving public services (Scottish Government 2011).

Based on interviews undertaken with a range stakeholders at national and regional levels, the case study explores particular challenges that its demography and location presents for different groups on the Islands, as well as the impact of state and regional policies in addressing poverty and social exclusion. Preliminary analysis

suggests six interrelated factors as being significant in shaping poverty and social exclusion across different groups in the Western Isles: current and projected demographic trends; the impact of its remoteness. geography and sparsity of population with regard to access to good and services and fuel poverty; the economic downturn; limitations of its labour market; changes in the state welfare provision; individual biographies and circumstances; and culture.

5.1 The Regional Context

This case study focuses on the Western Isles, part of the Highlands and Islands NUTS 2 region in Scotland. These islands are on the extreme north-western edge of the EU, with the Atlantic Ocean on their western side and separated from mainland Scotland by a channel known as "The Minch", which is 70 kilometres across at its widest point. The islands are known by several different names; including "the Outer Hebrides" and the Gaelic "*Eilean Siar"*. The Gaelic language is spoken by the majority of the population) and *Comhairle nan Eilean Siar* is the official name of the local government unit, and of the NUTS 3 region.

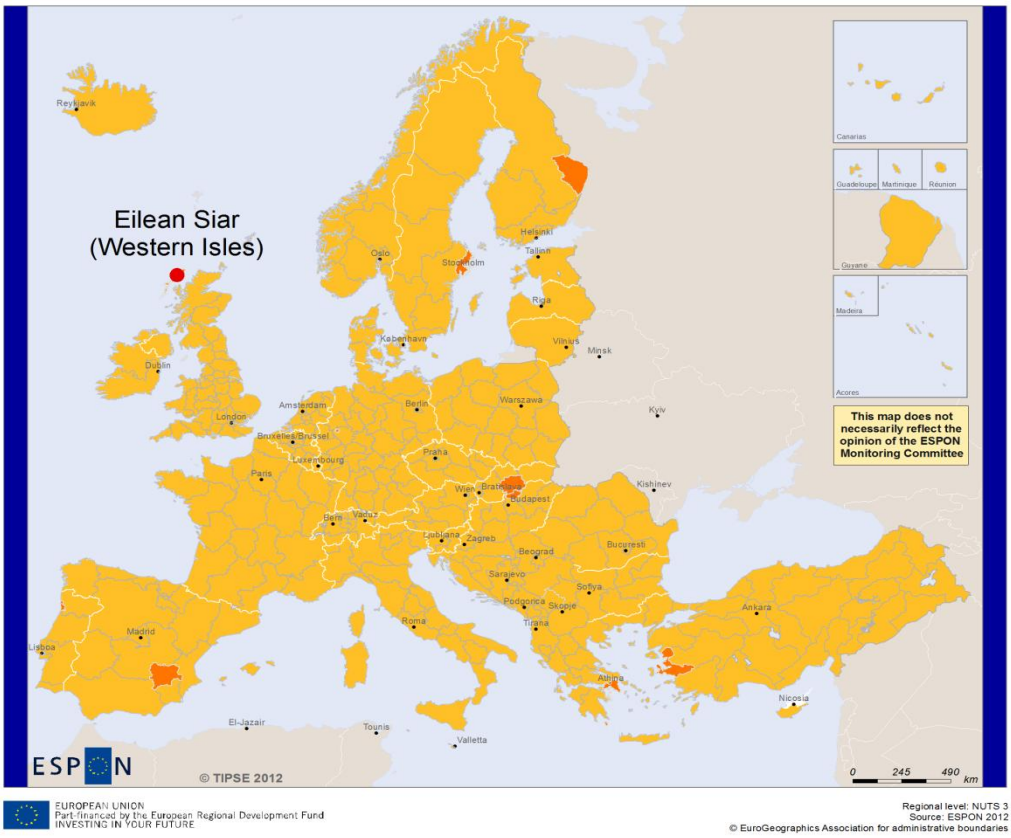

Figure 20: The Western Isles in the context of the ESPON Space

The islands extend to a little over 3,000 square kilometres. The landscape is rugged; much of this area is covered by peat bog, rough grazing and rock. There are significant mountain areas especially on the island of Harris, rising to almost 800 metres. The coastline is indented, and there are 7,500 freshwater "lochs". The best land is around the coastline, where former sand dunes known as "machair" account for the concentration of population close to the shore.

