Increased prosperity presupposes access to good education and training for all, an effective and inclusive welfare system and a well-functioning labour market supporting geographical, professional and socio-economic mobility.

The EU member states in the Baltic Sea region faces unbalance on their labour markets. On the one hand, all the member states in the region have common problems with high youth unemployment. In December 2014, the youth unemployment rates was in Denmark 10.4%, Estonia – 16.0%, Finland – 21.1%, Germany – 7.2%, Latvia – 19.4%, Lithuania – 18.4%, Poland – 21.3% and in Sweden – 21.7%. On the other hand, many industries, in particular in SMEs, experience a shortage of skilled workforce. Hence, education does not match the needs of the labour markets and at the same time, young people with no formal secondary educations risk long term unemployment and social exclusion/poverty.

Another challenge related to labour markets is the ageing populations, in the societies where people live longer, but also stay healthy longer, and where 70 is the new 55. In just a couple of years people will get used to later pensions, not just because of the need to have balanced pension systems but due to that elderly will want to work longer. Lifelong learning will be a reality which should allow employees to upgrade skills, change jobs and maybe start own companies, during their careers. The education systems are not adjusted to lifelong learning.

The existing facilities in tertiary educations and research are not equally distributed and interconnected, and their management and usage patterns differ significantly across the macro-region. There is a need for more effective coordination of research and higher education policies. An intensified transnational use of the research facilities combined with closer cooperation between institutions for tertiary educations will pave the way for a common region for education and research. The economic success

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depends on a well-educated workforce, world class graduates from educations, and both theoretical as well as vocational ones. The latest PISA report from OECD shows an unbalance in the region where some countries are performing well and others are in need of more attention.

New jobs are generated mostly from new or young companies, start-ups and SMEs. Talents with entrepreneurial mind-sets needs to be traced early in school, their interest and ability for business needs to be supported and encouraged throughout their educations towards new companies or intrapreneurial development in existing ones. Entrepreneurial skills need to be fostered at all levels of education. A multidisciplinary approach is needed in many sectors.

**Targets and indicators**

A comprehensive system for the design, the monitoring and the follow-up of indicators and targets will be set up under the responsibility of the policy area coordinators. The still missing baselines and statistics/data sources related to the below indicators will be defined.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicator</th>
<th>Target / deadline</th>
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<tbody>
<tr>
<td>Increased mobility for pupils and students.</td>
<td>Number of graduates of tertiary education with education-related study or training (including work placements) abroad and within the Baltic Sea region. 18-34 year olds with an initial vocational education and training qualification should have had an initial VET (Vocational Education and Training)-related study or training period (including work placements) abroad and within Baltic Sea region.</td>
<td>By 2020, aiming at a Baltic Sea region average at 10 % of tertiary education graduates with a period of higher education-related study or training (including work placements) abroad and within Baltic Sea region, representing a minimum of 15 ECTS credits or lasting a minimum of three months. By 2020, an EU average of at least 6 % of 18-34 year olds with an initial vocational education and training qualification should have had an initial VET-related study or training period (including work placements) abroad and within Baltic Sea region lasting a minimum of two weeks, or less if documented by Europass.</td>
</tr>
<tr>
<td>Attracting students and researchers from outside the Baltic Sea region.</td>
<td>Number of students from outside the Baltic Sea region at tertiary education programmes. Number of researchers at research institutions from outside the Baltic Sea region.</td>
<td>Numbers of students 2020; + 10%. Number of researchers 2020; + 10%</td>
</tr>
</tbody>
</table>

**Actions**

The policy area ‘Education’ covers three policy areas, namely:

- education including primary and secondary schools, tertiary education, adult education and non-formal education;
- research; and
employability meaning improving transition from education to the labour market;
and focusses on the following actions:

1. Combatting early school leaving and improving transition from education to labour market
In this Action, early school leaving and the so called NEETs (Not in Employment, Education or Training) are addressed. There are more than five million early school leavers across Europe, facing an unemployment rate of 41%. There is also an increasing number of NEETs. Young people who fail to finalize their secondary education, early school leavers, are those who have most difficulties finding jobs and thus risk becoming NEETs.

There is an average of 12% of early school leaving in the EU. These are the latest data for the member states in the Baltic Sea region: Germany 10.1%; Denmark 7.8%; Estonia 11.2%; Finland 9.2%; Lithuania 5.5%; Latvia 9.9%; Poland 5.3%; Sweden 7%. Thus, Member States in the Baltic Sea region are below the EU average percentage as well as below the EU2020 benchmark of 10%. However, there are significant regional differences within the countries. In some countries there is also a high number of students leaving school without accomplishing full qualifications. According to Education and Training Monitor 2014, the reduction of the number of early school leavers will save Europe large public and social costs and protect the individual from a high risk of poverty and social exclusion.

