



Mutual Learning Programme

Peer Review on “Approaches to integrate long-term unemployed persons”

13 – 14 October 2016, Berlin (Germany)

Executive Summary

The Peer Review discussed different approaches to integrate long-term unemployed persons with a particular focus on two initiatives implemented under the “Opening up Opportunities - Ensuring Social Participation” concept in Germany. The event was hosted by the German Federal Ministry of Labour and Social Affairs and brought together Government representatives and independent experts from Belgium, Croatia, Denmark, Estonia, Finland, Italy, Lithuania, Norway, Serbia and Spain as well as representatives from the European Commission, the European Parliament and Eurofound.

In the EU, long-term unemployment (unemployed for more than 12 months) affected about 10.3 million people in the first quarter of 2016. Although long-term unemployment started to decrease in 2014, it remains high in many Member States. Moreover, a significant number of the inactive population who want to work but have stopped looking for jobs can be regarded as long-term unemployment, but are not officially classed as such in EU statistics.

Long-term unemployment presents multiple challenges for the individuals and households directly affected, as well as for society as a whole. The individual and societal costs of long-term unemployment can be very high (e.g. health problems, poverty, lack education of children, reduced social cohesion). The chances of re-employment decrease the longer a person stays unemployed and the very long-term unemployed represent a particularly difficult group to integrate into the labour market. This is because personal employment barriers (e.g. psychological problems, depreciation of qualifications) as well as a negative image and possible prejudices on the side of employers tend to increase with the length of unemployment.

At European level, the [“Council Recommendation on the integration of the long-term unemployed into the labour market”](#) recognises the importance of this issue and recommends that Member States encourage: (1) the registrations of long-term unemployed with a public employment service, (2) an assessment of individual needs and (3) a job-integration agreement with an individualised service offer. This also requires partnership working with employers, social partners, private and non-profit providers and social services.

Although Germany has a well-functioning labour market with a low unemployment rate, the number of long-term unemployed has stagnated at around one million in Germany since 2009. This is reflected in the relatively high long-term unemployment incidence rate in Germany. In order to address long-term unemployment the national concept “Opening up Opportunities - Ensuring Social Participation” was launched by

the Ministry of Labour and Social Affairs in 2014. It consists of five elements, out of which the following two were discussed during the Peer Review:

1. **“Networks for activation, counselling and opportunities”** that aim to provide individualised counselling and intensified cooperation between the Jobcenters and other institutions providing complementary (social) services. The idea is that Jobcenters establish so-called “activation centres” in which the different services and support offers are bundled. The ultimate aim of these centres is to provide tailor-made services, including social services such as debt, substance abuse, family and psycho-social counselling, for which municipalities are responsible, in a one-stop shop. Jobcenters are supported nationally to implement the “activation centres”.

2. **“The ESF programme for the long-term unemployed”** aims at integrating members of the target group (UB2-recipients¹ who have been unemployed for at least two years, are aged over 35 years, have no vocational degree (or a vocational degree which is no longer usable) and who are “hard-to-place”, but motivated). The programme consists of the following key elements: specialised “job hunters”² in Jobcenters, a generous wage subsidy for employers on the primary labour market and short-term training for participants (if necessary), as well as mandatory “on-the-job coaching” of employee-employer matches.

The Peer Review also discussed the German “management by objectives” system that is in place to assess the performance of Jobcenters and local agencies of the Federal Employment Agency in an annual dialogue. The aim is to steer an improvement process by target setting and incentives and to encourage mutual learning and benchmarking between local branches.

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

Performance management

- Although greater emphasis has emerged on “management by objectives” (which also goes along with a decentralisation process), more needs to be done to develop **SMART target** setting to ensure that creaming and gaming effects are minimised (if not avoided) and well performing local entities are not “penalised”.
- Targets and indicators in a “management by objectives” system need to be clearly defined in order to provide a full picture of the performance of a local entity. Indicators should take into account a wide range of **different factors of local performance**, such as service innovation and/ or the quality of service.
- There are **different ways to introduce incentives** in performance management for the labour market integration of long-term unemployed. Possible approaches are targets to integrate certain target groups or to look at the distance of jobseekers to the labour market and to concentrate on the furthest away from the labour market.
- **Outcome management**, for example the labour market integration rate after the implementation of certain ALMP measures, can cause **delays** in managing results

¹ UB2 is a tax-based unemployment benefit for persons who are not or are no longer eligible for UB1 (an insurance-based unemployment benefit that is typically granted for up to 12 months) and who cannot (or at least not fully) make a living from other sources.