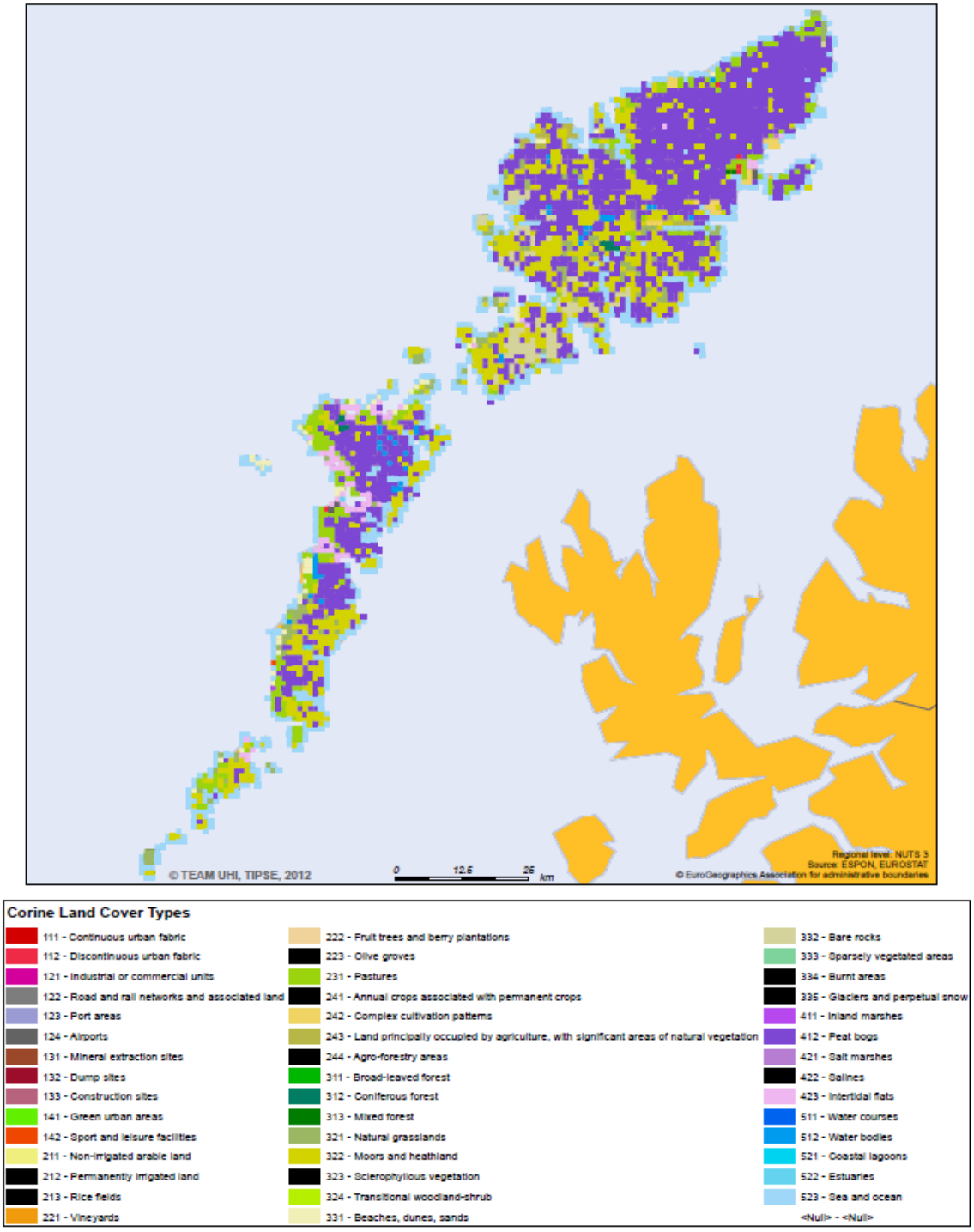

Figure 21: Corine Land Cover Western Isles 2006.

Although the surrounding waters were historically a relatively abundant resource, the fishing industry has declined substantially since the middle of the last century. The island landscape and climate provides relatively limited opportunities for agriculture. Small-scale sheep and cattle production, using unenclosed “common” rough grazing land is traditionally combined with fishing or artisan textile production (Harris Tweed) and a variety of self-employment or waged activities in a system known as “crofting”. However, the latter is affected by the aging structure of the population

(http://www.cne-siar.gov.uk/eds/agriculture.asp). Alongside this traditional way of life various new activities have emerged in different parts of the islands. For example, service industries in the “capital” (Stornoway), tourism, artistic activities based upon the unique Gaelic culture, food processing, and some engineering relating to the North Sea oil industry as well as a military base in South Uist . Overall with regard to sectoral economic activity and Gross Value Added by sector and per head , the public sector, the construction industry and the primary industries, fishing in particular, are more significant to the Western Isles economy compared to the rest of Scotland (Tables 1 and 2) .

