



Study on integrated delivery of social services aiming at the activation of minimum income recipients in the labour market - success factors and reform pathways

Part II: Annexes
(II-VIII)

EFTHEIA, Budapest Institute and ICON Institut
June 2018

*Social
Europe*



EUROPEAN COMMISSION

Directorate-General for Employment, Social Affairs and Inclusion
Directorate C — Social Affairs
Unit C.1 — Social Investment Strategy

Contact: Monika Chaba

Email: EMPL-C1-UNIT@ec.europa.eu

Monika.Chaba@ec.europa.eu

*European Commission
B-1049 Brussels*

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Part II: Annexes

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Luxembourg: Publications Office of the European Union, 2018

ISBN: [number] Please contact Mathilde Grosjean/Fanny Pollet (G5) to receive the identifiers for your study/report

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IDSS Study

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ANNEX II. DESCRIPTION OF SELECTION OF COUNTRIES AND DATA COLLECTION PROCEDURE

1. SELECTION OF COUNTRIES

The selection of countries aimed at supporting the comparative analysis and at allowing to draw lessons transferable to most Member States. The analysis relied mainly on the comparison of reforms that achieved varying degrees of success. This implied that the selection of countries should ensure sufficient variation in the outcome of the reform. Furthermore, to be able to draw conclusions that are transferable to most Member States, we needed a selection of countries that represent the variety of the main contextual factors that have a large impact on the design and implementation of the reform.

The analysis in Scharle (2015) identified three main factors that strongly influence both the reform process and the effective design of integrated service systems: (1) government being unitary or federal, (2) level of local autonomy in delivering employment and social services, and (3) government effectiveness. Given that the number of potentially relevant reform episodes was limited, and that we expected a maximum of 14 countries in the final selection to be covered by this study, we could not ensure that the sample would represent all the potential combinations of the above three factors. Instead, we aimed for a balanced selection in the first two dimensions and ensured that the sample included some low efficiency countries as well. We gave precedence to the first two dimensions as these have more profound implications for the reform process, affecting all stages and not only the scale but also the 'structure' of the reform, from the involvement of stakeholders to the effective design of performance incentives. By contrast, while low government effectiveness represents a risk in all stages of the policy process, for deriving policy lessons it is relevant mainly in the goal setting stage, as it limits the depth and complexity of the feasible service integration design. Considering the above implied a sample including 3-5 countries in each of the three subgroups presented below (Table 1).

In the inception report we proposed the following set of twelve countries to be covered by the study: Austria, Belgium, Denmark, Germany, Finland, France, Ireland, Portugal, Romania, Slovenia, Spain and Switzerland.

In relation to the focus countries presented at the kick-off meeting, the final list confirmed the inclusion of Spain (Basque Region) and Romania, as closer investigation and notably contacts with the relevant country experts have revealed the existence of highly relevant reforms in these countries/regions. We wish to emphasise the particular nature of the Romanian case, where the service integration reform is, unlike in the other countries, not fully implemented yet. Accordingly, focus for this country was on the goal-setting and design stages of the reform only, implying a comparatively smaller time input (e.g. fewer interviews) on the part of the Romanian expert. For this reason, no data collector was hired for Romania.

Furthermore, we put forward the case of Portugal. This country had a comprehensive integrated services reform (albeit somewhat longer ago) and its inclusion ensures a more balanced representation of the southern part of Europe in our sample. Furthermore, it belongs to the same category as Romania (which, as mentioned above, does not have a fully implemented reform) in the taxonomy proposed in table 1 below, and thus its inclusion

strengthened the grounding of our comparative analysis in the third group of countries (those with a weak local autonomy).

Conversely, after a more in-depth examination of the Icelandic case, we discarded this country from the list. Indeed, some degree of service integration has to date only been implemented in relation to VIRK Rehabilitation, whose target group however consists of long-term ill or disabled people who are, moreover, for the most part not drawing means-tested benefits. This is a target group with very specific needs which would constrain the comparability of the Icelandic case with the other reforms selected for this project. Furthermore, the omission of the Icelandic case and the inclusion of Romania improved the balance of the sample as Nordic countries were somewhat overrepresented while post-socialist new member states were underrepresented.

Finally, as a non-EU country, we included Switzerland in the detailed country analysis. As the – highly relevant – Swiss integrated services reform is particularly well documented, it was expected that comparatively fewer data collection efforts would be necessary for this case, to the benefit of data analysis.

The reforms to be documented in each of these countries are explained in annex VI. (summaries of the Country Studies).

The list of countries selected offers 12 reform episodes concerning a variety of services for MIS recipients (or an overlapping group, such as disadvantaged long-term unemployed, in cases where the services are targeted on the basis of the length of unemployment or some other characteristic rather than benefit receipt). They are varied in terms of the degree of coordination of employment and social services (ranging from increased cooperation e.g. in Belgium or Slovenia to one stop shops in Finland or Germany), in terms of what functions and services affected by the reform (in particular, if benefit payment is part of the integration or not), and in terms of the actors involved (such as government agencies or municipalities).

By way of theoretical underpinning, table 1 below groups the selected countries by institutional context and impact of the reform. Please note that Belgium is a special intermediate case regarding the political-institutional context and will be used in the comparative analysis mainly as a unitary government (Flanders).

Table 1. Final grouping of countries by institutional context and impact of the reform

Achievement of objectives	Federal government	Unitary government with strong local autonomy	Unitary government with weak local autonomy
Less successful (in some outcome)	Austria, Switzerland	Denmark, Flanders (Belgium)	Portugal, Romania
More successful	Germany	<i>Basque Region (Spain), Vienna (Austria), Finland, France</i>	Ireland, Slovenia

In Table 1, the sorting of more or less successful reforms was based on the judgement of the country experts, considering available analyses on the effect of the reform on re-employment rates for the target group, user satisfaction and in terms of other potential outcomes the reform was intended to achieve. It should be noted that this categorisation does not reflect the overall quality of service delivery, but the improvements achieved by the

reform, which may have been modest in countries where the baseline performance was already high (such as in Denmark).

2. DATA COLLECTION

2.1. Issues analysed

The issues to be analysed were grouped into four areas, where the first three correspond to the stages of the policy cycle, along the lines of the analysis in Scharle (2015), and the fourth one included the cost-effectiveness of the reform.

We first described the issues in each of the four stages of the policy making process, describing the challenge, the context, the actors, the actions and the outcomes (Table 2).

Table 2. Main dimensions for describing the reform process

Stages of policy making	Challenges	Context: barriers and enablers	Stakeholders and their interests	Decisions and actions	Outcomes
Political commitment and goal setting					
Planning and design					
Implementation					
Monitoring, evaluation and follow-up					

We then proceeded into **collecting data** in more detail on the following elements: (1) unresolved or particularly challenging issues, (2) important but less studied issues, and (3) issues that relate to the use of policy instruments at the European level. The first category includes for example the measurement of the quality and outcomes of integrated services and the respective contribution of cooperating units, the allocation of resources across cooperating units, and incentives for local level cooperation. The second category includes for example the services covered by the integration process and especially their interaction with the target groups, strategic leadership, the impact of the reform on poverty among the target group. The third one covers the role of EU guidelines, the OMC, or the use of the European Social Fund in the design or implementation of service integration reforms.

Next, we **assessed the success** of the reform episode in terms of costs-effectiveness and also by exploring the possible causes of the success or failure of the reform. Some of the potential causes could be identified by the Country Coordinators using the Theory of Change framework (which helped them define the causal links between the inputs and outcomes of the reform). Some of the causes were identified during the comparative analysis, by examining how different contexts and policy choices lead to different outcomes.

2.2. Selection of stakeholders

In collecting the data, our approach aimed to maximise the added value of the project by first compiling all available administrative and survey-based data and focusing resources on filling information gaps. This implied that, for countries where it was possible to obtain reliable data on the process and outcomes of service delivery over a sufficiently long period (covering the time before, during and after the reform), we used these and devoted more resources to collecting qualitative information from stakeholders. To optimise data collection, we adjusted the number and type of stakeholders to be interviewed to the institutional context and the nature of the reform in each country.

A country study template supported the data collection exercise. For the interviews, detailed guidelines were developed and the stakeholders were sorted by country and divided by group (government, public employment services (PES), other organisations involved in the reform, social partners, advocacy organisations, political parties and independent experts). The **composition of the list of stakeholders** varies among the countries according to the existing evidence base but also depending on the stage of the reform and the institutional setting. The latter element also had an impact on the **focus of the interviews**. This is illustrated in Table 3 below.

Table 3. Focus of interviews

	Federal government	Unitary government with strong local autonomy	Unitary government with weak local autonomy
Political commitment + goal setting	Austria, Germany, Spain (Basque country)		Ireland: how did it get on the political agenda, role of EU? Slovenia, Romania
Planning and design		Denmark, Finland, Belgium (<i>Flanders</i>), France	Ireland, Slovenia, Romania
Implementation		(Denmark), Belgium (<i>Flanders</i>), France, France	Ireland, Slovenia (Romania)
Monitoring, evaluation and follow-up	Austria, Germany, Spain (Basque country): identifying and sharing of lessons across regions/models		Ireland, Slovenia

	Federal government	Unitary government with strong local autonomy	Unitary government with weak local autonomy
Good practice	Austria, Germany, Spain: any aspect of design or implementation that proved highly effective in a particular region	Denmark, Finland: any feature of financial and administrative incentives for cooperation that proved particularly effective Others: any aspect of design or implementation that proved highly effective (one/country)	Any aspect of design or implementation that proved highly effective (one/country)

The main logic behind Table 3 is that we needed more detail on the phase that is most likely to be controversial. So, we focused on political commitment and goal setting in the federal states (where regions might block or divert the intentions of the central government). By contrast, we were less interested in this phase in the Nordic countries where the cooperative traditions make this stage relatively easy, or in France and Belgium (Flanders) where goal setting is centralised. In new Member States, we needed interviews in all stages, partly because (though centralised) the governance of these countries tends to be weaker and thus more prone to problems in all stages of the policy making cycle, and also because the existing documentation tends to be thinner. However, the aspects not highlighted still needed to be documented in detail on the basis of desk research and a few remedial interviews, if needed.

Interview templates for semi-structured interviews were therefore prepared in different versions adjusted to the institutional context and the type of stakeholders. To mitigate the risk of missing any important aspect of very complex processes, the following strategy was implemented: first, the template included not only very specific questions but also a broad explanation of what we were aiming to find out. Second, the template was piloted in two different countries (Slovenia and Finland) and with three different stakeholders in order to test its clarity and comprehensiveness. Third, the country experts who have a very good understanding of social and employment institutions as well as policies in their countries were able to adjust the questionnaire if necessary during the data collection process. Fourth, a second round of remedial data collection to fill in any information gaps that were discovered during the cost-benefit analysis or the comparative analysis was foreseen.

2.3. Cost-benefit effectiveness analysis

Our objective was to compile data on the main outcome and input indicators, as well as costs from both before and after the social service integration reform episodes.

a) Outcome and input indicators

We collected existing administrative data covering the period before, during and after the reform. Most PES in Europe collect and archive information that describe the outcome of their services. Such information typically includes participation in active labour market policies (ALMPs), job entries, duration of unemployment, and customer satisfaction. In some

cases, there may also be some information on the quality of services (measured for example by reduced drop-out rates or improved job entry rates), waiting time in local PES offices, links between benefit provision and activation, staff caseload, and staff satisfaction. Where available, we used these data collected by the PES.

The reliance on administrative data is justified by the limitations of using retrospective surveys. These limitations are especially prohibitive in the case of integration reforms since most of them have occurred at least three years ago. This implies distortions arising from incomplete or biased recall but also that we were confronted with the fact that the jobseekers receiving the services (and in some cases the agents providing the services) are different individuals (or agents) before and after the reform. Apart from doubling the necessary sample size, this would also have limited the comparability of outcomes before and after the reform (as it would not be possible to control for all the individual characteristics of the respondents that may influence their views). Moreover, in most countries, personal data protection rules make it very difficult or very costly to contact individuals who have already left the unemployment register.

All PES collect data on outcome indicators relating to their main goals. The first set of indicators relates to the number of, the flows out of (and into) registered unemployment, the rate of sustainable integrations, similar stocks and flows for benefit recipients, total benefits paid, the number of ALMP participants (in different schemes) etc.

A second set of indicators relates to the quality of services: these include the duration of processing an application for benefits, share of overruled appeals against benefit decisions, share of valid individual action plans, as well as caseloads. Customer satisfaction, which is a further important aspect of service quality, is regularly collected by most PES. However, the spacing of customer surveys is less frequent than the collection of administrative data, and due to limited sample sizes, they may not be disaggregated at the micro-region/job centre level. Some other potentially useful indicators, such as customer waiting time or staff satisfaction, are not systematically monitored in most PES.

b) Cost indicators

Costs of service integration can be classified in two categories: initial set-up costs and operational costs.

Data on initial set-up costs are usually readily available, including the investment in the form of building or refurbishment of offices (buildings), setting up of modernised IT systems, the costs of purchasing additional equipment as well as re-training of staff (when available). These set-up costs can be gathered at the national (regional) level.

Operating costs can be further broken down into personnel costs (including administration and service provision), and the provision of ALMP measures (in both categories, including outsourced activities). These costs are generally available both on the aggregate level and as unit cost measures (which can be estimated using number of participants/clients).

c) Cost effectiveness

The pre-requisite to providing an assessment of the costs and benefits of the reforms was to have at hand impact estimates of the reforms on key outcomes. These impact estimates are based on counterfactual evaluations (which estimate what would have happened in the absence of the reform), since they are able to separate out effects that have little to do with the reform itself (stemming for example from the composition of minimum income recipients or more favourable economic conditions in regions where the reform was implemented). In order to provide inputs into cost-and-benefit analyses, we need impact estimates on probability of receiving benefits, and on employment.

We used three strategies for obtaining impact estimates. First, when such evaluations have already been carried out, we used published (and unpublished) calculations from these research reports. Second, in countries where no impact evaluations exist, where the reform has been implemented at different dates across job centres (regions) (or where integration was implemented in alternative formats across regions), and where data in a sufficiently disaggregated format is accessible, we performed some basic evaluations based on a difference-in-difference type of method. Thus, we compared the change in outcomes of minimum income recipients in micro-regions where the integration was implemented and in regions where the integration did not (yet) take place from before the start of the integration implementation to after the rollout of the reform. Finally, in countries where the reform roll-out was not staggered or differentiated across job centres (regions) we provided simple before-after comparisons.

As the impact of reforms may take time to unfold, we aimed to assess short- and medium-term impacts, whenever that was feasible (given data constraints).

Once reliable impact estimates were obtained, the second issue was which potential cost and benefit elements could be included. We followed the principle¹ that only direct costs and benefits of the service integration were to be taken into account, from the government's perspective. Thus, in terms of gains, we included the direct benefits (to the public budget) resulting from participants moving off welfare payments and into jobs. Hence, savings from reduced welfare payments and increased tax payments (income tax and social security contributions) from taking up work were included.² While in some cases we had direct statistical evidence on welfare payments received and earnings (hence tax payments), in other countries these were approximated under reasonable assumptions.³ As mentioned above, in terms of costs, we included set-up costs, direct operational costs, administration costs, as well as the costs of ALMPs. With the estimates of programme costs and gains at hand, the next step of the analysis was to convert these estimates to per programme participant units.

Finally, calculation of the cost to gains ratios was done, hence we provided an estimate of how many euros are saved for the public budget as a result of a one euro outlay on the intervention

¹ Unless we had access to original evaluation studies that perform in-depth analysis of indirect costs and benefits.

² Thus, using the impact evaluations, we estimate how many individuals (per year) have moved off welfare and how many have found work as a result of the service integration, by the time the reform has been completely rolled out and its full effect has materialized.

³ In practice this means that net impact estimates on welfare receipt and employment probability were multiplied by average benefit amounts and tax payments resulting from typical low-earnings (minimum wage) jobs.

ANNEX III. METHODOLOGY OF THE COST-BENEFIT ANALYSES

By Márton Csillag and Michael Fertig⁴ (†)

In this Annex, we provide for each country analysed the details of the empirical strategy, the data sources as well as the details of the calculation of costs and gains of the reform episodes. For Germany, where the analysis was based on previously existing studies, we only detail how costs of the service integration episode can be assessed.

1. DENMARK

1.1. Empirical Model

The empirical strategy we chose is a difference-in-difference analysis, where we used the timing of the 'municipalisation' of employment services. In our setup, the 14 'pilot jobcentres' where the municipal job centres already managed employment services from 2007 onwards serve as the 'control group'. The 77 other municipalities, where the full responsibility for planning and running employment services was handed over in 2010 serve as the 'treatment group'.

In our analysis, we formally estimate the following type of regressions:

$$y_{it} = \alpha + \beta_1 TR_i + \beta_2 TR_i * After_{it} + \gamma X_{it} + \delta_i M_i + \mu_t R_i T_t + \varepsilon_{it}$$

In the regression model above, index i stands for a given municipality, while index t stands for year. The dummy variable TR represents 'treatment status' (non-pilot versus pilot municipalities); while $TR*After$ represents the period after the full implementation of municipalisation (it takes on the value 1 for all non-pilot municipalities for the years 2010 and thereafter). The vector X represents control variables which vary across municipalities and years; the dummies M stand for municipality fixed effects; the variables R stand for employment regions; and finally, the variables T stand for years.

The outcome variables are of two types: the (natural logarithm of) the outflow rate from benefits; or the (natural logarithm of) the employment rate of activated jobseekers six months after having finished an active measure. We ran five different regressions. When we have outflow rates as dependent variables, we have a specification for all registered unemployed; one for insured unemployed; and one for unemployed on social assistance. When we model the employment rate of activated unemployed, we have two different models for insured unemployed and social assistance recipients. The outcome variables vary across municipalities and years.

In our empirical model, the key parameter to estimate is β_2 which represents the evolution of the outcome variables (outflow rates) after the full municipalisation in 'non-pilot' municipalities relative to 'pilot municipalities'. As it can be seen from the regression model above, when estimating this model, we control for the following factors: first, all (unobserved) determinants of outcomes that vary across municipalities and are constant across time (a municipality fixed effect); second, all developments of regional labour markets across years (a region*year fixed effect); third, all observed determinants of outcomes which vary across years and municipalities (the vector of 'control variables').

Table 1 below⁵ shows the results when the outcome variable is the employment rate (%) of activated jobseekers six months after having finished an active measure. Employment rate

⁴ Deceased 30 April 2018.

insured unemployed increased by 2 percent after the full roll-out of municipalisation, this however was not statistically significant. In contrast to this, the outflow rate of uninsured unemployed (recipients of SA benefits) decreased by 0,8 percent.

Table 1. Regression results of Difference-in-Difference analysis of transition rate to employment, Denmark

	Jobseekers on Unemployment Benefits	Jobseekers on Social Assistance
DiD coefficient	0.020	-0.008
Standard error	0.013	0.045
R²	0.799	0.813
Notes	No. of jobcentres – 94, No. of observations - 658	No. of jobcentres – 94, No. of observations - 564

Source: Own calculations based on Labour market data portal. <http://www.jobindsats.dk/jobindsats/>
 Note: Outcome measure is the employment rate (%) of activated jobseekers 6 months after having finished an active measure.

