



Mutual Learning Programme

DG Employment, Social Affairs and Inclusion

Thematic Paper

How to tackle long-term unemployment? Policy trends in Europe

**Peer Review on 'Approaches to integrate long-term
unemployed persons'**

Berlin (Germany), 13 - 14 October 2016



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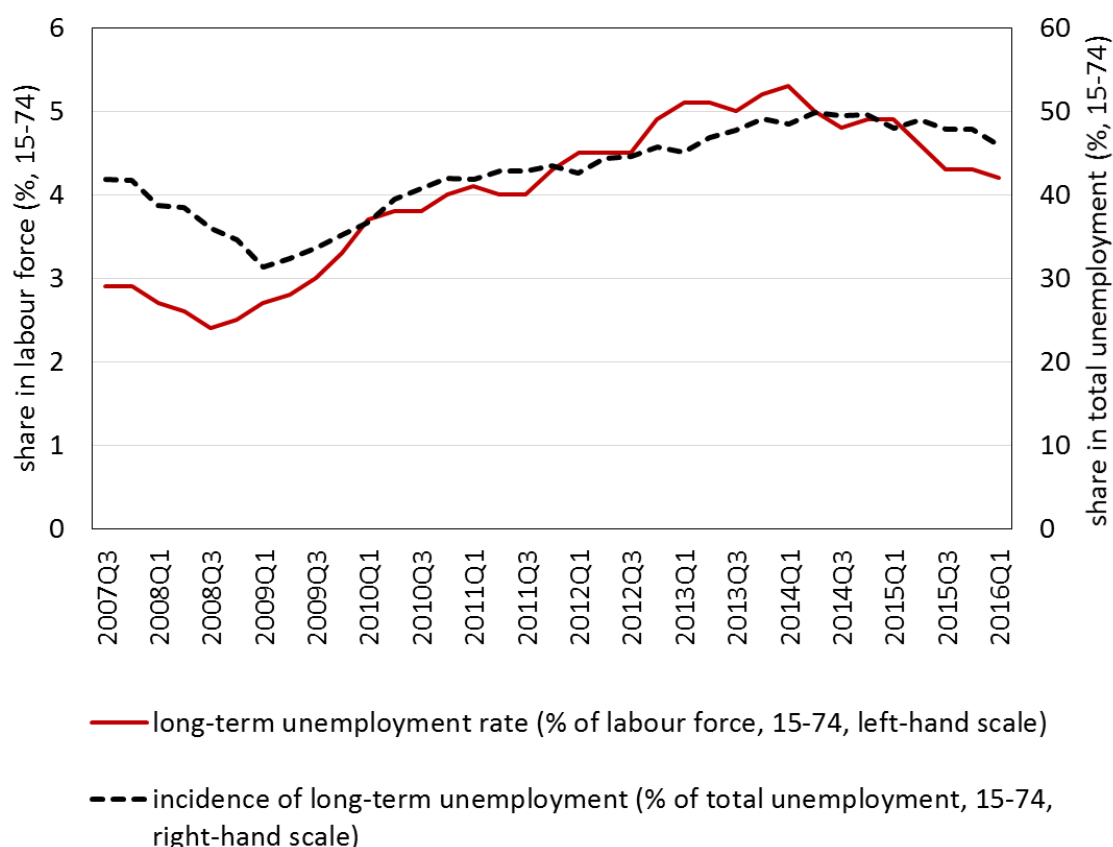
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1 Introduction

Unemployment decreased recently in the European Union from 27.3 million in the first quarter 2013 to 22.3 million in the first quarter 2016 and long-term unemployment (LTU)¹ shrank from 12.3 million to 10.3 million. Although the decline in LTU is encouraging the LTU rate (4.2% of labour force in the first quarter of 2016) and LTU incidence (46% of total unemployment) remain at very high levels in a number of countries (see figure 2). LTU increased recently in a few countries (e.g. in Belgium, Norway, Finland) and their number were rather stable in others (e.g. Germany). The number of those unemployed for 48 months and more rose in the European Union as a whole. Figure 1 gives an overview of the development of the LTU rate and LTU incidence in the EU since the beginning of the global financial and economic crisis.

Figure 1 Long-term unemployment in the EU28



Source: Eurostat, LFS

LTU remains one of the major challenges for a number of European countries. This paper aims to give an overview about approaches implemented in European countries to tackle LTU. Key issues to be addressed in this Peer Review include: risk factors and needs associated with LTU; measures and tools used to combat LTU, including those that go beyond the boundaries of labour market policy; institutional arrangements regarding the LTU; networking and cooperation that have been set up, defining and implementing performance targets and incentives for job centres so that they encourage support for the LTU. Key questions are what type of approaches are best suited to reduce LTU, how to further improve integration of services and how to best organise the services for employers and employees.

¹ Long-term unemployment refers to the number of people who are out of work and have been actively seeking employment for at least a year.

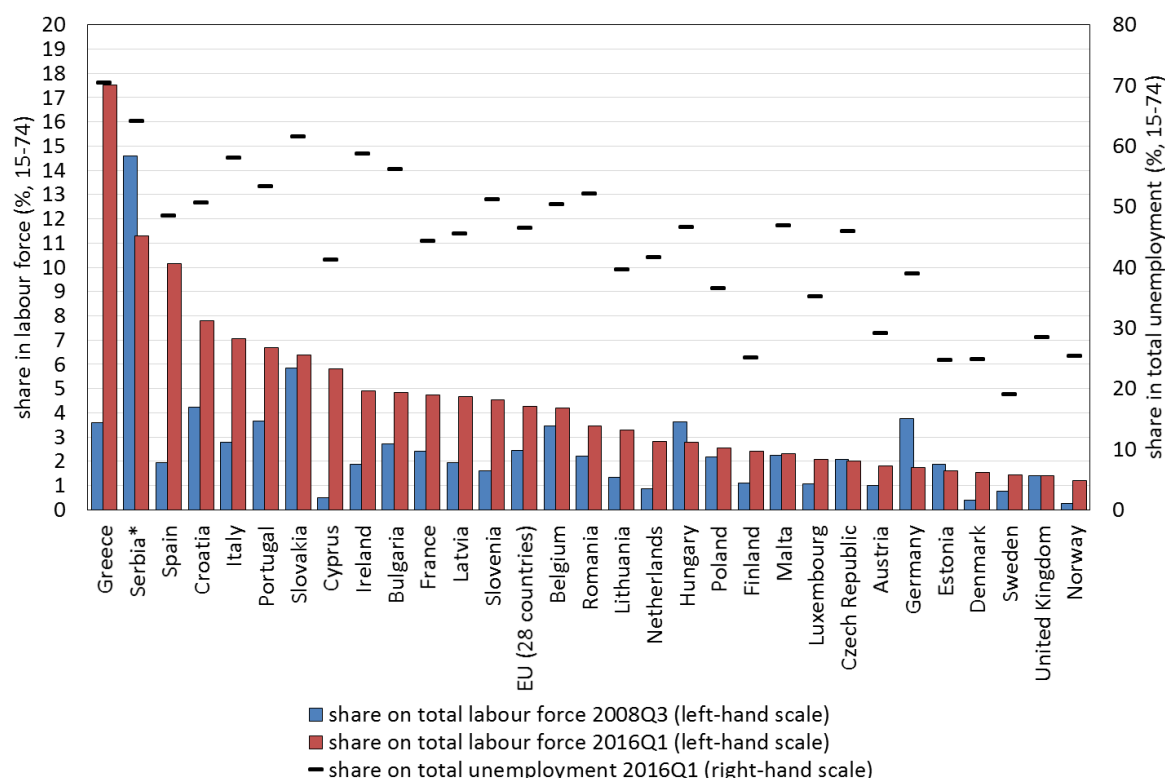
This paper starts with an analysis of the level and key characteristics of LTU across countries and the reasons for LTU. This is followed by a review of different activation models and rationales and an examination of lessons from experiences and impact evaluations of different labour market programmes. The next section deals with the governance of activation policies. Finally, conclusions are drawn.

2 Long-term unemployment in the EU: levels, trends and risk factors

State of play

LTU has grown considerably since the onset of the global economic and financial crisis in the European Union, Norway and Serbia. With the exception of Germany and Hungary, LTU rates increased in all countries. The differences in the LTU rates across Europe are huge, ranging from slightly above 1 % in Norway to 10% in Spain in the first quarter of 2016 and nearly 19% in Serbia (in 2012) (Figure 2).

Figure 2 Long-term unemployment rate and incidence in 2008/Q3 and 2016/Q1 in EU-28, Norway and Serbia



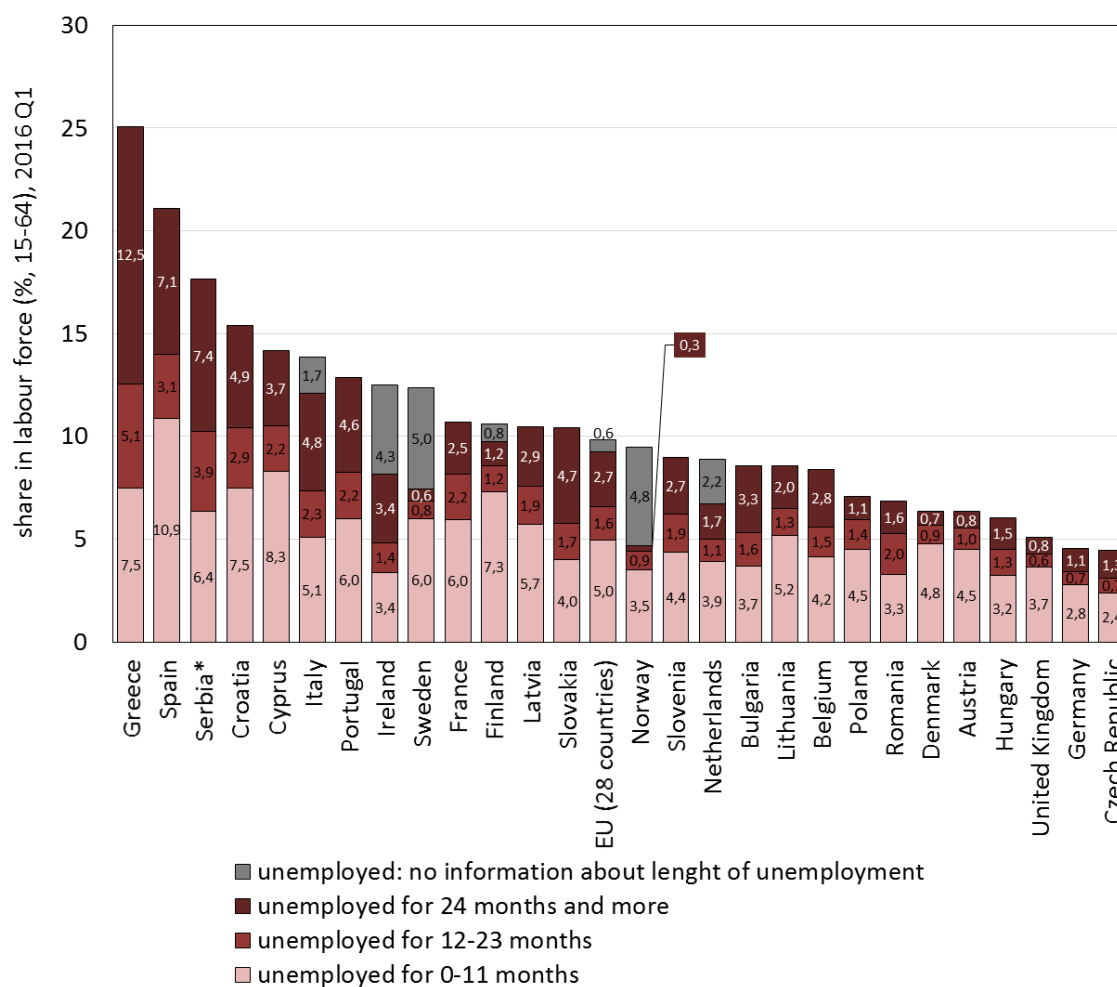
* Serbia: 2007 (instead of 2008Q3; age 15+) and 2015 (instead of 2016Q1; age 15+)

Source: Eurostat, LFS, Serbia 2015: Serbian Ministry for Labour, Employment, Veteran and Social Affairs

On average nearly half of the unemployed are LTU. The incidence of LTU is generally much higher in countries with a high LTU rate, although this link is not evident for all countries. Despite high LTU rates in Spain and Croatia, the incidence of LTU is around the EU average, while in Germany where the LTU rate is low, the incidence of LTU is relatively high (albeit below the EU average).

Most LTU are unemployed for more than 24 months (Figure 3). It is acknowledged that the more time spent being unemployed, the lower the chances are of finding employment. The very long-term unemployed represent a particularly difficult group to integrate into the labour market, as personal employment barriers (e.g. psychological problems, depreciation of qualifications) as well as a negative image and possible prejudices on the side of employers add up to market barriers linked to sluggish labour demand or skills mismatches and are likely to increase with the length of unemployment.

Figure 3 Unemployment rate by duration of unemployment, 2016/Q1, EU-28, Norway and Serbia



* Serbia: 2015 (age 15+)

Source: Eurostat, Estonia, Luxembourg, Malta: Data only partially available. Serbia 2015: Serbian Ministry for Labour, Employment, Veteran and Social Affairs

Some of the short-term unemployed are repeatedly unemployed. Their unemployment spells are broken by participation in active labour market programmes and short periods of work. In this respect “chronic unemployed” are less detached from the labour market, nevertheless they could be considered as at risk of being in a precarious situation for a long period. Similarly, some part-time workers are only working a few hours, which may shed a too positive light on the employment situation in countries with a high proportion of part-time workers. In particular in countries most hit by the crisis the share of part-time workers wanting to work for considerably more hours is predominant; this can be regarded as “underemployment”. Repeated unemployment and/or “underemployment” can, to some extent, be regarded as a societal compromise of sharing work among unemployed.