Table 23: Economic Activity by Sector

NACE Rev. 2 Category		Western Isles	Highlands and Islands	Scotland	UK	EU27
A	Agriculture, forestry and fishing	3.4	5.1	1.9	1.1	2.2
B-E	Industry (excl. construction)	9.3	12.6	12.0	11.6	18.3
C	Manufacturing	5.9	8.5	8.6	9.9	17.4
F	Construction	8.5	8.7	7.9	8.1	7.6
G-I	Wholesale, retail, transport, accomm., food services	22.9	25.7	24.0	23.8	21.2
J	Information and communication	0.8	1.0	2.2	3.5	1.3
K	Financial and insurance	1.7	1.8	3.8	4.2	1.6
L	Real estate	0.0	0.4	0.7	0.9	0.3
M-N	Professional, scientific, admin. and support	6.8	6.8	9.9	11.1	16.0
O-Q	Public admin., defence, education, health and social work	43.2	32.4	32.1	30.2	27.4
R-U	Arts, entertainment, recreation	4.2	5.5	5.5	5.5	4.2

Source: Eurostat Database, Regional Statistics (Reg) Table [nama_r_e3em95r2

Table 24: Gross Value Added by Sector and per Head.

		Western Isles	Highlands and Islands	Scotland	UK	EU27
	NACE Rev. 2 Category	**GVA per head of working age population (€)**				
A	Agriculture, forestry and fishing	822	689	219	221	-
B-E	Industry (excl. construction)	2,600	5,332	6,318	5,197	-
F	Construction	2,460	2,425	2,598	2,403	-
G-I	Wholesale, retail, transport, accomm., food services	6,016	6,223	5,913	6,458	-
J	Information and communication	682	521	1,255	2,121	-
K	Financial and insurance	822	564	2,993	3,491	-
L	Real estate	2,326	1,603	2,111	2,487	-
M-N	Professional, scientific, admin. and support	1,163	1,728	3,262	4,086	-
O-Q	Public admin., defence, education, health and social work	9,091	6,978	7,548	6,961	-
R-U	Arts, entertainment, recreation	548	938	988	1,150	-
	Total	**26,519**	**27,001**	**33,205**	**34,576**	**31,514**

Source:
Eurostat Database, Regional Statistics (Reg) Table [nama_r_e3vab95r2]

It will perhaps be helpful, in terms of building an initial impression of the character of the case study area to note its classification in some of the typologies, which have been developed within the ESPON, programme. The most appropriate and informative classifications are the rural-urban typologies developed by Dijkstra and Poelman (2011) at DG Regio, and extended by the EDORA project (Copus et al 2011). These classify the Western Isles as Predominantly Rural and Remote, “consumption countryside” - reflecting access to natural areas, capacity for tourism and small scale, less commercial farming activity - and “below average” in terms of key economic performance indicators. The case study area is officially classified as sparsely populated, (Dijkstra and Poelman op cit) and as an island area in which the major island has less than 50,000 inhabitants.

The population of the Islands is currently a little over twenty-six thousand with a low population density. 22% of Western Isles population lives in very remote small towns and 78% in very remote rural areas(See Figure 3 ;Scottish Government 2012 Table 5.3). Stornoway with a population of around 5,660 is the only large town, and approximately 27% of the total population of the Western Isles live within what is called ‘the Greater Stornoway area’. The rest of the population are scattered across over 280 townships (CnEs 2012b).