1.2. Variables and sources used in the empirical models

In all of the regressions above we have 94 municipalities and seven years' observations (2007-2013) for each municipality, amounting to 658 municipality-year observations.⁶ We used population weights to account for the municipality size, and for the eight smallest municipalities, which were required to form a joint jobcentre with larger municipalities, all variable used in the analysis are weighted averages of the two merged municipalities. In the table below, we list all key variables, including sources.

Table 2. Key variables and sources

Variable	Source	Notes
Dependent variables		
Employment rate of activated jobseekers 6 months after having finished an active measure, %	Employment rate of activated jobseekers 6 months after having finished an active measure, %	by type of recipients (UB and SA)
Total No. of jobseekers who left the registry during the year	Total No. of jobseekers who left the registry during the year	
Independent variables		
Total No. of new jobseekers during the year	Labour Market Statistics. http://www.jobindsats.dk/jobindsats/	by type of recipients (UB and SA)
Average No. of sanctions per jobseeker		
No. of full-time equivalent unemployed		
No. of full-time activated unemployed		

⁵ Note that in the analysis, we control for Jobcentre fixed effects, year fixed effects, cluster*year fixed effects, as well as variables characterising the local labour market (such as the employment rate and the expenditure needs in the municipality).

⁶ In other words, we work with a balanced panel. We needed to drop the years 2014-2015 due to lack of information on key control variables.

Variable	Source	Notes
Independent variables		
Expenditure need per inhabitant	Ministry for Economic Affairs and the Interior. http://www.noegletal.dk/	aggregate data on UI and SA recipients
Employment rate, %	Labour Market Statistics. http://www.jobindsats.dk/jobindsats/	2007-2013 only; aggregate data on UI and SA recipients

1.3. Calculating cost and benefits

Given that there were no specific setup costs for the municipalisation of employment services reported, we gathered data on the cost of service provision at the municipal level. This primarily boils down to the costs of activation at the municipal level. A major issue with these data is the fact that they do not necessarily cover all elements of active services and measures *prior* to the full municipalisation of employment services. This is because the costs of such services and measures targeted at social assistance recipients was accounted for among 'cost of social services' in the balance sheets of municipalities.

We are however not able to conduct a cost-benefit analysis. First, because the estimated coefficients of the reform's effect on the variables of interest are statistically insignificant and second, because we do not have data on pre-reform expenditure on activation.⁷

We have access to the following data that we could use in conducting cost-benefit analysis. Data on spending on benefits (unemployment insurance benefits and social assistance benefits) at the municipal level (see Table 3) could be used in calculating the benefits saved due to the effect of the reform. Data on average earnings in each municipality along with the personal income and social contribution tax rates that we could use to calculate the benefits of re-employment (the increased payments of employee and employer social security contributions).⁸

Table 3. Average expenditure on UB/SA benefits and activation before and after the reform, EUR per municipality

	Pilot municipalities, before	Non-pilot municipalities, before	Pilot municipalities, after	Non-pilot municipalities, after
Expenditure on UB benefits	20 576 855	17 613 924	32 076 510	25 898 512
Expenditure on SA benefits	24 856	19 272	34 138	26 997
Expenditure on activation, UB recipients	-	-	7 213 174	5 373 057
Expenditure on activation, SA recipients	-	-		

Notes: Data on cost of activation are only available for post-reform period.

Source: Labour Market Statistics. <http://www.jobindsats.dk/jobindsats/>

⁷ We have access to data on post-reform activation costs (2010-2015) retrieved from Statistics Denmark (<https://dst.dk/>)

⁸ Data on average income are retrieved from Statistics Denmark (<https://dst.dk/>); tax rates are retrieved from OECD Tax Database (<http://www.oecd.org/tax/tax-policy/>)

2. GERMANY

2.1. Costs of the Hartz-reforms

In order to calculate the potential costs and benefits from the Hartz IV reform, several assumptions, which we will explain in further detail below, had to be made.

Fundamentally, we will have to compare the costs on services, measures and benefits from before the reform, when unemployment assistance and social assistance were classified as separate benefits, and administered by the German PES and the municipalities.

The situation in 2004 in the German PES, the Bundesagentur für Arbeit (BA):

- The total number of benefit recipients under BA responsibility: 4.1 million (of this figure, the number of persons receiving unemployment assistance (UA) was 2.2 million (or 54% of all benefit recipients)).
- The total expenditure of the BA on UA benefits: EUR 18.8 billion.
- The administrative costs of the BA (including the administration of UB, UA and child benefits): EUR 4.5 billion. It can be reasonably assumed that 54% of administrative costs were on UA recipients, if not slightly more as UA was means-tested, i.e. around EUR 2.3 billion.
- The total expenditure of the BA on ALMP measures: EUR 9.1 billion. It is not clear how large the share of UA recipients among ALMP participants was; most probably lower than their share among all benefit recipients, potentially one third, i.e. EUR 3 billion.

The situation in 2004 in the 'municipality system' (social assistance):

- The total number of social assistance (SA) recipients: 2.9 million people in 1.5 million households.
- The total expenditure on SA in a narrower sense, i.e. for those persons who were most likely able to work: EUR 8.9 billion.
- The total expenditure of the municipalities on special labour market-oriented programmes for SA recipients: EUR 1.1 billion.
- The total administrative costs of the municipalities on SA are unknown. We can assume that the municipalities were no more efficient than the BA. Thus, the administration costs of the municipalities were at least as high as those of the BA for UA recipients, at least EUR 2.3 billion.

The situation in 2006 (the first year after UB2 was introduced for which consolidated and reliable data were available):

- The total expenditure on UB2 'in a wider sense', i.e. for all 'households in need': EUR 40.3 billion.
- The total administrative costs of the job centres: EUR 4.2 billion.
- The total expenditure on ALMP measures at the job centres: EUR 4.5 billion.

In addition, the job centres received kick-off financing in 2005 of EUR 568 million.

In summary:

- The total administrative costs of the job centres in 2006 (EUR 4.2 billion) were slightly lower than the administrative costs before the reform, or in other words, the total administrative costs of the BA on UA and of the municipalities on SA (EUR 4.6 billion). This difference is almost equivalent to the kick-off financing in 2005.
- The total expenditure ALMP measures at the job centres in 2006 (EUR 4.5 billion) was slightly higher than the total expenditure on UA and SA recipients (EUR 4.1 billion).
- The total expenditure on UB2 in 2006 (EUR 40.3 billion) was substantially higher than the total expenditure on UA and SA (EUR 27.7 billion). This is primarily because the total number of 'persons in need' was considerably higher than the total number of UA and SA recipients, although not all UA recipients were eligible for UB2.

3. SLOVENIA

3.1. Empirical Model

The empirical strategy we chose is to estimate the difference in transition rates to employment across the pre-reform and the post-reform period. Thus, given that there is no way to construct a control group (in the sense that the reform was implemented at the same time across the country), we estimate a model of transition rates at the level of employment regions in Slovenia, with years 2009-2011 representing the 'before-reform' period and years 2012-2016 representing the 'after-reform' period.

In our analysis, we formally estimate the following type of regressions:

$$y_{it} = \alpha + \beta_1 \text{After}_{it} + \gamma X_{it} + \delta_i R_i + \mu_t T_t + \varepsilon_{it}$$

In the regression model above, index i stands for a given employment region, while index t stands for year. The dummy variable *After* represents the period after the reform years (it takes on the value 1 for all employment regions for the years 2012 and thereafter). The vector X represents control variables which vary across employment regions and years; the dummies R stand for region fixed effects; and finally, the variables T stand for year.

The outcome variable is the yearly outflow rate from (registered) unemployment to employment⁹; which is calculated for all registered unemployed, FSA benefit recipient unemployed and registered unemployed not receiving FSA benefits.

In our empirical model, the key parameter to estimate is β_1 which represents the difference in outflow rates before and after the reform. As it can be seen from the regression model above, we control for the following factors when estimating this model. First, all (unobserved) determinants of outcomes that vary across employment regions and are constant across time (a region fixed effect); second, all developments of labour markets across years (a year fixed effect); third, all observed determinants of outcomes which vary across years and municipalities (the vector of 'control variables')¹⁰.

3.2. Variables and sources used in the empirical models

In all of the regressions above we have 12 employment regions and 8 years' observations (2009-2016) for each region, amounting to 96 region-year observations.¹¹

In the table below, we list all key variables, including sources.

⁹ This was calculated from monthly figures.

¹⁰ This vector included the following variables: inflow rate into unemployment; growth rate of GDP per capita; growth rate of average earnings (gross); growth rate of natural population.

¹¹ In other words, we work with a balanced panel. We needed to drop the years 2014-2015 due to lack of information on key control variables.

Table 4. Key variables and sources

Variable	Source
Dependent variables	
Yearly outflow rate from (registered) unemployment to employment	Employment Service of Slovenia
Independent variables	
Inflow rate into unemployment	Employment Service of Slovenia
Growth rate of GDP per capita	Statistical Office of Republic of Slovenia
Growth rate of average earnings (gross)	Statistical Office of Republic of Slovenia
Growth rate of natural population	Statistical Office of Republic of Slovenia

3.3. Calculating cost

Given the fact that there were no specific setup costs for benefit reform reported, we gathered data on the cost of service provision at national level. This comes from two sources: the expenditures of the Slovenian PES (Employment Service Slovenia) on personnel and active measures; as well as the expenditure of the Social Work Centres on labour costs, costs of services and goods and investment transfers (from the national budget). We complemented this data with information on the personnel costs of Social Work Centres on 'informers for customers'. These workers were employed between 2012 January 1st and 2015 June 1st, and served to provide additional help to SWCs during the implementation of the reform (by providing guidance to potential FSA beneficiaries and assisting with the calculation of FSA benefits). The personnel costs of these workers were co-financed by ESF funds (85%) and state budgets (15%).

Table 5. Expenditure on staff, active measures and services, by the Employment Service Slovenia and by the Social Work Centres, in thousand EUR per year

	Before reform (2009-2011)	After reform (2012-2015)
Staff costs, ESS	26 308	24 801
Expenditure of ALMPs	93 784	80 197
Staff costs, SWC	30 990	34 091
Expenditure on services, SWC	7 520	8 371
Total	158 602	147 460

4. BASQUE COUNTRY

4.1. Empirical Model

The empirical strategy we chose is to estimate the difference in outflow rates across the before-reform and the after-reform period. Thus, given that there is no way to construct a control group (in the sense that the reform was implemented at the same time across the Basque country), we estimate a model of outflow rates at the level of municipalities of Basque country, with years 2009-2011 representing the 'pre-reform' period and years 2012-2016 representing the 'post-reform' period. A further limitation of our analysis is that the outflows from minimum income benefits (RGI benefits) was only available for the province of Bizkaia.

In our analysis, we formally estimate the following type of regressions:

$$y_{it} = \alpha + \beta_1 After_{it} + \gamma UR_{it} + \delta_i M_i + \varepsilon_{it}$$

In the regression model above, index i stands for a given municipality, while index t stands for year. The dummy variable *After* represents the period after the reform years (it takes on the value 1 for all employment regions for the years 2013 and thereafter). The variable *UR* stands for the unemployment rate at the municipal level, the only control variable we have at the level of municipalities. Finally, the dummies *M* stand for municipality fixed effects. To allow for the possibility that both the local unemployment rate and the re-employment chances of MIR are affected by common shocks, and thus are simultaneously determined, we instrumented the local unemployment rate by its one-year lag. The outcome variable is the yearly outflow rate from RGI benefits.

In our empirical model, the key parameter to estimate is β_1 which represents the difference in outflow rates before and after the reform. As it can be seen from the regression model above, we control for the following factors when estimating this model. First, all (unobserved) determinants of outcomes that vary across municipalities and are constant across time (a municipality fixed effect); second, all developments of labour markets across years (a year fixed effect); third, the unemployment rate which represents the state of the labour market in a given municipality and a given year.

4.2. Variables and sources used in the empirical models

In all of the regressions above we have 109 municipalities and 7 years' observations (2009-2011, 2013-2016) for each municipality, amounting to 721 municipality-year observations.¹² The data were provided to us by Lanbide (the PES of the Basque country). It included the number of RGI beneficiaries, outflows from RGI benefits, the number of registered unemployed and the number of employed.

Estimation results

Table 6 provides two different estimates of the association between the 2011 reform and the outflow of RGI beneficiaries. To see how much of the effect is pulled by the municipality which is largest in population size in Bizkaia (i.e. Bilbao), we estimated the effect both for Bizkaia municipality including and excluding the municipality of Bilbao. The first estimate is calculated based on fixed effect regression (as explained above) and it shows that outflow rate increased by 7.36 percentage points in the province and by 8.31 when excluding Bilbao. The second estimate is calculated by taking the difference of average pre-reform (2009-2011) and average post-reform (2013-2016) outflow rates. After the reform, outflow rate increased by 6.0 percentage points in the whole Bizkaia province, while this difference is

¹² In other words, we work with a balanced panel. We needed to drop the years 2014-2015 due to lack of information on key control variables.

somewhat higher when we exclude the municipality of Bilbao. The estimation results based on the regression analysis shows higher association between the reforms and outflow rates than the simple descriptive statistics primarily because it incorporates the fact that outflow rates were negatively influenced by local labour market conditions.

Table 6. Difference of averages and regression estimates

Outflow	Fixed-effect regression estimates (pp change)	Difference of averages		
		Pre-reform (%)	Post-reform (%)	pp change
Outflow rate (incl. Bilbao)	5.07	12.2	18.2	6.0
Outflow rate (excl. Bilbao)	6.82	12.5	19.2	6.7

Source: Own calculation based on data provided by Lanbide.

4.3. Calculating cost and benefits

The setup costs of the reform can only be approximated by the costs of the management system and information system of the RGI benefits. However, we do not have information on the costs of service provision (active services and measures) to RGI beneficiaries by Lanbide (after the reform). This is due to the fact that the information on participation in services and measures for RGI beneficiaries was deemed unreliable by Lanbide prior to the year 2016. Furthermore, due to the fragmented institutional setup of activation prior to the reform, there is no consistent information on these issues from the years 2009-2011.

The gains from the reform were calculated using data with information of RGI benefits provided by Lanbide. The potential earnings of re-employed RGI beneficiaries were calculated as the sum of unpaid RGI benefits and tax revenue collected from all additional beneficiaries that exited the RGI registry to employment. Unpaid RGI benefits are calculated as a product of the average cost of RGI per beneficiary and total number of beneficiaries who left the registry.¹³ Tax revenue is the sum of the revenue collected from personal income and social security contributions. Income from work of persons with General Basic Education and primary education is used in calculations of tax revenue.¹⁴

Table 7 presents the results of cost and benefit analysis for the province of Bizkaia. Revenue from unpaid benefits and tax revenue collected from all additional exits from RGI beneficiaries vary depending on different specifications of the way the effect is estimated: (1) fixed-effect regression and (2) difference of averages of pre- and post-reform outflow rates. For the regression estimates, we present two alternative scenarios. First, labelled 'optimistic' is the case when all previously unemployed MIR took up jobs; while in the second, 'pessimistic' case only half of them left the benefits for employment. For the difference in averages specification, we only present the 'optimistic' scenario. Revenue from unpaid benefits are slightly lower in specification 1 (1.04 million EUR per month) than specification 2 (1.11 million EUR per month, respectively), due to the lower estimated off-

¹³ Data on monthly cost of RGI per beneficiary were provided by Lanbide.

¹⁴ Data on income of low-educated persons were retrieved from EUSTAT (Statistics on Personal and Family Income). Data on persona income tax and social contribution rates were retrieved from KPMG Tax Database (<https://home.kpmg.com/xx/en/home/insights/2011/12/spain-other-taxes-levies.html#01>) and the European Commission (Taxation and Customs Union, https://ec.europa.eu/taxation_customs/)

flows from benefits. Naturally, the reform lead to higher estimated additional tax revenue in the optimistic than in the pessimistic scenario, but even in the optimistic scenario, the additional revenues from taxes are substantially lower than the savings on benefits. This is due to the fact that we assumed that the re-employment wages of RGI beneficiaries were low. We assume that the total IT setup and maintenance cost of the new RGI system in 2011-2016 does not vary with the number of beneficiaries, hence, it is the same for both specifications (9.21 million EUR). We also assume that all beneficiaries who left the RGI registry in a given month stay employed for one year. As a result, in specification 1, the expenditure on IT setup and maintenance of RGI would be reimbursed roughly in 5.8 months in the optimistic scenario, whereas in the pessimistic scenario, costs would be reimbursed in 7 months. Due to the slightly higher estimated 'effect' of the reform, the break-even point occurs 5.1 months after the implementation in specification (2).

Table 7. Results of cost-and-benefit analysis

Revenue/cost	Unit	(1)		(2)
		Regression estimate (optimistic)	Regression estimate (pessimistic)	Difference of averages (optimistic)
Revenue from unpaid benefits**	Million EUR/all additional outflow-beneficiaries/month	1.04	1.04	1.11
Tax revenue**	Million EUR/all additional outflow-beneficiaries/month	0.55	0.27	0.68
IT cost of setup and maintenance of the new RGI system***	Million EUR/total 2011-2016	9.21	9.21	9.21
Reimbursement duration	Months	5.78	6.99	5.14

Notes:

*Both the cost of IT setup and maintenance, and average monthly cost of RGI per beneficiary used for calculating unpaid RGI benefits, are adjusted to the CPI 2016.

** Revenue from unpaid benefits and tax revenue are calculated for Bizkaia province only.

*** IT setup and maintenance costs (VAT included) are adjusted to inflation and depreciation. Expenditure is for the whole Basque country. The formulae:

$$CPI - adjusted\ cost_t = \frac{CPI\ index_{2016}}{CPI\ index_t} * cost_p, \text{ where } t = 2011, 2012, 2013, 2014, 2015, 2016.$$

ANNEX IV. THEORETICAL BACKGROUND

By Ágota Scharle and Balázs Váradi

Service integration can be interpreted as a particular form of adaptation in a welfare system. However, there are no universally accepted models to describe the mechanisms that generate adaptation in welfare regimes (Häusermann 2010), let alone a complete inventory of potential explanatory factors. We develop a framework for interpreting service integration reforms by combining existing theoretical models. In this chapter we first review the existing theories¹⁵ and then outline a framework that we use in the empirical analysis of twelve richly documented cases of service integration reform.

We group the main drivers that emerged in the existing literature into three categories: the policy challenge, actors and institutions. While these factors relate to welfare reforms, we highlight those that are particularly relevant for service integration.

1. THE SIZE AND NATURE OF THE POLICY CHALLENGE

The external shock of globalisation and the changing nature of labour markets proved more of a challenge to Continental welfare regimes that are based on insurance, compared to tax financed Liberal or Social-Democratic welfare regimes (Scharpf and Schmidt 2000). This is because Continental welfare states have tended to give priority to wage equality and budgetary stability over full employment, which resulted in low employment levels compared to Nordic or Liberal states. Pre-crisis levels of employment were significantly lower in Member States with a Continental welfare regime and the post-crisis recovery also seems to be slow (in high-efficiency states) or straggling (in low-efficiency Continental regimes).