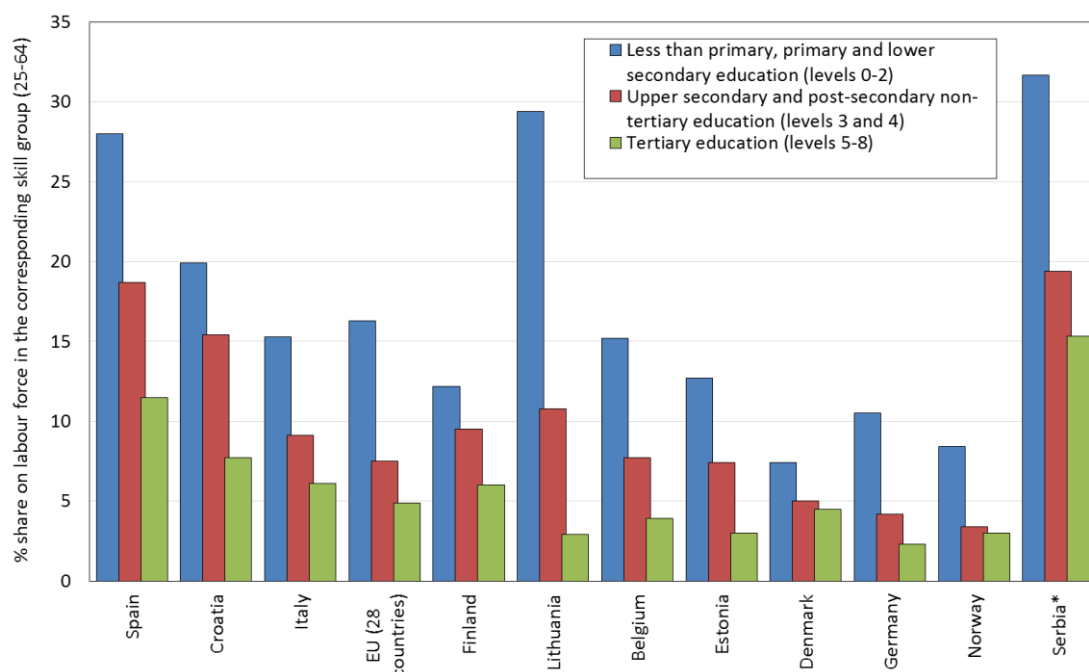
Socio-demographic characteristics of LTU

Some groups are at higher risk of becoming, and remaining, LTU once they lose their job in the context of economic restructuring – this concerns mainly older workers, third country nationals, low-skilled workers and workers in declining occupations and sectors (European Commission 2016, Duell et al. 2016).

Unemployed with a low educational and skills level generally face serious placement difficulties, especially if they have to compete with other unemployed who are higher

skilled (Duell et al. 2016, Figure 4 and see Annex)). In a number of countries with a high LTU rate the risk of workers with an intermediate skills level to become LTU is nearly as high as or even higher than the one of low-skilled. Since the beginning of the crisis, in most countries the LTU risk of low-skilled has risen more sharply than for those with an intermediate or high skills level (measured in percentage point changes). Germany forms an exception as the LTU ratio among low-skilled fell between 2008 and 2013. In general, the share of low-skilled among the LTU is significantly higher than among the short-term unemployed. However, in some of the countries with a high LTU pattern, like Greece, Spain and Croatia, the differences in the skills structure of long-term and short-term unemployed are less marked. As a matter of fact, a large number of LTU have an intermediate skills level.

Figure 4 Long-term unemployment rate by skills level, 25-64 years old, Q1 2016, in Host and Peer Countries*



* Serbia: total unemployment rate by skills level, age 15+, 2015.

Source: Eurostat, LFS, Serbia 2015: Serbian Ministry for Labour, Employment, Veteran and Social Affairs

Some of the main groups at risk of long-term unemployment include:

- Older workers are generally less likely to become unemployed, but once they have become unemployed they face more difficulties to re-enter the labour market than other age groups. The share of LTU among all unemployed older job seekers increased significantly in those countries hit hardest by the crisis (Greece, Spain, Italy and Ireland).
- Youth unemployment is particularly sensitive to business cycles. Young people are more likely than other age groups to be in short-term unemployment. It is most worrying that also LTU rose among young people, mainly in countries particularly hit by the crisis. The impact of LTU on youth is likely to be more detrimental than for other age groups.
- Groups at risk of becoming long-term inactive and/or socially excluded include people with disabilities.
- Groups at risk of becoming long-term detached from the labour market include young mothers. Men have a higher risk than women to become LTU

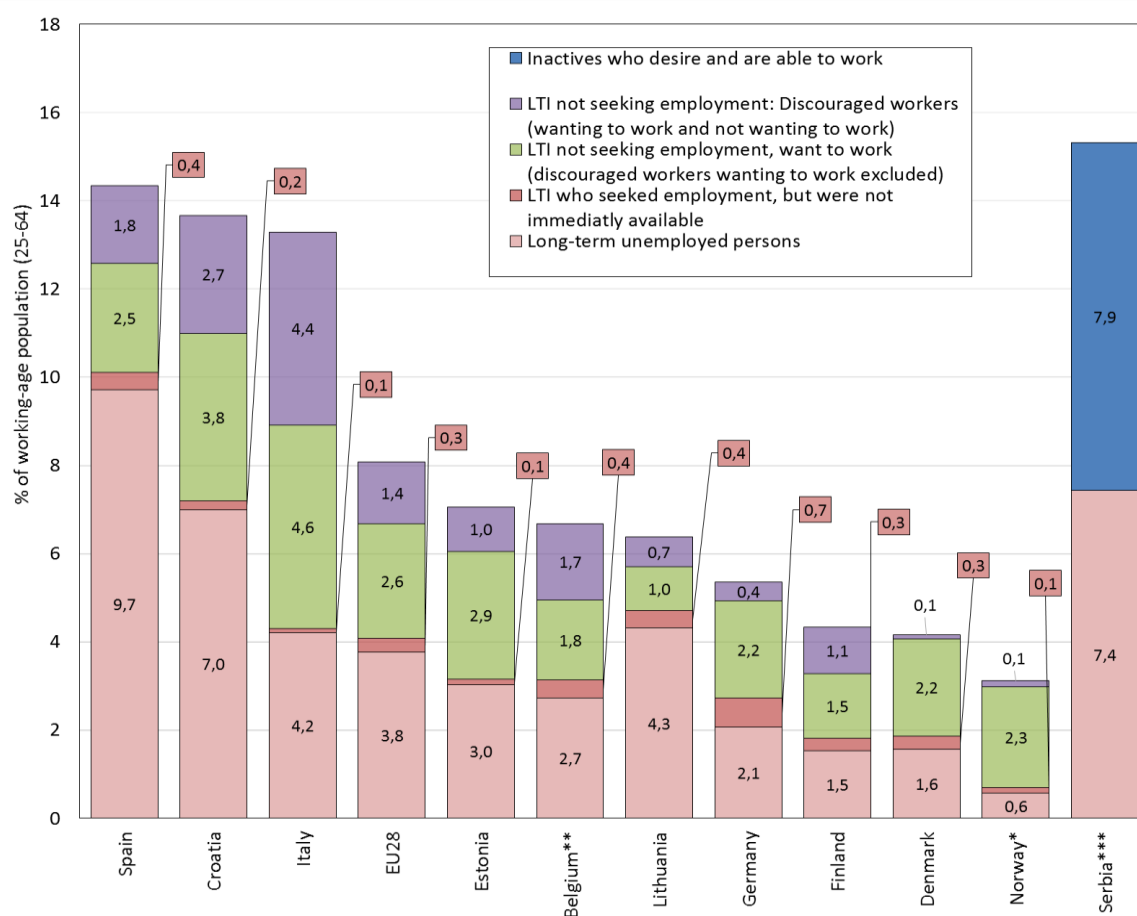
- The LTU include people who are difficult to place even in a favourable labour market context. These persons often face multiple employment barriers. The lower the LTU rate, the more likely the LTU belong to this group.

Hidden long-term unemployment

The definition of unemployment in harmonised statistics, the EU Labour Force Survey, is rather strict as regards supposed job search activities, availability for work and not being in paid employment. Therefore, the boundaries between LTU and long-term inactivity are blurred, and a share of long-term inactives can be regarded as being LTU. Some workers have given up intensive job searching or have become discouraged and fully stopped their job searching. On EU average the number of long-term inactives wanting to work combined with the number of discouraged workers exceeds the number of LTU (although not in Greece, Spain, Portugal, Slovakia and Lithuania, data are for 2013). Discouragement reaches comparatively high rates in Italy, Portugal and Bulgaria. Figure 5 shows the share of LTU, the share of discouraged workers and the share of workers who want to work, but are not seeking or are not available to work, for whatever reason (called here inactives with a labour market orientation).

While on the EU average the share of LTU aged 25-64 years doubled between 2008 and 2013, the number of long-term non-employed with a labour market orientation, including those wanting to work but not searching for employment as well as discouraged workers who state they would look for a job if they thought they had a chance of becoming employed, increased by 40%. The share of persons not searching for a job and getting early retirement and disability benefits in the working-age population increased only by 12%.

Figure 5 Long-term unemployed and long-term inactives with a labour market orientation, EU-28, Serbia and Norway



* considerable share of NA on length of inactivity (>1% of working age population)

** considerable share of NA on willingness to work (>1% of working age population)

*** Serbia: data for 2015, age 15+. Inactives who desire to work and LTI who desire to work are not congruent categories.

Source: Eurostat microdata, own calculations.², in: Duell et al. 2016. Serbia 2015: Serbian Ministry for Labour, Employment, Veteran and Social Affairs

It is more generally worthwhile to look at the inactives, as in most countries, the share of unemployed who were previously inactives (e.g. because they were in education or had caring responsibilities) was larger than those who became unemployed because they lost their job (Duell et al., 2016).

Risks factors for becoming long-term unemployed

There are numerous reasons why people become LTU. A distinction can be made between demand-side reasons, skills mismatch and personal employment barriers. Furthermore, not only the macroeconomic conditions but also institutional factors have an impact on LTU.

Labour demand and economic restructuring

Economic driving factors of LTU relate mainly to poor competitiveness, lack of aggregate labour demand and economic restructuring. In particular, in countries most severely hit by the economic crisis, labour demand is not high enough to absorb the unemployed. Past experience shows that unemployment rises fast as a reaction to recessions, but declines often only slowly when the economy is recovering. One main reason for this observation is that during recovery economic restructuring is speeded up. Thus, not all redundant jobs are re-established and new jobs are created in other sectors. Recessions tend also to exert a pressure on increasing productivity. As a consequence, the experience and skills of dismissed workers do in some cases not coincide with the profile of new jobs created.

Countries with the highest structural employment shift from low-skilled to high-skilled include mainly countries with a severe or considerable level of LTU pattern (Czech Republic, Poland, the Slovak Republic, Germany, Sweden and UK).

Supply-side reasons and multiple employment barriers

In addition to skills and age (see section on socio-demographic characteristics of LTU), multiple personal employment barriers are a cause of LTU in all countries and their relative share among all LTU might be higher in countries with a lower LTU rate. Reasons identified in a study on LTU in Germany are a weaker social network, substance abuse, health and financial debt (see, for example, Thomsen 2008 and Sperrmann 2015 for an overview of the more recent literature).

In the UK men were found to have a higher risk of poor health, in particular if they had unstable working biographies, as a consequence of unemployment than women (Gulliford et al 2014). A study by Brenner (2016) analyses the impact of LTU on self-perceived health in EU Member States. The analysis used a regression model to examine the relationship between the duration of unemployment and self-perceived health (the sum of respondents who indicated that their health was either "bad" or "very bad") at the national level. It controlled for socio-economic indicators and for lifestyle variables. The principal findings were that the total unemployment rate, LTU rate and very-long-term unemployment rate were all strongly related to increased reports of bad and very

² Results presented in this report are based on data from Eurostat, specifically the Labour Force Survey LFS and EU-SILC. We wish to thank Eurostat for the provision of the data under the project 143/2015-AES-LFS-EU-SILC. The responsibility for all conclusions drawn from the data lies entirely with the authors. The results of this analysis were presented in Duell et al. 2016

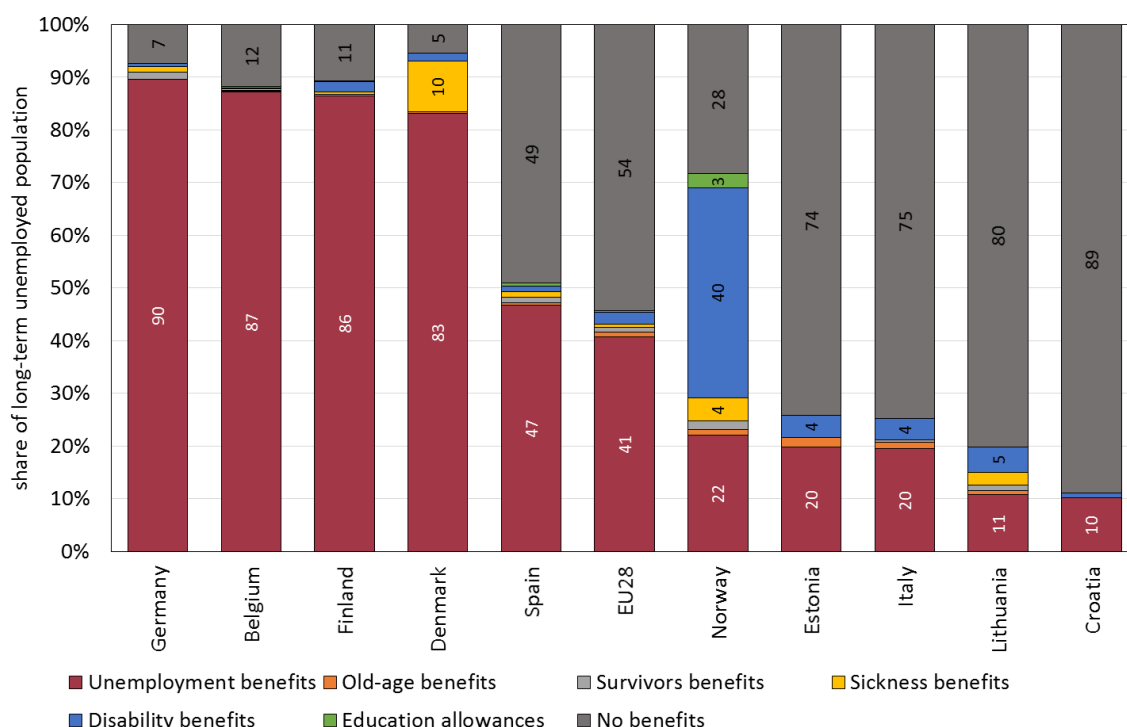
bad self-perceived health. The results also clearly showed that the risk of health problems increased with the length of unemployment (European Commission 2016).

In addition, discrimination and prejudices against LTU and more generally against some of the sub-groups (e.g. immigrants, older unemployed) on the side of employers may lead to persistently low employment prospects (as has been claimed being the case in some French suburbs with a high share of people with a migration background).