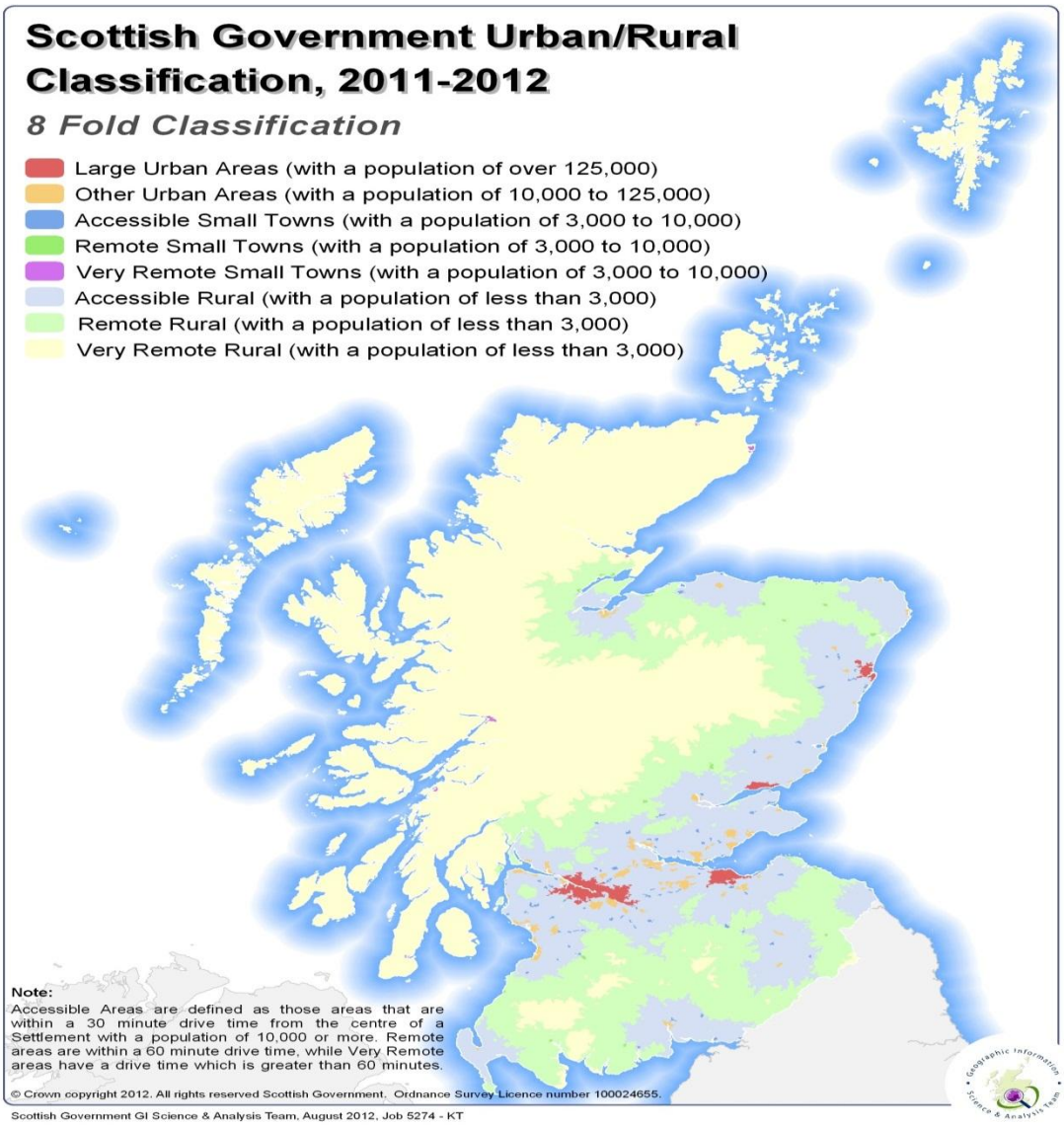

Figure 22: Scottish Urban-Rural Classification 2011-12
Source: Scottish Government (2012) Urban-Rural Classification 2011-12, http://www.scotland.gov.uk/Topics/Statistics/About/Methodology/UrbanRuralClassification/Urban-Rural-Classification-2011-12

5.2 Poverty and Social Exclusion in the Western Isles

The main aim of this case study was to explore experiences of poverty and social exclusion in a remote rural local authority area, with a particular focus on the consequences of an ageing population , declining fertility rates and a high rate of youth outmigration. The Western Isles is recognised as facing a number of challenges given its geographical location and demographic trends. Issues such as access to services given its low population density , fuel poverty, lower economic activity rates and low average gross weekly combine to create particular challenges in a context where the overall opportunities for economic development may be limited.

Before focusing on the Western Isles and remote rural areas in Scotland, it is important to provide a brief overview of the policy context on poverty and social exclusion to set the context. Policies related to addressing poverty and social exclusion are the responsibilities of both the UK and Scottish Governments. Whilst policies regarding , for example, the State Welfare system and taxation are the remit of the UK government, the devolved Scottish Government has responsibility for issues such as education, housing and health services. The Scottish Government 's strategy for addressing poverty and exclusion is reflected in its National Performance Framework which sets out I5 objectives , 16 national outcomes and 50 indicators, and which all public bodies including Local Authorities are required to address and report on annually. In addition to a specific reference to different age groups, including more recently older people , there are also commitments to addressing inequalities between groups, improving economic activity rates between regions and improving public services (Scottish Government 2011).

Recognising the challenges faced by public services in the context of the changing economic and public policy landscape, in particular the economic downturn and welfare reforms, as well as the consequences of an ageing society, the Scottish Government established a Commission on the Future Delivery of Public Services. In the face of these challenges , the Commission argues the need for radical reform , if the government is to meet its social justice objectives, and in particular if it is to address the consequences of socio-economic inequalities and provide support for the vulnerable (2011, p 16). Whilst recognising the contributions that older people make to society, the report also highlights the additional demands that might be placed on public services as a result of an ageing population, which will require additional resources. The latter concerns are also reflected in a recent submission of the Western Isles Council to a Scottish Government inquiry on the impact of ageing on public services (CnES 2012 a).

A long-standing process of population decline, driven by selective outmigration of younger and economically active people has left a legacy of an imbalanced age structure which is projected to continue. For example, population projections in 2012 estimate declining populations in relation to those under 16 (33.6%) and those of working age (19.5%) and increase of 22% in those of pensionable age by 2035. In 2010 the dependency ratio was 62.84 compared to the Scottish average of 52.21 presenting particular challenges for service provision related to social care and health services in particular (CnES 2010, p1).