As social security is mostly provided through insurance schemes in Continental regimes, low labour market participation can undermine the stability of the welfare system (Häusermann and Palier 2008). Declining employment, increased labour market volatility and fragmented work histories also lead to a decline in the coverage of insurance-based benefits (especially for new risk groups, such as the atypically employed, young families, single mothers, etc.) and increased income inequality. A further disadvantage is that Continental welfare regimes are dominated by cash transfers (as opposed to services), which implies that it takes more effort to develop the active labour market policies that enable the labour force to cope with the new risks of post-industrial labour markets (Esping-Andersen 1996).

Liberal regimes have fared better in terms of employment levels, ensured partly by relatively lenient employment protection and less generous (and mainly tax financed) welfare provisions. However, Liberal regimes lagged behind Social Democratic regimes in the range and volume of active labour market programmes offered by the PES. The emergence of the 'third way' policies¹⁶ of New Labour in the mid-1990s has narrowed this gap and made the UK an example of employment-friendly welfare reforms. Countries with less effective governance, whether Continental or Liberal, face the double challenge of poor labour market performance and underdeveloped welfare services.

By contrast, Social Democratic (Nordic) regimes have had little difficulty in responding to the globalisation challenge. Except for the transitory shock of the macroeconomic (and in some cases fiscal) crisis of the early 1990s, Social Democratic regimes saw little need for reform as they already had a system that ensured high employment by elaborate activation policies

¹⁵ Drawing on the previous study of Scharle (2015).

¹⁶ The core idea is that the state should enable citizens to care for themselves, rather than caring for them, which implies heavy public investment in services that support labour market reintegration (Lister 2004).

(and also by a large public sector) and proved sufficiently flexible to cater for the new risk groups as well. The high level of activation has also ensured the sustainability of an extensive tax-financed welfare system (Häusermann and Palier 2008).

Economic processes may affect reform initiatives in indirect ways: by exerting pressure on actors to recognize the need for reform, or by reducing the time and resources available for implementing a reform (Tompson 2009).

2. THE ROLE OF ACTORS AND THEIR INTERESTS

The influence of actors and institutions on policy formation may be exerted through several channels. Cross country variations in policy outcomes may arise from the differences in the views and interests of citizens and their interest groups (including organized elites and political parties) or external actors, such as the European Commission, as well as from the differences in the institutions that mediate these interests. Maholey and Thelen (2010) point out the importance of shifts in the power balance between different actors as well as the interactions and the allocation resources between institutions.

Left leaning governments have been shown to be less prone to undertake welfare retrenchment reforms (c.f. Schmidt, 2010 or Jensen and Seeberg 2014). Rueda (2007) argues that they may also have less interest in promoting ALMPs considering that their electoral core are labour market insiders, not the outsiders that allegedly most benefit from ALMP programmes. The same consideration explains why strong unions in Continental welfare regimes have made it difficult to introduce activation measures (Häusermann and Palier 2008).

The influence of external actors on employment and welfare policy has tended to increase in the past two decades. The role of the OECD in promoting best practice in labour market policy can be traced back to the early 1990s when it was commissioned by its members to explain their persistently high unemployment (OECD 1994). Since the mid-1990s, both the OECD and the EU have advocated the development of active labour market policies, with varying effectiveness in EU Member States. Armingeon (2007) stresses that international actors such as the OECD may contribute to designing efficient policy proposals but cannot guarantee successful implementation. Armingeon (2007) argues that taking advice from external actors is conditional on the fit of the proposed policies with path-dependent national policies and politics. There is also some evidence that EU recommendations were more influential in new Member States as opposed to the EU-15 (cf. Mastenbroek, 2003; Kaeding, 2008; Börzel et al., 2010 and Schimmelfennig and Sedelmeier 2004, Sedelmeier 2008).

Uncertainties about the expected outcomes of welfare reform may introduce a status quo bias against change. If potential losers are more concentrated and more certain of their loss than the diffused group of potential winners, that alone builds a powerful barrier to policy change (Tompson 2009). Similarly, the level of trust and credibility garnered by political institutions – and actors within them, such as the government or political parties – can also be crucial (Keefer and Khemani 2004; Rothstein, Samanni, and Teorell 2012). Low levels of trust might affect outcomes by making it difficult to involve and negotiate with stakeholders, creating hurdles at the decision-making stage, and also by weakening their commitment and motivation during the implementation stage.

3. THE ROLE OF INSTITUTIONS

Institutional factors that may influence the reform process can include the institutions of interest mediation, veto points, the quality of public administration, culture and the historical development of the institutional set-up.

The institutions of interest mediation may affect policy responsiveness (Brooks and Manza 2006) in several ways. This applies to a host of political-institutional arrangements, such as those concerning the electoral system, the ease, necessity or tradition of forming a coalition government, the strength of the opposition, the devolution of state functions to levels of governance (including federal versus unitary models), the de facto veto power given to various actors, or the political framework of industrial relations. Features determining whether a broad consensus is necessary for change seem particularly important (Galasso and Profeta 2002; Häusermann 2010; Myles and Quadagno 2002; Palier 2010; Tompson 2009). The isolation of the executive from parliamentary and electoral pressures is a crucial precondition for a successful reform according to Myles and Quadagno (2002).

Institutions of European countries also differ in the number of veto points throughout the decision chain, which might serve as an explanation for the differences in their capacities to adapt social policy to changes in the economic and social environment,¹⁷ even when they hold similar notions about what solution could work best (Champion and Bonoli 2011).

The quality of public administration, i.e. its capacity to articulate goals (Rubaii-Barrett and Wise 2008) and find and elaborate policy solutions may also affect policy outcomes, especially in the case of complex institutional reforms (Tompson 2009, Prinz 2010). This is particularly relevant in the case of service integration reforms as their success crucially depends on the appropriate design of roles and incentive structures. Jørgensen et al. (2010) argue that reforms focusing on activation imply changes in the requirements of caseworkers' qualifications, skills and accountability. Less ostensibly, bureaucratic institutions are often in charge of implementation as well, thus, they can affect not just the passage of regulatory changes, but also the speed and extent with which they are implemented – or with which they erode (called 'internal policy conversion' by Hacker 2004). Path dependency theories claim that institutional change may be constrained by the historical roots of welfare regimes, which set countries on distinct trajectories that tend to be difficult to reverse (Brooks and Manza 2006; Häusermann 2010; Palier 2010; Ebbinghaus 2006). For example, comparing the policy outcomes of similar welfare reform processes in Finland and Italy, Genova (2008) argues that it is the 'emergency logic' of Italian social services that hampered the implementation of service integration as opposed to the success of Finland that traditionally has a universalist approach to welfare policy making. Heidenreich and Rice (2016) suggest that the autonomy of local service providers can facilitate integration reforms as it allows the local level to coordinate centrally defined employment policies and social support.

Differences in the bureaucratic tradition or institutional culture of the organisations that are supposed to be cooperating have also been identified as important barriers of successful service integration (Knuth and Larsen 2009, Taylor 2009 and McQuaid 2010). The existing legal and governmental framework (such as overly strict personal data protection legislation or a fragmented municipal system) and management structures (such as performance management designed for single service or information systems) can also impede the integration process (Taylor 2009; McQuaid 2010; Angers 2011). Such rigidities are likely to affect the transferability and success of particular arrangements in service integration.

¹⁷ According to new-institutionalist literature, veto points are the stages throughout the decision-making process where a coalition of actors can block the adoption of a policy reform (e.g. federalism, bicameralism, referenda). The number of veto points largely determines the flexibility of the adoption mechanism of policy changes (Champion and Bonoli 2011).

4. ANALYTICAL APPROACH

4.1. The empirical data

Our empirical analysis of integration reforms is based on a review of the existing empirical studies and 12 original case studies prepared in this project. The main unit of the comparative analysis is a single 'reform episode'. An episode is understood to cover a full policy cycle from decision making to evaluation. Activities before and after the selected cycle may be considered in the analysis as background/contextual information or follow-up. 'Reform episode' and 'reform initiative' are used interchangeably in this chapter.

The selection process used 3 criteria. First, all reform episodes must focus on the integration of (or increased cooperation between) social and employment services aiming at the activation of minimum income recipients in the labour market. Second, episodes should vary in terms of the institutional context. Third, the sample should include some less successful reform attempts as well. The analysis in Scharle (2015) identified three main factors that strongly influence both the reform process and the effective design of integrated service systems: (1) government being unitary or federal, (2) level of local autonomy in delivering employment and social services, and (3) government effectiveness. Thus, we tried to ensure that the sample would vary by these factors.

The data used in the comparative analysis come either from the case studies prepared by country experts within this project, or from the existing literature (in the case of the Netherlands, Norway, Poland and the UK). In the latter case, we invited country experts to verify our interpretation of the existing information on these reform episodes. The data supplied by country experts is based on desk research and 12-20 interviews with stakeholders and implementing organisations.

Table 1 below presents the initial grouping of the sample episodes by institutional context and impact of the reform (as assessed by country experts). Please note that Belgium is a special intermediate case regarding the political-institutional context and was used in the comparative analysis mainly as a unitary government (Flanders). Austria is considered twice: as a federal state (where an integration reform was initiated but failed) and as the province of Vienna (where an integration reform was completed).

Table 1. Sample of countries for the comparative analysis

Achievement of objectives	Federal government	Unitary government with strong local autonomy	Unitary government with weak local autonomy
Less successful (in some outcome)	Austria, Switzerland	Denmark, Flanders (Belgium), Norway, Spain (<i>Basque Region</i>)	Poland, Portugal, Romania
More successful	Germany	Finland, France, Vienna (Austria)	Ireland, Slovenia, UK

As already mentioned above, in all of the cases, service integration involved increased cooperation between social and employment services. We used a broad interpretation of 'integration', which covers a continuum of institutional solutions from loose cooperation to complete institutional merger. The total sample of the comparative analysis includes

examples of loose cooperation (3), joint multidisciplinary teams or committees (3), formal partnership (5), outsourcing (2), and complete institutional merger (4 cases).

A reform episode is considered to be successful if it has achieved a net improvement in at least one, or several of the outcome indicators relating to re-employment rates, poverty, user satisfaction, or in some other outcome defined as a goal by the designer of the reform. Net improvement is calculated controlling for all observable factors other than the reform. Thus, reforms that failed to increase the employment rate but achieved an improvement in some other outcome will be considered as successful in the baseline specification of our analysis. In federal states, we consider two dimensions of success: first, whether the reform was implemented nationwide and second, if it achieved improvement in any outcomes in some or all of the federal units. We apply the first dimension to assess the success of the reform in the first phase of the policy cycle (political commitment + goal setting) and use the second dimension in the rest of the process.

4.2. The analytical framework

The framework for the comparative analysis is described in more detail in Chapter IV of the present study. We distinguish two main stages in the reform process: (1) the first stage where the political decisions are made, and the main elements of the reform are designed and (2) the second stage when the reform is implemented and evaluated.

As in the Institutional Analysis and Development (IAD) framework (cf Ostrom 2007), the success of the new policy is evaluated in terms of the outcomes: if outcomes improve due to the policy change, the reform is considered successful.¹⁸ Furthermore, in order to be able to identify obstacles in the design as opposed to the implementation stage of the reform, we consider the first concept of the reform initiative as an intermediate output of the policy making process. This first concept is evaluated in terms of the likelihood that it would achieve the goals (intended outcomes) of the reform, considering the existing theoretical models and empirical evidence of PES management and service integration.¹⁹

We assume that increased coordination of social and employment services can contribute to improved outcomes in terms of re-employment and poverty. This is based on the Transitional Labour Markets approach, which proposes that the emerging new risks in labour markets requires new forms of governance in labour market policy and new forms of risk management (Schmid 1998, Schmid 2008), which in turn necessitates an increased coordination between social and employment policies (Ferrera et al 2001, Kazepov 2010). To evaluate whether the new design of service provision for activating MIS recipients is likely to be effective, we draw on three approaches. First, the network paradigm, which describes the management and implementation structure of public service delivery (Considine, 2003; Henman and Fenger, 2006) and has been applied to the analysis of service integration, for example, by Struyven (2009). Second, the Transitional Labour Markets approach, which has been developed to describe the volatility of labour markets and to derive the implications for effective employment policies (Schmid 1995, Schmid and Gazier 2002). This framework has been used, for example, by Clasen and Clegg (2011) and Leroy and Struyven (2014) to describe the recent changes in the function of public employment services and to outline the new functions that they need to acquire. Third, the approach of Kazepov (2010), and

¹⁸ Ideally, there should be evidence that the improved outcomes were *caused by the policy change* and not by some other factors. Given the complexity of reforms and the scarcity of systematic evaluations, such evidence is not always available.

¹⁹ This approach is similar to the 'goodness of fit' concept in the Europeanisation literature, except that the fit is not between European goals and national policy initiatives, but between the goals of policy makers and the design of policies, considering the national context.

Heidenreich and Rice (2016) emphasizes that the provision of employment and social services is implemented at the local level and that local actors have a certain room for manoeuvre in implementing them. Moreover, effective integration requires local capacities and referral mechanisms and norms to ensure that disadvantaged job-seekers receive the services matching their needs (Heidenreich and Rice 2016: 37).

We also make use of the more descriptive analytical frameworks employed in the existing literature on service integration. For example, Askim et al (2011) propose a set of key variables to describe variants of the one stop shop model, including their task portfolio, participant structure, autonomy, proximity to citizen, and instruments. Taylor (2010) and McQuaid (2010) review the main barriers of successful integration, ranging from administrative constraints to differences in the bureaucratic tradition or institutional culture of the organisations that are supposed to be cooperating. Ditch and Roberts (2002) identify success factors and also discuss the challenges that may give an impetus for service integration measures. These frameworks enable us to refine the details of the analysis and describe features that are not discussed in general theories.

Last, we apply Mill's method of difference to identify factors that explain success or failure at some stage of the reform: we compare countries where the outcome of the reform was different and look for explanatory factors that may explain this. We define relationships between the explanatory factors in a framework of *(Boolean) (crisp-set) Qualitative Comparative Analysis*, based on existing theories (outlined in more detail in Chapter IV of the present study). As already noted above, we explicitly separate the design and implementation phase. The design of the reform is understood as a result of political negotiations and professional decisions about the design of the reform, and it is an intermediate stage in the process of generating outcomes.

ANNEX V. EMPIRICAL EVIDENCE ON SERVICE INTEGRATION REFORMS IN EUROPE

By Ágota Scharle and Balázs Váradi

In order to support reforms aiming for more integrated social services it is imperative to briefly review the existing empirical literature. In this chapter we concentrate on recent empirical literature published in English. References concerning our theoretical framework, including the potential drivers of welfare policy adaptation in general were discussed in the previous chapter; papers on the comparative method used are relegated to Chapter IV of the present study. In this chapter, based on empirical studies, we review what benefits can be expected from service integration and what could be the crucial considerations affecting its success at different stages of the policy cycle.

A wealth of further studies and reports of more specialized and localised interest are not discussed here; they are listed in the literature review and references sections of the individual case studies.

1. POTENTIAL BENEFITS OF SERVICE INTEGRATION

Assessing the quality and level of integration in the provision of services to the long-term unemployed in EU member states, Bouget et al. (2015) conclude that in the bulk share of the EU Member States there is a lot of room for improvement in the coordination across service providers. The growing literature on service integration has documented several advantages of well-designed integrated approaches, such as tailor-made, flexible and responsive policy options; cost effectiveness and efficiency by sharing knowledge, expertise and resources across cooperating actors; capacity building and innovation, etc., along with considerable challenges in how to reach these outcomes (McQuaid 2010). Minas (2016) finds that institutional features are the decisive features in integrating services, not the life course phase a policy field intervenes in. Clearly, there is no one-size-fits-all solution to integrated service delivery (Munday 2007; Minas 2016).

Concerning labour market services, one of the main challenges is the coordination and balancing of the provision of income support with job search incentives and other forms of activation. This is particularly critical in institutional structures where these two functions are served by different levels of public administration.

The existing literature highlights five aspects of service integration that may contribute to improving the effectiveness and efficiency of service delivery, defined as better employment and poverty outcomes at the same or lower cost to the public budget (Angers 2011; McQuaid 2010; Munday 2007; Nelson and Zadek 2000; Taylor 2009; Lindsay, McQuaid, and Dutton 2008). These include improvements in coordinating activation as well as the administration and service provision, responding to multidimensional problems, access to services, and innovation.

- *Coordination of activation.* Service integration can help resolve the basic problem of unemployment benefits, which is that they should provide adequate income support (which tends to reduce job search efforts) while encouraging active job search. The solution to this problem is to link benefit payment to clear behavioural conditions and these are obviously much easier to enforce when benefits and services are provided by the same (or closely cooperating) agents. The Estonian case is a good example for this aspect: merging the insurance agency with the PES created an opportunity for better coordination and more effective activation of jobseekers entitled to insurance-based benefit.
- *Coordination of information exchange and synergies between services.* Service integration can improve the efficiency of service provision by pooling fragmented resources, exploiting synergies between closely related or complementary services, improving communication between service units and improve scale economies (e.g. in administrative functions, IT development or staff training). The Dutch reform of 2002 is a good example: the establishment of CWI (Centrum for Werk and Inkomen), a new organisation to coordinate the work of existing agencies clarified the role division between municipal service providers and the PES (although it did not immediately lead to a significant improvement in cooperation between agencies).
- *Response to multidimensional problems.* Some jobseekers and especially the long term unemployed face multiple barriers to reemployment. In such cases integrated services that can offer a wide range of service are better placed to assist the client than single-function agencies that can only tackle one dimension of the problem. This was the rationale behind the Finnish LAFOS for example.
- *Access to services and benefits.* One stop shops also have the advantage of making it easier for clients to navigate the welfare system as they only need to visit one place. An additional advantage may be that multipurpose agencies are less likely to attract a stigma than highly specialized ones where only 'troublesome' clients are supposed to go. This may be the case in Norway, where job centres serve a very wide range of clients.
- *Innovative capacity strengthened.* Service integration may create more opportunity for the interaction of experts from various backgrounds and policy perspectives and also a greater scope to test new and innovative approaches (McQuaid 2010).

Munday (2007) defines integrated social services as a 'continuum or ladder of integration' in the planning, coordination and provision of social services, including the cooperation, partnership and cooperation of legally independent institutions, with appropriate methods chosen to suit personal needs, circumstances and possibilities. Integration can be realized vertically, implying more systematic, closer cooperation between several levels of the government, or horizontally, linking services provided by separated entities (see Table 1). In a related approach, Snape and Stewart (1996) propose three ideal-typical forms of partnership working in social inclusion policy: facilitating, co-ordinating and implementing partnerships that differ partly in their aims and in the depth of integration as well. Askim et al (2011) define a set of key variables to describe variants of the one stop shop model, including their task portfolio, participant structure, autonomy, proximity to citizen, and instruments.

Table 1. Examples for vertical and horizontal integration

	National	Local
Vertical	Strong management incentives that improve coordination between levels of government	
Horizontal	Joint Ministry of Labour and Welfare	One-stop shop for local employment and social services and benefit administration

Source: Based on Ditch and Roberts (2002).

