



Mutual Learning Programme
Peer Review on 'Strategies for Employment Policy reform.
Implementation challenges in decentralised countries'

5-6 October 2015, Madrid (Spain)

Executive Summary

The Peer Review discussed recent reforms of active labour market policies (ALMPs) in decentralised countries and the need for effective coordination and modern performance management systems. The event was hosted by the Ministry of Employment and Social Security of Spain. It brought together Ministry officials and independent experts from Bulgaria, Croatia, Denmark, France, Germany, Greece, Italy, Latvia, Lithuania, Norway, Poland, Slovakia, and the UK, as well as representatives from the European Commission and the OECD.

The optimal balance between centralised and decentralised approaches to the delivery of ALMPs and the modernisation of the Public Employment Services (PES) is an issue of common interest across Europe. Decentralisation can take the form of administrative decentralisation, or political decentralisation where competences are devolved to the sub-national level, either regional or local level (municipalities) depending on the country.

Spain is characterised by a high level of decentralisation at the regional level, as the responsibility for ALMP implementation was devolved to the regions (Autonomous Communities) in the 1980s, while passive labour market measures remain a prerogative of the central government. While Spanish regions receive part of the targeted funding to implement the ALMPs, from national administration until recently, they did not follow specific guidelines or reported achievements to the central level in a consistent way. This led to potential disparities in the service offer to the end-users as well as to a heterogeneity in the monitoring and evaluation practices.

The deep impact of the economic recession in Spain and the dramatic increase of unemployment (particularly long term unemployment) brought an urgent need of improvement of the ALMP delivery model. As a starting point for discussion, the Host Country presented the context, objectives and main features of the Strategy for Employment Activation (henceforth SEA) adopted in September 2014. The SEA is a set of strategic reforms introduced to redesign the entire institutional framework of ALMPs, and ultimately improve their quality for greater consistency, transparency and efficiency. This new common framework was adopted following negotiations between the Ministry and regions and it is built on shared ownership and consensus.

The key changes introduced are described in turn below:

- A 'minimum services portfolio' was agreed in cooperation with regional PES to ensure a level-playing field and a guarantee of equal treatment for end-users,

- while leaving to the regions the flexibility in the choice of activities and services to be delivered.
- To improve the coordination and modernisation of services, a performance management system was built based a set of common objectives and 26 indicators (focusing on inputs, outputs and outcomes). The system is linked to a new funding model, with a gradual share of the funding being allocated to regions based on their performance against the indicators.
 - Greater collaboration between PES and private employment services has been facilitated, alongside a payment-by-results approach.
 - A single nationwide job portal, bringing together all the relevant information and job vacancies, supports both better job matching and a more efficient job search for the unemployed.
 - A best practice sharing programme to allow the exchange of effective practices between regional PES was launched in 2015.

In addition, a comprehensive reform of the continuous vocational training system was recently approved in the Parliament. The introduction of a strategic framework such as the SEA is an important milestone in the development of ALMPs in Spain. However, as practical implementation of the reforms is underway, the results of this new approach cannot be fully assessed yet.

The countries represented at the Peer Review, despite having different levels of decentralisation to Spain, share similar challenges in relation to the need to improve the accountability and coordination at the local level and to address (long term) unemployment and regional disparities. Recent developments in Spain were compared to similar experiences in other Member States in relation to the PES performance management, the coordination of monitoring and evaluation, as well as outsourcing and cooperation with private employment services.

The key policy messages from the Peer Review can be summarised as follows:

Fostering interaction between different levels, based on a shared and flexible framework

- The issue is not whether countries should decentralise or centralise their systems, but rather how to accommodate underlying institutional structures to make the interaction between different levels of government work best to achieve common goals.
- A common framework and guidelines are required to provide a strategic direction, while allowing sufficient flexibility to adapt measures and programmes to the regional/local needs and circumstances.
- Effective cooperation leads to better informed implementation and mitigates the risk of duplication across the different levels of governance.
- The 'right' level of decentralisation is not the same everywhere and the key is to consider the appropriate scale for effective performance. The real labour market boundaries do not always correspond to the geographical or administrative boundaries.
- The optimal level of implementation of responsibilities will depend on the existence of regional/local responsibility for funding social assistance benefits ('finance follows function'), effective nationwide IT systems and effective performance rating.

- ALMP delivery models are not static; even countries with 'mature' decentralised systems continue to implement different approaches to maintain a balance between the centralised and decentralised responsibilities.

Performance management: valuing quantitative and qualitative performance

- Performance management requires solid IT databases based on a common understanding of basic concepts and consistent definitions (e.g. categorisation of services and measures), to allow system interoperability and the development of comparable indicators.
- The setting of indicators for regional or local structures should be based on a process of negotiation amongst all levels.
- Outcome-based funding allocation should be used with caution, as performance management systems should take into account the socio-economic context in which regional/local PES operate, and the characteristics of the clients they serve.
- Indicators might not capture all relevant variables. An over-emphasis on indicators and targets may lead to focus on the achievement of indicators at the expense of the actual quality of services to the jobseekers and employers. Measuring the qualitative improvements in delivery is as important as developing databases and indicators and quantitative evaluation. Qualitative progress can be assessed as part of a performance dialogue giving balance between the accountability and flexibility.
- To assure the quality of collected data, in addition to the quality assurance of data entry, there is a need to build a sense of ownership among staff and underline the usefulness of collected data.
- But of equally importance is not to lose sight of the ultimate goal - to activate people and help employers to fill vacancies.

Mutual learning and dissemination of effective practices

- The need to foster mutual learning between regional/local PES offices was acknowledged at the Peer Review. Many countries are supporting benchmarking exercises, alongside the efforts at EU level.
- Mutual learning can be supported by different tools and platforms but should also contain an element of face-to-face interaction.
- Mutual learning can occur at different levels including the level of frontline staff who possess in-depth expertise which can lead to the improvement of services and support. Therefore, it is important to support the transfer of information and feedback mechanisms at all levels.
- While some exchange of information can occur informally at the regional and local levels, national authorities have a key role to play in facilitating and promoting a systematic sharing of good practice between stakeholders.
- Follow-up of mutual learning, i.e. actual transfer of knowledge and good practice remains a challenge due to limited resources and hindering factors (e.g. linked to the political context).

Further information

Full report, presentations and background papers will be available at:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=1070&newsId=2260&furtherNews=yes>