However, obtaining accurate data on poverty and social exclusion at a local authority level and below in rural Scotland is also a challenge. In Scotland, the Scottish Index of Multiple Deprivation (SIMD) is used to identify small area concentrations (i.e. data zones) of multiple deprivation by measuring a combination of 37 different indicators across seven domains which also includes access to services. There are 6,505 data zones in Scotland, ranked from 1 (most deprived) to 6,505, (the least deprived) (http://www.scotland.gov.uk/Topics/Statistics/SIMD). Although none of

the 36 'data zones' in the Western Isles are deemed to fall within the 15% most deprived zones in Scotland, Indeed it is widely acknowledged although very few areas in rural Scotland show geographical concentrations of multiple deprivation resulting, this does not imply that rural deprivation does not exist (PolicyWeb 2006).

Table 25: Demographic and Labour Market Characteristics

	Western Isles	Highlands and Islands	Scotland	UK	EU27
Population density (2009)[1]	8.6	11.3	66.6	254.2	116.4
% aged <15 (2010)[2]	15.86	16.15	16.34	17.47	15.62
% aged 65+ (2010)[2]	23.71	21.43	18.46	18.10	19.12
Economic Activity Rate (2011-12)[3]	*(75.4)*	*(82.5) 62.03	*(77.1)* 62.50	*(76.6)* 62.44	57. 59
Unemployment rate (2011-12)	*(7.1)*	*(4.7)6.9	*(8.0)* 7.9	*(8.1)* 8.0	9.6
Employment Rate	*(67.5.)*	*(80.0) 57.9	*(70.9) 57.5*	*(70.3)* 57.4	52.0

Sources:
1. Eurostat Database, Regional Statistics (Reg) Table [demo_r_d3dens]
2. Eurostat Database, Regional Statistics (Reg) Table [demo_r_pjanaggr3]
3. *NOMIS (see note)*, and Eurostat Database, Regional Statistics (Reg) Table [lfst_r_lfp2actrt]
4. *NOMIS (see note),* and Eurostat Database, Regional Statistics (Reg) Table [lfst_r_lfu3rt]
5. *NOMIS (see note),* and Eurostat Database, Regional Statistics (Reg) Table [lfst_r_lfe2emprt]

* Highland only

Note: Figures derived from the National Online Manpower Information System (NOMIS) Local Authority Profile database(https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx) (https://www.nomisweb.co.uk/reports/lmp/la/2038432137/report.aspx#tabempunemp) https://www.nomisweb.co.uk/reports/lmp/la/2038432126/report.aspx#tabempunemp and are shown in brackets. Economic activity, employment and unemployment rates from the NOMIS database relate to the population aged 16-64, whilst those from Eurostat relate to the entire population over the age of 15 (16 in the UK). The NOMIS figures in the UK column relate to GB rather than UK.

Table 26: GDP Indicators and Disposable Income per Head

	Western Isles	Highlands and Islands	Scotland	UK	EU27
PPS (€'m)[1]	496	8,865	131,109	1,606,066	11,751,419
PPS per Capita[1]	18,900	19,800	25,200	26,000	23,500
% of EU 27 Average[1]	81	84	107	111	100
Disposable Income per Head (PPS) 2009[2]	n/a	15,867	16,644	17,020	n/a

Sources:
1. Eurostat Database, Regional Statistics (Reg) Table [nama_r_e3gdp];
2. Eurostat Database, Regional Statistics (Reg) Table [nama_r_ehh2inc]

As can be observed from Table 4, the Western Isles show a prevalence of lower economic activity rates and a slightly higher unemployment rate compared to the Highlands and Scotland as a whole (see also Hall Aitken 2007; NRS 2012). Overall figures for GDP indicators and disposable income per head (Highlands and Island which includes the Western Isles) and average gross weekly pay is low compared to Scotland as a whole (Tables 5 below). Whilst overall figures for those claiming Job Seekers Allowance (JSA) in the Western Isles are low in comparison to the rest of the Scotland and Great Britain, there are more JSA claimants in the 50-64 age

group and more people over 60 years of age claiming pension credits, reflecting the demographics described above.

Table 27: National Indicators of Poverty and Social Exclusion

	Western Isles	Scotland	GB
Average Gross Weekly Pay (£) 2011[1]	446.10	490.6	503.1
% claiming Job Seekers Allowance July 2012[1]	3.4	4.3	3.8
% aged 50-64 claiming JSA July 2012[1]	3.1	2.2	2.2
% of persons >60 claiming pension credits[2]	22.6	16.5	n/a

Sources:
1. NOMIS Local Authority Profile database (https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx).
2. Scottish Neighbourhood Statistics(http://www.sns.gov.uk/Reports/AreaProfile.aspx)

Data from the Scottish Household Survey (Scottish Executive Social Research 2003) reported the following for remote rural areas in Scotland:

- 22% of remote rural households had an income below the 60% median income which was the same as Scotland, but higher than accessible rural or small towns (p31) .
- 29% of pensioner households in remote rural areas had an annual net income of up to £6,000 compared to 25% in Scotland (p30).
- Pensioner poverty rates were highest in remote rural areas with just over 50% being below the 60% median. (p35) . Whilst highlighting the limitations of sample size , the report suggested that there was a stronger relationship in rural areas between pensioner poverty and age, disability and housing tenure (p36).