The existing literature already identifies several potentially successful attempts at service integration, mainly, albeit not exclusively from the Nordic countries, from the UK and North-America (e.g. Angers 2011; Borghi and Van Berkel 2007; Champion and Bonoli 2011; Ditch and Roberts 2002; Læg Reid and Rykkja 2013; Lindsay, McQuaid, and Dutton 2008; Minas 2009; Minas 2014; Minas 2016; Munday 2007; Taylor 2009; Heidenreich and Rice 2016; Roets, Roose, Schiettecat, & Vandenbroeck 2016).

Though mainly descriptive, these studies already offer a number of lessons regarding the factors that may determine the success of integration initiatives.²⁰ First, the clarity and harmonisation of goals across the cooperating agencies seems crucial. Second, the clear division of responsibilities between agents is a prerequisite to efficiency gains. Although the integration process typically entails an increase in the number of cooperating agents, this does not imply that all partners should have equal control. On the contrary, the increased complexity of interactions between agents necessitates an agreement over who takes control in which functions. Third, as illustrated by the Dutch reform of 2001, and argued for in Bundesregierung (2008) for Germany, mergers do not automatically produce cooperation between units of government. A successful integration reform should therefore include carefully designed financial or administrative incentives for cooperation. A closely related fourth lesson is that integration reforms (especially of a horizontal nature) should entail the adjustment of performance indicators to account for joint efforts in order to eliminate dysfunctional competition between service units. Fifth, when service integration at the local level entails increased autonomy and new types of tasks, this should be supported by capacity building in planning, evaluation and case management as well, as for example was the case in the Danish reforms of 2007.

There are a number of issues left unresolved by the existing literature. For example, the measurement of the quality and outcomes of integrated services and the respective contribution of cooperating units seems to remain a challenge, as is the allocation of resources across cooperating units. While Heidenreich & Rice (2016) recently suggested a useful categorisation of countries with respect to the nature of service coordination, with UK and Germany as a coherent coordination type, France and Sweden with partial coordination, and Poland and Italy where coordination efforts are the least institutionalized, the empirical literature still leaves a lot of paramount cross-country questions unanswered: to what extent can the findings of one reform in one country applied to another? Which ones are the most crucial of the considerations enumerated above? What is the logical relationship between the many potential preconditions and obstacles in the way of a successful service integration reform?

2. INSIGHTS CONCERNING POLICY DESIGN AND POLITICAL DECISION MAKING

In an earlier study for the European Commission (Scharle 2015) we presented insights on success factors in integration reforms in the framework of the policy making cycle. These insights were drawn from ten case studies as well as the relevant literature (Ditch and Roberts 2002; Minas 2009; McQuaid 2010; McQuaid et al. 2007; Konle-Seidl 2008; Genova 2008; Lægneid and Rykkja 2013; Taylor 2009; Lindsay, McQuaid, and Dutton 2008; Minas 2014; Champion and Bonoli 2011). In the following we provide a detailed summary as these findings were then used as the basis for developing the case study template and formulating hypotheses in the current project.

2.1. Agenda setting

The main lesson concerning the first stages of the policy making cycle, policy design and decision making relates to the importance of political institutions. Service integration is a complex reform that typically affects several stakeholders. For it to succeed, it matters how centralized the political process is and to what extent political consensus across stakeholders is possible concerning the reform. Economic or social tensions (e.g. the global crisis or increasing inequalities) can in some cases help to build political consensus. Moreover, service integration reforms tend to bear fruit in the medium and long run. This implies that governments without a clear long-term strategy in employment policy (or more generally in welfare policy) will be unlikely to stay committed to such reforms.

For the reform to succeed, planners may need to consider the initial conditions, such as the fragmentation of existing institutions, available expertise and capacities at all levels of government involved in the process, or the needs and size of target groups. The reform process might be easier to manage and more likely to succeed if changes are gradual or are limited to a few well selected areas, especially if the planning and management capacities of public administration are limited. In a similar vein, setting too complex goals for institutions may also increase the risk of failure. The clarity of goals seems especially important as this forms the basis for cooperation between stakeholders.

2.2. Policy design

Regarding design, the success of integration reforms can depend on the performance and cooperation of local level agents. This requires well designed administrative and financial incentives. Countries with a strong regional government may rely on the alternative source of political accountability as an incentive. For vertical reform initiatives, it is especially important to consider and rely on the political institutional set-up when designing decision making procedures and incentives. More room for local autonomy can itself increase motivation and efficiency. Efficiency can be further improved by performance management techniques. If the new system allows a high level of local autonomy in designing services and protocols, there is also a need for close monitoring to ensure that service quality and access to services is the same across the country.

Service integration entails more intense cooperation between agents. Given the complexity (and also the costs) of the tasks involved, this will only work smoothly and efficiently if roles are clearly divided and allocated to the right level of government and the appropriate institutions that have the capacity to perform them.

It follows from the above that the availability of high quality public administration is essential in the design stage. This is particularly important in horizontal reforms (where the appropriate motivation of local actors is crucial) but also improves the outcomes of vertical integration reforms.

2.3. Implementation

The success of the *implementation* stage depends on the quality of planning, and especially on the design of incentives for the main actors affected by the reform. There are several typical pitfalls relating to the implementation process enumerated by the literature that may be avoided by careful planning.

The first of these concerns the pace of the reform process. Piloting in small scale, expanding gradually and allowing time for detecting and correcting problems, adjusting staff capacities and skills can further improve outcomes even if the initial plan was already good enough to guarantee success.

This leads to the second pitfall, of local expertise. Service integration may change skills requirements in several levels and positions of the system. It may increase the need for forecasting, statistical analysis and policy design at the regional or local level to match their increased autonomy. And it typically requires new competencies from frontline staff who need to be able to assess and respond to the needs of new groups of clients, liaise with new partners, and possibly handle new IT tools as well. If these skills are missing or inadequate, there is a need for capacity building at the beginning of the implementation stage; retraining may be necessary. Beside competencies, staff attitudes may also need adjustment.

Third, involving and informing all parties concerned about the reform and its consequences can be crucial. Informing the clients may not be essential if the reform does not affect the first point of contact, but it is crucial if there are major changes in the physical location of service providers and/or in the procedure of accessing benefits and services.

Lastly, contextual factors may also disrupt implementation. Economic crises that induce a fast increase in unemployment may cause trouble as staff will find it difficult to deal with the reform and increased caseload at the same time. Or, political constraints leading to inefficient compromise may reduce efficiency gains in the implementation phase. In some cases, unforeseen limitations in the existing legal context (e.g. personal data protection) or IT infrastructure may hinder implementation. Data management is particularly important given that the integration process typically increases the need for high quality information (to enable the assessment of client needs and facilitate referral to the appropriate services) and also for the smooth handling of data transfer between cooperating agents.

2.4. Monitoring and evaluation

Given the complexity of service integration reforms, the last stage of the policy making process, *evaluation* is particularly important. In successful reforms, the *monitoring* of processes and outcomes starts in the pilot phase and continues after the full upscaling of the reform. As already mentioned above, monitoring in the early stages helps detect and correct problems before national implementation and support gradual improvement and adjustment to changing circumstances as well. Properly designed pilots can also help in making a good choice between design options that cannot be decided on the basis of existing theories.

ANNEX VI. SUMMARIES OF THE COUNTRY STUDIES

- IDSS Country Study Austria by Nadja Bergmann, Lisa Danzer and Bettina Leibetseder, IDSS country experts Austria.
- IDSS Country Study Belgium/Flanders by Dominique Danau and Florence Pauly, IDSS country experts Belgium.
- IDSS Country Study Denmark by Bent Greve, IDSS country expert Denmark.
- IDSS Country Study Finland by Robert Arnkil and Sari Pitkänen, IDSS country experts Finland.
- IDSS Country Study France by Nicola Duell and Danielle Kaisergruber, IDSS country experts France.
- IDSS Country Study Germany by Michael Fertig and Philipp Fuchs, IDSS country experts Germany.
- IDSS Country Study Ireland by Mary Murphy, Amelia Dulee-Kinsolving, Anne Eustace, Ann Clarke, IDSS country experts Ireland.
- IDSS Country Study Portugal by Amilcar Moreira and Leonor Rodrigues, IDSS country experts Portugal.
- IDSS Country Study Romania by Diana Chiriacescu, IDSS country expert Romania.
- IDSS Country Study Slovenia by Martina Trbanc, IDSS country expert Slovenia.
- IDSS Country Study Spain/Basque Country by Elvira Gonzalez Gago, IDSS country expert Spain.
- IDSS Country Study Switzerland by Giuliano Bonoli, IDSS country expert Switzerland.

1. AUSTRIA

By Nadja Bergmann, Lisa Danzer and Bettina Leibetseder

1.1. Key features of the MMI reform

The main challenges, which led to the MMI (means tested minimum income) reform, were the discretionary and localised aspects of social assistance in Austria. The nine provinces had nine social assistance acts with different benefit levels. Beside the regional fragmentation, social assistance supported both, individuals unfit and individuals fit for work. The rise in recipients concerned unemployed people. A large share received an unemployment (assistance) benefit at the PES that was below the reference level for benefitting from the social assistance scheme. These recipients had then to comply with conditions of both systems and attend meetings both at the PES and at the social assistance district office. Moreover, social assistance recipients declared fit to work could not access the same services and projects as unemployment (assistance) recipients at the PES. Another issue in many districts, was the low take-up rate of social assistance benefit due to stigmatisation and the strict means-testing procedure, which placed responsibilities on the wider family. Furthermore, clients without access to social insurance lacked health insurance. They had to rely on stigmatising 'social assistance health cards' issued by the municipality at the doctor's.

The reform therefore tried to address the provincial and local variations, the low take-up rate, the administrative burden for clients, the lack of activation and health insurance. Before this reform episode, other reform activities included the tightening of the provincial social assistance scheme in some provinces. These provinces enforced a harsher means-test and required the recipients to intensively search for a job. The unemployment (insurance) scheme was constricted as well, tighter regulations reduced, eligibility and sanctions increased.

The main milestones, which led to the MMI reform, spread over the time period before 1997 to 2007. Before 1997, the Poverty Network was established and yearly conferences on social assistance took place. This led to a motion by Liberals later that year for a federal basic social assistance act in parliament. By 1999, a parliamentary Decree, to ask the minister of social affairs to reform the provincial social assistance act was pushed forward by the Social Democrats and the People's Party. These efforts however came to a halt from 2000 to 2006. The coalition government at the time (the People's Party and the Freedom Party, then the Bündnis Zukunft Österreich) came to a deadlock between provinces and federal governments, as the problem was shifted from the federal level to the provincial level by the government. The 2006 re-elections led to a new coalition government formed by the Social Democrats and People's Party and enabled an agreement to be reached on the reform of the social assistance act. The final major milestone, was the 2007 decision to negotiate a treaty between the provinces and the federal state according to Article 15a of the Constitution. This resulted in ten actors with different ruling and election cycles participating in the negotiations, with provinces given the option to opt out of the negotiations.

The major intended elements and changes of the Minimum Income Scheme were twofold. Firstly, a national minimum income threshold was going to be introduced with the aim to replace the nine different rates then present in the provinces. Job centres would be the designated entry points and the activation agencies for social assistance recipients categorised as fit for work. The new legislative framework intended to increase the take-up

rate, reduce stigmatisation and establish a more individualised system based on social rights.

In addition, it aimed to introduce a co-ordinated and standardised policy on the national level, and thus mitigate the regional legislative power and local variances, including all recipients in the health insurance.

The aim to establish the local PES (public employment service) as main activation agency was sustained through the political negotiation process. Conversely, a raise in benefits and PES as single-entry point were abandoned.

The main developments during the Design Phase could be described as downsizing the initiative. First, there were conflicts between the coalition government of Social Democrats and the People's Party and between the federal state and the provinces. The Social Democratic Party wanted to lift the benefit rate, but the People's Party demanded a lower benefit in the midst of the financial crisis. Therefore, the benefit rate was set at the then existing level of the provincial benefits.

Second, disagreements between federal government and provinces delayed the negotiations. In the beginning, the provinces agreed on far reaching reforms, as they expected that the federal state would cover the costs of the new scheme to a large extent. During the negotiations, the provinces strongly opposed a shift of the eligibility check to the PES, while still keeping the obligation to provide the financial resources for the benefits at the provincial level. They feared a hike in the number of benefit applicants and thus escalating costs without having control over the expenditures. As two conservative provinces, Vorarlberg and Lower Austria, voted against the full one-stop shop in the end, the eligibility check and final decision on the benefit was left at the discretion of the provinces. However, the inclusion of social assistance beneficiaries without social insurance into the health insurance was sustained, as the national level agreed to a large cost shift from the provincial to the national level.

Third, the PES additionally rejected the responsibility of checking the benefit application and then forwarding the complete documentation to the local social assistance offices. On the one hand, it shied away from the amount of paper work that a thorough eligibility check involves, recognising that the nine provinces would demand quite diverse information of the clients. On the other hand, the PES questioned the split of responsibility between federal state and provinces, as the PES was not allowed to exert any authority at the provincial level. Such reforms would need a qualified majority in parliament. Consequently, the local offices were only supposed to hand out and take in applications, and then forward them to the local provincial authorities without any further checks performed by the PES.

In the coalition agreement of 2007, the aim was to provide equal services for minimum income beneficiaries at the PES. Previously, the PES had to take in everybody looking for employment and able to work, but they were not obliged to deliver the same services to someone not receiving unemployment benefits. With the new regulation, the local offices have to support minimum income recipients with regular appointments, counselling and programmes, courses, training and subsidised employment in so-called social enterprises (Sozialökonomische Betriebe). Moreover, the federal state allocated resources to expand programmes to people with low labour market attachment.

In 2008, snap elections, resulted again in a coalition government of Social Democrats and People's Party. Erwin Buchinger (Social Democrats) stepped down as Minister of Social Affairs and Rudolf Hundstorfer (Social Democrats) succeeded him, stating that the agreement between the provinces and the federal state had to be signed swiftly.

In 2009, the economic crisis led to a successful reduction of the intended benefits by the People's Party, shifting the public debate from poverty alleviation to activation.

By 2010, the downsizing framework agreement was passed in federal parliament and nine provincial acts were established in the following year.

Numerous actors, with varying roles, were involved in the MMI reform. The Poverty Network for example, an NGO network, supported the new scheme and was an important actor during the agenda setting process. The Social Democrats were more focused on supporting employees, however they were advocates of a strong federal state. The People's Party on the other hand was in strong opposition to the federal MMI, while the provinces supported the reform under the condition that the federal state would take on responsibilities and cover the costs. Finally, the PES, as regular customers of their services, were ambivalent towards the MMI.

In terms of the impacts of the reform, the main challenge was the strong regional and institutional fragmentation, which has not ceased to exist in Austria with the reform. During the reform, it became obvious that agreements are necessary tools to overcome regional and institutional divisions. However, the negotiated Art 15a agreement was insufficient. The implementation depended on provincial actors and full support by the provincial governments.

In general, a broad scope of reliable ALMP measures exists in Austria but these were only partially accessible to MMI recipients. Additionally, specific measures for the people furthest away from the labour market have been developed and intensified in the context of the MMI. New approaches have been developed in all provinces, some case management approaches were even rolled out in all districts.

Poverty alleviation has been tackled from different angles, such as through minimum benefit levels. All provinces introduced minimum benefit levels instead of standard reference rates. Consequently, the benefit must be paid at the minimum level and cannot be calculated at a lower rate (which was possible with standard reference rates). All recipients were included in the health insurance, as the municipalities paid a small contribution into the health insurance and the federal state covered the uncovered expenditure of the health insurance.

Less strict means-tests have also been implemented. Recipients are now entitled to hold a small amount at the bank, wider family cannot be taken into account for repayment of the benefit and the recipients themselves do not have to pay back, when they are employed again. With regards to the information at the PES, unemployment (assistance) beneficiaries are informed about the MMI and obtain the application form at the PES. In addition, the bureaucratic aspects and necessary paper work have been reduced due to the connection of federal and provincial data. There has also been a higher take-up rate, with more people entitled to receive benefits now applying for them.

With regards to the activation of the MMI reform, MMI-recipients obtain more intensive counselling and access to a wider range of programmes and projects at the PES. There have also been stricter controls by district offices due to the transfer of PES data, and the roll out of case management procedures for MMI-recipients in some provinces. Finally, there are more employment opportunities for MMI recipients in socio-economic enterprises.

There have been numerous reforms that took place after this initial reform period. A major reform included the term of the treaty, which was originally set to a fix term. As the provinces and federal state were not able to come to an agreement on a new treaty, the provinces have now taken on the task to re-develop their own MMI acts. Furthermore,

restrictions have been placed on refugees who now receive lower benefits and are faced with a higher level of conditionality in some provinces. The data transfer and access to PES services remain upheld. Finally, the MMI recipients are not a specific target group of the PES anymore.

1.2. Driving forces, success and failure factors of the MMI reform

In the agenda setting, the poverty network and opposition parties were driving forces behind the reform. The political process was however delayed, as – to put it in a nutshell – the People’s Party and Freedom Party (then Bündnis Zukunft Österreich) wanted to shift problems and costs to the provinces and the provinces wanted to shift problems and costs to the federal level.

The Social Democrats pushed for reforms as an opposition party, with Erwin Buchinger as the political entrepreneur. The demise of the Minister of Social Affairs weakened the support for the reform within the Social Democrats.

The Art. 15a treaty between federal state and provinces opened up multiple veto points for provinces. The renegotiations allowed for provincial discretion again, as aspects of additional payments, intake procedure and conditionality were left largely unregulated. The reform was then blocked by the provinces on aspects of the one-stop shop, as the federal state did not want to cover all costs and the provinces did not want to pay without having control over the benefit payments.

The People’s Party (in a coalition government with the Social Democrats then) backed the strategy of the provinces in the decision process. The federal state paid for health insurance and activation and reformed the PES. It also provided for the necessary legislation to make federal data available to the provinces to ease the application process and track clients job search activities. The snap elections delayed the reform process and opened a window for the People’s Party to demand lower benefits.

1.3. Good practices and dissemination possibilities in an EU context

One main achievement of the Austrian MMI reform was the implementation and solidification of a cross-institutional approach between PES, district offices and activation services, which provide case management in all districts and most provinces. Overall, the collaboration works well in practice and is sustainable even beyond the specific duration of projects or the Art 15a agreement between provinces and federal state. Once such a network is established, it can help to cope rapidly with complex cases through data transfer and intensified cooperation between all relevant actors. The more integrated delivery of benefits and services certainly improves the circumstances of MMI recipients.

The main challenges were the selection of recipients for these services, which varies from one province or district to another. An improved targeting that integrates the knowledge regarding the recipients from PES and district offices is needed.

Another challenge is the rather limited amount of resources for recipient’s case management. More timely intervention at an earlier stage in the benefit system is needed for younger clients and recipients who face multiple problems beyond unemployment.

The amount of data requires good data management at the local level in the MMI scheme. Caseworkers have to automatically obtain the necessary information and without being required to sort through massive amounts of data or manual searches in different databases each month.

The costs of upholding such a new collaboration scheme have not been addressed at the beginning, and that was only clarified during the implementation process.

The PES itself has to integrate MMI recipients up to a certain degree. However, in some provinces, the underlying pattern is still to push MMI recipients in the programmes for those furthest away from the labour market. A more personalised client-based approach in selecting activation programmes would help to overcome segregation according to unemployment insurance status.