This action focuses on:
- learning more about NEETs and how to reach them;
- building knowledge on best practice, sharing good examples;
- developing and testing preventive measures, motivating pupils to participate in education;
- addressing the needs of better guidance and counselling;
- developing and testing re-integrative measures for NEETs, helping them back to education or to jobs.

2. Improving quality of education and vocational training through work-based learning and fostering entrepreneurial mind-sets
Well-functioning educations, flexible and able to quickly address to the needs of the labour markets is important both for the economy and the individuals. Work-based learning has proved to be a model closing the gap between education/training and labour market. According to Strategic Framework, ‘It is important to better identify and manage the availability of required skills, competences, and

Youth unemployment is high across Europe and the employment rate of recent graduates was in average 75.5% in the EU in 2013. In the Member States of the Baltic Sea region, the figures of employment rate of recent graduates (EQF 4-8) vary: Germany 89.7%; Denmark 81.9%; Estonia 76.8%; Finland 79.8%; Lithuania 75.5%; Latvia 78.2%; Poland 73.2%; Sweden 84.9%. These data from the Monitor of Education and Training 2014 show that the employability of young people has to be strengthened during their years in education. Figures of employability of VET graduates show more promising results. Monitor 2014 states: prospects in countries where work-based learning is a strong component of VET programmes and higher education, graduates are about 11% more likely to be employed than those with theoretical upper secondary education.

Entrepreneurship in education is about inspiring entrepreneurial potential. People need the mind-set, knowledge and skills in order to generate creative ideas, and the entrepreneurial initiative to turn those ideas into action. New jobs are generated mostly from new or young companies, start-ups and SMEs. Talents with entrepreneurial mind-sets needs to be traced early in school, their interest and ability for business needs to be supported and encouraged throughout their educations towards new companies or intrapreneural development in existing ones. Entrepreneurial skills need to be fostered at all levels of education. Master students in entrepreneurship can also play an important role in regional development, both in private and public sectors.

This action focuses on:

- capacity building through work-based learning focused on the needs of the economy,
- fostering and supporting entrepreneurial mind-sets at all levels of education, by introducing work on projects and practical experiences of entrepreneurship, in own country or abroad.

3. International excellence in tertiary education, science and research

According to the Eurostat report, the Baltic Sea region is one of the most competitive and innovative science regions in the world, built on an excellent structure of leading universities and research institutions. Based on common traditions and interests there is great potential for a closer cooperation in fields of higher education, science and research policies.

Tertiary education attainment in the EU was in 2014 on average 37.6% and growing. When it comes to the Member States in the Baltic Sea region, the numbers vary: Germany 33.6%; Denmark 43.9%;
Estonia 45.3%; Finland 45.5%; Lithuania 52.6%; Latvia 40.6%; Poland 41.7%; Sweden 49.6%. The Monitor 2014 concludes: in higher education, broadening access and reducing dropout rates amongst disadvantaged groups remains challenging. Yet, high-qualified employment is forecasted to have increased a further 13% by 2020. Moreover, the persisting disparities between and within countries leave no room for complacency.

As stated in Strategic Framework: ‘The European Research Area (ERA) is a unified research area open to the world, based on the internal market, in which researchers, scientific knowledge and technology circulate freely. Through ERA, the Union and its Member States will strengthen their scientific and technological bases, their competitiveness and their capacity to collectively address grand challenges’. This action focuses on:

- facilitate the cooperation of tertiary education, science and research policies in the Baltic Sea region for a common tertiary education, research and innovation area;
- enhancing the transnational cooperation in the development and utilisation of existing and new research infrastructures;
- attracting students and researchers from outside Baltic Sea region to the tertiary education and research institutions of the region;
- increasing student and researcher mobility within the Baltic Sea region;
- best practise and learning from each other in the field of tertiary education, science and research.

4. A labour market for all, using resources of longer lives

Labour markets are changing i.e. as a result of more efficient and less labour intense production processes in the industries. Efficiency is also a key word within our public sectors, in particular after the recent financial crises that results in slimmed organisations. At the same time, the demographic change with an ageing population, calls for recruitment of personnel that can fill gaps when the present workforce reaches retirement age. Life expectancy in the EU is high and growing (the average age in the EU is 79.6 years; the average age in some of the Baltic Sea region countries is even higher: Germany 80.2; Denmark 79.4; Estonia 76.0; Finland 79.9; Lithuania 73.4; Latvia 73.6; Poland 76.3; Sweden 81.0). What is known in relation to the recruitment needs for jobs of today and tomorrow, is that they will provide employment for a well-educated workforce and less so for unqualified job-seekers. Besides, the labour markets witness generational changes in employment patterns – the older generations have

44 The European Commission 2012 policy Communication on the European Research Area (ERA).
been used to having only one or just few jobs during their working life. Today’s generation has to be prepared for a much less stable labour market, and to upgrade competencies in order to be able to stay in the present job or to meet the requirements of a new one. Rapid changes in the labour market combined with downturn in the economy have resulted in increasingly long term unemployment. It is important to bear in mind that long term unemployed should have access to guidance and lifelong learning and that their integration into the labour market is properly supported. Active participation of long term unemployed should also be encouraged in economic sense.