Furthermore, institutional settings may reduce the possibility or willingness for searching for employment and thus for participating actively in the labour market. Caring responsibilities are an important reason for not searching employment. An empirical study based on administrative data for Germany showed that caring responsibilities are one of the reasons explaining the lower probability of LTU taking up employment (Thomsen 2008, Sperrmann 2015).

The impact of the social welfare system on LTU is debated in a controversial manner (see also section 3 on activation models). It is quite likely that for an important share of persons with multiple employment barriers, there is a higher risk to move from unemployment to inactivity and financial incentives may have a lower effect on job search behaviour and job take-up. The prevalence of multiple personal employment barriers of hard-to-place people have prompted a number of countries to better link health, social and employment services. Figure 6 shows that there are still large differences between European countries as regards the access of LTU to (means-tested) unemployment benefits (or social assistance with an activation requirement), disability benefits and other welfare benefits. Norway stands out with a large share of LTU receiving disability benefits. Moreover, there are large differences in the generosity of (means-tested) unemployment benefits, as shown by OECD.

Figure 6 Benefit receipt of long-term unemployed in 2013, Host and Peer countries



Source: Eurostat EU-SILC micro data, own calculations, see also Duell et al. 2016 ; no data for Serbia

3 Approaches to tackle long-term unemployment

Activation models

The activation regimes consists of the design of the benefit system in terms of generosity and eligibility requirements, the type of services provided as well as participation in active labour market policies (ALMPs). The combination of these different elements as well as their shape results in different activation models. Adaptations to these models are made as underlying ideological concepts change and are also result of a trial and error process. Konle-Seidl and Eichhorst (2016) have highlighted the importance to understand the prevalent “activation regimes” when assessing what works and for whom.

The interaction between welfare benefits and activation measure

The level of unemployment benefits and social assistance are supposed to exert an influence on the propensity to actively search for work and accept an employment offer, even with less favourable conditions (e.g. lower wages). Whether more generous unemployment and welfare benefit systems have a negative impact on the incentive to search for employment depends on the conditionality of the benefits. An analysis of workers flow by the OECD shows unemployment benefit generosity to have a positive impact on average gross worker flows (OECD 2010).³

The most generous unemployment benefit systems and the most generous means-tested minimum income benefits for LTU can be found today in countries with relatively low LTU (in particular in the Nordic countries and some of the Western and Central “continental” countries). This finding relates to the fact that these countries have traditionally well-developed welfare states. High employment rates in the Nordic countries have represented the basis for the social acceptance of the generosity of the welfare system. Nordic countries were the first to develop so-called “workfare programmes” (i.e. combining work and welfare) (Duell et al. 2016).

In a number of countries undergoing reforms before the Great Recession, activation strategies were primarily developed for people receiving income replacement benefits, to enforce the principle of mutual obligation. Labour market and social policy reforms have linked also the receipt of means-tested minimum income scheme and the requirement to job-search and being available to take up work, although implementation of this varies in practice (ESPN 2015). The “mutual obligation” is based on the principle that the unemployment has to give something back to the society for being granted benefits. This is the justification that benefit recipients have to take part in low-paid job creation measures. This concept has been developed first in the UK and adapted by a number of countries with longer-lasting or indefinite duration insurance or assistance benefits for job seekers (Immervoll and Scarpetta 2012). Between 2011 and 2013, Belgium, Spain, Italy, Croatia, Slovenia, Ireland and the UK modified their unemployment benefit arrangements towards workfare principles primarily by tightening eligibility requirements, reducing the amount of benefits received, introducing means-testing, making them conditional on undertaking active job search and linking the level of benefits to the duration of unemployment (EMCO 2014). However, no general trend of how countries have reviewed unemployment and means-tested minimum income benefit systems can be observed. Today strict eligibility can be found in some countries with relatively generous unemployment and welfare systems as well as in those with low benefit levels. Similarly, some countries with very generous benefits do not have particularly strict requirements in place. In contrast, welfare benefits have been particularly low in a number of countries with a severe LTU pattern. This holds true in particular for the Southern European countries. Eastern European countries have chosen different social models. Out-of-work benefits for LTU are low in

³ According to OECD calculations, a ten-percentage-point increase in the average net benefit replacement rate – a large reform from a historical perspective – would increase, on average, gross worker reallocation by about 1 percentage point.

South-Eastern (except in Slovenia) and North-Eastern countries (Baltic States), but the picture is mixed for the Central Eastern European countries (Duell et al. 2016).

Labour market reforms implemented over the past decade also included reforms of the disability and sickness benefit systems in a number of countries. Common elements of reforms have also consisted in integrating more strongly labour market services and other social services as well as vocational rehabilitation, pursuing an individualised approach and provide intense counselling. Other elements include early activation and guidance under the viewpoint of occupational health in order to prevent labour market detachment, as well as the financing of rehabilitation measures. As in the fields of active labour market policy there seems to be a clear positive link between the intensity of activation and the level of benefit, suggesting that a high benefit calls for high activation. And reforms in many countries tend to go in the same direction, although country differences remain.

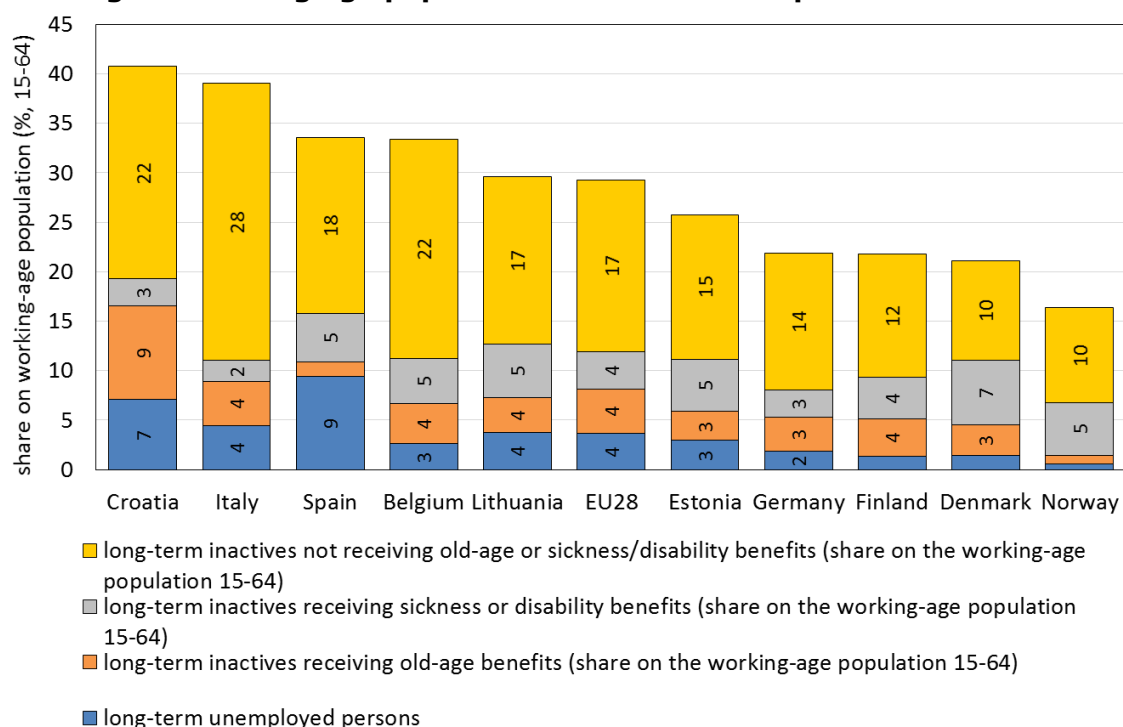
Besides unemployment benefits or minimum income support, the unemployed may receive other social benefits from the national social security systems (healthcare, family allowances) as well as housing benefits (ESPN 2015). Many of the countries with comparatively low LTU rates are the best covered by getting support through welfare benefits (including Austria, Germany, Finland). Southern European countries can be divided in two groups: 1) those with low coverage as in Greece and Italy⁴, and 2) those with medium level coverage as in Spain. Coverage is generally low in Eastern European countries.

In the past it was possible to limit LTU through the use of other benefit systems. The possibility of pathways to early retirement and disability benefits can be regarded as resulting of a social compromise. Since then, a number of reforms have been introduced prior to and during the crisis in the area of pensions and access to disability pensions. They have in common that they aimed at increasing labour market participation. Nevertheless, the receipt of early retirement and disability benefits still reach relatively high levels in some countries. To some extent this can be regarded as hiding the risk of LTU. Figure 7 shows that the share of people in working age population who are inactive and receiving a sickness or disability benefit amounts to 5-8% in Norway, Denmark, Finland, Hungary, Ireland and Croatia. In the three Nordic countries this group was larger than the LTU. All countries with low LTU rates and a low share of LTU among all unemployed have a comparatively high share of people not looking for a job because of health reasons and in receipt of disability benefits (e.g. Norway, Denmark, Sweden, Finland, UK) (Duell et al. 2016).

Reforms rendering the receipt of long-term illness and disability more difficult may have the effect of increasing employment but it can also result in a rising unemployment. Activation strategies for people with health problems as well as strategies to maintain older workers in employment are key pre-requirements for avoiding that these reforms increase LTU.

⁴ Although, there are large regional differences in Italy

Figure 7 Long-term unemployed and long-term inactives aged 15-64 receiving a sickness/disability benefit or early retirement in 2013 as a percentage of working age population in selected European countries



Source: Eurostat EU-SILC microdata, own calculations

Underlying concepts for designing employment services and ALMPs

1. Neo-liberalism - according to the neo-classical or neo-liberal understanding the task, duty or "responsibility" of the state would be to strive to restore imperfections of the market. The objective is to increase the matching efficiency. It departs from the assumption that imperfections of the market, e.g. wage rigidities, restricted labour mobility (e.g. through labour protection legislation), asymmetric information, are the main causes of mismatches at the labour market. Consequently, if flexibility is increased (wage rigidities in form of high reservation wages etc, mobility of the job seeker increased), then the matching outcome can be improved. Information plays a significant role. Activation policies in the neo-liberal line of argumentation focuses on supply-side measures. In addition, the behavioural attitude is very much in the focus, not only from setting the right incentives point of view, but also from a "moral" point of view. This has led to the concept of British concept of "mutual obligation" (see above).
2. Interventionist approach - the causes for imbalances are perceived in lying in the wider economic context (macroeconomic imbalances). Then the role of the state (and to some extent of the PES) is job creation and enhancing labour demand. Interventionism may also result from a concept of having a "right" to work. This approach justifies large-scale wage subsidy and direct job creation programmes
3. Capabilities approach (influenced by Amartya Sen) - the starting point is to give the individual the capability to act and to make own choices. This approach has been referred to in the literature with regard to youth employment policies (e.g. by German (e.g. Bartelheimer et 2009) and French researchers (e.g. Bonvin, Farvaque 2003).

4. Human capital based approach - here the main aim is to increase long-term employability. This concept has been developed in the North European countries. Activation strategies and active labour market policy set a focus on adapting the skills of the job seekers to labour demand. Thus investments in human capital become crucial. The behaviour of the individual is key in the sense that he or she need to get the incentives or obligations to render themselves as productive as possible and in this way serve the society (this is the justification also for the northern European understanding of the "workfare approach").

In practice, most countries have mixed the different ingredients and ideological understanding of the activation model in their own way, with subsystems by target groups emerging. One common element is the new focus on the "capability" approach, which can also be observed in the German approaches to tackle LTU presented in the Host country paper (Fertig 2016).

Furthermore, in practice a range of societal compromises have emerged in the past. Thus, conditionality for the recipients of unemployment benefits might be high, but some groups will be excluded, the more "vulnerable" ones or those for whom other benefit systems, such as the pension systems were made available. This has permitted to concentrate the resources on less people and people with a higher labour market integration probability. The price was a new kind of social exclusion for some of the older workers and those with disabilities. One consequence of latest reforms is the rediscovery of some target groups for activation policies such as older workers and people with disabilities. Together with reforms of the social assistance system, with the introduction of tighter activation requirements, this calls for the development of integrated services and improved inter-institutional cooperation.

Finally, the objectives of the activation approach differ in their respective ideological context, target group context as well as in the macroeconomic context. Therefore contradictory objectives can be found across sub-target groups, as well as across countries:

- rapid integration (integration in any type of employment, including jobs in the low wage sector in order to expand employment opportunities and temporary employment in a view to break unemployment spells and to distribute employment opportunities among more people);
- integration into sustainable jobs;
- integration into a vocational education and training measure;
- reducing poverty or social exclusion;
- reducing the risk for children and young people growing-up in unemployed households; and
- other social policy objectives.

Furthermore, in view of the different objectives, active labour market measures and services can either be more preventive with the aim to avoid that people become LTU or more curative, thus tackling already existing LTU.

Targeting the long-term unemployed

Not all groups at risk of becoming or remaining LTU are eventually targeted by activation services and measures of ALMP.

In its most recent proposal for a Council recommendation, the European Commission underlined that individualised services would not always be accessible to the target group of LTU. Programme-based interventions focusing on LTU subgroups would not tackle the entire range of specific individual needs and only a low share of the expenditure on active measures for them would be allocated to training or start-up support. Low-skilled unemployed would be four times less likely to participate in lifelong learning, and basic skills education is seldom included in support (European Commission

2015b). Although some specific programmes aimed at putting the LTU back to work exist in certain countries, active labour market policies (ALMP) and specifically activation measures and resources are mainly concentrated on unemployed persons of younger working age with shorter spells of unemployment. Only in a small group of countries are activation services assessed by experts as being more effective in supporting the LTU back into employment (e.g. in Finland and Austria) (ESPN 2015).