2. BELGIUM/FLANDERS

By Dominique Danau and Florence Pauly

2.1. Key features of the 'Proeftuinen' reform

This country Study is about experiments that took place in Flanders in 2009 (phase 1) and 2012-2013 (phase 2). These experiments were called 'proeftuinen' (experimental gardens) and are referred to in this text as 'test-beds' or 'experiments'. These experiments as such are no policy reform, but they have contributed to policy changes in a later stage. Moreover, they have led to improved practices in the cooperation between employment services and social services at local and regional level, to enhance the (re)integration in the labour market of those groups far removed from the labour market.

The first phase of the test beds was conceptualised in 2008 in a cooperation between the Vereniging voor Vlaamse Steden en Gemeenten (VVSG – Association of Flemish Cities and Municipalities)²¹, the Vlaamse Dienst voor Arbeidsbemiddeling (VDAB – Flemish Public Employment Service (PES))²² and the Minister of Employment at the time. It was at the start of the monetary crisis; a period of a tight labour market. The period before the start of the experiments was characterised by a large population growth in Belgium (the largest since 1965) with a peak in 2010, with a similar pattern in Flanders in the same period²³. The Flemish economy flourished in the period of 2003-2007²⁴, with an annual increase in GDP per capita of 3 to 5%.

The global financial crisis in 2007-2008 also hit Belgium with major shocks on the labour market. The number of people registered at the Rijksdienst voor Arbeidsvoorziening (RVA - National Employment Office (NEO))²⁵ rose to a record peak in 2010 (1,313.481 in Belgium and 702,825 in Flanders).

In parallel, the European Employment Strategy²⁶ played an important role in the promotion and implementation of an active labour market policy, by fostering the employability of unemployed and inactive citizens through an active guidance t in their search for a job. In July 2004, in Belgium a plan for the support and follow-up of unemployed (*Plan voor de Begeleiding en de Opvolging van werklozen*) was launched by the Federal Minister of Employment and Pensions (Frank Vandenbroucke). The plan

²¹ The VVSG is the umbrella organisation of all Flemish municipalities, 'Openbare Centra voor Maatschappelijk Welzijn' (OCMW – Public Centres for Social Welfare or PCSW), police districts and municipal associations.

²² In this report, PES is used to refer to the Vlaamse Dienst voor Arbeidsbemiddeling.

²³ FOD Economie, K.M.O. Middenstand en Energie (2009), *Statistisch overzicht van België. Kerncijfers 2008*, Algemene Directie Statistiek en Economische Informatie; Federaal Planbureau, (2014), *Economische analyses en vooruitzichten*, Perscommuniqué 18 maart 2014

²⁴ Herremans, W., et al, (2007), *Tendrapport Vlaamse arbeidsmarkt 2007*, Steunpunt Werk en Sociale Economie, Leuven; <http://regionalestatistieken.vlaanderen.be/statistiek-economie-innovatie>

²⁵ The National Employment Office is the public social security institution that manages the system of unemployment insurance and some employment measures. The NEO operates at federal level. As a result of the third state reform in 1989, job placement became a competence of the Belgian regions, while vocational training became a competence of the communities. In the same year, the Flemish PES was established.

²⁶ The European employment strategy (EES) dates back to 1997, when the EU Member States undertook to establish a set of common objectives and targets for employment policy. Its main aim is the creation of more and better jobs throughout the EU: <http://ec.europa.eu/social/main.jsp?catId=101&langId=en>, consulted on 19.04.2017.

aiming for a better follow-up and support of the unemployed in finding a job, was based on an improved coordination between the NEO and the regional PES. At the time, regional PES was responsible for the support and accompaniment of unemployed through a series of activation measures.

This shift towards a more active follow-up approach demanded a more intensive cooperation between the NEO and the regional employment services, as the NEO was meant to decide on possible sanctions based on information transferred by the PES (Royal Decree of 4 July 2004 on the modification of the unemployment regulation for unemployed people who have to look actively for a job)²⁷. The fact that exclusion from unemployment benefits could increase the pressure on Openbaar Centrum voor Maatschappelijk Welzijn (OCMW) - Public Centre for Social Welfare (PCSW)) (the main actor in the implementation of the Law on Right to Social Integration, of which the right to a subsistence allowance is one element), was, amongst others²⁸, demonstrated in a study of the Belfius bank of 2014²⁹.

In a similar move towards a more active policy, the system of income support was transformed into the right to social integration (Law on Right to Social Integration of 26 May 2002 – *RMI wet*)³⁰.

In 2009, when the new plan (launched in 2004) was at cruising speed, 2,5% of the unemployed on full benefit under the age of 50 received a 'warning' on a monthly basis, as part of the closer follow-up of unemployed. A study showed that in 2009, 81% of the budget for activation was spent on the training and wages of facilitators specially trained to communicate with the unemployed about the sanctions. This in turn represents only 0.2% of the total amount of unemployment benefits at that time³¹.

The number of recipients of unemployment benefits decreased between 2004 and 2008 by 23%³². For experts this is mainly due to the improvement of the economic situation. The follow-up of unemployed people however certainly contributed to this decrease. At the same time, since the follow-up procedure stretches over a lengthy period, its influence on the macro-economic evolution of unemployment will only be visible after some time³³.

The experiments also have to be interpreted in the context of the State Reforms in Belgium. In the light of the Fifth State Reform of 2002 more competencies were transferred to the Regions (the local authority and provincial law, foreign trade, agriculture, development cooperation) but important policy areas were still the remit of the federal level, like activation policy. Employment policy and social policy were then already part of the competencies of the Flemish Region, while social security remained under the responsibility of the Federal Government. In the Flemish Decree on Local

²⁷ According to Cockx, B. (2011), in reality this was mainly a transfer of data from PES to NEO.

²⁸ See: <https://www.vdab.be/rechtenenplichten/sanctie> for an overview of these measures.

²⁹ Belfius, (2014), Lokale financiën. OCMWs en politiezones, Brussel.

³⁰ Bogaerts, K., et al, (2010), *Activering bij werkloosheid en recht op maatschappelijke integratie*, Onderzoek in opdracht van de FOD Werkgelegenheid, Arbeid en Sociaal Overleg, Centrum voor Sociaal Beleid Herman Deleeck, Universiteit Antwerpen

³¹ Cockx, B., et al, (2011), Evaluatie van de activering van het zoekgedrag naar werk, SUI-VICHO; synthesis of the study: Sneller aan het werk dankzij activering, in: *Régards Economiques*, February 2011 – No85

³² Bron: Statistisch Jaarboek van de RVA

http://www.onem.be/frames/frameset.aspx?Path=D_stat/&Items=2&Language=NL

³³ Cockx, B., et al, (2011), Evaluatie van de activering van het zoekgedrag naar werk, SUI-VICHO; synthesis of the study: Sneller aan het werk dankzij activering, in: *Régards Economiques*, February 2011 – No85

Social Policy (2004), a stronger and coordinating role for the local government is foreseen. As a result, municipalities and PCSW had to develop from 2005 onwards a common local social policy plan, comprising a vision on local social policy as well as a multi-annual planning, a division of tasks and a description of the way citizens and local actors can participate in the development and implementation of the local social policy³⁴. To understand how the system works, it is important to know that the Federal Parliament is responsible for the legal framework related to minimum income support, while the municipality is the main level responsible for the implementation. It is the task of every PCSW in each municipality to ensure the right to social integration of individuals without sufficient means of existence and fulfilling the legal conditions related to each of the policy instruments in place: The aim is to achieve maximal integration and participation in society through employment, the development of an individualised project for social integration and/or minimum income support.

In 2007, the Chief Executive of the Flemish PES presented his vision of a more holistic approach of the support offered to unemployed in his blog, in which he included the recipients of subsistence allowance (*leefloon gerechtigden*), a target group for which, at the time, no comprehensive approach was in place³⁵ and which is dependent on the PCSW³⁶. This blog-article is considered³⁷ as the first manifestation of the willingness to start the 'experimental gardens'. During the interviews, it became clear that it was the combination of the publishing of the blog-article and the reaction it triggered within the VVSG that started the debates on the experiments.

The logic behind the experiments was to increase cooperation between PES and PCSW to further stimulate and improve the integration of clients of the PSWC and (high) risk clients of the PES into the labour market or other employment initiatives. The experiments started from the idea that clients of both PES and PCSW have to benefit from a qualitative support and a coherent trajectory of intake, screening and support for professional (and social) integration.

With the introduction of the Job Centres (in 2000)³⁸, the cooperation between the PES and other actors, such as the PCSW, had already taken a new dimension. However, the integration of the service provision between PES and PCSW within the Job Centres proved to be a challenge. When the Job Centres were established, they were set up differently in different areas. While the PCSW were considered to be an important 'partner' in the implementation of the Job Centres, in reality PCSW were involved in about 50% of the Job Centres³⁹.

³⁴ Vanreppelen, J., (2014), *Lokaal Sociaal Beleid in de meerjarenplanning: Missen lokale besturen het lokaal sociaal beleidsplan?* The legal framework changed in 2012 with an adaptation of this Flemish Decree on Local Social Policy. Since then, the local social policy is integrated into the multiannual plan of the municipality and/or the PCSW; there is no separate plan anymore.

³⁵ <https://www.vdab.be/communicatie/weblog/jun07.pdf>

³⁶ The Public Centre for Social Welfare are in some publications in English referred to as local Centre for Public Assistance (CPAS).

³⁷ Struyven, L., & Vanhoren, I. (red.), et al, (2009), *Proeftuin VDAB – OCMW Eindrapport, HIVA – KULeuven*

³⁸ Per area, the key regional and local service providers active in the domain of labour market and employment are brought together under the same roof (Job Centres as one-stop-shops). At the start in 2000, 141 Job Centres were planned. The purpose was to cluster the services and products of various public and non-profit organisations working on employment and labour market to target different groups: unemployed, employees and employers.

³⁹ Van Hemel, L., en L. Struyven, (2007), *Naar één loket voor werk. Evaluatie van de ruimtelijke spreiding, het gebruik en het partnerschap van de werkwinkel. Deelrapport 2., HIVA – onderzoek in het kader van VIONA*

One of the conclusions of the process evaluation of the Job Centres (2007) was that the cooperation between PES and PCSW needed a new impulse. To activate as many clients as possible depending on each organisation, cooperation was considered to be an important instrument, especially in view of the structural shortages on the labour market and of vacancies hard to fill at that time⁴⁰.

Historically, the PCSW and PES have a different mission and do not target the same groups. For the PES, the main target group are the non-employed job seekers (domain of social security), while for the PCSW the main target group are people who, after screening, are identified as 'falling out of the labour market'. Policy changes in the fields of employment and social welfare in the context of activation policies have somewhat blurred the boundaries between the action domains of both organisations eventhough, for most PCSW, activation was not a new domain of work. Already since the 70s, PCSW could make use of Art 60 and Art 61⁴¹ of the PCSW regulatory framework to employ their target group. Yet, throughout the years, the integration into the regular labour market has become an important domain of work of PCSW, and numerous PCSW have their own service (department) dedicated to coaching clients towards (re)integration into the labour market. Similarly, the PES was already tasked to (re)integrate recipients of subsistence allowances into the labour market, which depended on labour market ready clients to be registered on their listings. The registration of clients of PCSW to the PES depended on the initiative and stance of the PCSW to stimulate this (the diversified approach of PCSW in relation to registration of their clients to PES was confirmed during the interviews)⁴². These blurred boundaries had raised the question how parallel and overlapping interventions can be avoided without losing sight of the specificities of both target groups.

The experiments ran between 2009 and 2013, with a gap between 2010 and 2012. The first phase of the test beds was conceptualised in 2008 in a cooperation between VVSG, PES and the Minister of Employment of the time. The improved cooperation and coordination between PES and PCSW for the first phase of the test beds (January – September 2009) was primarily aiming at:

- A strengthened management role (*regiefunctie*) of the PES on the labour market and
- An enhanced management role (*regiefunctie*) of the PCSW in social welfare policy, along its crucial role as actor in the employment policy.⁴³

⁴⁰<http://www.werk.be/cijfers-en-onderzoek/rapporten/procesevaluatie-van-de-werkwinkels-evaluatie-van-de-netwerkbenedering-en-de-ruimtelijke-spreiding-van-de-werkwinkels-en> On this website the different related reports are available. For a summary: Struyven, L., (et al), (2007), *Naar één loket voor werk. Synthese en aanbevelingen over de ruimtelijke spreiding en het partnership van de werkwinkel*, HIVA, KULeuven

⁴¹ Article 60 § 7 is a form of social service in which the PCSW provides a job to someone who has dropped out of the labour market, with the aim of reintroducing him/her into the social security system and in the labour market. The PCSW is always the legal employer.

In the event of an employment under Article 61, the PCSW works with an employer to realize its employment task. In the special case that the PCSW cooperates with a private employer for the employment of its entitled clients, it receives from the federal government an allowance for the employment and possible training of the employed person.

⁴² Franssen, A, (2014), OCMW's en gewestelijke diensten voor arbeidsbemiddeling: een spanningsvolle samenwerking bij de begeleiding van jongeren, In: *Armoede in België. Jaarboek 2014*, edited by Pannecoucke, I., et al, pp 295-320, Academia Press, Gent

⁴³ Van Mellaert, L., J., Kuppens & L., Struyven, (2013), Samenwerking op (de) proef. Proesevaluatie van fase 2 van de proeftuinen voor samenwerking tussen de VDAB en de OCMW's in Vlaanderen, VIONA-project, HIVA – KU Leuven. Vlaams Interuniversitair Onderzoeknetwerk Arbeidsmarkttrapporing (VIONA) is the Flemish Inter-university research network on labour market reporting, that was set up in 1994 by the Flemish government and the Flemish social partners, to strengthen strategic labour market research in Flanders.

Various actors were involved in the experiments:

- VVSG: coordinating the experiments on behalf of the PCSW offices involved. VVSG was also involved in the steering group.
- PES Flanders: coordinating the experiments on behalf of the employment services. PES Flanders was involved in the steering group.
- Federal Services for Social Inclusion: involved in the steering group.
- Local PES services: where the experiments were implemented. Some of them participated in the steering group.
- PCSW offices: where the experiments were implemented. Some of them participated in the steering group.
- HIVA – KULeuven: in charge of the design and implementation of the evaluation of the experiments; participated in the steering group.
- CC Consult: responsible for the process guidance of the experiments in phase 1; participated in the steering group.

In 2009, 11 experiments were set up in 11 cities/regions in Flanders⁴⁴. The test-beds were selected amongst the PCSW members of the Management Board PCSW of the VVSG. PCSWs could volunteer to be part of the experimental gardens. In the selection process, the diversity of the local settings was considered, as well as the socio-economic contexts, the existing cooperation between PCSW and PES, as well as the involvement of the PCSW in the Job Centres. However, in 2010, the results of the experiments were thin enough to be described as 'embryonic', which meant that a thorough evaluation could not be carried out⁴⁵.

In the second phase (January 2012 – December 2012 with an extension of a few months in the beginning of 2013), five test-beds out of the 11 volunteered to deepen the results of phase 1. The choice was made to focus less on experiments and to enter more in-depth in the monitoring and analysis. The pause between phase 1 and phase 2 is explained by interviewees by the following factors:

- The 6th State Reform (December 2011), which transferred the responsibility for activation policies from the federal to the regional level.
- The financial crises, which resulted in difficulties to find a new budget.

Despite a cooperation between PES and PCSW in the framework of the Job Centres introduced in 2000, activating the more challenging clients and (re)integrating them in the labour market continued to be problematic. It was pointed out in the interviews that political will and a support on the ground are important to make things work. While there was already a framework for cooperation through the Job Centres, this framework was not sufficiently nourished by those involved.

The following problems were already identified at the beginning of the experiments (based on the interviews):

- PES services and PCSW services did not really know each other.
- Both organisations had their own set of activation instruments, but they did not really know each other's approach, nor did they take advantage of the eventual complementarity of the tools. In the interviews, it was stated that there was a strong global resistance to 'transferring' instruments from one organisation to the other (PES and PCSW).
- The 'warm transfer' of dossiers (which goes beyond the pure transfer of data/information and implies discussing the support needed by a client) between PCSW and PES did not work well.

⁴⁴ Flanders counts 308 municipalities; Belgium 589.

⁴⁵ VVSG, CC Consult, HIVA-KU Leuven & KHLeuven, (2009), *Proeftuin OCMW – VDAB. Eindrapport*

A steering committee was set up for the follow-up of the experiments in phase 1. This group included a representative of the central PES services, a representative of the Federal Services on Social Integration, a representative of the VVSG, HIVA, CC Consult, 4 representatives of the PCSW and 4 representatives of the local PES.

The Minister of Employment allocated a budget of 210.000 € to the first phase of the experimental gardens. However, this was not for the implementation as such, but rather for the evaluation and process support of the experiments. The experiments were implemented without financial support for the local partners. Predictably enough, the absence of a dedicated budget, but also the hasty start of the experiments, provided little guarantee for structural and sustainable changes (impact). The second phase was financed through the VIONA programme with a similar budget. During phase 2, the budget was spent on process evaluation and instrument development.

The experiments were not intended to make any changes to the autonomy of the institutions involved, but to induce changes in the way that they cooperate. During the experiments, it became clear to both organisations, PES and PCSW, that it was not a question of transferring assignments/tasks or competencies, but rather of creating a framework for closer cooperation. In the experiments framework agreements, however, no mention is made of the implications for the staff involved in both organisations (required competencies), etc.

Various interviewees confirmed that the experiments contributed to policy changes later on, but that the experiments as such cannot be considered as a policy reform. The experiments were one of the components leading to an increased cooperation between PES and PCSW and an improved practice e.g. in relation to exchange of data and delivering of a more comprehensive support to unemployed. Yet, some interviewees found it difficult to say something about the impact of the experiments on the actual target groups (there was no specific monitoring of the clients involved after the experiments). For others, it is clear that the target group benefits from a more integrated screening and support system, whereby both dimensions (work/employment and social welfare issues) are considered.

Based on the interviews, one of the results that can be identified is that the experiments clarified the idea of 'revolving doors' clients. At the end of an Art 60 employment, the person is transferred to the PES services. These services are not always equipped to provide the necessary follow-up, which may lead to the client's unemployment benefit being suspended, which in turn sends the person back to the PCSW. This mechanism was known and was even one of the reasons to start the test beds, but the test beds allowed to clarify it further.

Another result has been the (introduction and/or) implementation of the concept of 'warm transfer' in the course of the experiments, which spells out that the referral of a client from one organisation to the other necessitates a consultation between the actors involved⁴⁶. 'Warm transfer' goes beyond the pure transfer of data/information and implies discussing the support needed by a client.

2.2. Driving forces, success and failure factors of the 'Proeftuinen' reform

The Minister of Employment at the time (Frank Vandenbroucke) was truly supportive of the initiative, taken up by both the PES and VVSG. He was very much in favour of the active welfare state. In 1999, the (federal) Verhofstadt I government (1999-2003) (in which Frank Vandenbroucke was Minister of Social Affairs and Pensions) set itself the

⁴⁶ There is no consensus amongst the interviewees of the local PES and PCSW whether this concept existed already before the experiments but that it was only implemented during the experiments, or that it was introduced as part of the experiments.

task of turning Belgium into what it called an 'active welfare state'. The aim was to combine 'new risk' and preventative policies, notably through activation, while also emphasizing the need to maintain adequate social benefits to cater for traditional social risks. Activation became a key instrument for the (federal) Verhofstadt II government (2003-2007) (in which Frank Vandebroucke was Minister of Employment and Pensions)⁴⁷.

