



ESPN Thematic Report on integrated support for the long-term unemployed

Greece

2015

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Summary

Long-term unemployment is a leading social issue in Greece. According to the latest Labour Force Survey (LFS) annual data for 2014, there were 840,400 long-term unemployed – 75% of the total number of unemployed. It is worth noting that, according to the LFS, 69% of the total long-term unemployed (LTU) have been seeking a job for more than 24 months. However, administrative data from the Manpower Employment Organization (OAED) show that only 423,200 people (i.e. 55% of all registered unemployed) are recorded as having been seeking a job for more than 12 months.

The Public Employment Services in Greece function exclusively under the authority of the OAED. It is in sole charge of all unemployment benefits, including long-term unemployment assistance, which is a non-contributory (welfare) benefit. The assistance is €200 per month (nearly two-thirds of the “typical” ordinary unemployment benefit) and lasts for 12 months. Eligibility for this benefit is largely means tested, but the condition also applies that the claimant should have been in receipt of ordinary unemployment benefit for 12 months. It should be noted, however, that the long-term unemployment benefit is of limited coverage. In fact, while the long-term unemployed represent 55% of all registered unemployed, only 8.4% of the long-term unemployed are eligible for long-term unemployment assistance. Together with its limited coverage and duration, the low level of this financial assistance means that it has little impact on reducing poverty and social exclusion among the LTU. Nor is it a disincentive for getting back into work.

There is a lack of active policy measures targeted at reducing long-term unemployment, and the social services in support of the LTU are very inadequate. In fact, although a significant number of active programmes aim to provide support for the unemployed, none of them is tailored to long-term unemployed people. In addition, the Public Employment Services follow a standard procedure, being responsible for drafting and developing an individual action plan for each unemployed person (including the long-term unemployed); but this plan concerns only employment issues and does not constitute an “integrated contract” as such.

As passive and active labour market measures are delivered under the same roof (i.e. OAED, through local Employment Promotion Centres), it may be said that there is a “quasi” one-stop shop – but only for the provision of employment and unemployment-related services. As regards coordination between OAED and other social services towards a one-stop shop approach, it should be emphasised that there is no single point of contact or one-stop shop service available for the integrated support of the unemployed. Formal partnerships or cooperation with municipalities (or other institutions) are totally absent. Municipalities, non-governmental organisations (NGOs) and regional welfare services are the agents responsible for helping vulnerable groups, including the long-term unemployed. These institutions act independently of OAED services, as there is a lack of a “cooperation culture” and an absence of an appropriate regulatory framework for their coordination.

Overall, in Greece there are no tailor-made activation programmes and social services for the long-term unemployed, and there is a conspicuous absence of an integrated approach towards benefits and social services; a culture of cooperation; and one-stop shops. A non-contributory welfare benefit, the amount of which falls far below the poverty line, is the only income support targeted at the long-term unemployed. Nevertheless, this support covers only a limited number of the total registered LTU.

1 Benefits and services supporting the long-term unemployed

1.1 Types of income benefits for the long-term unemployed

First of all, it is necessary to underline the fact that the unemployment benefit system in Greece is structured on the basis of the unemployed person's previous work record and social insurance contributions. It is thus not a typical unemployment assistance scheme, but rather an unemployment insurance system, which is of limited coverage. The amount of the contributory unemployment benefit is set at €360 per month, and its duration depends on previous work record (and social insurance contributions), ranging from five months to a maximum of twelve months. The eligibility criterion (previous work record¹), together with the fact that the benefit is of limited duration, means that very many unemployed persons are not covered by this "typical" ordinary unemployment benefit². This is reflected in the data published by the Greek Manpower Employment Organization (OAED). According to these data, the number of registered unemployed (job seekers aged 25–74) in December 2014 was 770,192 persons,³ of whom only 164,646 **received unemployment benefit** (i.e. **only 21%**).

What is of rising concern, however, is that, according to OAED's data, **more than half (55%) of the registered unemployed (25–74) are long-term unemployed** (i.e. 423,287 persons).⁴ This makes it a leading social issue in Greece, given that the only unemployment assistance scheme available to the long-term unemployed (LTU) is **long-term unemployment benefit** (means tested and non-contributory), which is **set at €200** per month (approximately 55% of ordinary unemployment benefit) and which **lasts for a maximum of 12 months**. It should be underlined that, quite apart from its limited duration, this benefit falls far below the poverty line (for a single-person household). Besides, Greece still lacks a general Minimum Income Scheme, which, if in force, would act as a final safety net for the LTU.