Adult participation in lifelong learning in the EU was in 2014 on average 10.6%. In the Member States of the Baltic Sea region, they vary notably: 7.9%; Denmark 31.4%; Estonia 12.3%; Finland 25.0%; Lithuania 5.2%; Latvia 5.9%; Poland 4.1%; Sweden 28.6%. This diversity mainly concerns the participation in non-formal education and training according to available data of 2013: Germany 5.0%; Denmark 26.6%; Estonia 8.7%; Finland 17.7%; Lithuania 4.1%; Latvia 4.4%; Poland 1.9; Sweden 23.2%. This calls for learning from those countries in the forefront.

Lifelong learning will soon be a reality – in the course of the working life, one will regularly upgrade her skills adjusting to the needs of the labour market, or because of the need to find a less physically demanding job, or simply because one would like to do something else, including starting an own company. In the course of the whole life others then vocational, motivations are important too.

This action is also addressing the need of supporting the development towards a well-functioning labour market, making it easy to work permanently or temporarily in a neighbouring country. Hindrances for free movement towards a common labour market in Baltic Sea region, need to be identified and addressed.

This action focuses on:

- making lifelong learning a reality, offering competence development and resources for face-to-face guidance throughout the whole life;
- stressing the role of non-formal education in competence development;
- supporting dialogue between labour market organisations, relevant authorities and education providers on a society of longer lives;
- building a platform for learning, best practise in the field of adult learning;
- supporting labour mobility, removing hindrances.


5. Recognising potential – easing the way for newly arrived refugees

The inflow of asylum seekers and migrants to the European Union has dramatically increased in 2015 compared to previous years mostly due to the civil war in Syria but also due to other conflicts in Africa and in the Middle East and from countries with no armed conflicts, such as northern and western Africa. The migratory influx has been reduced in 2016; however, the management of large numbers of arrival and the integration of third country nationals residing legally in the Member States continues to be a key challenge for Europe.

The number of first time asylum applicants in the EU in 2015 was in total 1,255,640. In the member states of the Baltic Sea Region, they vary notably: Germany 441,800; Denmark 21,316 (out of which 10,849 were granted residence permits); Estonia 225; Finland 32,150 (out of which 6,534 have so far been granted residence permits); Lithuania 275 (out of which 86 were granted residence permits); Latvia 328 (out of which 29 were granted resident permits, 6 granted refugee status and 23 subsidiary protection status); Poland 10,255; Sweden 156,110.48

The increased number of refugees constitutes a challenge to those Member States where asylum seekers choose to apply for international protection. At the same time, many Member States struggle with demographic changes such as an ageing population which within a decade will lead to a deficit of skilled workers – academic and non-academic - in for e.g. industry, health care and other sectors. This underlines the need for an effective integration of refugees in order for them to contribute to the building of inclusive, cohesive and prosperous societies which is of common interest to all Member States.

In particular, asylum applicants coming from Syria are younger than the population of the host countries, 90% under the age of 40 and 50% under the age of 20, suggesting a potential for upskilling.49 Some of them are well educated.

Notwithstanding the work already undertaken through initiatives within the EU, such as the European Integration Network and the European Migration Forum, the Integration Action Plan and the Ministerial Conference on Integration, the rapid increase of migrant inflows also calls for more cooperation between the national, regional and local authorities, organisations and civil society entrusted with the responsibility of integrating refugees. Complementary to, and supporting already existing initiatives, an effective system of collecting and making good practice available is also needed. Besides mutual learning there is also much to gain from developing new methods and new organisations together with others, across borders.

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48 Asylum application numbers according to: http://ec.europa.eu/eurostat/documents/2995521/7203832/3-04032016-AP-EN.pdf. 29.08.2016

This Action focuses on:

- Exchange of best practices for the integration to the labour market e.g. through vocational education and training,
- Exchange of best practices for increased employability, smoothening integration into the society, and
- Developing and testing methods and systems, primarily to be used by local actors to facilitate integration on the labour market.

The foreseen actions are:

- a knowledge platform for exchange of experiences and development of new methods for increased employability, and
- development and testing joint trainings for key staff working with the target group.

The structured learning and development of new methods will take place in a so called knowledge platform. The platform will consist of thematic working groups where experts will gather for structured dialogue, learning from each other and jointly developing new methods. The outcome of these processes will be documented and published on the website. Examples of thematic working groups are; civil society involvement (including the work with ethnic and religious communities and migrant NGOs), digital support (for example apps and games) and language training (focusing on methods for fast learning). In one of the thematic groups a joint training for key functions will be developed and tested. It is foreseen that key functions are coaches and mentors. Curricula with both theoretical parts and practical training will be developed and tested.