An important hurdle to overcome (during the experiments) was the definition of the target group for the experiments. While researching useful and relevant criteria, it seemed that a specific group of clients of the PES services, i.e. those with a medical, mental, psychological and/or psychiatric problem was partly overlapping in terms of their characteristics with the population of subsistence allowance recipients of the PCSW. However, the follow-up and support to that group was/is delivered from a different viewpoint. It was explained in the interviews that the support provided by the PES is based on a labour market perspective, while the PCSW support starts from a more social-welfare, but also rights-based perspective. The description of the first phase of the test-beds concluded⁴⁸ that the cooperation was mainly based on a transfer of PCSW clients to PES services, and not so much the other way around.

In the cooperation between PES and PCSW, already foreseen in the framework of the Job Centres, issues related to confidentiality of data on clients were noted. Organisations working with PES services (like e.g. organisations delivering training and/or coaching) in the context of reintegration of job seekers into the labour market had only a limited access to the client dossiers.

Once the client was included in the experiment, alignment was necessary between the two organisations (PES and PCSW). That process was not straightforward. At the start of a client's trajectory, counsellors were not necessarily fully aware nor informed about the support already provided by the other organisation. In some test-beds, the counsellors of the PCSW tried to find out which of the clients were also supported by the PES, after which they informed the PES counsellors about the support that they offered (or were planning to offer). To gather information, PCSW counsellors depended on the information given by the client and to some extent by the online client database of the PES. At that time, full access to the PES database was not possible and the level of detail of the information entered in the database varied (especially information about social welfare issues). Furthermore, PCSW counsellors stated in the interviews that often information given by their clients in relation to mental and social wellbeing is sensitive, hence their reluctance to fully register it in the system. In the PES services as well, counsellors did not always know that their client received support from PCSW, they also depended on the information given by the client. When a client was recipient of a subsistence allowance, they often assumed that he/she received other support from the PCSW as well.

The follow-up of the clients was another challenge in the experiments. Information provided by other organisations about changes or the support provided was in most cases registered in the client's dossier but was not always noticed by the PCSW counsellor consulting the dossier. Furthermore, as already mentioned, the PCSW counsellor did not have full access to all data in the online dossier. When a client was referred to the other organisation (from PES to PCSW or reverse), the responsibility of

⁴⁷ Vandebroucke, F., (2012), *The Active Welfare State revisited*, CSB Working Paper No12/9, University of Antwerp, Herman Deleeck Centre for Social Policy; see also for more background on the activation policy of F. Vandebroucke in: Vilrocx, J. & J. De Schampheleire, (2000), Belgian social policy inspired by new active welfare state approach, published in *Eironline*: <https://www.eurofound.europa.eu/observatories/eurwork/articles/social-policies-quality-of-life/belgian-social-policy-inspired-by-new-active-welfare-state-approach>

⁴⁸ VVSG, CC Consult, HIVA-KU Leuven & KHLeuven, (2009), *Proeftuin OCMW – VDAB. Eindrapport*

the dossier remained with the organisation where the client was registered in the first place, unless decided differently between the organisations.

An important source of information for the follow-up of trajectories within the experiments were meetings between the organisations about the clients in question ('*cliëntoverleg*'). However, these meetings or spaces for consultation did not systematically take place in all experiments and were limited in some (e.g. in Leuven). In the Leuven PES, the communication with the local PCSW is fluid and spontaneous when needed. In Mortsels, these meetings were more structured and were even part of a cooperation agreement between the PES and PCSW. These bilateral meetings (in some cases also involving the client) were considered to be a big step forward in the cooperation. The experiments lifted personal contacts between professionals of the PES and PCSW to a higher more structural level, amongst others through these meetings. The evaluation finding that the solutions to improve cooperation were mainly supported at the operational level⁴⁹ (counsellors and their supervisors), was confirmed in the interviews. Still, to come to a more integrated approach, more involvement and support of higher levels is needed (within the organisations, but also of policy levels) and between the policy domains (employment and social welfare) in Flanders (regional, provincial and local). During the field work, an example was found where this happened, hence the sustainability and further development of the cooperation after the experiments.

One of the factors that has interfered with the implementation of the experiments was that there was no overall agreement on what an activation policy should be (e.g. interpretation of the concept of 'labour market readiness as the basis for a PCSW client to register to PES services), nor was there a broader policy framework or support policy (e.g. representatives of the Cabinet of the Minister of Employment did not attend the meetings of the steering committee).

Lastly, existing structural factors have hindered cooperation. Each of the institutions involved has only the competency to sanction its 'own' group of clients. Moreover, the activation instruments of both organisations were funded by different governance levels (PES by the Flemish regional level; PCSW by the Federal level), each with its own requirements in terms of administration, conditions, registration, etc.

2.3. Good practices and dissemination possibilities in an EU context

Based on the interviews, the joint intake and screening of the public employment services (PES) and the social services (PCSW) results in benefits for the client, in the sense that a more integrated approach of his/her support becomes possible and this from the start of the trajectory. This joint intake is not per definition a duo-intake whereby a counsellor from the employment services and a counsellor from the social services sit together, but this can be done through joint meetings on a regular basis, with or without the client. The instrument that is used for screening is in this context important to ensure that the necessary information is gathered, that all counsellors ask the same questions and use the same approach, but at the same time, it is necessary to make sure that the instrument is not too cumbersome. While before but also during the experiments, each organisation had its own screening instrument/approach, the cooperation through the experiments resulted in discussions about common instruments, e.g. the International Classification of Functioning, Disability and Health, introduced in PES and PCSW cooperations in 2016. Furthermore, the joint meetings whereby specific client cases were discussed during the experiments, but also in the period after (at least in some of the PCSW-PES cooperations) was considered to be very useful and complementary to the usage of screening instruments.

⁴⁹ VVSG, CC Consult, HIVA-KU Leuven & KHLeuven, (2009), *Proeftuin OCMW – VDAB. Eindrapport Annexes p. 49*

During the field work at local level, two instruments were referred to as relevant and useful in a more comprehensive approach:

- The instrument for professional and social activation, developed by PCSW in Antwerp, which is used as a registration tool, whereby information is gathered in relation to the activation approach and 'drempels' (hurdles) that can interfere with the activation process (medical, psychological, housing, family, social factors, communication skills and 'other' such as mobility, resilience).
- The socio-professional balance, also developed by PCSW⁵⁰ provides a framework and a number of tools for designing an effective trajectory by meeting the specific needs of the individual in relation to the socio-professional integration. The main objective is to take into account the client's situation, abilities, skills, expectations and needs.

These instruments were not developed as part of the experiments but were used during the experiments.

⁵⁰ This instrument was developed in the period 2003-2005 by a working group in which PCSW of the three Belgian regions participated (Flemish Region, Walloon Region and Brussels-Capital Region).

3. DENMARK

By Bent Greve

3.1. Key features of the ALMP reform

The Active Labour Market Policy (ALMP) structural reform in Denmark was implemented on 1st January 2007. The underlying trigger of the ALMP structural reform was the argument that larger municipalities could easily achieve economies of scale and thus become more cost effective. If positive outcomes resulted as part of the evaluation process of those municipalities with overall ALMP responsibility, it could be rolled out and all other municipalities could be responsible for activating those in receipt of the social assistance and unemployment benefits.

The aim of the reform was also to address the number of administrative levels in Denmark, and it questioned whether the 14 counties should continue to exist. Ultimately, the three administrative levels were kept and continued to operate in their current form, and 14 counties were turned into 5 regions, while the number of municipalities went from 275 to 98. The new regions became primarily responsible for hospitals and health care, and the rest of their activities were split between the municipalities and 'selvejende' ('independent') units for secondary education⁵¹. Many municipalities however, especially in the greater Copenhagen area, did not merge into larger units.

From the outset, the reform of the municipalities and counties did not relate to the state's labour market policy. Overall, the aim of the structural reform was not just for economically sustainable and sufficient larger units, but also for larger municipalities to ensure and facilitate the transfer of more tasks from the State and the counties to the local level. Discussions to change the way in which labour market policy was administered followed the structural reform.

Regarding employment, only four state employment regions were set up; they were not part of or followed the new regional structure. This was because Zealand was regarded as one regional labour market, and as such, the two administrative regions were regarded as one labour market. Some 91 job centres were also set up. Although no job centres were established in the seven smallest municipalities, these were required to cooperate with larger municipalities in close proximity. As a result of this reform, some municipalities assumed responsibility for the administration of job centres, with the expectation of evaluating whether this could improve ALMPs by integrating all services, as opposed to certain services only accessible depending on the type of social benefit received, for the unemployed.

Job centres must plan, develop and implement active employment policies based on central rules. The only objective of the job centres is to (re)integrate unemployed people into the labour market as quickly as possible. Regarding social benefits, the municipalities remain responsible for administering the social assistance benefit to the unemployed, whereas the unemployment social funds are still responsible for administering the unemployment benefit. The target group of job centres includes both insured and uninsured unemployed people. Before their complete merger as of 1 January 2009, public employment services (PES) and municipal services were provided in a single place, job centres, but were only provided to for those without insurance. The main aim behind this integration process was to ensure the equal treatment of the two target groups, irrespective of their insurance status, and to create better-coordinated and integrated employment services. The change therefore affected the administrative

⁵¹ Although the units are independent, they are predominately financed by the State and must follow state rules.

organisation of ALMPs, not social benefits. It resulted also in a change from state job centres to municipal job centres.

In the field of ALMPs, the aim and expectation were that decentralised, integrated services should be able to deliver better quality services for the unemployed. This was expected for both those in receipt of social assistance and unemployment benefits, owing to the notion that local-level contact with employers and knowledge of local job opportunities was more profound when compared to the former job centres that covered larger geographical areas.

In preparing for the ALMP administrative reform, it was argued that employment activities for people in receipt of social assistance and unemployment benefits could be carried out by different actors (for example, the social assistance benefit by the municipalities, and the unemployment benefit by the job centres). As discussed in the 2004 Strukturkommissionen analysis, there were significant disparities between the municipalities as regards their efforts, despite economic incentives to ensure integration and to help recipients of social assistance benefits to reintegrate the labour market. However, the analysis warned for the dangers of comparing these efforts. The Strukturkommissionen also highlighted the negative impact on effective administration when both job centres and municipalities were in contact with businesses. Finally, there was the expectation that larger municipalities could outsource some of their activation measures to private providers.

Especially because of the opposition from the trade unions and the Social Democrats, no agreement could be reached on whether the municipalities should assume full responsibility for activating the unemployed. As confirmed in the interviews, the main reason was the fear that this would reduce activation quality and that municipalities were not the right geographical entity in relation to the Danish labour market. Strongly in favour, however, were the municipalities – and their interest organisations – and the Danish Government, as the latter expected positive outcomes.

In the end, a compromise was put forward. Pilot programmes were launched in 14 municipalities where overall responsibility for ALMP administration was given to the local municipalities. Municipalities assumed full responsibility of insured individuals and recipients of social assistance benefits, and shared responsibility for the 77 job centres with the State. After evaluations of the pilot period, the programme was rolled out further with all municipalities assuming responsibility for running the job centres (Bredgaard, 2011). As a result, from 1 January 2009, all municipalities assumed responsibility for local job centres and thereby for all unemployed people, regardless of which benefit they were in receipt of, under centrally decided rules.

Arguments for this change can be summarised as more effective activation, avoiding direct ministerial responsibility following the arms-length principle and the opportunity to weaken the trade unions. It must also be remembered that not all municipalities were changed during the structural reform, such as most municipalities in the greater Copenhagen area, and larger municipalities, such as Copenhagen, Aarhus, Aalborg and Odense.

Since 2009, the unemployment benefit has been paid by the unemployment insurance funds, and being a member of these funds is an eligibility criterion for receiving these benefits. The local municipalities, based upon central rules, pay the social assistance benefit. Besides increasing spending to support unemployment policies, municipalities have relatively limited scope to enact local employment policies.

As a result, and as part of the structural reform of 1 January 2007, follow-up evaluation studies should have also analysed the effectiveness of municipalities in comparison to job centres. These studies would, in principle, have been able to assess the potential positive developments in unemployment since 1 January 2009. However, given the financial crisis

and several other changes in the system, positive developments would have been difficult to prove. Evaluation studies could however have focused on the cost of activities. Furthermore, in most parts of Denmark, the labour market is not limited to the local municipality, but rather embedded in a larger regional framework. There is interconnectedness between regional developments and the possible efficiency of local initiatives. It must also be remembered that the municipalities were responsible for activating those in receipt of the social assistance benefit before the reform, but naturally many were now larger than before, and, thus also expected to be more efficient. One possible impact of the mergers of state and municipality activities for the unemployed relates to differences in work culture however, there is no way to measure this type of indirect impact (Knuth and Larsen, 2010).

3.2. Driving forces, success and failure factors of the ALMP reform

It could be argued that one of the driving forces towards municipalisation was the average societal loss of around DKK 80,000 per activated unemployed person between 2001 and 2005 (Det Økonomiske Råd, 2007).

An evaluation of the municipality reform also neglected to mention the reform of the labour market organisation (Danish Ministry for Economic Affairs and the Interior, 2013). This might be explained by the fact that, municipalities assumed full responsibility only two years after the implementation of the structural reform. Overall, there has not been any systematic economic analysis of the structural reform or labour market administration reform (Houlberg, 2016). Houlberg also argues that there has been increased spending within the employment field, and a possible risk of diseconomies of scale in the larger municipalities as a result of, for example, more bureaucracy. Possible other reasons for this may be the weaker economic steering, increased focus in the field and/or longer distances to entry into companies. In addition, increases in the levels of unemployment and weaker economic climates may be part of the explanation. Overall, there has been no indication of increased outsourcing resulting from the merging of municipalities. The outsourcing average for all municipalities increased from 20.7% in 2007 to 23.6% in 2012, with the area of employment not being specifically measured, but rather measured with the social area (Houlberg, 2012).

With several changes to benefit rules and ALMPs since 2009, it is difficult to identify whether the administrative reform was the main reason for the possible (re)-insertion of people into the labour market, and whether the reform had an impact on the effectiveness of activation policies in Denmark.

A change in the central administrative rules for the unemployment benefit system resulted in changes to the categories into which different unemployed persons were placed. These categories influence the work required for the unemployed person in the local job centres. Between 2004 and 2010, there were five categories: category one was for those to be deemed the closest to entry into the labour market, and category five was for those deemed to be the furthest away from entry into the labour market. In 2010, the number of categories was reduced to three, and after some slight changes in the labels and definitions of the groups, in 2014 these became: 1) job-ready 2) education-ready, and 3) activity-ready. (Jensen, 2014).

It is argued that it is very difficult to estimate the activation impact for recipients of the social assistance benefit, who are considered as the furthest away from entry into the labour market. Measuring the distance to entry into the labour market can also be fraught with difficulty (Graversen, 2011), as the distance might depend on overall economic activity in society and the demand for labour in the economy. The impact of the work of job centres has also been difficult to estimate, although there have been attempts to try and measure it, and ways in which to make it more effective (Væksthuset, 2017). In

2009, the mentor system was enlarged and rendered more flexible so that municipalities could use mentors for all unemployed people (Jensen, 2014).

No overall evaluation of the ALMP administrative reform has ever been carried out as such, only quantitative studies on the effectiveness of different parts of ALMPs. These can be used to assess whether the development of integrated social services in conjunction with changes in the benefits system and the types of activation have had an impact on the quality and effectiveness of the service.

Despite several changes in the benefits system and the State's organisation of employment initiatives, the municipalities still have overall responsibility for activation. However, there have been multiple discussions on whether there are too many rules, whether the deadweight loss is too high and whether more trust in front-line personnel and users of the system could yield better results. Finally, a change in the rules was introduced regarding compensation or reimbursement of the costs incurred by municipalities for ALMPs by the State.

The driving forces behind the ALMP reform seem to be a few central issues. Overall, the interviewees identified the ideological and political reasons for the reform. The ideological issues related to introducing a more market-based approach, by having more external actors delivering activation. The political issues related to a weakening of the trade unions, while also avoiding any failure of ALMP administration or any lack of ALMP success being blamed on the minister.

Another driving force behind the reform was the ambition to make the public sector more efficient, as many small local municipalities (with fewer than 20,000 inhabitants) did not have sufficient resources to cope with increasing task diversity and with implementing complex policies, including social case work. The municipalities wanted the whole structure to be reformed in order to be more efficient at the local level, based on the belief that this work could be carried out closer to citizens/users. The municipalities were allocated more tasks and continued to have the right to stipulate local income taxation (albeit within levels agreed by all municipalities and the Government). They also wanted to have a stronger role in activating the unemployed, as it was argued that this could be more effectively carried out at the local level and that the municipalities were already responsible for activating those in receipt of the social assistance benefit. This was confirmed in the interviews.

Although there has been no systematic evaluation of the one-stop shop approach, it can be argued that the main success of the reform is that all unemployed people now only have one place to go. Ultimately, the objective of a one-stop shop approach has been met. Whether the structural reform has been more effective as regards activation remains to be seen, in particular as the municipalities do not always cover the same geographic areas as those in jobs, and many municipalities have a large influx and outflux of workers every day.

3.3. Good practices and dissemination possibilities in an EU context

In terms of good practices, the ALMP reform has been a key factor in unifying and standardising the support for unemployed individuals to re-enter the Danish labour market. This one-stop shop approach facilitates the process for unemployed individuals, who now only need to go to one place, and makes the activation and supported actions much more targeted to individual needs. Overall, having structures in place to ensure that all unemployed people are supported in one place can also be seen as a central aim in ensuring an integrated approach.

Despite these efforts, the approach has also been criticized as being a way to gain control over unemployed individuals rather than providing them with entry or re-entry

support and options into the labour market. It must also be remembered that not all unemployed people are the same distance away from entry into the labour market, for example for some, the distance to the labour market is relatively short, and in Denmark are classified as labour market-ready, whereas others are further away, and classified as activation-ready. The latter also implies that other issues may need to be addressed, including a general lack of skills or social capital, and/or misuse of alcohol, drugs etc. Trying to ensure a match between geographical-segmented labour markets and administration levels could also be useful, for example, even if municipalities have overall responsibility, they should work together to cover multiple municipalities with overlapping labour markets.

There are two items to note from the reform for future changes: 1) both the preparation and implementation of such a large reform takes time; 2) a pilot scheme evaluation could highlight those elements that work well and those that do not, thereby helping to determine best practices when implementing reforms for the whole of society. The lack of an evaluation stage, however, did not influence the decision of the reform in 2009. An evaluation stage might have highlighted the need for more municipalities to be working together (not just the seven) and for clearer criteria for activation. Using and ensuring that documentation and evidence of what works is drawn up, is also an important issue.

Furthermore, there needs to be a structured and agreed way of assessing activities and changes.