The long-term unemployment benefit is a non-contributory (welfare) unemployment assistance scheme, which has been in force since 2002 (Law 3016/2002) and addresses only those unemployed who have previously received the ordinary unemployment benefit for 12 months and who fulfil certain income and age criteria. Initially, the benefit was €150 per month and was granted to long-term unemployed persons aged 45–65 who had previously received the ordinary unemployment benefit for 12 months and who had an annual family income of less than €3,000.⁵ But in 2003, in an effort to increase the take-up rate, which was extremely low, the amount of the benefit was raised to €200 per month, and the maximum annual income threshold was also increased to €5,000.⁶ Yet, in spite of this increase, the take-up rate for the long-term unemployment benefit continued to be very low – between 500 and 1,500 beneficiaries per year in the period 2002–2009 (Matsaganis, 2013).

This long-term unemployment assistance scheme remained unchanged for almost ten years (i.e. 2003–2011). However, the extremely high levels of unemployment, and in particular long-term unemployment, that followed in the wake of the fiscal crisis and the economic recession, led the government to introduce some changes to the income and age eligibility criteria, so as to cover a larger part of the long-term unemployed persons in need. In particular, from January 2012, the maximum annual family

¹ That is, at least 125 days of work during the 14 months preceding job loss or, at least, 200 days of work during the 2 years preceding job loss.

² That is, either because they are not eligible, or because the period of unemployment benefit allocation has been exhausted.

³ The data collected by OAED refers only to registered unemployment and differs significantly from the Labour Force Survey data. It should be noted that according to the Labour Force Survey annual data for 2014, the total number of the unemployed aged 25–74 was more than 1.1 million people.

⁴ According to LFS latest annual data (2014), LTU amounts to 840.4 thousand people or 75% of total unemployed aged 25–74.

⁵ Joint Ministerial Decision 31092/1.7.2002 (in Greek)

⁶ Joint Ministerial Decision 31217/8.4.2003 (in Greek)

income allowed for the benefit to be granted was raised from €5,000 to €12,000.⁷ Then in January 2014, eligibility for long-term unemployment benefit was extended to cover those aged 20–66 (previously only the age group 45–65 was covered), but at the same time stricter income eligibility criteria were introduced:⁸ the annual family income threshold was lowered from €12,000 (plus €587 for each dependent child) to €10,000 (plus €586.08 for each child).⁹

Today, long-term unemployment benefit is granted to those unemployed persons who fulfil the following criteria: they should have received ordinary unemployment benefit for 12 months; they should apply within two months of the expiration of the ordinary unemployment benefit; they should be aged 20–66; and they should have an annual family income not exceeding €10,000 (plus €586.08 for each child). It should be noted that, as is the case with ordinary unemployment benefit, entitlement to the LTU benefit requires job-seeking (and acceptance of any job offered). Yet, in practice, this requirement has not really been enforced. Aside from job-seeking or job-acceptance “theoretical” conditionality, no other specific means exist to link the benefit with other activation measures.

It should be emphasised that, apart from the LTU benefit mentioned above, **no other type of income benefit for the long-term unemployed exists, while a general Guaranteed Minimum Income Scheme is still lacking in Greece.**¹⁰ However, any person who faces economic hardship (including the long-term unemployed) can apply to the municipal social services for exceptional “ad hoc” financial assistance (strictly means tested).

Turning to an examination of the **effectiveness of the long-term unemployment benefit** in terms of its coverage and take-up, the evidence suggests that this **remains rather negligible**. The number of beneficiaries receiving the long-term unemployment benefit was very low even before the crisis, largely because of the very strict eligibility conditions and low rates of take-up. In 2010, the number of beneficiaries showed an increase, reaching 1,850 persons, and in 2011 a further increase was recorded (3,000 beneficiaries) (Matsaganis, 2013). In 2012, a sharp increase in the number of long-term unemployed led the government to ease the eligibility criteria (by increasing the income threshold for means testing), and as a result the number of LTU beneficiaries jumped sharply, to reach 20,000. Even then, though, the benefit covered only 3% of the long-term unemployed. In 2014, the extension of the age eligibility criterion to cover those aged 20–44 as well caused the number of beneficiaries almost to double – to 37,893 people (out of a total number of 453,098 registered long-term unemployed). Yet, in spite of the increase in the number of beneficiaries, only 8.4% of the total registered long-term unemployed are covered (see Table 1 below).

⁷ Joint Ministerial Decision 14080/513/11.1.2012 (in Greek).

⁸ Joint Ministerial Decision 44137/613/18.12.2013 (in Greek).

⁹ For example, as from 2014, the income threshold for a family with two children is €11,172.16 (€10,000 + €586.08 + €586.08).

¹⁰ Today, a small-scale pilot Guaranteed Minimum Income Scheme is being implemented in 13 municipalities. Every resident in those municipalities (including long-term unemployed) can apply for Minimum Income Benefit, so long as he/she fulfils the specific income and property criteria of the pilot scheme.