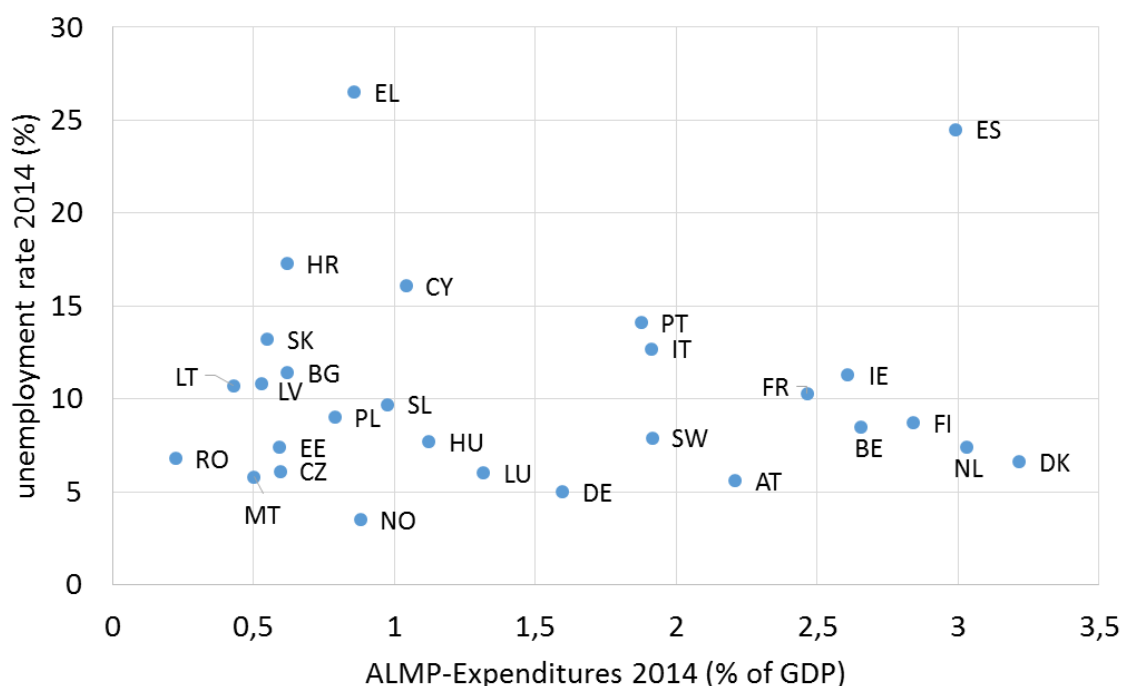
For those getting support, active labour market policies have to serve a highly heterogeneous group of LTU, including well-educated prime age workers as well as a multitude of vulnerable groups. Therefore, a multitude of different programmes can be recorded (see Table A1 in the Annex for some examples).

At the European level, young people have been the key target group of recent initiatives, in particular through the Youth Guarantee. In Germany, it was the integration of older LTU which was at the centre of a specific programme that ran from 2005 to 2015 ("Perspektive 50+"). Now both the European Commission and Germany have set a policy focus on LTU, as presented in the recommendations for integrating the long-term unemployed (European Commission 2015a) and, as presented by the Host Country in the case of Germany (see Fertig 2016).

Financial Resources

The overall ALMP spending levels are rather unresponsive to the level of unemployment and LTU. The following figure gives an overview of the unemployment rate and the spending on ALMP as a % of GDP.

Figure 8 Unemployment rate and expenditure on ALMP in %, 2014



Source: Eurostat, LFS, LMP. No data for UK; no data for Serbia in the Eurostat LMP database

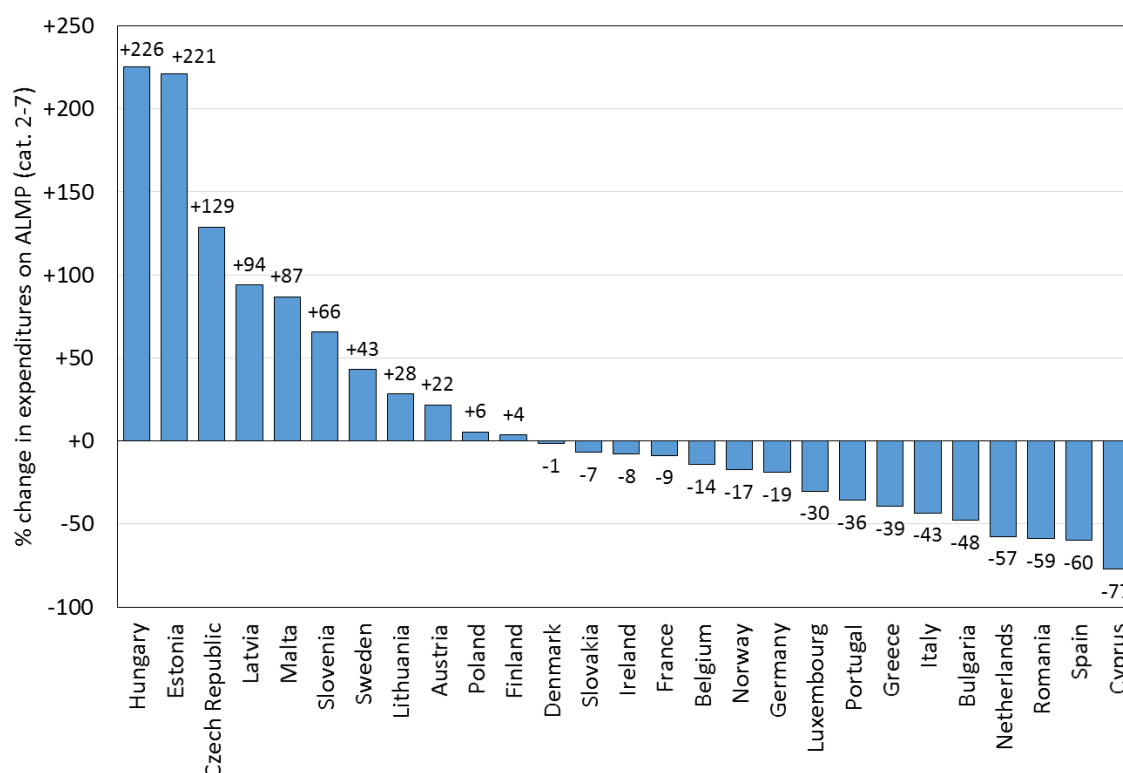
These budgets are used for both short-term and long-term unemployed. While it can be argued, that helping short-term unemployed back to work helps to prevent inflows in LTU, it is striking that countries tend to spend only a small proportion of their budgets for LTU. According to the ESDE 2015 report of the European Commission, just over a

fifth of total expenditure on ALMP measures is targeted at the LTU in the EU (excluding Greece, Cyprus and the UK), based on 2012 data.⁵

While there is a correlation between the spending on passive income support – because many job losers are entitled to unemployment benefits and other forms of income support – this is not the case for active spending. Interestingly, while spending on income support is strongly counter-cyclical, spending on active programmes tends to react only moderately in most countries, with the exception of the Nordic countries as shown in the figure below. The lack of responsiveness implies that spending per unemployed person tends to decline as unemployment rises during cyclical downturns (Immervoll and Scarpetta 2012).

Strikingly, countries with a high LTU rate have reduced their budget per unemployed. Smaller reductions in the budget can also be observed for Belgium, Germany and Norway.

Figure 9 Change in expenditures on ALMP (cat. 2-7) per person wanting to work (in PPS) between 2008 and 2014



Serbia, United Kingdom, EU28 average: No data in LMP database

Source: Eurostat, LMP

Employment services and active labour market programmes (ALMP)

⁵ The Commission points to limitations of this data: “The LMP database includes comprehensive qualitative information about each intervention, including details of the specific groups at which the intervention is targeted. Using this information it is possible to identify the amounts spent on interventions targeted at the long-term unemployed compared to those targeted at other specific groups or open to all unemployed. Note, however, that interventions may be targeted at more than one group so that the fact that an intervention includes long-term unemployed amongst its target groups does not necessarily mean that a high proportion of participants are long-term unemployed.”

PES services and ALMPs that intend to reduce or prevent LTU can be broadly classified in demand-side measures and supply-side measures. The choice of the appropriate measure depends on the causes of LTU, mainly lack of labour demand, skills mismatch or various individual employment barriers (supply-side). The delineation of this classification is however blurred and especially with a view on LTU a combination of demand-side and supply side instruments are most appropriate.

Demand-side measures targeted at LTU seek to increase the demand for labour. They include:

- (i) direct job creation measures which aim to create additional jobs for target groups who are difficult to place (even in a favourable labour market context);
- (ii) measures to increase labour demand through lowering labour costs and promoting the expansion of a low wage sector. These measures include often a combination of social benefits and low wages;
- (iii) temporary wage subsidies for disadvantaged groups;
- (iv) internship and work trials; and
- (v) job creation through macro-economic and industrial policy measures.

We consider each of these demand-side measures below (with the exception of the latter which is out of the scope of this chapter).

Assessment of job creation programmes

The primary objective of job creation measures is to create additional demand for work for disadvantaged groups who are most difficult to place. In addition, they can be linked to supply-side strategies, as they serve to test the willingness to work, are aimed at maintaining or improving employability, and are used in the context mutual obligation principle and the workfare philosophy. Direct job creation schemes can be based on employment contracts, wage subsidy schemes or they can function as in-work benefit schemes without an employment contract (e.g. municipal activation work programmes in Slovakia and the so-called "One-Euro-Jobs" scheme in Germany, which both target disadvantaged and LTU groups). They have in common that the work should be "additional". Job creation measures are more often implemented for LTU than for short-term unemployed (European Commission 2015).

They usually differ from job creation measures that were run in the 1980s and 1990s in the terms of their scale and objectives (e.g. relief work in Sweden, community work programmes in the UK in the 1980s, large scale wage-subsidy based job creation measures in Germany in the 1990s and similar experiences in France; see Meager and Evans 1998). These were larger scale and may in some cases also have a "distributional" aspect, allowing for job rotation in times of high unemployment. Evaluation results were mixed (see Konle-Seidl and Eichhorst 2016 for an overview).

In Slovakia poor results were reported from the municipal activation work programmes. Negative impacts were also reported in the case of Hungary and Serbia and mixed results are documented for Germany, Austria, Bulgaria and UK (European Employment Observatory 2012, Duell 2012, Arandarenko 2012). On the positive side, evaluations indicate that public works can help the more-disadvantaged groups as a poverty programme or safety net (Kuddo 2009). Furthermore, job creation may have a positive impact on the motivation of participants, although this is likely to apply only for some groups of participants (Duell 2012). A number of studies have pointed to large substitution, displacement and deadweight effects. In a context of high unemployment and weak labour demand, public works may nevertheless allow for redistributing job opportunities among the unemployed and break-up unemployment spells, thus reducing the social costs of LTU. Job creation measures need to be well designed and need to incorporate training in order to show some effectiveness. Experiences in particular with

social enterprises (e.g. in Austria and Finland) have shown positive results for hard-to-place jobseekers.

A number of countries have introduced or recently scaled up in-work benefits schemes to support low-paid workers living in low-income households (OECD 2014). In-work benefits have two objectives as they seek to prevent households from poverty and sets incentives for taking-up low paid work. It reduces the negative impact that welfare benefits have in principle on taking-up employment. In-work benefits can also be regarded as disguised wage subsidies and seek to promote the low wage sector with the aim of reducing unemployment. Evaluation studies of the One-Euro-Jobs in Germany have found important substitution and deadweight effects (Kettner, Rebien, 2007).

Assessment of wage subsidies

Employment incentives and hiring subsidies are targeted at integrating difficult-to-place groups into the regular labour market. They seek to compensate for an initial lower productivity (or assumed lower productivity in the case of discrimination). It is expected that productivity of subsidised workers are increasing and that this disadvantaged disappears over time. Hiring subsidies exclusively redistribute incentives to unemployed workers (Brown and Koettl 2012, Duell 2012). Subsidised employment is also used in case the disadvantage is permanent. This includes the area of supported employment for jobseekers with disabilities for whom they provide public works or “sheltered” employment.

Wage subsidies can be effective if they are well-targeted and run as small-scale programmes. However, the potential impact of demand-sided instruments like wage subsidies may be reduced in times of weak labour demand, as competition with short-term unemployed becomes rougher. Evaluation studies of wage subsidies in Hungary, where they are explicitly targeted at LTU, found that they had a positive impact, in particular for men with secondary-vocational education. Similarly positive impacts on the LTU could be found in the Netherlands, at least in the short-term (European Employment Observatory 2012). A further positive effect found in Eastern European economies consists in reducing informality (Kuddo 2009). Mechanisms need to be in place providing incentives for employers to retain workers after the subsidy expires.⁶ Otherwise, there is a danger of large substitution and deadweight effects.

In a context of very high unemployment, wage subsidies and direct job creation schemes may be offering de facto a rotation of jobs among unemployed while permanent jobs may be substituted by temporary jobs subsidised by the PES. This decreases the number of permanent jobs but has the advantage to offer employment spells to people who are at risk of long-term unemployment. In case of wage subsidies experiences from France suggest that they are effective in times of recession, as the negative lock-in effect is then smaller. The same argument would be valid also for LTU in general. Wage subsidies and job creation measures do not act as a substitute to macroeconomic policy aimed at stimulating aggregate demand or substitute for structural policies.

Assessments of work trials and internships

In the case of LTU where employer discrimination, lack of work experience, or low motivation is the main barrier, “work-first approaches” may be the best approach. Besides wage subsidies, measures include internships and work trials. Outcomes tend to be better when placement is with an employer that can potentially offer a regular, unsubsidised job after the end of the programme. Voluntary work trial schemes may be more successful in countries with relatively lax employer protection legislation (e.g. in the UK), while temporary agency work via NGOs may work better in a somewhat more rigid legal context (e.g. in Austria). Some programmes have training elements incorporated (Scharle et al. 2014).

⁶ http://ec.europa.eu/europe2020/pdf/themes/23_active_labour_market_policies_02.pdf

Supply-side measures focus on the employability of the jobseeker and are of particular importance for many LTU. They encompass training, vocational rehabilitation and various employment services. Some of the job creation programmes (see demand-side measures above) could also be regarded as a supply side measure as long as their main aim is to improve the employability of the jobseeker. The different programmes and instruments seek to address different types of employment barriers. In most cases the used measures aim at enhancing skills. Depending on the individual case, different levels and type of skills are in the focus, ranging from work-life skills to basic skills (including language and ICT skills), social skills and vocational skills. Adaptation of skills may not only be a strategy for better matching the supply and demand of skills but also in case of health impairments. The different measures can be blocked in the following groups. Measures of all three groups can be mixed.

(i) Developing work-life skills, basic skills, soft skills, work experience and work preparedness (see ESPN 2015):

- Rehabilitative work experience, participation in socially useful work
- Counselling programmes;
- Support groups and job clubs;
- Specialist support for particular groups such as people with disabilities, Roma, refugees and older unemployed;
- Volunteering, social and cultural activities;
- Education, training, vocational and rehabilitation programmes, which are offered in all countries to varying degrees but are especially highlighted in some experts' reports;
- Language training;
- Social rehabilitation to strengthen social skills;
- Motivation programmes
- Access to other social services to tackle other personal employment barriers. One example is debt counselling; access to childcare

(ii) Training of vocational skills (e.g. through modularised programmes)

- Workplace related learning
- Combining school-based training with work experience
- Combining with employment services such as career advice, counselling, coaching, mentoring

(iii) Physical and psychological health needs of individuals (ESPN 2015):

- Rehabilitative psychotherapy and psychological services;
- Medical rehabilitation;
- Programmes for persons with addictions.