In terms of lessons for the country, directly identifying outcomes, successes and failures has been difficult. The numerous changes that occurred over numerous years with the benefits systems, activation and the instruments used have impacted the extent to which the new systems can be analysed, and thus outcomes identified.

Despite this, major benefits identified include the push for municipalities to be more knowledgeable and aware of the PES, as well as the reduction in differentiation between insured and uninsured groups of unemployed.

Central lessons for Europe include the one-stop shop approach towards re-integrating individuals in the labour market. The fact that there is one central point on contact and one system in place for unemployed individuals to receive help, irrespective of their types of social benefits, it's a positive aspect.

4. FINLAND

By Robert Arnkil and Sari Pitkänen

4.1. Key features of the LAFOS reform

The Labour Market Service Centre reform (LAFOS) aims at setting up a joint service between state PES, local municipalities (especially social services) and National Insurance services (Finnish acronym Kela, responsible for many basic supports in Finland) for people facing multiple difficulties in relation to the labour market and under threat of social exclusion.

The broad background for the need of a LAFOS reform is the persistent long-term (LTU) and chronic unemployment, which was a consequence of the economic downturn in the first half of the 1990-2000 decade. General unemployment soared from 3% in 1990 to 17,4% in 1994, worsening the economic crisis (which is still currently felt in Finland) and resulting in severe long-term employment problems.

The main reason for launching the LAFOS reform was the need to combine employment, social, health and educational services in the face of prolonged and complex LTU situations, which could result in social exclusion and income difficulties. There was a need to find a service concept which would have positive impacts in terms of activation and well-being of individuals as well as the economy. In the last decades, several government initiatives and reforms have been launched to streamline the complex social benefit and service provision systems in Finland, with limited results so far.

Responding to these challenges through the National Insurance (Kela) traditional rehabilitation services also proved difficult. Municipalities were experiencing growing difficulties in their economy, as they bore an important share of the costs resulting from prolonged unemployment in terms of social and health problems, as they are the last resort and safety net for people. The traditional model of providing rehabilitation activities in municipalities was not functioning well enough either.

Importantly and typically for a Nordic country, local authorities and municipalities, are fundamental to Finnish governance, bearing broad responsibility and enjoying high autonomy. Thus, it was important to find new ways to increase effectiveness in these services, with a strong involvement of not only PES but also of local authorities.

The economic and social pressures reflected the tensions between the state and local authorities, as employment services and ALMP measures have mainly been provided by the state PES, and other assistance through a complex network involving local authorities, National Insurance, and voluntary (third) sector and private providers.

The beginnings of LAFOS can be traced back to the beginning of 2000, when government discussions focused on how to deal with the rising costs of prolonged unemployment (this had been discussed earlier, but the discussions eventually leading to LAFOS can be traced to about 2000). To explore the possibilities, in a typical Finnish government reform tactic, 'joint service experiments' were launched, eventually leading to the setting up of LAFOS in major towns and sub-regions in 2002. This joint service was based on a voluntary agreement between the Ministry of Employment⁵², the Local Authorities (represented by the Association of Finnish Local and Regional Authorities) and National Insurance. In 2015, a law on LAFOS was passed, clarifying its tasks and position although LAFOS is still led and financed by the association of the three institutions.

⁵² Now called the Ministry of Economic Affairs and Employment (MEAE)

In the period 2000 – 2017, Finland has had eight national governments, and five different employment ministers from four different parties. The leading political initiatives have come from the Social Democrats, and Social Democratic Employment ministers. All the governments from 2000 until 2015 have had a broad political base, most of the time with Social Democrats, Centre Party and/or Conservatives in government, as well as smaller parties. This has provided a certain amount of continuity for the LAFOS reform until 2015. In 2015, a new Centre-Conservative government took office, with radically different plans concerning social, health and employment services – a broad privatisation plan – which might have major consequences for LAFOS, to a point where there might be a discontinuation of this joint service.

The tension and debate around LAFOS has not been primarily political, however. The economic pressures have manifested more as an institutional tug-of-war appeared on how to divide the responsibility and cost between state (PES) and local authorities for people on the lower unemployment benefits, who typically were either LTU or new entrants to the labour market facing difficulties. This institutional tug-of-war has characterised the entire LAFOS reform period.

In practice the reform has been led by the Ministry of Employment, in collaboration with the Finnish Association of Local and Regional Authorities (*Kuntaliitto*, KL). Social partners, the Association of the Unemployed and third sector actors have been involved and consulted along the way. A joint ministerial steering group and working group were set up, involving the Ministry of Employment, the Ministry of Health and Social Affairs, KL and Kela. At the regional and local level, state driven PES and municipalities, together with local Kela offices, and other local actors have been the practical implementers.

It is very difficult to assess the results of the reform in precise and 'strong' terms (like open market employment, or cost effectiveness, improved health or other). The reform itself and the structures regarding the reform are complex. The time-span under consideration (2002–2015 in particular) is long and contains major ups and downs of the economy and employment, especially given the 2008 global crisis, which had a major impact in Finland. There have also been changes in the goals and directions of the reform and the criteria for LAFOS services.

All this makes it difficult to assess the distinct impact of the reform. Nevertheless, several studies and evaluations point to positive impacts in terms of better cooperation of public employment, social and health services, something that could be called 'systemic results' of the reform process. The results are probably most significant where local authorities are concerned. Employment issues have risen on the strategic agendas of local authorities, and services for the more deprived and long term unemployed have become more consistent and holistic. The whole story of LAFOS is about trying to defragment the otherwise complex and fragmented services for people with multiple social, economic and health problems. The success in this complex task has been only partial, yet it has been positive and significant.

4.2. Driving forces, success and failure factors of the LAFOS reform

The basic driving force has been the economic pressure on public services, particularly the municipalities. The other driving force has been the attempt by several national governments to reform and streamline the complex services and benefit systems for people with multiple social, economic and health issues. The severe LTU problem, a chronic LTU problem in fact, has resulted in dead-ends in services, where people, despite ALMP measures and rehabilitation, have not been able to return to the open labour market.

One success factor in the LAFOS reform is the highly consensual Finnish way of introducing and running reforms. Although the reform has been initiated by the Social Democrats and the Left Alliance, also the Centre party and its power base in the municipalities have played an important role in supporting the initiative. Other parties, The Conservatives, the Greens and others, have been more passive, but not opposing the reform either. The flipside to this consensual politics is often the insufficient determination and power to drive reforms through to a definite execution and success. Additionally, the issue of employment and social exclusion tends to be rather low on political agendas of most parties, where the economic, export and innovation dominate the debate.

The other success factor is the broad institutional base of running the reform. The Ministry of Employment, the Ministry of Health and Social Affairs, the Finnish Association of Local and Regional Authorities, the National Insurance, social partners, voluntary actors, regional actors, municipalities and others, all have participated, either directly or indirectly, in initiating, running and commenting the reform. The flipside to this broadness is complexity, and difficulties to overcome the turfs and silos of such a multi-faceted reform. Also, the Ministry of Employment was criticized, particularly from the point of view of the Local Authorities, for dominating the debate. The LAFOS reform was until 2015 based purely on a voluntary cooperation agreement between MEAE, MHSA, KL and Kela, which of course made it vulnerable to changes of political wind.

A third success factor is the experimental culture of introducing and running reforms in Finland. If a reform includes political or institutional tensions, the solution usually is to launch experiments to explore and pave the way. It was also the case for the LAFOS reform. This is helpful to avoid getting stuck in a tit-for-tat political debate, but it also has a flipside. At times, experiments are launched only for the sake of appearance, when in fact the political decision has already been made. In the case of LAFOS however, the experimentation has been more real and open.

ESF funds have played an important role all along, providing a platform for experimentation, particularly concerning the cooperation challenges confronting the LAFOS reform. In the ESF projects a lot of attention has been devoted to developing the so-called intermediary labour markets (ILM), i.e. intermediary activation solutions for the more deprived, with the hope of eventually leading to sustained employment. Unfortunately, the ILM has too often turned out to be a cul-de-sac, which is also the case with LAFOS.

A problem has been the complexity of the reform, and the difficulty to draw unequivocal conclusions from the experimentation to take decisions. In the services for the more deprived and people with multiple problems often the results unfold over a long period of time, going through intermediary results, such as an improved health, motivation and employability. But political agendas are quite short term, and economic pressure calls for quick fixes and employment results. This was apparent also for the LAFOS reform, where proof of impact was rather hard to find, as most of the results are 'systemic', for example improved cooperation, a soft result, which would need to be sustained with hard facts in terms of employment and other results.

4.3. Good practices and dissemination possibilities in an EU context

Good practices do not necessarily travel easily, even within countries, let alone between countries, where structures, cultures and actors differ. To benefit from the experience of such a complex reform as LAFOS in other national contexts, an organisational learning process is needed, where something similar – mutatis mutandis – to the supportive structure of LAFOS, would be needed. The supportive structure consisted of a multi-ministerial steering group (with a leading role of MEAE), a working group, regional-local workshops and information tours, peer learning between local LAFOS services and

continual consultation offered by MEAE and KL. A part of the supportive structure was also the extensive use of evaluation and research, which was given an active role to benefit from research findings while running the reform, and not only ex post. To support the reform process, KL published an 'Employment Cookbook', where good practice examples ranging from strategic steering to front-line services were spelled out.

LAFOS has been about providing a more holistic and cooperative service for people in need of combined employment, social and health services. The most important results have been the increased local-regional cooperation of PES, municipalities and Kela, as well as other actors in the localities, with most significant results probably in the municipalities. So, the most important good practice is at the systemic level, not in the details.

The first good practice concerning the municipalities in particular, has been on the strategic steering level, where employment issues have been pushed to the top of municipalities' agenda. It has also shown that employment issues are complex and at best dealt with in clear partnerships. It was demonstrated in LAFOS that the best results were achieved in those municipalities where strategic and cooperative agendas were defined.

Another lesson learned is that of developing a clear one stop shop service offering support from the initial contact, through need assessment and coaching to after placement. This is of course good advice for any service, but in LAFOS working on the 'service chain' was a key issue. It meant working in pairs as an employment officer and social worker (and health worker when needed). It meant flexible use of needs-based services such as debt counselling, job search coaching, upskilling, rehabilitation etc. In many cases, customers were drawn to the services via focus groups.

Another good practice, probably relevant for many EU contexts, was collecting the odd bits of temporary work and 'gigs' into LAFOS and assembling them into a more comprehensive offer of work, otherwise these small snippets of temporary work are difficult to handle by the individual and are not attractive as a work assignment. Similar work is done for instance in Taskrabbit⁵³.

⁵³ <https://en.wikipedia.org/wiki/TaskRabbit>

5. FRANCE

By Nicola Duell and Danielle Kaisergruber

5.1. Key features of the reform period

The reform episode started in 2014 and is currently still being set up. In September 2015, 75 *départements* were involved in the programme. By the end of 2016, two and a half years after the memorandum of understanding was signed, all local governments at the *département* level were involved in the programme, except for two, and around 1,000 PES counsellors were working as part of the programme, with 43,843 recipients being monitored.

The two main implementing bodies of the reform episode are the public employment services (PES) and the social services of the *départements*. The PES had undergone several reforms. They were unified in 2008, when the former unemployment benefits institution and the employment services institution were merged. In 2014, the French PES were restructured to provide a new range of services depending on the profile of jobseekers. These services include: 1) an online follow-up system for those who are able to return to employment quickly; 2) individual, in-person follow-up meetings with a PES counsellor; and 3) a reinforced and robust follow-up scheme for jobseekers who require activation and training. The programme 'comprehensive support and guidance' for welfare social recipients and jobseekers with complex social problems is now the fourth service.

In 2014, the PES had around 53,000 employees (equivalent to 47,000 full-time employees). Local governments at the *département* level have had overall responsibility for social welfare minimum income benefits, such as the *Revenu de Solidarité Active* (RSA, earned income top-up benefit), and for activating recipients.

According to administrative data, in April 2014, the unemployment rate was at a critical level, 9.7%. At the same time, 2.08 million household were in receipt of RSA, and many individuals, whether they were looking for work or not, had complex social issues, including health issues, child care issues, housing issues and sometimes issues relating to the local administration's jurisdiction. In the French welfare system, it is not compulsory for individuals to be registered as looking for work when in receipt of welfare benefits. Before 2014, depending on each *département*, the partnership between the PES and the social services of the *département* were very different.

When the basic guaranteed income benefit, formerly known as the *Revenu Minimum d'Insertion*, (RMI) was introduced in 1989, led by the Socialist government of Prime Minister Michel Rocard, the idea was to help those in receipt of the RMI to find work, in particular through supported employment, direct job creation with a social utility, and hiring subsidies. When the RSA was created in 2009 by the UMP (Union for a Popular Movement) government, under President Nicolas Sarkozy, and following a proposal by a special committee led by Martin Hirsh who was well-known for his previous NGO experience, the idea was to separate the RSA into two benefits: 1) a basic benefit (*RSA socle*) for those with significant employment difficulties; and 2) an earned income top-up benefit for those on low incomes (*RSA activité*).

It was presented as an activation policy in line with European policies. A political and public debate on this type of activation scheme has been taking place ever since. References to the Peter Hartz reforms, as well as other activation models across Europe (mainly the UK approach and the Nordic model), including their positive or negative impacts, have shaped the debate.

RSA socle and RSA activité are both managed at the local and decentralised levels, and the relevant local government layer is called a *département*. The RSA socle is managed

by the local *département* government, which is financed by the national government, whereas RSA activité is managed by the national government directly. The latter has now merged with a tax credit (Prime pour l'emploi, PPE), and is called Prime d'activité (PA). Both RSA socle and RSA activité are paid by the social security agency at the local level (CAF, Caisses d'allocations Familiales), acting only as a payment office.

The question of how to design a strong partnership between the PES and social services at the *département* level has been on the agenda for over 25 years. The Ministry for Labour and its central direction the General Delegation for Employment and Vocational Training (DGEFP, *Délégation générale à l'emploi et à la formation professionnelle*) were in favour of an activation policy via a new partnership programme between the services of the *département* and the PES. The possibility of financing from the European Social Fund (ESF) played an important role, and it was decided that a pilot comprehensive support and guidance programme would be set up via a memorandum of understanding signed by three stakeholders: 1) the DGEFP, representing the Government; 2) the *Association des Départements de France* (ADF, Association of the *départements* of France), representing the local governments; 3) and *Pôle emploi* (the French PES). The memorandum of understanding was signed on 1 April 2014, and the programme has been gradually implemented since this date. A pilot phase in some *départements* preceded the agreement. The programme named '*Accompagnement global*' encompasses three different issues:

- Setting up common social databases
- A coordinated support, guidance and follow-up scheme for activating those in receipt of social benefits and for jobseekers with complex social issues (a social case worker and an employment counsellor working as a team)
- A specific support and guidance scheme for PES-registered jobseekers with social issues that are unable to look for work without first solving their non-job-related issues.

The organization for this programme is different for the *département* as compared to the PES: while there are PES counsellors (*Pôle emploi*) in charge of this 'comprehensive support and guidance' who dedicate their work only for this programme, the social case workers in the *départements* services are often not specialized for it.

The quality of partnership is very different from one *département* to another: for example, the *département* Var has externalized the 'Comprehensive Support and Guidance' to associations, while the department of Yvelines set up a common body (a GIP, *Groupement d'Intérêt Public*) to monitor the departmental integration policy and to encourage a very strong partnership. The *département* Aveyron is only focused on social problems while the *Département* of Bas-Rhin is fully involved in job search for social benefit recipients. Further, the tools and active labour market policies (ALMPs) vary greatly. Thus, the sanctioning practice can be quite different from one *département* to another, as would be the use of its placement activities, implementation of direct job creation programmes and supported employment. Some *départements* have already built up intensive contacts with social enterprises in order to implement their activation strategy over the past and continue to do so, while a few *départements* favour rapid employment in the regular labour market. In the context of our IDSS country case study we analysed the implementation of the programme in two *départements*, Essonne and Alpes Maritimes.

Below, we will describe two case studies as example of implementations at the local level.

The *Département* Essonne belongs to the wider agglomeration of Paris and has several large suburb cities (Evry, the administrative capital, Etampes, Corbeil, Orsay...). The *département* is characterized by contrasting realities such as scientific and technological

areas (e.g. Orsay-Saclay) and middle towns with a strong concentration of social problems.

Just after the national agreement setting up the programme 'Comprehensive support and guidance' (2014), the two implementing bodies (the *département* social services and the PES services) started to work on the local implementation, beginning by a small experimentation on two local agencies. They planned two actions: 'guidance and follow-up in pairs' and a social guidance for 400 jobseekers with complex problems, considered as unable to join a training or an activation path. The programme was soon set up to all the services of the *département*. The implementation process involved other local partners such as the local provider for social benefits (CAF), *missions locales pour l'emploi des jeunes* (local employment services for young people) and the social services within the local councils (Communes). The main actors were the social caseworkers of the *département* services and their managers (directors of 'Social solidarity houses' that managed childhood and family problems, housing, health and RSA recipients), the PES employment counsellors and their directors. The work process was not completely defined in order to leave autonomy to the case workers and PES counsellors.

'Immersion days' were organized for both caseworkers and employment counsellors to share their practices and cultures. Then, the jobseekers with complex social problems and the RSA recipients ready for activation were guided by *département* social caseworkers and PES counsellors through regular tripartite meetings that are considered as very useful. Every month, a Technical Committee takes place to solve institutional difficulties, individual problems and data base solutions.

RSA recipients are encouraged to get in contact with Pôle emploi and jobseekers with social problems are encouraged to meet a caseworker in order to solve the obstacles to take a job.

At the same time, the Département de l'Essonne started a new activation policy through mailings towards the RSA recipients: in case of recipients not answering, the welfare benefits would be suspended.

The Département des Alpes-Maritimes is located in South - East France. Its capital Nice is a regional centre and France's fifth largest city, with an above average poverty rate if compared to other large cities (CCAS Ville de Nice, 2015). The *département* has worked in partnership with the PES since the introduction of the RMI, thus before the introduction of the RSA.

The *département* included the 'Comprehensive Support and Guidance' as one of its approaches in its labour market integration strategy, the 'Plan emploi-insertion 06' ('employment and social inclusion'), launched in February 2014. Traditionally, the approach in this *département* is based on a work-first approach. Twenty years ago, the *département* set up a programme for placing welfare benefit recipients into the regular labour market that is based on employer-oriented services, in particular recruitment services, provided by the Department and a good network of companies (programme 'Cap Entreprise'). The particularity of this approach is that the NGO proposes RSA recipients for open vacancies. As participation is voluntary, a positive self-selection among participants can be assumed. The participant is referred to the employer without a CV. Most jobs posted are jobs that do not require much specialisation. A specific methodology IOD⁵⁴ is used in order to collect job characteristics and to follow-up with the employer on the job characteristic after placement. The jobseeker will get intensive follow-up during the application process as well as after taking up work. The NGO will act as a kind of mediator in case of conflicts, which increases sustainability of employment. This programme was set up with financial support of the ESF. A new programme launched in 2015 and co-financed by the ESF is called 'Action Flash' and focuses for a rapid intervention.