² “Job hunters” are employed on fixed-term contracts of two years with the explicit task to acquire vacancies for the programme participants. The activities of these “job hunters” are supposed to be complementary to the “usual employer services” of the Jobcenters (e.g. by finding employment opportunities that are particularly suited to the programme participants).

and therefore does not consider changing conditions. This delay and possible changes need to be considered whilst setting new targets.

- Another way to measure performance, which does not solely concentrate on the integration of long-term unemployed into the labour market, is by **measuring the progress** made by long-term unemployed towards re-entering the labour market. This takes into account factors such as increased levels of social participation.
- Along with a performance dialogue between the central and local level, the national level should also enhance a **benchmarking** process that stimulates **mutual learning** between local entities.

Employer Engagement

- There is an increasing need for an **enhanced employer engagement strategy** in order to increase job placements and improve sustainability of jobs. Improved communication and cooperation between PES, the client and the employer can ensure better job matching.
- At local level, employment services serve also as a **single point of contact to employers**. The assistance of **"job hunters"** can be a useful way to establish a connection between employers and public employment services. "Job hunters" can function as intermediaries, helping to deliver integrated services through securing partnerships with employers. Moreover, "job hunters" can help understand the business needs of employers and identify the skills and qualifications that are most important to employers. Similarly, it is important to focus on the abilities of the long-term unemployed to address potential stereotypes and barriers to employment, while also managing employers' expectations.
- **Job coaching and mentoring** are used in many Member States but are delivered in many different ways. It can be delivered in-house or via external service providers, depending on the human/financial resources available to each PES. The length and timing of the on-the-job coaching services provided to long-term unemployed should be assessed on a case-by-case basis.
- Experiences from Germany and evidence from similar activities in the UK and Austria suggest that on-the-job-coaching activities can be **effective in stabilising newly established matches**.
- Wage subsidies are a good instrument to attract employers and for jobseekers to gain skills on the job. However, in order to achieve sustainable labour market integration the **design of wage subsidies** (e.g. using a digressive scale), clear targeting and the combination with other measures that provide ongoing and tailored support for jobseekers and employers is crucial.

Networking and cooperation: successful approaches

- In order to address the multiple challenges and barriers the long-term unemployed may face, **cooperation between different actors** is necessary. For the individual case, the cooperation in service delivery should be based on a joint **needs assessment** in order to ensure tailored support.
- To set up successful cooperation, it is important to involve all agencies working with long-term unemployed, recognise different ways of working with long-term unemployed and establish an **open** and **transparent** basis and work towards a **common goal**.
- Cooperation with other actors can also be helpful to **prevent** long-term unemployment and support **early interventions**.

- Intensified cooperation depends on national, regional and local settings and labour market needs, there are **different types** of working together: one-stop shops that offer relevant services under one roof (in rural areas the use of mobile employees or technology are ways to offer combined services), placement of professionals from another sector in the employment service or working in teams around the jobseeker.
- **Common standards on service delivery** ensure that the same or similar services are available to everyone. Formalised agreements on cooperation, often arranged at the national level, help to set up partnership working.
- However, there still needs to be **local flexibility** to implement approaches that match local needs and the labour market demand. Projects at local level are ways to test innovative working in cooperation in order to scale up successful models. Therefore, evidence on outcomes and early planning to sustain project practice is important.
- **Personal and intensified contact** is most important because it considers individual needs. A coaching approach is important to build up confidence and find out about skills and interests, especially for people who face multiple barriers to employment. Therefore, the investment in staff resources and competences is crucial, case-loads and training make a difference.
- Successful cooperation between services needs **commitment at political, managerial and operational level**. Political will is needed to communicate, incentivise and to enable people to work together, for example by providing resources, guidance and mutual exchange. At the local level, local leadership is important to create commitment, lead cooperation and to introduce change. At the operational level, case-workers and/ or professionals who coordinate cooperation need to have the resources and training to work across sectors.

Further information

The full report, presentations and background papers will be available at:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=1070&newsId=2529&furtherNews=yes>