Assessment of training measures

The positive impacts of various training measures mainly become visible in the long-term. Nevertheless, recent research has shown the overall positive impact of training measures for LTU. An overview of recent studies is provided in the Europa Social and Employment Development report 2015 (EC 2016): Card et al. (2015) find that training programmes are especially effective for the LTU during an economic downturn. In contrast, evaluations in Germany indicate that low educated youth are particularly disadvantaged and that mere education participation for low educated youth has no effect on employment (Caliendo et al., 2011), while a more recent evaluation of an innovative programme combining coaching, training and temporary work indicated that for this target group design is key for positive results (Ehlers, Kluge and Schaffner, 2012). A regression analysis carried out by the European Commission shows that participation in lifelong learning is a particularly strong driver of LTU transitions to employment (EC 2016). In general, lock-in effects (which are reducing the effectiveness of the measure) tend to be smaller in times of recession. It can also be assumed that

lock-in effects are in general smaller for LTU. The success of the training measures is likely to depend from a variety of factors related to the implementation: quality of skills assessment, building on already acquired skills (including certification of informal skills), training for skills that are in demand on the local or national labour market, follow-up during and after the training for those groups who need it, quality of the training provided. Furthermore, ALMPs are found to be more likely to show positive impacts in a recession (OECD 2015; EC 2016).

It is widely acknowledged that training measures are an important instrument for skills adaptation in case of disabilities. Despite the fact that many countries have reformed their disability benefit system away from compensation towards activation logics, rehabilitation services are underdeveloped, underfunded or underused, except in Finland, Norway, France, Germany, the Netherlands and Sweden. Employer counselling on disabled workers is provided by few PES and if so, the main focus is on recruiting disabled jobseekers, workplace adjustment and available subsidies. Some PES employ disability employment advisors to assist employers that are considering to recruit disabled individuals (see Duell et al. 2016).

Assessment of employment services for LTU

Activation strategies would need to address LTU as well as people who are not, or not intensively searching for work, but who are wanting to work or who would work if there were motivated and guided to do so. This calls not only for easy registration procedures at the PES but also pro-active outreach activities. In Bulgaria, in order to facilitate access from remote settlements, employment services have been offered via mobile PES units and remote workplaces since 2006.

Overall, existing empirical evidence suggests that personalised services are more effective in promoting a transition into the open labour market (European Commission 2013b). Further, the relevance of individualised service, better coordination of support, mutual obligations and employer support is mentioned by the European Network of Public Employment Services (European Commission 2015c).

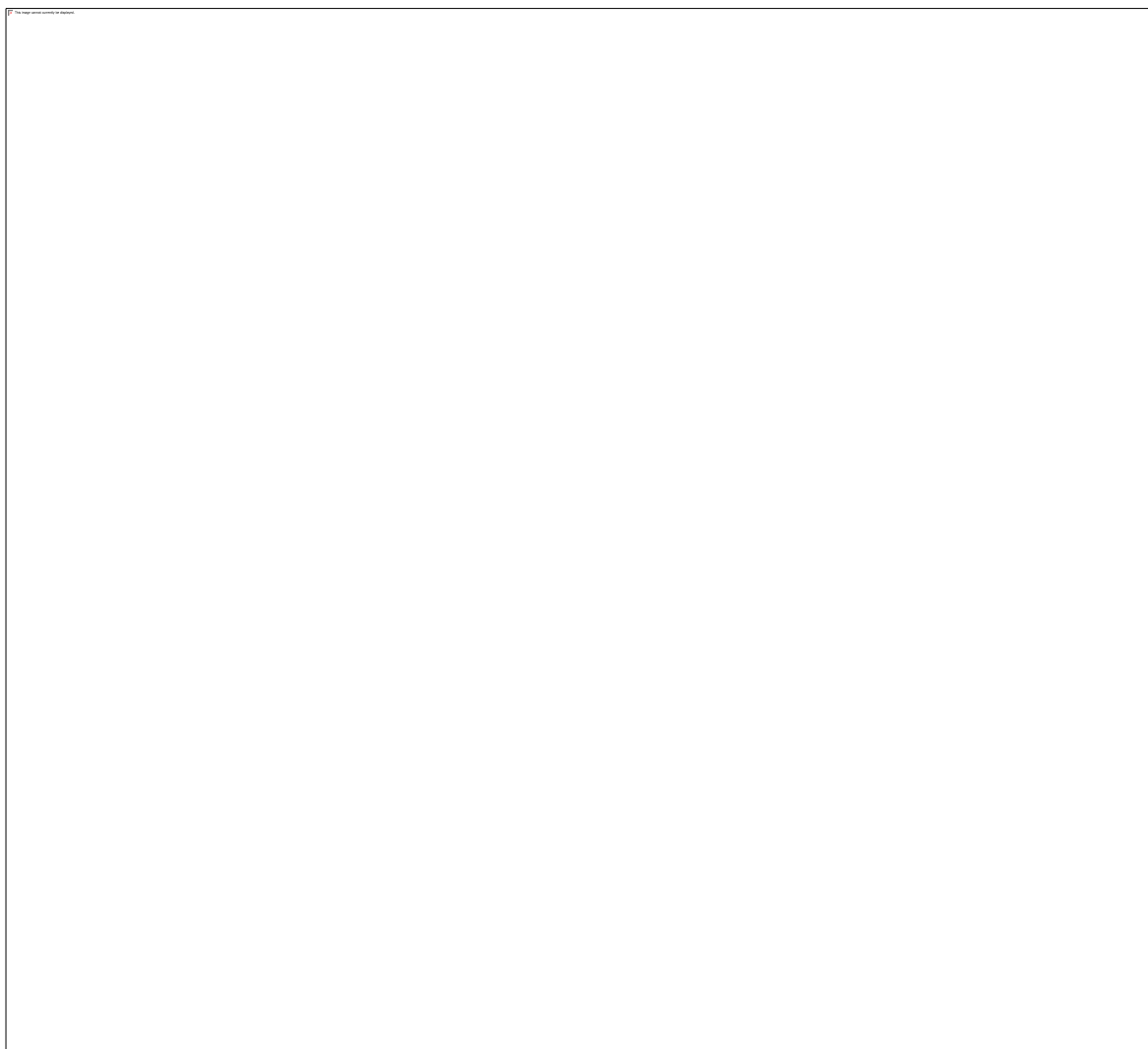
It is widely acknowledged that intensified counselling is an effective approach for LTU (ESDE 2015 provides an overview of recent evaluation evidence). Some PESs have developed new tools of counselling vulnerable groups. One of these instruments is collective counselling. The French PES has implemented two national action plans dedicated to LTU in 2011 and 2012, providing services via innovative channels, such as collective counselling and PES services for LTU in remote places. Collective counselling is used in many countries to support the LTU, for example in Bulgaria, Slovakia and Portugal. In Portugal, some services aimed to overcome personal employability deficits are delivered via group interventions, focusing on motivational promotion, promotion of self-esteem and development of personal and social skills (European Commission 2014). It is expected that a peer learning between the unemployed takes place. It is important that career guidance is independent from the influence of training institutions (OECD LEED 2013).

PES services such as job search assistance have been found to have a positive impact on the chances of the unemployed to find employment, even in the short-run (Card, et al, 2010). Higher PES effectiveness is linked not only to wider coverage, but also to better quality service (European Commission 2016). Card et al. (2015) claim there is systematic heterogeneity across participant groups, with job search assistance and sanction programmes being relatively more successful for some disadvantaged participant groups, whereas training and private sector employment subsidies tend to work better for some of the LTU.

Finally, surveys point to the necessity to appropriately combine several components, such as job search assistance in a first stage with training, wage subsidies or public works in a second stage (Card et al. 2010 and 2015). Long-term guidance and follow-up of target groups is needed.

In recent years there has been a shift in priorities of expenditures for ALMPs for the unemployed in some of the peer review countries, notably in Germany where employment services have been increasingly preferred over other ALMPs (Figure 10).

Figure 10: ALMP spending by policy area 2008 and 2014



General remarks about evaluations of ALMPs

A recent meta-analysis by Card et al. (2015) of impact estimates, based on econometric models, show that on average ALMPs have an average short run impacts on employment are close to zero but become more positive 2-3 years after completion of the programme. There are variations with regards to the type of the programme. Activating "work first" style job search assistance and sanction/ threat programmes tend to have larger short term effects, human capital style training and private sector employment subsidies programmes have small short term impacts but have larger gains in the medium or longer run. Public sector employment programmes have negligible, or even negative programme impacts in the short and in the long run. These findings apply to all unemployed and not necessarily to LTU. As already argued it is also crucial to take the activation model into account, as well as the macroeconomic circumstances at

national and local level. Also, results tend to vary greatly by specific subgroups of LTU and to the set objectives. A number of qualitative evaluation studies bring interesting insights of what works in activation processes.

Case study evidence from Denmark, Hungary, Italy and Lithuania suggested that in particular an individualised mix of counselling, training and supported employment in the regular labour market is essential for the more disadvantaged groups among LTU (Fertig et al. 2015). This would involve also workplace training (as exemplified by “adult apprenticeship” programmes in Denmark). Post re-employment mentoring for LTU (in combination with subsidised jobs) can increase the probability of retention.

The role of the counsellor

Having a single person as a contact is key for building client confidence and establishing a positive relationship. Case studies prepared by OECD LEED (2013) confirm the crucial role of case management. In an example from Belgium (Antwerp and Alost Targeted Trajectories project, see also Annex Table A1), counsellors remained with the jobseeker throughout their journey. They supported the jobseeker with both work and welfare advice and were encouraged to view them as a unique person with their own aspirations and characteristics. By getting to know the jobseeker, they were better able to identify key strengths and competences and were consequently better able to source appropriate resources and tailor-made learning opportunities (skills and attitudes). Having a strong client relationship also helped to set realistic goals and providing honest, realistic feedback, enabling the jobseeker to recognise unrealistic work perceptions and expectations, and helping to create new, achievable work life goals. The counsellor needs to have the confidence to, in effect, ‘sell’ the jobseeker to the employer (example presented in OECD LEED 2013). Similar lessons from the Swiss approach towards coaching older workers: get expectations and self-assessment right. Older unemployed often have too high wage expectations and at the same time too little self-confidence (Arni 2012).

Another lesson from the case studies is that trust building with disadvantaged groups is easier if the counsellor belongs to the same ethnic or social background (e.g. Roma mediators in Bulgaria), or if the employment services are provided by independent organisations rooted within their own communities and a common value set(OECD LEED 2013).

One task of the counsellor consists in general to set-up an individual action plan, where obligations and duties, as well as steps towards activation, including potential participation in ALMP is drawn up. In most countries individual action plans are drawn by the employment counsellor together with the unemployed. The content of the individual action plans however vary greatly across Europe. In general they fix a trajectory or common steps to be followed by the jobseeker. In some cases, action plans are tailored to take account of the particular needs of the individual, while in other countries they are very basic and standard (ESPN 2015). In the latter case the instrument of individual action plans is less effective for unemployed with complex employment barriers. Innovative approaches (e.g. the programme “garantie jeune” in France targeted at disadvantaged young people) show that it is not only important to involve the unemployed in the design of the individual action plan, but to place him in a micro network (consisting of other LTU with similar problems, contacts with employers, etc). The individual action plans should then be dealt with in a flexible manner and to allow to mix up employment spell followed by training spells for example (although, this would generally be fixed the other way round). These approaches, are however, staff-consuming (Farvaque, 2016).

In some countries individual action plans are drawn-up for all unemployed after a defined length of unemployment, while others use this instrument only for specific target groups such as youth and older workers (Duell and Vogler-Ludwig, 2011, Tubb 2012). In general terms, there is a tendency to shorten the length of the unemployment spell by implementing individual action plans (Duell 2012).

Slightly under half of EU countries⁷ have integration contracts which have a greater focus on the individual social and health needs of the unemployed. These are most commonly drawn up between the individual and the social services responsible for welfare benefits. Where countries have both action plans and integration contracts, a key challenge is to bring them together into a coherent integrated approach (e.g. see new developments in Finland) (ESPN 2015). Overall, countries that utilise both individual action plans focused on activation measures and integration contracts that address the complex social and health problems that can affect the LTU are more likely to develop effective individualised support. However, it is important that such plans are developed in a flexible manner in conjunction with the unemployed person.

The high caseload of PES counsellors (i.e. the number of unemployed per counsellor) is an acute problem in many countries, in particular in many Southern and Eastern European countries, because they impede the delivery of tailored services for the LTU. Good staff/client ratios and the recruitment of motivated and highly trained personnel reduce the average duration of unemployment and LTU (OECD 2015). Low caseload can be regarded to be 50 to 100 unemployed per counsellor. The question whether lower caseloads improve the effectiveness of ALMPs was tested in a large-scale pilot project of Germany's employment offices. The ratio of caseworkers to unemployment insurance benefit recipients was set to 1:40 in 14 pilot offices, while it was about 1:100 in the non-participating offices. The evaluation results, based on a quasi-experimental approach, indicate that the approaches caseworkers use to activate their clients (i.e. the mix of supportive (counselling) and punitive (monitoring and sanctions) elements) matter for the return to work (Hainmüller et al., 2016, see overview in Konle-Seidl and Eichhorst, 2016). Other success factors was successful registering of new vacancies and optimising processes. The result of another evaluation of an experiment showed that the pilot project with a more intensive follow-up led to more proactive behaviour in participating offices and thus to an improvement in the performance of participating local employment offices. The internal teams provided individual counselling and also in-house training and they also helped the unemployed cope with problems not directly related to the labour market, such as family related, financial, and health problems. In the short run, internal services were more effective in reducing unemployment than an assignment to private services. However, this positive effect in the short run was not sustained in the medium run (Krug and Stephan 2016). The new provision of intensified services (caseload 1:65) for unemployed with "complex profiles" seems to be efficient (Eichhorst, Konle-Seidl, 2016).

Several PES employ psychologists, specifically trained counsellors, coaches (e.g. in Estonia) or mentors of a particular ethnic origin (e.g. in Bulgaria) to meet the specific needs of hard-to-place clients. However, few PESs have in-house counsellors specialised in supporting the LTU or specific target groups which tend to be at a high risk of LTU (the low-skilled in Denmark, disabled individuals in Austria or the Roma in Bulgaria). Instead, many PES rely on service delivery in partnership with contracted or other specialised providers (Scharle et al. 2014).