Table 1: Beneficiaries of long-term unemployment benefit, by age and gender, 2014 (in absolute numbers and as a percentage of the registered LTU)

Age cohorts	Number of beneficiaries receiving the LTU benefit			Number of registered LTU	LTU receiving benefit as a % of the registered LTU
	MEN	WOMEN	TOTAL	TOTAL	TOTAL
20–24	227	338	565	29,058	1.9
25–29	1,082	1,768	2,850	57,027	5.0
30–44	2,625	3,680	6,305	178,910	3.5
45–54	8,425	9,044	17,469	110,791	15.8
55–64	6,306	4,172	10,478	67,726	15.5
Over 65	151	75	226	5,768	3.9
Total	18,816	19,077	37,893	449,280	8.4

Source: Statistical Service of OAED; own calculations.

As the table confirms, despite the recent changes to broaden the eligibility criteria, **more than 90% of the registered long-term unemployed are still not covered by long-term unemployment benefit.** This renders the benefit largely ineffective, especially in the absence of a general social assistance scheme. Moreover, the fact that the data based on the Labour Force Survey put the number of LTU persons aged 25–74 at more than 840,000 in 2014¹¹ (compared to only 423,200 registered with the OAED) might be considered some indication of the ineffectiveness of the benefits and the activation programmes, in terms of their limited coverage in relation to the total unemployment figure. Apart from this, other factors – such as difficulty in accessing Public Employment Services (PES) (especially for people living in rural areas and on islands), inadequate information about the programmes/benefits on offer, and the absence of the provision of social services – appear to contribute decisively to the relatively limited number of registered unemployed.¹²

1.2 Services complementary to long-term unemployment benefits

The long-term unemployment benefit is not accompanied by the provision of any other support services, except counselling services for job-seeking. However, all long-term unemployed beneficiaries can apply to participate in the various active employment and training programmes implemented by the OAED, and enjoy priority (extra points) in the selection process. But at present most of the active labour market measures are targeted at people aged below 30. In general, there are not any tailored activation programmes targeted at the long-term unemployed or at the older age cohorts of the long-term unemployed. As regards the latter, the only exception is the availability of a pre-retirement scheme targeted at the long-term unemployed who are over 60 for men or 55 for women and who were previously insured under the IKA-ETAM social insurance fund. This scheme covers the payment (for up to five years) by OAED¹³ of all the social contributions required in order to establish the right to a pension.

As for social services offered to the long-term unemployed, no such specific services exist – other than the provision of free access to the public health care system for the registered long-term unemployed who fulfil certain previous work record criteria. Free

¹¹ It is worth noting that, according to the LFS, 69% of the total long-term unemployed have been seeking work for more than 24 months.

¹² It is worth mentioning that, according to the LFS annual data for 2014, only 65.7% of the total unemployed said they had contacted the Public Employment Services.

¹³ Through the Account for Employment and Vocational Training (LAEK).

access for the long-term unemployed aged 29–55 lasts for only two years,¹⁴ while for those aged over 55 free access lasts until retirement age. In addition, some NGOs provide psychological support services to vulnerable groups (including the long-term unemployed).

In short, accompanying actions to facilitate access to social services for the long-term unemployed are not really available in Greece. In general, it is hard to find instances where the provision of financial benefits is combined with relevant enabling services; this is a long-standing weakness of the Greek social protection system.

2 Coordination between services towards a one-stop shop approach

It should be stated right at the outset that there is a conspicuous absence of both an integrated approach to unemployment benefits and social services, and of a culture of cooperation and one-stop shops to provide integrated support to the unemployed (including the long-term unemployed).

The Public Employment Services in Greece function exclusively under the authority of **the Manpower Employment Organization (OAED)**, which is a tripartite public institution: the state, workers' and employers' organisations are all represented on the Administrative Council, and have direct responsibility for decision-making. OAED is in charge of all active labour market measures, as well as of the provision of unemployment benefits, including long-term unemployment benefit. **OAED has local agencies in all regions of Greece and follows a standard procedure** for the services delivered – with only minor variations – when dealing with the long-term unemployed. Most of OAED's programmes are national in design, and there is no local flexibility and no autonomy to adapt to local circumstances.

No other agencies are involved in the delivery of unemployment benefits or employment promotion programmes (subsidised employment) for the unemployed and the long-term unemployed. These tasks remain within the exclusive competence of OAED's services. This implies that the delivery of all unemployment-related benefits and employment activation programmes comes under a single roof (OAED's local Employment Promotion Centres); thus it could be said that there is a ("**quasi**") **one-stop shop** – but only with regard to employment/unemployment-related services (and no other social services). In this respect, caseworkers who deliver activation and caseworkers who deliver benefits in OAED have access to the same database, which is part of OAED's integrated information system.