There are two issues that are considered to impact on remote rural areas in particular: fuel poverty and access to services . Fuel poverty[5] is recognised as a factor affecting remote rural areas in particular. For example , the proportion of households in remote rural Scotland classed as 'extreme fuel poor ' is more than double than the proportion in the rest of Scotland (Scottish Government 2012 , p36) . For example in 2010 fuel poverty was estimated to affect approximately 55% of households in the Western Isles. The following groups being at most risk : Old people- those living on their own in particular lone parents; disabled people; and

[5] "A household is defined as being in fuel poverty if it would be required to spend more than 10% of its income (including Housing Benefit or Income Support for Mortgage Interest) on all household fuel use. 'Extreme fuel poverty' is defined as a household having to spend more than 20% of its income on household fuel" (Scottish Government 2012, p36).

large households where adult members are either unemployed or working on a low income (http://www.wienergysolutions.co.uk/fuelpoverty.html)

Access to services- advice and information, employment opportunities, education and training and so on -is identified as a key underpinning issue affecting all aspects of life in rural areas. It can exacerbate and add levels of complexities to individual needs which may be harder to identify in rural areas and even if identified it may be difficult to meet due to higher service delivery costs (NHS Western Isles, undated) . Access to services is one of the main domains in which remote rural areas show the greatest social exclusion. This includes access to services such as education, health, finance, retail , petrol and so on (See Annex 1). Data on the access domain in SIMD 2009, revealed that 31 (86.1%) of the 36 datazones in the Western Isles were found to be in the 15% most deprived datazones in Scotland. This contrasted with 27 (75%) in 2006 and 29 (80.6%) in 2004. Almost all datazones in the Western Isles were reported to have an access rank 'that was more deprived than even the most deprived datazone rank on every other SIMD domain, including the overall SIMD 2009'. (Scottish Government undated , p3).

The disparity between remote rural areas and the rest of Scotland with regard to access to services is compounded by fuel costs and lack of proximity to public transport facilities (Scottish Government, 2012, p4). The Scottish Government report (Op cit, p19) on rural Scotland noted that 'remote rural areas are the only areas in Scotland which are not within a 15 minute drive time to key services.' For example, 69 % of people in remote rural areas live within a 15 minute drive time to a shopping centre, compared to 100% of people in the rest of Scotland. Fuel spent on cars due to longer driving distances to key services is higher in remote rural areas (58%) and for Accessible Rural areas (64%) than for the rest of Scottish households (Op cit, p27). In addition high fuel costs and transportation cists impacts on the cost living. For example, it was estimated that food was 15% more expensive and fuel 12% more expensive in the Western Isles than Scotland as a whole (NHS, Western Isles, undated, p1).

5.3 Perspectives on Poverty and Social Exclusion – Western Isles

Interviews were conducted with a range of stakeholders with local, regional and national expertise on poverty and social exclusion (See list in Annex 2). The purpose of the interviews was to help illuminate the trends, dimensions, processes and impact of poverty of social exclusion in their region as well as to identify the factors that shaped and influenced policies in addressing various aspects of poverty and social exclusion.

Appendix 1: Access to Services – Western Isles

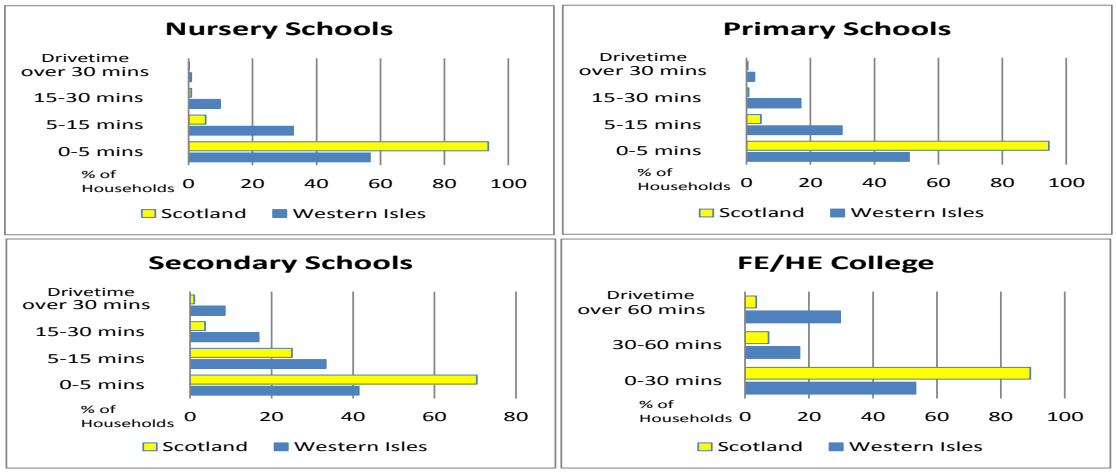

Figure 23: Drive times to Schools and Colleges Western Isles and Scotland 2001

Source: Scottish Neighbourhood Statistics (http://www.sns.gov.uk/default.aspx). For further information see: Scottish Government Report (2002) "Availability of Services in Rural Scotland" (http://www.scotland.gov.uk/Publications/2002/10/15646/12191).