Services for employers

One of the major difficulties for PESs is to establish trustful relationship and good contacts with employers. In general one of the challenges consists in having a good image among employers, e.g. through thorough pre-selection of candidates, and at the same time using good connections to employers in order to place vulnerable groups. This may lead to internal conflicts, as the employer service unit may not want to refer LTU to the employers. In some countries there are teams dedicated both to jobseekers and employers as in other countries there are separate professional teams dedicated to each category of clients. It seems that neither type of organisation is clearly prevailing (European Commission, 2012, Scharle et al. 2014). An earlier Peer Review has shown

⁷ Out of 35 countries covered by the European Social Policy Network: AT, BE, DE, DK, ES, FR, FI, IS, IT, LU, LV, NO, PL, PT, SI

that since jobseeker guidance is time-consuming it becomes more difficult to provide strong attention and availability for employers. On the other hand, when professional teams are specialised, the difficulties remain in making teams work together and find the best articulation for job brokerage. Close cooperation between the parties is needed to achieve optimal matching and placement results.

In some countries there are specific activities to proactively reach out to potential employers for placement of LTU (Scharle et al. 2014). In other countries, PES established contacts with large employers in order to also place vulnerable groups. In some cases the PES calls upon the CSR of companies. In other cases PES convince employers to participate as they offer to also train the LTU for a subsidised job for example. A further approach consists in liaising with NGOs which have good contacts to employers who are open to get engaged with vulnerable groups (although cooperation with the social economy has been debated in a controversial way). While positive results can be recorded in some countries (e.g. Austria, Finland, France, Switzerland), researchers in Germany have stressed the stigmatising effect of the so-called subsidised second labour market. One element in these different assessments may refer to the different capacities of social enterprises to help the transition towards the regular labour market. This issue would need to be investigated more in-depth.

PESs may also offer help with recruitment and selection to firms so as they can meet legal obligations with respect to hiring certain disadvantaged groups (e.g. in Member States where quota systems or procurement rules set such obligations). Good practice examples include initiatives where the employers are helped to understand their recruitment and skills needs over the immediate, short, medium and long terms, ensuring that longer-terms plans were matched against macro-economic projections. This helps to develop themed training packages (e.g. Gloucester Work, UK). Networks at local levels are a precondition for success. Finally, efficiency of ALMPs like wage subsidies may be increased if specific socio-pedagogic guidance is offered to employers in case they need it (European Commission 2014, Duell 2012, Brown and Koettl 2012, Fertig et al. 2015). The approach of the German programme to combat LTU, which is focusing on improving employer relations is a promising approach, but it may gain from being implemented in a flexible way to respond to the real needs of employers.

4 PES capacity and governance challenges

Institutional organisation

The objective of increasing the efficiency of PES in job brokering and matching labour demand and labour supply has guided reforms of labour market policies and restructuring of PES activities in a number of countries. Countries have made different choices on how to combine a market approach and a regulated and coordinated approach of delivering activation services and ALMPs (quasi-market model in particular in the UK, OECD 2015b). Capacity building has not retained much attention and is still at a comparatively low level in some of the Eastern and South-Eastern European countries (see Duell, Kurekova 2011 in the case of Slovakia and Dimitrov, Duell 2015 in the case of Bulgaria).

In order to make use of guidance and job brokerage services and to participate in active labour market measures, LTU usually need to be registered at the PES. According to the European Commission the share of LTU registered at a PES varied from 24% in Romania to 93% in Finland (in 2013, European Commission 2015b).

In the vast majority of Member States the receipt of social assistance benefits is linked to the registration with the PES. Only Germany, Denmark, Sweden and the UK offer a right of placement linked to LTU support services or measures. In eleven Member States, discontinuity of activation services in the course of long unemployment spells is linked to the fact that primary responsibility is shifted from the PES to social assistance offices when an unemployed becomes LTU. These services are often not sufficiently coordinated between the different institutions. In contrast, in nine Member States, institutional coordination is promoted in the form of a single point of contact or a one-stop-shop. In other Member States different forms of partnerships are evolving (European Commission 2015b). There are still limits in coordinating services, which need to be addressed. This includes access to adult learning, debt counselling, migrant integrative support (e.g. recognition of qualifications) and to supporting social and family services (e.g. child care, health and rehabilitation support)⁸.

A difficulty arises in a number of countries as municipalities provide a wide range of social services, and sometimes also employment services for social assistance recipients. Furthermore, disability insurance offer activation services to their clients.

Profiling, client segmentation and work organisation of activation services

Profiling is usually used in a wide range of countries to identify early who is in need of intensified help and "expert" services, while ready-to-work jobseekers are getting much less assistance, so that the scarce resources can be used in a more efficient way. The usefulness of profiling is linked to the profiling system used: how differentiated is it? How much time is spent on the first interview?

Some PES distinguish between 'standard' support and 'case management' as a special working method for the hard-to-place. In Estonia, two types of customers are distinguished depending on their needs (assessed through interviews with personal advisors): 'job mediation clients' (easily employable) and 'case management clients' who need intensive, tailored support given their multiple employment obstacles (European Commission 2014). Germany has a dual system of public employment service delivery. Unemployed with complex profiles are offered a reinforced service called 'employment-oriented case management'. Another country with a dual system is Finland.

Responsibility for LTU is mostly split between different institutions, which are more or less decentralised. A wide range of social services are delivered by municipalities, while invalidity insurance institutions often have a more centralised structure. Supplementary social services such as debt counselling, language courses, psychological support, etc

⁸ European Commission 2015 referring to Champion and Bonoli 2014 article of FP7 project LOCALISE

are mostly provided by regional and local actors, welfare offices or agencies in municipalities (e.g. in Germany and a number of other countries) as well as by the public employment services (e.g. Belgium). In some countries, the services are provided by third sector enterprises and companies (ESPN 2015). This adds to the difficulty of cooperation. As a consequence different models of cooperation have evolved, from one-stop-shops, two-stop shops, single contact points for specific groups and different arrangements for inter-institutional cooperation have evolved across Europe. The example of Norway shows a far-reaching example for the running of a one-stop-shop. Given the high rate of the population getting disability benefits in this country and the role of rehabilitation services for activating people with health problems it was important to include also the relevant invalidity insurance institution when setting up the one-stop shop, the Norwegian Labour and Welfare Administration (NAV).

Common barriers and problems of inter-institutional cooperation and one-stop shops are: (i) leadership problems; (ii) difficulties to integrate different accountancy and monitoring systems; (iii) difficulty of integrating software; and (iv) difficulties to define common objectives (e.g. PES objective may be rapid placement at the labour market while welfare institutions may favour social activities, stabilisation of the personal situation or life skill training in the first place, as their clientele often face complex labour market barriers).

In some countries employment services for hard-to-place groups are outsourced to specialised organisations. These can be NGOs, or private providers. Furthermore, local community groups can be involved. Local community groups can provide access to groups of individuals where a provider may be forced to approach individuals on a case by case basis; they can provide a useful expert view on the needs of client groups and differing client cultures; they may have an understanding of what opportunities may exist for clients (OECD LEED 2013).

Individualisation of services and autonomy of local PES

Clearly, the need to provide person-centred and individualised services to LTU, given the very nature of the complexity of employment barriers and the heterogeneity of the target group, requires a high degree of flexibility and autonomy of the PES counsellor. Several approaches have been pursued in order to increase both. This includes decentralisation of the PES; outsourcing; and case management.

In a number of countries a trend towards decentralisation of PES can be observed. Although, countries have departed from highly different historical context of centralisation of PES services and are now trying out to identify their most suited decentralisation model

The benefits of devolving some autonomy to the local and regional level has been regarded as a tool to modernising PES services in terms of delivering individualised approaches adapted to local labour market realities. In this respect local units need a degree of freedom to either design local programmes or adapt national programmes to suit the local situation. It has been argued that local units should have enough flexibility in how they spend their budgets to accommodate spending on partnership activities.

However, experiences have also shown the draw backs of “too much” of or poorly governed decentralisation, in particular unequitable delivery of services, loss of control from a labour market policy point of view, too small target groups for setting up sensitive measures. When resources are not predictable, strategic planning (e.g. staffing) becomes more difficult (Weishaupt 2014). For example, centrally managed data is necessary for multiple reasons (nation-wide placement, coordination of programmes, facilitating partnerships, and for performance management). In the case of Denmark which used to have a highly decentralised system, the Koch Committee recommended to reorganise PES at regionalised units rather than in municipalities (European Commission and Madsen 2015). Fragmentation, unprofessional service delivery and too small sizes of local units are identified as shortcomings of overly decentralised system. In general terms, it seems that for decentralised models to be efficient, it is necessary

that there are common guidelines and that the activities are monitored, at the cost of less flexibility.

Discretionary power of office staff can be positive, as far as it leads to more personalised and tailored support. In general terms, PES with devolved autonomous decision making powers are seen as more able to respond expediently and appropriately (Manoudi et al., 2014). However, it can be negative when it is linked to scarce staff resources (too many cases per counsellor; not enough time to solve the individual problems of beneficiaries). It can also be negative if the PES counsellors adopt discriminatory views and practices (e.g. attitudes towards immigrants, people with an addiction, or Roma, etc.) (ESPN 2015).

An assessment of the effectiveness of social services in supporting LTU made by external experts of the European Social Policy Network (ESPN) points to the failure of services to reach the most disadvantaged and to sufficiently target the LTU in many countries. A second problem consists in the limited availability of these services in a number of countries. A third bottleneck is the lack of coordination or weak links between services (ESPN 2015). Different working cultures and objectives between the PES and providers of other social services are one of the factors limiting efficient cooperation.

While case management has been widely acknowledged to be the right approach for serving hard-to-place people (see above), the "black box" approach has been doubted more recently. Questions about control of quality of services provided, capitalisation of learning about approaches that work, and equity issues have been raised. Case managers need to have a broad knowledge in different intervention fields.

Partnerships at local level

Examples of both more centralised or decentralised models of PES have shown the importance of local partnerships. The experience shows that a partnership approach often needs many years to develop. Shared commitment, but also rules regulating the functioning of the partnership need to be set up. Partnerships at local level involve in general the PES, municipalities, regional governments, social partners, training institutions, large employers or sectoral organisations, NGOs providing services for vulnerable groups, etc. There is a need for promoting cooperative relationship between participating companies and institutions and building network structures at local level; including representatives of different communities; considering local needs in skill supply. The benefits of partnerships at the local level for serving unemployed with complex employment barriers has been widely acknowledged.

Externalisation of services and performance management

Countries are increasingly establishing agreements, contracting out the services to NGOs, social cooperatives, the third sector, private companies and employer associations. The lessons and experiences made with different coverage and forms of outsourcing are mixed. The benefits consist in the possibility to take advantage of specific knowledge and resources. Whether outsourcing and quasi-markets bring about better results than in-house provision of services depends largely on the capacity of providers. This include their capacity to offer training courses that are in demand and useful for companies; design programmes to follow up vulnerable groups; and build on the expertise dealing with these groups. Evaluating how private providers work in addition to monitoring the results helps to better govern outsourcing and defining inputs and outputs.

In addition, some argue that competition between providers increases the quality of the services. However, there are also some that argue that competition and provision of services for the most disadvantaged via the market bears the danger of creaming, in the sense of choosing the less risky cases, and of cost savings on the services provided. Impact studies concluded that contract design and the selection of lowest price bidders contributed to the poor performance of private providers (problems with contract selection and poor quality of delivery) (Finn 2011). Another lesson includes the accurate

rating of performance (OECD 2015). The advantage of quasi-markets depends on the quality of its implementation and how contracts are designed. Rules have to be found which simulate market mechanisms, as the price alone is not able to bring about the most efficient results. This is linked to the type of service and objectives (externalities, public good character). Therefore quasi-markets have to find rules that can replace the pure price mechanism. This is also valid for the externalisation of parts of the services. Countries have made experiments with a wide range of different outsourcing arrangements (e.g. payment by results, "black box" approach, defining input standards, voucher, limiting or not the number of suppliers, certification of suppliers, cooperation agreements, tendering, etc.).

An additional aspect when outsourcing parts of the services relates to the relationship between the PES and the external provider and the division of work between them: is the PES keeping control over the whole process? Is it pre-selecting specific LTU to be referred to the private providers? Thus, managing outsourcing of employment services, in particular for vulnerable groups, can be a very demanding process.

As a general rule it can be said that if the PES has weak management capacities (setting the objectives and performance indicators accordingly, finding a mix of input and output based reimbursed elements, monitoring), outsourcing cannot be efficient. Lessons learned from Australia also show that the creation of a "quasi market" has evolved over a long period of time and is the result of a try and error process (OECD 2012). The initial black-box approach was gradually replaced by a more regulated performance monitoring system. This lesson can be generalised to outsourcing or to in-house provision of services. Both requires a high level of governance skills. Furthermore, cooperation between different external providers need to be ensured.

In general terms, the adoption of outcome-based, quantified targets ensures accountability and is conducive to higher "market" and/ or PES efficiency. PESs that regularly monitor performance and make cost-benefit calculations, find it easier to channel resources to the most effective measures and convince policy makers to provide the PES with the resources needed for responding to labour market shocks (EC 2014). Performance management is used in a number of countries to directly influence target negotiations between the central and regional PES levels.

When linking financial incentives to performance management results, the expected output indicators need to be carefully designed in order to avoid adverse effects. A number of countries are concerned about taking the socio-economic context into account (e.g. through using regressions or econometric models, as in Switzerland and in the Netherlands). One problem with linking budget to performance indicators is the time lag, budgeting needs then to be flexible enough to adapt to the changing labour market situation. Linking budgeting to some labour market indicators and usage of performance indicators as add-ons has the advantage of being more equitable. This may be one reason, why some countries use performance indicators as a soft instrument of benchmarking.

5 Conclusions

The level and development of LTU varies widely across Europe. Countries have undergone a trial and error process in the past on how to tackle LTU in the context of economic restructuring. The responses have changed over time, as they have to adapt the objectives and resources to the changing economic environment and policy trends (e.g. disability and pension policies). Large job creation programmes were run by countries like Germany in the past (in the form of two different models), when unemployment was high. They have been significantly reduced since unemployment has fallen. Some countries still run larger job creation programmes, there is no clear trend. Also large differences exist in how these programmes are implemented (wage subsidies or in-work benefits, length of participation, etc.), reflecting different intervention logics and ideological settings.

