

LMP indicators for monitoring the employment guidelines

This document provides an overview of the policy context and definitions of LMP (labour market policy) indicators as well as links to multidimensional tables with LMP data.

Employment guidelines

The European Employment Strategy¹ provides a framework for EU countries to share information, discuss and coordinate their employment policies. In this framework the employment guidelines provide common priorities and targets for employment policies.

The Treaty on the Functioning of the EU provides that Member States are to regard their economic policies and promoting employment as matters of common concern and to coordinate their action in this respect within the Council. In two distinct articles, it provides that the Council is to adopt each year broad economic policy guidelines (Article 121) and employment guidelines (Article 148), specifying that the latter must be consistent with the former². Given this legal basis, the employment guidelines and the broad economic policy guidelines are two distinct - but intrinsically interconnected - legal instruments. In order to improve the consistency of these two instruments, the two sets of guidelines were brought together under the single heading of the integrated guidelines.

In April 2010, the European Commission presented the "Europe 2020 Integrated Guidelines"³ which set out the framework for the Europe 2020 strategy. The broad economic policy guidelines were proposed as integrated guidelines 1 to 6 and the employment guidelines as integrated guidelines 7 to 10. The employment guidelines were adopted by the Council in October 2010⁴, and then maintained in 2011 and 2012. They are to remain stable until 2014 to ensure a focus on implementation. The employment guidelines are as follows:

- Guideline 7: Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality,
- Guideline 8: Developing a skilled workforce responding to labour market needs and promoting lifelong learning,
- Guideline 9: Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education,
- Guideline 10: Promoting social inclusion and combating poverty.

Joint Assessment Framework

To monitor the employment guidelines, the European Commission, the Employment Committee (EMCO) and the Social Protection Committee (SPC) had developed the Europe 2020 Joint Assessment Framework⁵ which was adopted by EMCO and SPC in November 2010⁶. The JAF is an indicator-based assessment system. A series of indicators to measure the

¹ <http://ec.europa.eu/employmentstrategy>

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:083:0047:0200:en:PDF>

³ <http://ec.europa.eu/eu2020/pdf/Brochure%20Integrated%20Guidelines.pdf>

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:308:0046:0051:EN:PDF>

⁵ <http://ec.europa.eu/social/BlobServlet?docId=6440&langId=en>

⁶ <http://ec.europa.eu/social/BlobServlet?docId=6538&langId=en>

current situation and trends through time are organised by policy area. There are 12 specific policy areas identified under employment guidelines 7 to 10 and broad economic policy guidelines 1 and 2 with some themes from the employment guidelines. Indicators related to LMP fall within policy area 3: Active labour market policies (PA3), and policy area 4: Adequate and employment oriented social security systems (PA4).

Table: JAF policy areas 3 and 4 with corresponding guidelines (marked with "X")

| Policy areas | | Integrated guidelines | | | | | |
|--------------|--|-----------------------|-----|---|---|---|----|
| | | 1* | 2** | 7 | 8 | 9 | 10 |
| 3 | Active labour market policies | | | X | | | X |
| 4 | Adequate and employment oriented social security systems | X | | X | | | X |

* Guideline 1: Ensuring the quality and the sustainability of public finances

** Guideline 2: Addressing macroeconomic imbalances

In each policy area, indicators are categorised as overall indicators (usually 1 per policy area), sub-indicators (typically 3-6 per policy area), and context indicators (variable number). The logic of the JAF is that in principle under each policy area the sub-indicators should reflect factors that explain and drive the outcome of the key overall indicator. In PA3 there are six indicators based on data from the Eurostat LMP database. In PA4 the sub area related to adequate social security systems (PA4.1) has two indicators based on LMP data.

List of LMP indicators with definitions

Definitions of all eight JAF indicators based on LMP data follow below and include links to the online tables where the data can be found.

Policy area 3: Active labour market policies⁷

Sub-indicators

- ***PA3.S1 Expenditure on ALMP per person wanting to work***

Definition: expenditure on LMP category 1.1.2 (Individual case management)⁸ and LMP categories 2-7 divided by the number of persons wanting to work (ILO unemployed plus labour reserve)⁹.

Data: [lmp_ind_exp](#)

- ***PA3.S2 Expenditure on ALMP as a % GDP***

Definition: expenditure on LMP category 1.1.2 (Individual case management)⁸ and LMP categories 2-7 as a percentage of GDP (source: national accounts).

Data: [lmp_ind_exp](#)

⁷ Overall indicator: Rate of long-term unemployment (as % active population) (LFS indicator).

⁸ At the present time data for LMP category 1 are not fully broken down by sub-category for all countries. Therefore the indicator can only be calculated for categories 2-7.

⁹ Persons wanting to work are defined as the unemployed plus the labour reserve. The unemployed according to the ILO definition are persons without work, currently available for work and actively seeking work. The labour reserve denotes inactive persons wanting to work, i.e. it is a subset of all inactive persons (persons neither employed nor unemployed). Data are taken from the EU Labour Force Survey:

http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/introduction

- **PA3.S3 Activation – number of participants in regular activation measures in relation to the number of persons wanting to work**

Definition: stock of participants in regular activation measures (LMP categories 2-7) divided by the number of persons wanting to work (ILO unemployed plus labour reserve).

Data: [lmp_ind_actsup](#)

Context indicators

- **PA3.C1 Activation of registered unemployed**

Definition: stock of participants in regular activation measures (LMP categories 2-7) that were previously registered unemployed divided by the stock of registered unemployed plus the stock of participants in regular activation measures that were previously registered unemployed and are not counted as registered unemployed during a measure.

Data: [lmp_ind_actru](#)

- **PA3.C4 Activation of long-term (registered) unemployed**

Definition: stock of participants in regular activation measures (LMP categories 2-7) that were previously long-term registered unemployed divided by the stock of long-term registered unemployed plus the stock of participants in regular activation measures that were previously long-term registered unemployed and are not counted as registered unemployed during a measure. Note that long-term unemployed = 12+ months for adults (25+) and 6+ months for youth (<25).

Data: [lmp_ind_actru](#)

- **PA3.C6 Timely activation**

Definition: the proportion of entrants to regular activation measures (LMP categories 2-7) or assisted activation programmes (LMP sub-category 1.1.2) who were not yet long-term unemployed (Target value 100% = full compliance). Method: $(A-B)/A$ % where A = Total entrants B = Long-term unemployed entrants (12+ months for adults 25+ and 6+ months for youth (<25))

Data: [lmp_ind_actime](#)

Policy area 4: Adequate and employment oriented social security systems (4.1 Adequate social security system¹⁰)

Context indicators

- **PA4.1.C2 Expenditure on LMP supports (cat 8: out of work income maintenance) per person wanting to work**

Definition: expenditure on LMP category 8 (Out of work income maintenance and support) divided by the number of persons wanting to work (ILO unemployed plus labour reserve).

Data: [lmp_ind_exp](#)

- **PA4.1.C3 Expenditure on LMP supports (cat 8: out of work income maintenance) as % of GDP**

¹⁰ Overall indicator: At-risk-of-poverty rate of unemployed (SILC indicator).

Definition: expenditure on LMP category 8 (Out of work income maintenance and support) as a percentage of GDP (source: national accounts).

Data: [lmp_ind_exp](#)

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