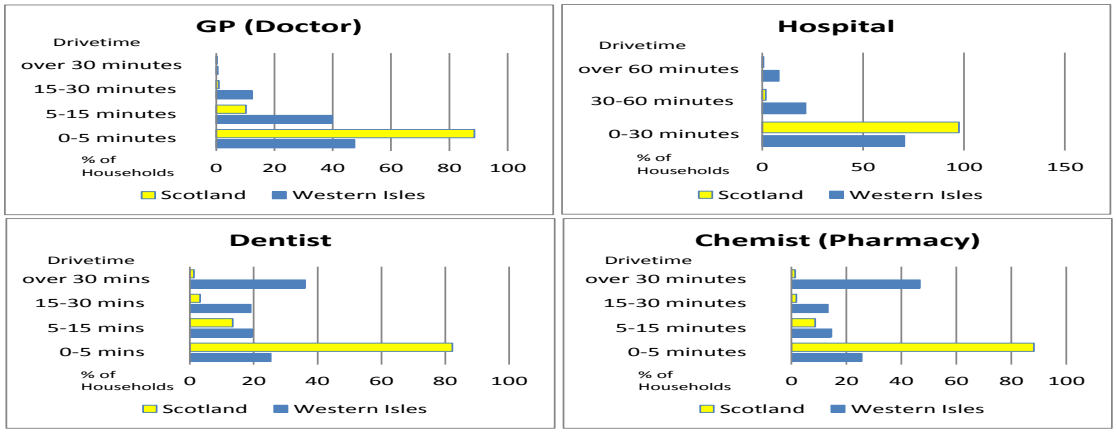

Figure 24: Drivetime to Medical Services Western Isles and Scotland 2001

Source:See Figure 4

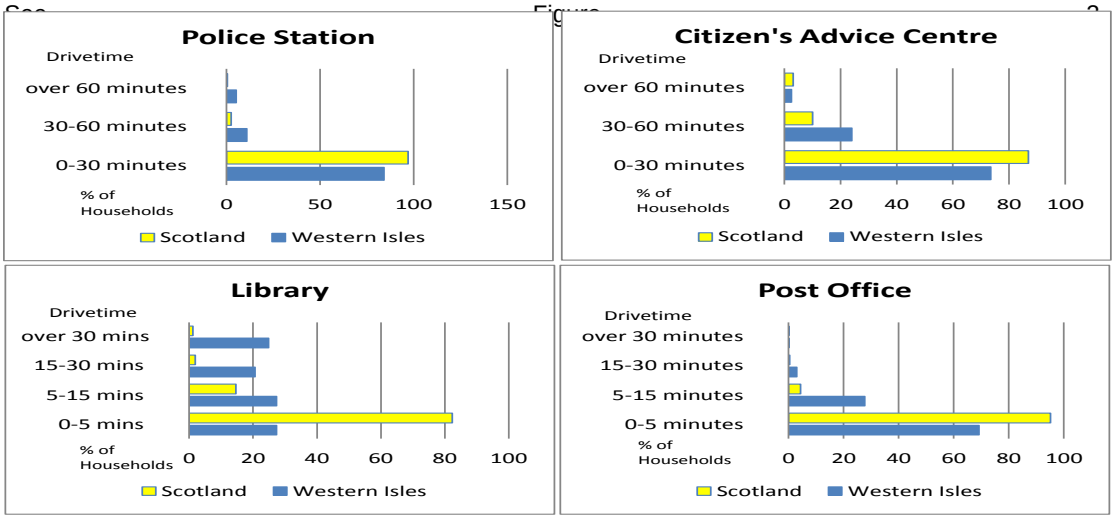

Figure 25: Drivetime to Information Services Western Isles and Scotland 2001
Source: See Figure 3.

