



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

## **Turkey**

### **2015**

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**EUROPEAN SOCIAL POLICY NETWORK (ESPN)**

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## Summary

Policy initiatives addressing long-term unemployment are somewhat lacking in Turkey. That is partly because other issues such as informality, low female labour force participation or youth unemployment appear to be more pressing issues. Long-term unemployment was 21% of total unemployment, a low ratio relative to the EU average.

Unemployment insurance has a limited coverage of up to 10 months. The only assistance channel for the long-term unemployed is the general social assistance programme where non-take-up is prevalent and benefits are somewhat inadequate. Furthermore, the means testing mechanism is relatively arbitrary and is reported to rely on being “fit to work” as a proxy for income. This bias probably makes it even more difficult for the long-term unemployed to access social assistance.

Social services specifically tailored for the long-term unemployed are also lacking. Although employment services have significantly improved over the last decade, they are still far from sufficient.

Cooperation between the Labour Agency of Turkey (İŞKUR) and the Ministry of Family and Social Policies (MoFSP) is rather limited. Efforts to get social assistance beneficiaries to enrol with İŞKUR are limited due to capacity problems at İŞKUR.

The issue of long-term unemployment was mentioned in the National Employment Strategy (Ministry of Labour and Social Security-MoLSS, 2014), and some policy proposals were then made. We should also note that policies for the employment of youth and females, heavily represented groups among the long-term unemployed, may have an indirect effect on reducing long-term unemployment.

Finally, we should note that individualised approaches are lacking. However, the need for these is repeatedly mentioned in official strategy documents.

## 1 Benefits and services supporting the long-term unemployed

Unemployment is high in Turkey, fluctuating around the ten percent mark over the last decade, despite the high growth performance of the country. Unemployment among youth is even higher, non-agricultural unemployment for 15 to 24 year olds reaching 21% in 2014.<sup>1</sup> Low female labour force participation (33.6 in 2014) and significant informality of the labour force (35% of employment in 2014) are two important factors. In this scenario, long-term unemployment, which was 21% in 2014, well below EU levels, does not seem to be among the primary concerns of government authorities. Although it is mentioned in the National Employment Strategy (MoLSS, 2014), there are very few policy initiatives addressing this issue.

Research shows that youth and women who have never been employed constitute an important share of the long-term unemployed (Gündoğan and Biçerli, 2001; Çağlar et al., 2015). Therefore policies targeting female and youth labour market participation and employment may have an indirect effect on long-term unemployment.

With regards to benefits, there exists no special scheme directed at the long-term unemployed. In Turkey, unemployment insurance is quite new, enacted in 1999 and started in 2000. For the time being the coverage and benefits are rather limited. Those who have been employed in formal jobs are entitled to benefits from the unemployment insurance, ranging from 6 months to 10 months (the former for those who paid premiums for more than 600 days during the previous three years, the latter for more than 1,080 days). Since the unemployment insurance covers only the formally employed, it leaves out informal employees, so (as mentioned above) more than a third of the employed are not covered. The monthly number of beneficiaries fluctuated around 250,000 in 2014 (İŞKUR, 2015).

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<sup>1</sup> All employment statistics are from Turkstat unless otherwise noted.

For the long-term unemployed, the sole channel of support comes from the general social assistance system, which is conditional on means testing. Not having the figures linking unemployment statistics to social assistance, we do not know to what extent long-term unemployed people have access to social assistance. The Labour Force Survey does not provide social assistance status and the Statistics of Income and Living Conditions surveys do not indicate the duration of unemployment. In addition, İŞKUR and MoFSP databases are not linked. Although MoFSP now encourages some beneficiaries to enrol with İŞKUR, this covers only those aged between 18 and 45 living in households with no employed member. Furthermore, there are reported problems of non-take-up of social assistance programs in general (see Erus et al., 2015). As to the size of the benefits, a survey by TEPAV/UNICEF/WB (2009), covering the city centres of five major provinces (namely Istanbul, Izmir, Kocaeli, Ankara, and Adana), found that public assistance amounted to 6.6% of household income among the poorest quintile in urban centres.

Anecdotal evidence suggests that there are two characteristics of the social assistance system which may have an adverse effect on access to these programmes by long-term unemployed individuals. Firstly, the means-testing mechanism is to some extent arbitrary (Buğra and Keyder, 2003; Yoltar, 2009). It is often reported that there is a negative bias against those who are seen to be “fit to work”. This assessment may make it difficult for the long-term unemployed to obtain financial support.

Secondly, there is an issue with the transition from social assistance to employment. When a beneficiary finds a job, the benefits are cut. This may create a disincentive to finding employment, especially in formal jobs. As an attempt to ease transition to employment, since April 2014 “able-bodied” beneficiaries (those considered to be fit to work by government officials) between the ages of 18 and 45 living in households with no employed member are registered with İŞKUR. They receive help preparing a CV and are directed to vacant jobs and training programmes. They receive assistance for job application costs. Even after employment they are given priority for in-kind assistance (coal and food) and education support; conditional cash transfers are continued for a total of 12 months during the first three years of employment.

We should note that municipalities are also known to provide in-kind and in-cash assistance to those in need. This, however, is rarely documented and is usually at the discretion of municipal authorities.