Whilst it is right to start activation as soon as possible, in order to avoid inflow in LTU, there seems to be too little activation efforts for those who become LTU in a wide majority of countries. The German approach to set up a programme for the very long-term unemployed is relevant also for other countries.

During the crisis in general an increase in train-first approaches has been observed throughout Europe and a human-capital based approach seemed to be favoured in a range of countries, at least for the short-term unemployed. For the LTU, trends are less clear. Training needs for LTU range from work-life skills and basic skills training to retraining. There is little evidence that retraining schemes for parts of LTU in occupations which are forecasted to be in demand in the long-term are favoured, although this could represent a successful approach for some LTU.

Innovative approaches point to the need to better integrate PES services and programmes, e.g. to better link training and employment programmes and personalised follow-up. Job creation programmes for LTU have been assessed negatively in the past, as they often resulted in substitution and deadweight effects, as well as stigmatisation effects. However, there seems to be large differences in these effects linked to the way they are implemented. Not only mechanisms to ensure that the tasks are additional have to be set up, but also guidance given to exploit the learning potential of work experiences, and to link work with the improvement of basic skills or vocational skills modules.

Countries have in common that they have sought to improve and strengthen the "capability approach" in the recent years. As a general trend many countries have increased their efforts in the area of vocational rehabilitation and other activation services for people with disabilities. However, improvements in this area are more likely to be linked to early intervention. There is less evidence that vocational rehabilitation of LTU with physical and mental health problems has markedly improved. It seems that in this area more efforts need to be made in most countries. Other approaches adopted are improved and more intensive guidance and follow-up services, combined with training and work experience measures (increase work life skills, job search training, motivational courses, basic training, etc.) for LTU in a range of countries. Evidence has shown the importance to coordinate different types of services (PES services and PES services and other social services). The German approach towards the establishment of "activation centres" for LTU to reinforce cooperation between PES and municipalities (key actors for the provision of social services) is therefore an important way, which should be relevant for a wide range of other countries.

Some countries seem to favour a "market approach" and choose to set a stronger focus on employment services rather than ALMPs (e.g. UK). In this case, the point of departure is the behaviour of LTU as well as their capacity to search for appropriate employment. Interventions into the market (e.g. through direct job creation or wage subsidies) are limited in this model, as it is assumed that the market can solve the employment problem if the labour market are flexible enough. It seems that Germany has recently shifted slightly towards this model, as ALMP expenditures per LTU decreased and

resources for intensive counselling and follow-up of jobseekers and employers increased. However, social policy objectives of active labour market policies have come back in the most recent debate in Germany, after having been vanished in the context of the so-called Hartz reforms.⁹

Given that different activation regimes are prevalent and given the heterogeneity of the target group, it is difficult to draw general conclusions from past and present approaches on what works. Nevertheless, it is possible to disentangle some generic success factors and bottlenecks for reducing LTU.

Success factors:

- Understanding the complexity of the employment barriers
- Combining self-assessment and PES assessment of the employment barriers and the potential of the individual
- Use group counselling and peer learning in addition to face-to-face meetings between the counsellor and the unemployed.
- Combination of services and programmes: this relates to the integrated service delivery from different institutions as well to combination of PES services and programmes.
- Flexibility in the approach
- Low case-load and sufficient financial resources
- Well-trained staff; it is an advantage if staff has a good overview and understanding of different fields.
- Developing and fostering partnerships at local level
- Autonomy of case manager combined with well elaborated common guidance and monitoring
- Outsourcing to external providers will be efficient only if well governed from the side of the PES (target setting, monitoring requirement, payment rules); requires capacity building at the PES
- Trust-building with the unemployed and with employers
- Develop employer services and elaborate a two-fold strategy: gain trust by providing good services and seeking cooperation with employers which are willing to take up disadvantaged groups
- Investment in employability calls for training measures (starting at different levels, depending on the employment barriers) as well as for measures that allow work experience
- In the context of high LTU, employment incentives can help to break unemployment spells and to allow for labour rotation. The risk of becoming very LTU should be avoided, as the individual and societal costs of very long-term unemployment are high (health problems, poverty, education of children)

Problems and bottlenecks:

- Conflicts in the objective setting of different institutions (e.g. rapid labour market integration, vs. sustainable social inclusion);
- Restricted resources for ALMP and pro-cyclical spending patterns
- Limited availability of supportive social services
- Limitation of evaluation studies as LTU are an extremely heterogeneous group, objectives may vary in the macro-economic context, different philosophies are attached to social policy choices.

⁹ See e.g. views expressed at an expert meeting organised by the Bertelsmann Stiftung on 17 February 2016 in Berlin („Teilhabe statt Hartz IV: Sozialer Arbeitsmarkt als Mittel gegen Langzeitarbeitslosigkeit“ [Participation instead of means-tested minimum income: social labour market as a tool to reduce LTU?])

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Annex 1: Example of relevant practice

Table A. 1: Examples of successful or promising measures for LTU

Country	Title and type of measure	Target group and success factors
Austria	<ul style="list-style-type: none"> • Social-economic work agencies (work placements) 	16,644 participants in 2012; positive results so far
	<ul style="list-style-type: none"> • Needs-based minimum benefit (BMS) (2014: monthly rate of EUR 814 for single persons) 	Those not eligible for unemployment benefit anymore and those whose earnings do not reach a threshold; cooperation of municipality, PES and third parties. Inclusion of BMS clients in activation services and integration into the labour market increased.
Belgium	<ul style="list-style-type: none"> • Jobtraining (training and counselling) 	This measure is an an outsourced service which targets older LTU far from the labour market. It considers the person in a holistic way (considering health, personal issues, housing issues, etc.). Support can be provided during long periods of between 12 to 18 months, exceptionally up to 3 years and consists of a workshop with a coordinator and a counsellor that participants have to attend regularly. In this workshop, participants learn how to settle back into a normal rhythm of activity and how to redevelop their social, communication and technical skills. Once the main personal obstacles are lifted, participants work individually with a job-coach supporting their matching with employers.
	Targeted Trajectories towards work for persons from impoverished backgrounds	Two projects in Antwerp and Alost in Belgium which focused on experimental trajectories towards work for persons living in poverty.
	'Back at Work' Trajectories for (former) detainees	Information on four projects run in Belgium to help former detainees into employment.
	<ul style="list-style-type: none"> • Job creation through social entrepreneurship/economy 	Social flexibility and attention to local needs as the levers for large-scale sustainable job creation by the Flemish organisation 'vzw IN-Z'.
	<ul style="list-style-type: none"> • Curative individual training in enterprise 	The 'individual training in enterprise' (Individuele Beroepsopleiding) has been a central active labour market instrument in Flanders for a long time. It consists of an individual assessment by the PES of the skill-gap

		<p>of the unemployed, which is the basis for a training plan drawn up in collaboration with a prospective employer. Subsequently, a training/working programme is offered, which may last up to six months. Employers are generally aware of the instrument and, if they hire a candidate eligible for it, they approach the PES to start the assessment and develop the training plan. Part of the instrument is an obligation for employers to hire the candidate at least for the duration of the training. The instrument compensates the employer with a so-called 'productivity-contribution', which lowers wage costs while giving the beneficiary valuable professional experience in the company.</p> <p>In 2009, in response to the economic crisis, the instrument was also used for a curative training in enterprise, particularly targeted towards vulnerable groups that were unemployed for at least a year (younger than 25), or two years (older than 25). In this 'curative' version of the instrument the role of the PES is more prominent to ensure the training (which can be extended to one year) is tailored to individual needs. It is now the PES which actively approaches companies to find places for the long-term unemployed.</p>
Bulgaria	"Support for Employment" Scheme (wage subsidies and mentoring)	Since project start in 2012, >25 000 persons were included in employment, 6 178 of them were LTU. 50% of participants are recruited by private sector employers.
Croatia	On-the job training: vocational training at employers' premises	Monitoring data shows 19,321 participants (especially young people) in 2013.
Czech Republic	"Work without barriers"	Includes diagnostics, individual counselling, motivational training, functional and financial literacy and professional retraining courses.
Denmark	The education scheme; Training for LTU	Targets the long-term unemployed who are about to lose their unemployment benefits with training of maximum six months within a reference period of 12 months. The scheme aims to equip them with the skills necessary for successfully finding and sustaining a job that matches their skills. Individual training objectives are set in individual meetings hosted by the PES.
	From 2012-2013, the government implemented and funded a special service	The services offered included individual counselling sessions by personal job counsellors and a fast track to job training or internships.

	for the LTU who are members of unemployment insurance funds and had <6 months of unemployment benefit eligibility.	Employers were entitled to a bonus when hiring among this group.
Estonia	Coaching for working life (training)	<p>External providers contracted by the PES (EUIF) perform work-related social rehabilitation services for the long-term unemployed. The overall objective of the service is to address the specific labour market related needs of participants and to bring them closer to the labour market, but not necessarily to achieve rapid placement. Coaching is implemented with various practical targets, such as improving time-management and job search skills, increasing self-motivation, restoring working habits and improving practical work skills. A typical coaching programme takes place every day for a few hours and lasts for a period of 2-3 months.</p> <p>Outcomes: According to an analysis carried out by EUIF, the ratio of participants in employment within one year after completion of the Coaching programme is 28%, while 50% of the participants at this time are in another ALMP programme.</p>
Finland	<ul style="list-style-type: none"> • Job search counselling, highly individualised activation and ALMP for LTU, provided by the LAFOS Centres • Välke, Tampere. Combination of different instruments 	<p>Target group: people with multiple disadvantages, LTU; PES delegate clients; funding: 50% from central government, 50% from municipality; innovative element: horizontal, cross-sectional cooperation in LAFOS Centres is one of the outcomes of a broader government reform enhancing horizontal policymaking through intra-ministerial cooperation and introduced new programme management methods, success factors: constant dialogue between social and labour services, the limited type and number of actors involved.</p> <p>The Välke project was a collaborative effort of the city of Tampere and the Tampere unemployment office. It was originally planned to run from 2008 to 2012, but thanks to its success, the unemployment office was still involved until end 2014. The approach was to combine different unemployment measures in a new way to better support the long-term unemployed. The key idea is to provide learning at work, thereby aiming to bring together the</p>

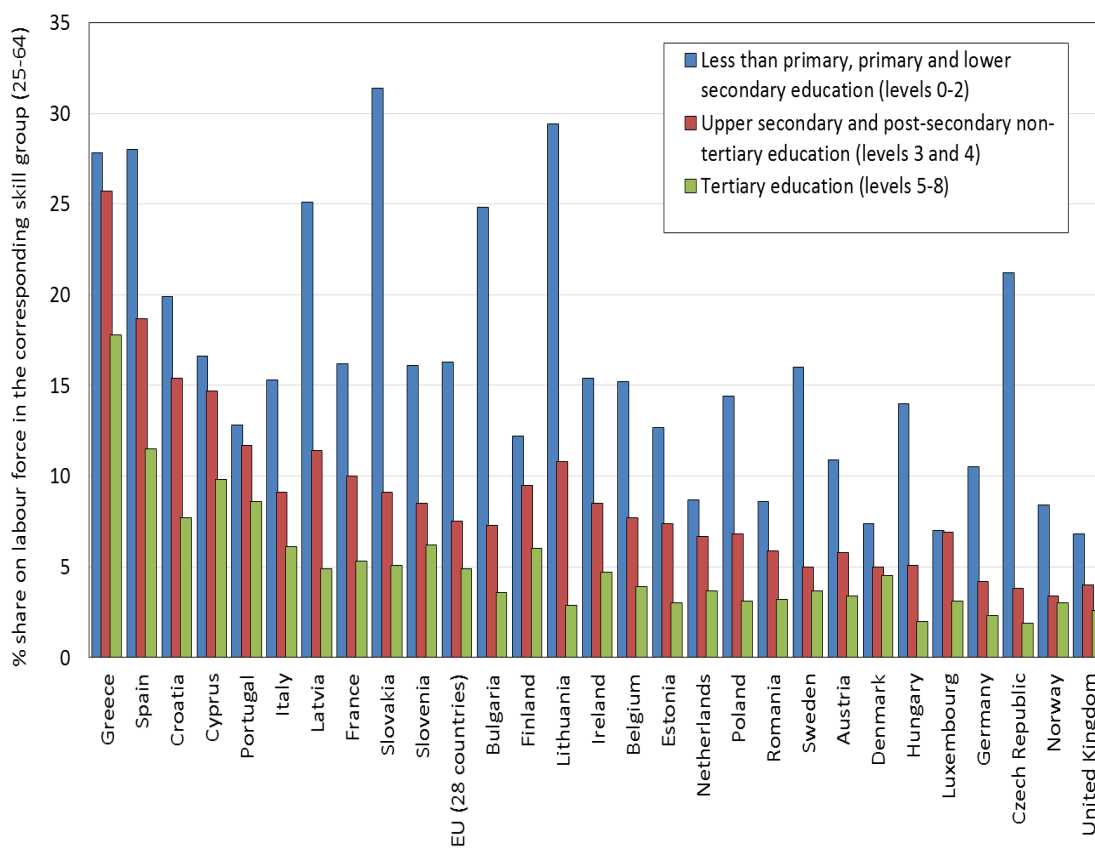
	<p>needs of individuals and the possible employers. This is done by a tailored 'service package' including a supported job (on the intermediate labour market), an education track related to that job and individual career coaching. All these services were combined to ensure effectiveness. The counsellors that assisted the individuals were aware of local skill needs, and were specifically instructed to investigate how the skills of unemployed persons could be improved to meet the needs of the local labour market. At the core of the services is the local unemployment office providing the unemployed with a supported job and a suitable education track. Once the job was found, the education coordinator helped the person find a training provider and a suitable training course. Other key success factors are a tailored approach to supporting the long-term unemployed by bundling multiple support instruments in one package and taking into account diverse employer needs (small and larger companies, public and private).</p>
<p>France</p> <ul style="list-style-type: none"> • Reinforced support for young people with repeated problems to access employment • Ardelaine – a co-operative dedicated to local sustainable development 	<p>Better results compared to other internal or subcontracted reinforced supports in terms of accessing sustainable employment</p> <p>Primary mission: sustainable local development by promoting respect for the environment throughout the supply chain.</p>
<p>Germany</p> <ul style="list-style-type: none"> • "Erstausbildung junger Erwachsener" (initial vocational training of young adults) • "Perspektive 50plus - employment pacts for older workers in the regions" 	<p>No results available so far. In planning: customer survey and employee survey to monitor soft impacts.</p> <p>Launched in 2005 and terminated in 2015. Financed by the Federal Ministry of Labour and Social Affairs to re-activate and integrate older (50plus), low- or semi-skilled long-term unemployed, into employment and to change attitudes of employers and enterprises as well as to identify and mainstream best practices and innovative tools; major target group: job-seekers who have been or are at risk of becoming LTU or who have drawn benefits already for a longer period. 77 regional employment pacts have been set up (Jobcenters, local stakeholders, companies,</p>