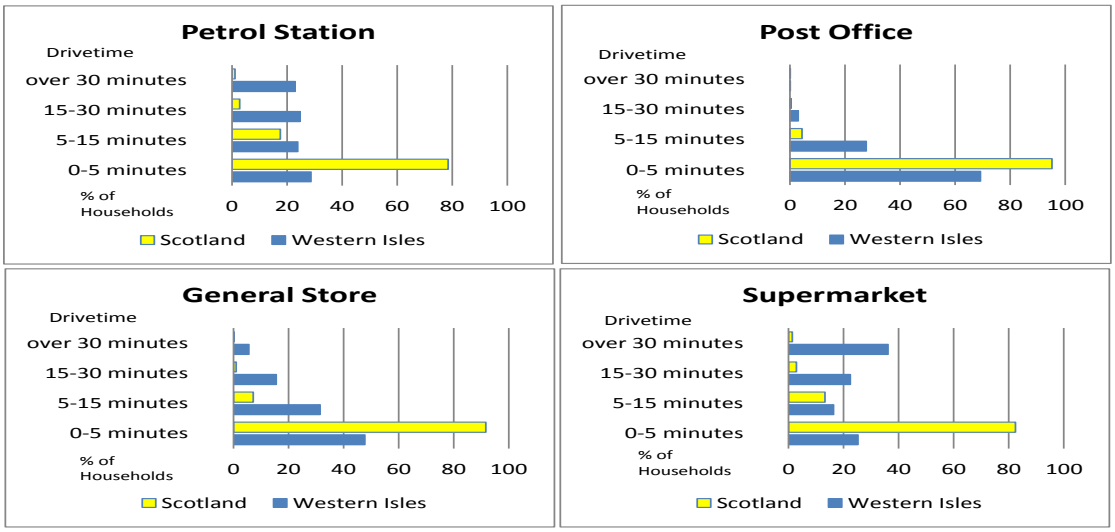

Figure 26: Drivetime to Retail Services Western Isles and Scotland 2001
Source: See Figure 4

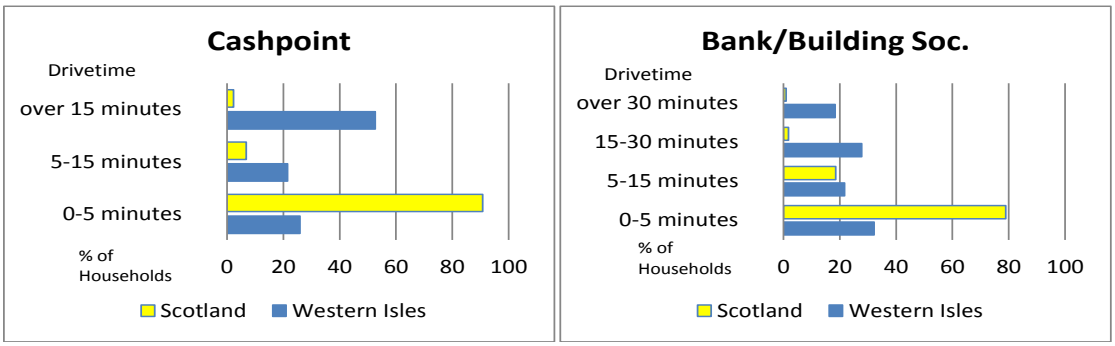

Figure 27: Drivetime to Financial Services Western Isles and Scotland 2001
Source: See Figure 34

Appendix 2: List of Interviewed Experts- Scotland , UK

Institution	Role in dealing with poverty and/or social exclusion	Geographical/ political level	Date	Has declared willingness to work with TIPSE?
Western Isles Citizens Advice Service	Providing support, advice and representations on tribunals to a wide range of individuals experiencing poverty /social exclusion	Local Authority WI, with 4 offices across the Western Isles	13/11/12	
Hebridean Housing Partnership	Builds, manages and provides social housing	Local Authority-WI	13/11/12	
CnES(Western Isles Council) Community Planning Partnership-Local Authority	Manager in the local authority who coordinates and manages Poverty Action group partnership activities	Local Authority-WI	13/11/12	Stake holder
Researcher	Previous role : Undertaken research focused on poverty and social exclusion as a PhD. Also other roles : active member of the Poverty Action Group in the Western Isles . Previously Head of health promotion partnership , National Health Service –Western Isles and board member Scottish Poverty Alliance		14/11/12	
National Health Service	Community development worker – healthy living and Board member of the Scottish Poverty Alliance	Local Authority-WI; and Scottish	14/11/12	

Institution	Role in dealing with poverty and/or social exclusion	Geographical/ political level	Date	Has declared willingness to work with TIPSE?
CnES (Western Isles Council)_ tw0 people interviewed	(1)Manager – Exchequer and revenue (2 Manages social funds – e.g. loans etc	Local Authority - WI	14/11/12	
Poverty Action Group /Councillor- CnES	Political leadership and chair of the Poverty Action Group –Western Isles	Local Authority- WI	14/11/12	
Credit Union	Financial services to all – though initiated to address financial exclusion by the local authority	Started in the Western Isles but now covers the Highlands and Islands	19/11/12	
Researcher – University of the Highlands and Islands		Local Authority - WI	To be confirmed	
Scottish Government	Involved establishing and monitoring Scottish Policy with a remit for rural Scotland	Scotland	To be confirmed	