As far as the delivery of vocational training programmes is concerned, private vocational training centres are also involved. OAED collaborates – on an ad hoc basis – with employers and other private and public bodies and organisations, in order to implement specific employment programmes and to provide training programmes for the registered unemployed (not exclusively the long-term unemployed). In the latter case, OAED's partnerships are usually managed through a memorandum of understanding, specifying the partners' fields of competence. Apart from this, there are **no structured partnerships between OAED and other interested parties for the implementation of activation measures**.

As for coordination between OAED and other social services towards a one-stop shop approach, it should be emphasised that **there is no single point of contact or one-stop shop service responsible for the delivery of both employment and other social services** to the unemployed (and the LTU). OAED is responsible for drafting and developing an individual action plan for every unemployed person (including long-term unemployed), but this plan concerns only employment issues. The municipal social services, NGOs and regional welfare services are the agencies responsible for helping socially vulnerable groups (including the long-term unemployed) in other emerging social matters. The social services provided to the long-term unemployed by

¹⁴ After the expiration of the two-year period, they are not eligible to reapply.

municipal authorities and NGOs vary greatly between different municipalities and different social services providers.

Yet formal partnership relationships or arrangements between OAED and municipalities and/or public social services are completely absent in Greece. The Greek social welfare system (including the support provided to the unemployed) has for years been characterised by fragmented actions and lack of coordination mechanisms, as well as of monitoring and evaluation arrangements. **No data exchange is present between employment and social authorities or social agencies on a permanent institutional and regular basis.** The main barriers are considered to be the lack of a "cooperation culture" between the different organisations in Greece, the absence of an appropriate regulatory framework and the underdevelopment of most municipal social services.

3 Individualised approaches

OAED currently runs nearly 40 **active employment programmes** to support the registered unemployed back into employment. Most of these are tailored to specific groups, such as disabled people, young people (below 30), university graduates, and women (to start a new business). In a preventive approach, OAED runs two programmes to protect job positions (through the subsidisation of employees' social security contributions), one of which aims at supporting those who are near retirement age. Yet, **there are today no tailored activation or social programmes addressed to the LTU.**

Nevertheless, efforts have been made in Greece over the years to implement an individualised approach towards the unemployed, including the long-term unemployed. This approach, which is implemented by OAED through its local Employment Promotion Centres, comprises a detailed interview and **the drafting of an "individual action plan"**. The object of the detailed interview, which is conducted by a job counsellor, is to get enough information about individual circumstances to provide a basis for direct referral of the job seeker to specific job vacancies or for participation in either subsidised employment programmes or non-formal vocational training courses. The information gathered constitutes the basis for an "individual action plan", which takes the form of an "atypical" agreement as to the actual path that the unemployed person needs to follow in order to be re-integrated into the labour market. This path may include actions such as vocational guidance and counselling support, or referral for the unemployed person to participate in a vocational training programme that corresponds to his or her personal characteristics. It should be noted that participation by a registered unemployed person in any of the various employment and vocational training programmes requires certification by OAED that an "individual action plan" has been drafted.

However, in spite of the efforts made to implement an individualised approach to supporting the unemployed through the drafting of an "individual action plan", its effectiveness to date is questionable. For the effective implementation of such an approach requires, among other things, an adequate number of qualified staff with the relevant skills, as well as a wide range of options open to the unemployed. But given the extremely high levels of unemployment that Greece has faced over the past five years, the ratio of unemployed clients to the staff of OAED's Employment Promotion Centres has become extremely high, while the options available are very limited. This, in turn, raises the question of how "individualised" the approach really is and how feasible it is to translate an "individual action plan" into specific action. It seems that the present economic conditions impede effective implementation of such an approach.

Moreover, it should be underlined that the "individual action plan" concerns only job-search requirements and access to the labour market activation measures, and is not linked to any income benefits or other related support services. In other words, **it does not constitute an "integration contract" as such**, which would provide integrated support to cover the multidimensional needs (benefits and services) of the unemployed, and in particular of the long-term unemployed.

4 Overview table

		Please put an X in the column that best represents the situation in your country			Please summarise in a few words and in order of priority the 3 key gaps that need to be addressed to improve effectiveness (if only one gap just complete one column)		
		Very good	Medium	Weak	Gap 1	Gap 2	Gap 3
Effectiveness of benefits & services supporting the long-term unemployed	Income benefits			X	Very low level of benefit	Limited duration	Strict eligibility criteria, resulting in very limited coverage
	Social services			X	Lack of specific services targeted at the LTU	No links with income benefits and activation services	Bureaucratic procedures
	Activation services			X	Lack of activation services targeted at the LTU	No links with income benefits and social services	
Effectiveness of coordination between employment, social assistance and social services				X	Lack of a "one-stop shop" approach	Complete lack of coordination/ coordination arrangements	Lack of common data between competent services
Extent of individualised support				X	Lack of an "integrated contract"	Lack of a tailor-made approach to the LTU	Lack of PES and sufficient personnel (in quantitative and qualitative terms)

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