		<p>chambers, trade-unions, municipalities, training institutions, churches and social service providers). Regional partners can adapt the programme to regional and local needs due to a rigorous simplification of administrative rules. The budget is free-to-use. Implemented measures include, coaching, profiling, training in communication skills and job application training, further training, internships and wage subsidies. The programme success rests on the combination of individualised counselling and coaching as well as on proactive and targeted outreaching of employer.</p>
Italy	ESEDRA Co-operative	<p>Work integration is the main mission of ESEDRA which works in the energy and environmental sectors. Its development has been driven by a desire to give work opportunities to disadvantaged people.</p> <p>Success factors: Both vertical and horizontal integration; incentive systems in place.</p>
Ireland	Momentum	<p>Consists of a number of projects aimed at improving the employability of the long-term unemployed. Participants receive training in areas with recognised skill shortages where existing vacancies have been identified. The projects include an element of on-the job training in the form of work experience modules as well as development of skills required to obtain and retain employment. The initiative funds the provision of free education and training projects to allow 6 500 who have been unemployed for 12 months or longer to gain skills and to access work opportunities in identified growing sectors. Momentum is an initiative supported by public funding, delivered in partnership with both public and private education and training providers that work closely with local employers. The instrument includes specific projects targeting individuals younger than 25, but is primarily for the wider target group of longer-term unemployed.</p>
Latvia	"Measure for unemployed representing disadvantaged groups" (subsidised jobs)	<p>1281 of LTU participants involved; 83.1% found a job in the open labour market within the period of 6 months after participation.</p>
Poland	<ul style="list-style-type: none"> • Special programmes (SP, mix of measures) in the National Action Plan for Employment (KPDZ) 	<p>Reemployment rates increased substantially; in 2014, vertical coordination was improved by increasing the role of the regional governments and giving them more autonomy in initiating regional level programmes as long as they follow the KPDZ.</p>

	<ul style="list-style-type: none"> • Activation and integration programme (PAI) 	Cooperation between district employment agencies and communes; Under the PAI the amount of expenses in connection with the activation were borne by the employment office and municipality; the state subvention depends on whether the programme is carried out independently by the district or in cooperation with social welfare centres.
Slovakia	Youth Employment Initiatives (wage subsidy)	Assessment of outputs in 2013 claim that almost 12,000 new job positions were created (budget: 70 million EUR).
Spain	Claros – the dream of a worker, co-operative fusion	'Claros' supports the work reintegration of women. 2011: 41 contracts with public authorities in various cities of Andalusia and Valencia.
Sweden	Job Net 2 programme (ESF co-financed) organised a work trial to very LTU supported by continued PES coaching.	The follow-up was intense with a caseload of 10-20 jobseekers per counsellor and a requirement to allocate at least 50% of the time for counselling towards employers. The intervention lead to positive results as it shortened the duration of unemployment, in particular when including subsidised employment (European Commission 2015d).
United Kingdom	<ul style="list-style-type: none"> • Jobcentre Plus, Jobcentre Plus and New Deal staff, 	Targeting people with unemployed status; objectives: conducting job search and in-work benefit calculations; promoting and referring customers to the services of specialist providers. Impact assessments showed positive impact on the job entry targets for people with disabilities, while no impact for others (lone parents); success factor: stable political background coupled with broad welfare reform, continuous reform support over a longer time-horizon (total cost: €2.7 billion).
	<ul style="list-style-type: none"> • Gloucester Works: Area Based Approach Targeting Disadvantaged and Minority Populations 	An area-based intervention to support disadvantaged and vulnerable groups within the City of Gloucester, with the aim of enhancing the skills levels of individuals and supporting them into employment.
	<ul style="list-style-type: none"> • Unionlearn in the Community: tackling disadvantage 	The role played by Unionlearn in England in tackling disadvantage through its community learning activities, carried out in partnership with the TUC's member unions.

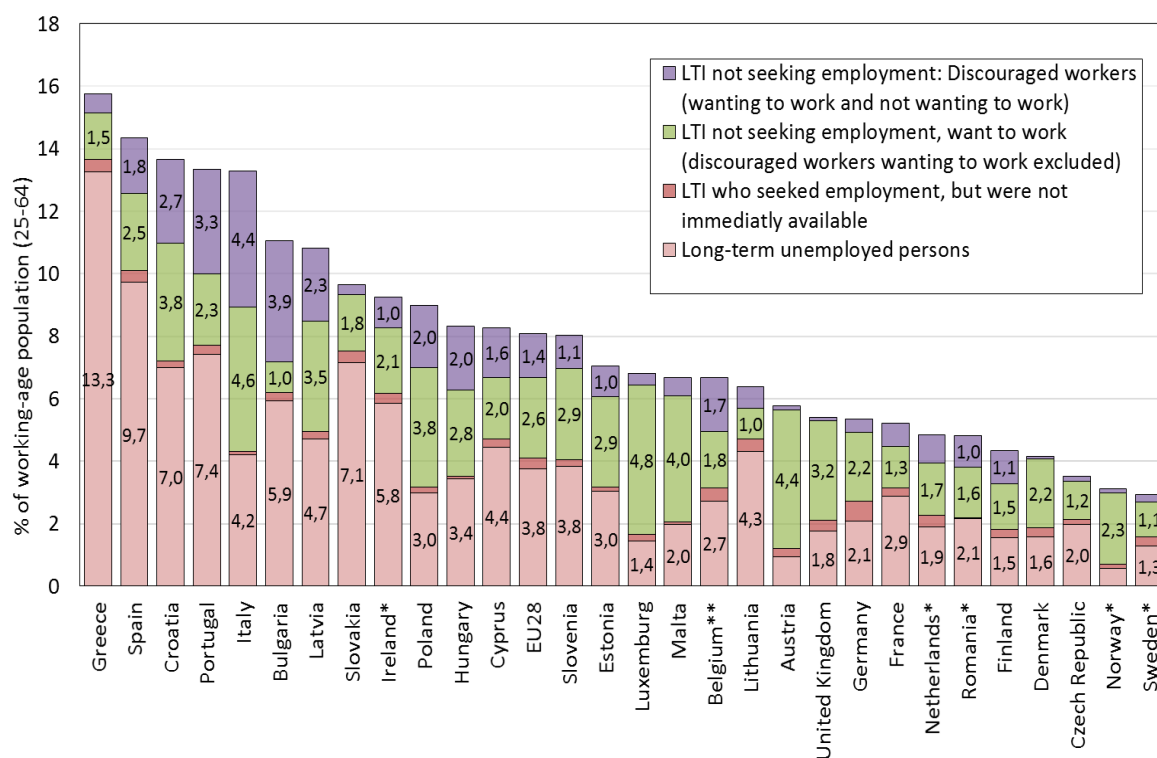
Source: European Commission 2014 (Host and Peer country papers), European Commission 2015a, 2015d, Dean 2013, OECD LEED 2013, CEDEFOP 2015, Scharle et al. 201

Figure A1 Long-term unemployment rate by skills level, 25-64 years old, 2016 Q1, EU-28 and Norway



Source: Eurostat, LFS

Figure A2 Long-term unemployed and long-term inactives with a labour market orientation, 2013, EU-28 and Norway



* considerable share of NA on length of inactivity (>1% of working age population)

** considerable share of NA on willingness to work (>1% of working age population)

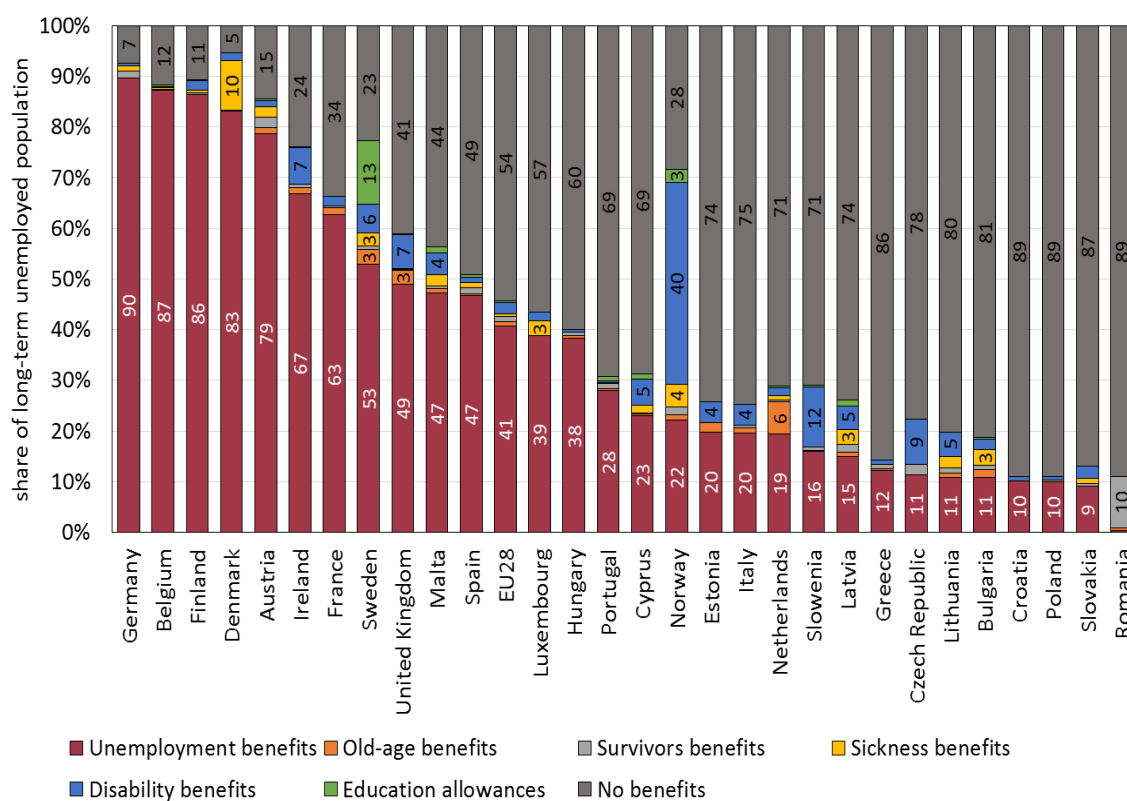
Only columns with shares >1% were labelled.

Serbia: No data.

Source: Eurostat microdata, own calculations, in: Duell et al. 2016¹⁰ and additional calculation for Norway

¹⁰ Results presented in this report are based on data from Eurostat, specifically the Labour Force Survey LFS and EU-SILC. We wish to thank Eurostat for the provision of the data under the project 143/2015-AES-LFS-EU-SILC. The responsibility for all conclusions drawn from the data lies entirely with the authors. The results of this analysis were presented in Duell et al. 2016

Figure A3 Benefit receipt of long-term unemployed in 2013, EU-28 and Norway

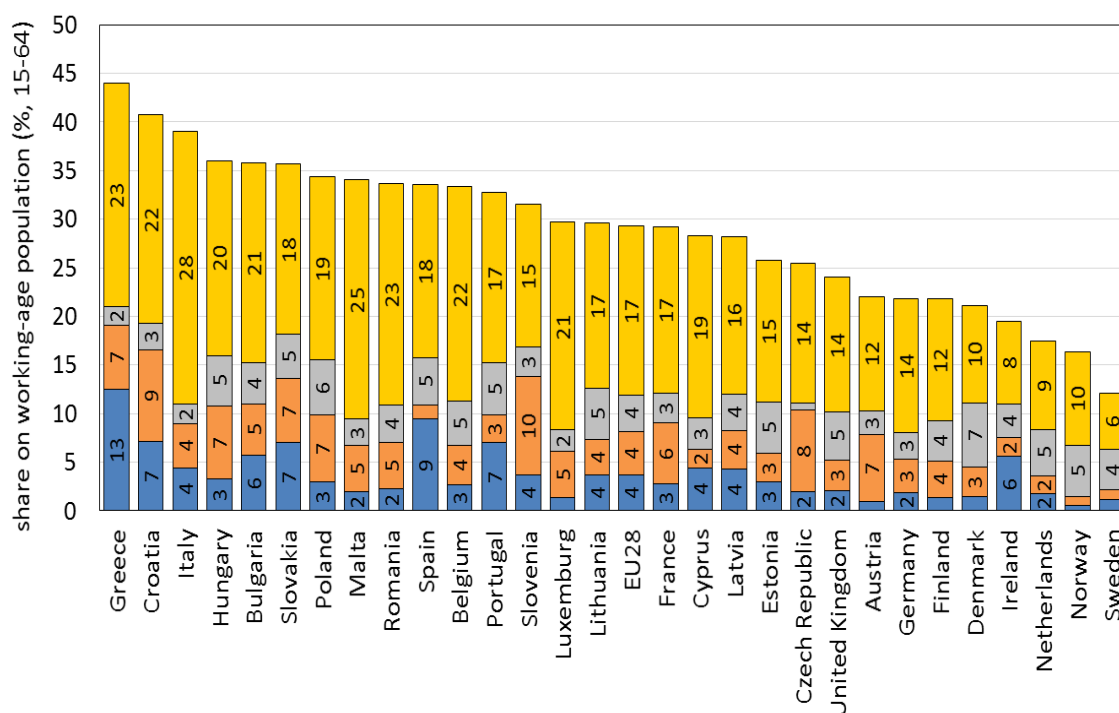


Only columns with shares >2% were labelled.

Serbia: No data.

Source: Eurostat EU-SILC micro data, own calculations, in Duell et al. 2016 and additional calculation for Norway

Figure A4 **Long-term unemployed (with and without welfare benefits) and long-term inactive aged 15-64 receiving a sickness/disability benefit or early retirement in 2013 as a percentage of working age population**



- long-term inactive not receiving old-age or sickness/disability benefits (share on the working-age population 15-64)
- long-term inactive receiving sickness or disability benefits (share on the working-age population 15-64)
- long-term inactive receiving old-age benefits (share on the working-age population 15-64)
- long-term unemployed persons

Only columns with shares >1% were labelled.

Serbia: No data.

Source: Eurostat EU-SILC microdata, own calculations, in Duell et al. 2016 and additional calculation for Norway



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