Social services are rather limited in Turkey. There have been significant improvements in employment services. While İŞKUR now employs employment consultants and runs various training programmes, these are not yet specifically designed for the long-term unemployed. The National Employment Strategy (MoLSS, 2014) foresees special programmes and specially-trained employment consultants for the long-term unemployed. It should also be noted that while İŞKUR requires a minimum number of participants for training programmes, these limits do not apply to programmes targeting the long-term unemployed.

Since 2012 Turkey has a premium-based universal health insurance scheme. For those who pass a means-test, premiums are paid by the government. As noted above, the means-testing procedure is subject to certain discretion and might be biased against “able bodied” individuals. Hence, long-term unemployed people may have a disadvantage and may fall out of the health insurance coverage.

While there are almost no specific policies addressing long-term unemployment, it is acknowledged in official documents, such as the National Employment Strategy (MoLSS, 2014), and a few policies are proposed for future implementation. Among these, the one worth mentioning is one that ties unemployment benefits to the length

of unemployment especially for older and uneducated unemployed individuals. İŞKUR has also participated in conferences on long-term unemployment.<sup>2</sup>

Finally, we should mention that there are a few programmes that are partly targeting the long-term unemployed. One example is the public works project targeting specific disadvantaged groups receiving no social assistance, employing them for certain public works (cleaning, infrastructure, etc.) for nine months. The programme started in late 2008, as a policy measure against the economic crisis. Although long-term unemployment is not a specific condition for enrolment, the aim of the programme was to cover disadvantaged groups that also include the long-term unemployed. Similarly, tax incentives for employing women and youth who have not been formally employed for the previous six months might be considered as a policy that could be of assistance to long-term unemployed people.

## **2 Coordination between services towards a one-stop shop approach**

Lack of coordination among social assistance institutions has been an ongoing issue in Turkey. Currently, employment services as well as unemployment insurance are provided by İŞKUR, the official employment agency working under the Ministry of Labour and Social Security. Social assistance, which is the only available source of financial support for the long-term unemployed, is however provided by MoFSP. Municipalities are also known to be active in social assistance but their activities are usually not transparent and accountable. These three support providers are not linked to each other.

This said, in recent years there have been improvements in conducting social assistance programs in a coordinated manner. A common means-testing procedure has been adopted. There are plans to introduce a minimum income scheme, which it is hoped will replace a number of fragmented social assistance programmes. Also planned are social service centres where MoFSP services will be provided under one roof.

Cooperation between İŞKUR and MoFSP is largely lacking. In recent years there have been attempts to improve the situation. Some time ago MoFSP attempted to enrol all beneficiaries between the ages of 18 and 65 with İŞKUR. This, however, proved unfeasible. Since April 2014 the target group has been restricted to those between 18 and 45 living in households where no other member is employed. Other than that, there is no specific cooperation with regards to the long-term unemployed.

These developments reveal two important gaps in the coordination efforts. First, although there is an interest in linking social assistance and employment services, the size of the population receiving social assistance is too large for İŞKUR to handle, despite recent improvements in employment services.

The second gap is the lack of experience in coordination. Cooperation appears to take place through a trial and error process. A more planned and structured effort will likely be more fruitful.

Both İŞKUR and MoFSP services are provided according to centrally-designed rules and procedures. The MoFSP means-testing mechanism is subject to some extent to the discretion of local officials. Social assistance benefits are also at the discretion of local officials, with the exception of certain programmes, such as one for the elderly and widows, introduced in recent years as part of an ongoing reform programme.

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<sup>2</sup> <http://www.iskur.gov.tr/TabId/496/ArtMID/1323/ArticleID/123/-%C4%B0%C5%9EKUR-COMMITTEE-ATTENDED-WAPES-CONFERENCE-IN-USA.aspx>



### **3 Individualised approaches**

İŞKUR has been in the process of improving employment services. In this context employment consultants have been hired and various training programmes have been introduced. İŞKUR also collects data from the unemployed and employers so as to better design its services. Although İŞKUR takes responsibility for the objective of providing services tailored to the needs of the unemployed, its capacity is limited with only around 4,000 consultants.

As discussed above, the long-term unemployed are not the focus of employment policy. Consequently the long-term unemployed are also lacking specific programmes and policies addressing their situation. National Employment Strategy (MoLSS, 2014) foresees differentiating employment consultants according to the length of unemployment being addressed; but this has not been implemented yet.

There are no integration contracts in place for social assistance programmes. Yet such practices are observed to some extent in the İŞKUR unemployment insurance programme and may be expected to be seen in social assistance in the future. Unemployment insurance applications are completed online and applicants approve a document where they acknowledge that they will lose the benefits if they refuse to follow İŞKUR's suggestions regarding suitable job vacancies and training programmes. Conversations with İŞKUR officials indicate that the terms of the contract are not strictly enforced.

#### 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
<b>Effectiveness of benefits &amp; services supporting the long-term unemployed</b>	<b>Income benefits</b>			X	Lack of specific programmes for the long-term unemployed	Inadequacy of the benefits for social assistance in general	Non-take-up of social assistance due to administrative discretion
	<b>Social services</b>			X	Lack of social services in general		
	<b>Activation services</b>			X	Structural problems in the labour market	Lack of services tailored for the long-term unemployed	Low efficiency of training programmes
<b>Effectiveness of coordination between employment, social assistance and social services</b>				X	Lack of capacity in employment agency		
<b>Extent of individualised support</b>				X	Lack of capacity in employment agency	Structural problems in the labour market	

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