⁵⁴ <https://transfer-iod.org/public/>

The *département* could increase the number of its own caseworkers thanks to time saved as a result of process digitalization (for example registration). It organized training for its social caseworkers on the issue of 'empowerment' of the jobseeker. The PES has selected counsellors to work in the 'Comprehensive Support and Guidance' programme on the basis of their previous experience with hard-to-place jobseekers as well as their motivation. They eventually learned a lot through the mixed team approach (working in pairs with the social workers).

Other local actors are involved such as the CCAS (*centre communal d'action sociale*) that depends from the municipality and the 'Houses of Solidarity' that depend on the *département* but have several local centres. Interviews revealed that much of the success depends on the pro-active stance of the social workers. One example is a centre for homeless people. If the homeless show some willingness to get employment (which is reportedly often the case with those coming to the centre for homeless) the social assistance will get immediately in contact with his/her colleague from the PES (within one or two days). In this specific case informality and rapidity of contact are the key success factors. Another example was the pro-active stance of a social assistance to convince lone parenting women with a migration background living in 'difficult' urban areas (*quartiers politiques de la ville*) to take up employment. Obviously, outreach activities are important as the participation in any kind of intensified guidance and subsequent job placement is voluntary.

5.2. Driving forces, success and failure factors of the reform period

The programme has been widely successful, and the main drivers for success refer to:

- The need for a new partnership was a view shared by stakeholders and actors at nearly all levels
- The role of the ESF financing half of the PES counsellors involved in the programme (500 counsellors out of 1,000)
- The method: pilot schemes in a few *départements* and roll-out after a short assessment
- The strength of intensive support, guidance and follow-ups for people out of work
- A procedural reform initiative on a pragmatic level outside the political debate focusing on an acceptable activation model.

Our interviews confirmed that the programme was a success, and the field-level experts who met for our study (both employment counsellors and social case workers) hoped that the programme would continue for subsequent years, according to the rules of the ESF programme.

Our own qualitative research and interviews with stakeholders indicate that 'Comprehensive Support and Guidance' was considered as successful mainly because:

- The quality of the services: the programme consists of a reinforced guidance (number of meetings, individual guidance, online permanent links between jobseekers or RSA recipients and their counsellor or caseworker). A PES counsellor in charge of the programme has to guide a rather low average of 70 to 80 people;
- Clearer structure of partnerships across the country, although divergence in the implementation between Departments remain;
- The 'Comprehensive Support and Guidance' has been regarded as a 'tool'. It has somehow escaped political / ideological discussions, which has helped to implement it;
- Training of counsellors and caseworkers is important;
- Direct exchange of experiences and mutual learning between social caseworkers and PES counsellors is fruitful (they come from a different working 'culture');
- Good contacts with employers in the regular labour market and providing recruitment services are key for succeeding to integrate hard-to place groups into

the labour market. One weakness of most départements' social services is that they have few contacts to 'regular' employers and used to focus on placing their 'clients' in supported employment, which may lead to stigmatisation. A mixed strategy, placing vulnerable groups both in private and social enterprises may be more appropriate. A closer cooperation with the PES and the *département's* social services can represent a good opportunity for using a wider range of services and programmes;

- Networks are multiplied.

On the other hand, we would qualify the following as weaknesses and challenges encountered during the programme:

- The problem of diverging priorities concerning the target groups may persist, learning from each other (linking social inclusion AND labour market integration) thus remains an important challenge;
- The programme is staff consuming. The net benefits could, however, be positive;
- A cost-benefit analysis is not carried out, as there are high methodological problems linked to such an exercise;
- The classification that the département has to deal with 'social issues' and PES with 'labour market integration issues' would need to be overcome over time. While it is important that PES counsellors learn more about the complexity of non-labour market related problems, social counsellors still would need to understand the importance of labour market integration;
- There is no obligation for RSA recipients to register with the PES. Voluntary participation in the scheme means that there is a positive selection of participants into the programme. On the other hand, it may be at first sight more efficient as it allows to focus on those who are more employable, however at the societal cost of leaving other groups behind;
- Outreach activities would need to be improved to those in need but not claiming the RSA;
- There is still no shared financial responsibility for the target group;
- IT-problems for database-sharing remain.
- A national evaluation is being carried out with results expected by the end of March 2018⁵⁵.

5.3. Good practices and dissemination possibilities in an EU context

A few lessons for Europe emerge. The following factors are important when designing and implementing the integrated delivery of social services, they mainly concern the philosophy and quality of the follow-up and guidance:

- A comprehensive and strong support, guidance and follow-up in line with an activation policy (psychological, social and work-oriented) in order to be able to solve the different problems at the same time;
- When participation in the comprehensive guidance is voluntary, there is a danger of leaving the most vulnerable groups which are furthest away from the labour market behind and difficulties to outreaching the most vulnerable people are not resolved. Nevertheless, even if participation is voluntary both main actors (the PES and social services) can implement outreach activities.
- The two-persons team is a very good and innovative method to follow-up jobseekers or social benefit recipients: this lesson from our field work would be in line with the assessment of the '*garantie jeune*' in France that sets up the notion of plural guidance and contributes to organize a sort of network for the young people. The Youth Guarantee is a good mix of collective and individual guidance, an example of stop-and-go methods with opportunities for working and training and a change from a 'desk environment to core unit of empowerment'.⁵⁶ The

⁵⁵ Starting in February 2017, the results of this evaluation will be published in Spring 2018.

⁵⁶ dares.travail-emploi.gouv.fr/dares...et.../lagarantie-jeunes-evaluation-du-dispositif

practice of some NGOs, as SNC in our study, shows the importance of this innovative way of guidance through pairs and not only face-to-face meetings;

- Rapid communication between different services is key (in-house or between different institutions). In practice, informal contacts have increased rapidly;

A full harmonization of approaches at the local level may not be necessary if this would hinder the willingness to cooperate. A partnership approach could be an alternative to integrated approaches.

6. GERMANY

By Michael Fertig⁵⁷(†) and Philipp Fuchs

6.1. Key features of the reform period

A very general development in the sphere of the economy and labour market first gave rise to a discussion on the need for wide-ranging reform in Germany.⁵⁸ During the 1980s and 1990s, Germany experienced a more or less continuous increase in long-term unemployment, as well as comparatively weak overall economic performance as regards its GDP. This in turn led to the country being prominently labelled as 'the sick man of Europe'.

Secondly, the institutional structure for long-term unemployment did not prove effective in dealing with the problems at hand. There were two institutional benefits systems tasked with providing assistance for the long-term unemployed: 1) unemployment assistance, administered by the Federal Employment Agency, for persons with work history; and 2) social assistance, administered by the municipalities, for persons who were able to work but did not have (sufficient) work history. This dual structure also led to an uneven distribution of financial burdens at the regional level. While costs for social assistance were extremely high in economically weak regions of Western Germany, there were huge numbers of unemployment assistance recipients in Eastern Germany. As a result, social assistance caused financial problems for the municipalities, and unemployment assistance was a burden on the Federal Employment Agency. In addition, 'switchyards' were set up between social assistance and unemployment assistance systems, which shifted the financial burden from one institution to another, without actually solving the problem.

A third factor was the performance of the existing system of placement processes and active labour market policies. At the start of 2002, the so-called placement scandal of the Federal Employment Agency brought to light common practices of faked integration rates, which shed a highly unfavourable light on the institution's performance. Initial evaluations estimating the net effects of active labour market policies also came to disheartening conclusions, proving them often to be ineffective or even counterproductive regarding the integration of participants into the labour market.

Finally, the political situation of the upcoming general election in the autumn of 2002 was particularly significant. After a change of government in 1998, the new coalition government of the Social Democratic Party of Germany (SPD) and the Alliance 90/The Greens (Green Party) failed to bring about significant economic change during its first term in office. To make a claim for economic and labour market-related competency, new approaches to the problems outlined were needed. As activation politics had been implemented over previous years in several other European states, and as Chancellor Gerhard Schröder had developed the general idea of activation in a paper with UK Prime Minister Tony Blair, ideas and approaches for reform in this regard were pretty much on the table.

The combination of an agreed, multi-faceted problem, long-term unemployment; an ineffective institutional structure administering it; a favourable agenda window, the placement scandal; and political pressure from the upcoming general election gave the momentum that opened up the opportunity for a wide-ranging reform that would mark a significant paradigmatic shift in Germany's welfare tradition.

⁵⁷ Deceased 30 April 2018.

⁵⁸ In the following summary, no literature is cited. Detailed references can be found throughout the rest of the text when the matters in question are referred to and discussed in detail.

Consequently, the reform had to address a multitude of problems: fundamental institutional reform of the existing benefits systems; new approaches to active labour market policies and activation strategies; and deregulation in the labour market to change the incentive structure, and subsequently increasing the dynamics of the labour market.

As this wide-ranging reform was implemented within a relatively short period of time and owing to a lack of significant reforms in the years prior to it, this reform had to be perceived as a whole, and a more or less uniform process in which several reforms at different institutional levels could be implemented. As regards the relevant precursors to this reform, two attempts must be noted. In 2001, an initial law aimed at labour market reforms was passed, the *Job-AQTIV-Gesetz* (Job Active Act). This reform had comparatively limited scope, and more or less failed to bring about any significant improvement in the problems it intended to solve. In addition, there were the MoZART pilot schemes, which started at the beginning of 2001, and constituted an initial trial of the municipalities and the Federal Employment Agency cooperating to serve the long-term unemployed at the local level. The evaluations of these pilot schemes pointed to the possible benefits of cooperation between the two institutions involved.

In the years leading up to the reform, the most important milestones were the evolution of political concepts, as well as the formation of a consensus among important political players on the necessity and nature of possible reform. The agenda of activation and labour market reforms as outlined by Schröder and Blair in their June 1999 paper, can be considered the first major step. Another important process that began in this year was the creation of the *Bertelsmann Expertengruppe* (Bertelsmann Expert Group). Under the guidance of the liberal think tank Bertelsmann Stiftung, labour market experts from different backgrounds discussed the options and elements for fundamental reform of the German labour market and welfare system.

The reform process gained momentum in 2002, while earlier committees, such as the *Bündnis für Arbeit*, and reform attempts, such as the *Job-AQTIV-Gesetz*, had proven more or less ineffective. The first major event was the placement scandal of the Federal Employment Agency in January 2002, which attracted public criticism, and called into question the effectiveness of the current services to integrate the long-term unemployed. Just weeks later, on 22 February 2002, the Hartz Kommission (Hartz Commission) was set up by Chancellor Schröder, intentionally; this also brought significant public attention. This committee, comprising representatives of major industry players, consultants and experts from the political and administrative spheres, developed reform proposals, which were presented to the public in an official ceremony on 16 August 2002. After the general election of 22 September 2002, which saw the re-election of the incumbent coalition of the Social Democrats and the Green Party, the actual legislative process began. Two ministerial working groups, located within the Federal Ministry of Finance and the Federal Ministry of Labour, were set up. Within these committees, which included various types of experts, plans for the actual reform legislation were drawn up.

On 23 December 2002, two of the four reform packages were passed (Hartz I and Hartz II). These were immediate measures; the former did not require approval from the *Bundesrat* (upper chamber of the German legislature), while the latter did. These law packages focused on deregulating temporary work and marginal employment, as well as introducing new active labour market policies. Throughout 2003, the legislative process for the third and fourth law packages continued, and a general consensus as to their outline was reached. A crucial milestone in this process was on 22 December 2003. The law packages also required approval by the *Bundesrat*, which blocked their approval owing to a conflict over the institutions tasked with the new benefits system, *Sozialgesetzbuch II* (SGB II – Social Code II). During the night of 22 December 2003, a consensus in the mediation committee was reached, and a solution was agreed upon. There would be two (competing) organisational models: one model (the minority),

where the sole responsibility for the benefits system lay with the municipalities; and another (the majority), where responsibility lay with a cooperative institution comprising municipalities and the local offices of the Federal Employment Agency.

The two last law packages were passed on 23 December 2003 and came into force at the beginning of 2004 (Hartz III) and 2005 (Hartz IV), respectively. While the third law package addressed the restructuring of the Federal Employment Agency, the fourth law package was by far the most wide-ranging and can be considered the core of the whole reform. This law introduced the new law code, SGB II, by merging the previously separate unemployment assistance and social assistance benefits systems. This included new regulations regarding benefit disbursement, the implementation of activation politics, such as workfare measures, the strict enforcement of sanctions, and the formation of new institutions responsible for the system, cooperative and municipal job centres. The new unemployment benefits 2, UB2; Arbeitslosengeld 2, ALG 2, is a means-tested, lump-sum benefit, while previous benefits either depended on the last wage received (unemployment assistance) or were assessed individually (social assistance). In addition, the concept of a 'household in need' was introduced to assess benefits at the household level, taking into account any form of income and benefits received, and thus increasing the pressure for all members of the household to look for work to reduce the household's level of need.

Owing to the broad scope of the fourth reform package, there was a delay of a year between the law being passed in December 2003 and coming into force on 1 January 2005. The time between these two dates was needed in order to set up the new institutions, IT systems and processes. However, this proved to be a comparatively short lead time to prepare for the implementation of such a fundamental change. For this reason, in 2004, several working groups at the federal, regional and local levels focused on the various issues involved in the implementation process. One of the main concerns at the national level was the development of a suitable IT system for the UB2 system as a whole to ensure timely disbursement of the new benefits and for uniform indicators on the performance of the newly formed job centres to be collected. The decision was made to base the new IT system on the existing IT solution of the municipalities. This technically risky and time-consuming task was thought to be the only feasible solution but led to a construction process that lasted until almost the last minute before the first payments were due. At the local level, this time was needed to set up the new institutions. This involved the allocation, recruitment and training of suitable personnel, the acquisition of premises to locate the new institutions, arrangements for cooperation between the Federal Employment Agency and the municipality in the cooperative job centres, and the design of the entire placement, case management and benefit disbursement process at the local level.

Another element of the legislative process that is significant is the fact that evaluating every step taken was an integral part of the laws passed. One general reason for this task was to gather empirical evidence on the effectiveness and efficiency of the various elements of the reform. Another reason was in regard to the heavily contested decision on the organisational set-up of the job centres. Their implementation was based on an experimental clause in the SGB II (Paragraph 6c), which aimed at trying out alternative organisational approaches, and thus encouraging organisational competition. The associated evaluation was meant to gather evidence on a possible superior organisational model.

Finally, on 1 January 2005, the fourth law package came into force and the newly formed job centres took up their work; this marked the completion of the legislative reform process.

The following actors/committees can be regarded as crucial to the reform process:

- Chancellor Schröder, and some of his followers within the Social Democrats in political key positions at the federal level were the driving force behind the reform process. This included the Labour Minister Wolfgang Clement and Head of the Federal Chancellery Frank-Walter Steinmeier, today's Federal President. It was Schröder in particular who linked the idea and process of the reform to himself as a political actor, as can be seen in the publication of the Schröder-Blair Paper.
- The Bertelsmann Expertengruppe can also be considered a pertinent committee in preparing the reform process. Beginning in 1999, the committee, comprising labour market experts from different backgrounds, under the guidance of the liberal think tank Bertelsmann Stiftung, discussed the options and elements of fundamentally reforming the German welfare system.
- As a publicly visible instrument of policy-making, the Hartz Kommission is especially relevant. Although it is often argued that its inception was mainly undertaken for publicity reasons, especially as decisions were made in different committees, the Hartz Kommission strongly embodies the idea of reform for the general public. Also, many of the basic ideas of the reform can be found in its suggestions, although not of all them were implemented on an one-for-one basis, and others were implemented but removed in the years following the reform. As a result, traces of the committee's ideas are relatively sparse in the SGB II in its current form.
- Fundamental to shaping the reform process, and especially the preparation of the legislative process, were the two main ministries involved, the Federal Ministry of Finance and the Federal Ministry of Labour. Of particular importance in this context were the working groups located with the respective ministries, which included expertise from administrative and political experts representing the various interest groups involved. These working groups proved helpful in reaching a consensus as to the nature and details of the reform among different interest groups, as well as numerous technical elements and details of its implementation.
- As the Federal Employment Agency had overall responsibility of the two federal benefits systems, unemployment insurance and unemployment assistance, it represents another major player in the reform process. As a federal agency, it was formally bound by instructions from the Federal Ministry of Labour but owing to its expertise and the agency's key role in the new benefits system, it formed an integral part of the reform process, in particular its practical implementation.
- Another crucial actor in forming the new cooperative job centres were the municipalities. As they are basically autonomous, highly diverse in structure and political outlook, it is impossible to attach a distinct and unified position regarding the reforms to them. Still, at the local level, they were the decisive partner of the Federal Employment Agency in forming the cooperative job centres. Their role was made even more significant in the formation of the municipal job centres, where responsibility for implementing the SGB II lay with the municipalities alone. Larger and more financially strong municipalities had a tradition of local labour market programmes for social assistance recipients, which in turn made them experienced actors in this field, albeit exclusively at the local level.
- Finally, there is the alliance of two political actors which crucially influenced the reform in its final stage on the issue of the organisational solution for the new benefits system: the opposition of the Christian Democratic Union (CDU) and the Free Democratic Party (FDP); and the umbrella organisation of the municipalities, the Deutscher Landkreistag (DLT). As they were both against the idea of attributing overall responsibility of the SGB II to the Federal Employment Agency, they

advocated against this solution. While they were unable to exert any crucial influence in the Bundestag (the lower chamber of the German legislature) owing to their weak position in opposition, this organisational decision was blocked in the Bundesrat via the CDU and the FDP as governments of federal states, especially those of Lower-Saxony and Hessen. It was in this way that they successfully influenced the outcome of the legislative process in their favour. It can therefore be stated that representation of the federal states in the Bundesrat was important to the reform. It was due to the votes of the federal states governed by the opposition which effectively led to this change of legislation.

It should also be noted that the scope of the reform was extremely broad, essentially changing the overall structure of the German welfare system, as well as the general approach to labour market politics. It is for this reason that isolating any single impact of the reform is difficult, in particular because of the many fundamental changes that occurred over a very short period of time.

The first noticeable impact was a sudden and sharp increase in the numbers of people registered as unemployed between December 2004 and January 2005 owing to the new and highly inclusive definition of being 'fit for work'. A considerable number of persons formerly considered 'not fit for work' were now considered 'fit for work', which led to them being counted as unemployed. Furthermore, for many of the former recipients of both unemployment assistance and social assistance, the new benefit – unemployment benefits 2 (UB2) – resulted in a change in the amount of benefits they received. Whether this involved an increase or decrease for the individual household depended heavily on the previous work history and composition of the household of the benefit recipients.

From an economic perspective, one crucial impact of the reform was the substantial growth of the labour market's low-wage segment, especially owing to a growth in temporary work, the use of which was significantly facilitated by Hartz I at the beginning of 2003. This development went hand in hand with an increase in the number of working poor. Connected to this was the formation of a substantial group of more than a million benefit recipients receiving top-up benefits (Aufstocker) in addition to their income generated through labour. Furthermore, there was a sharp increase in atypical work, especially fixed term contracts, and in the uptake of employment inadequate to the employee's formal qualification levels. Also, an increase in willingness of recipients to make concessions could be seen. Another impact was a growth in wage inequality. All of these developments indicated a substantial growth of insecurity.

At the same time, Germany has seen a more or less steady decrease in unemployment since 2005, however, owing to the scope of these macro-level developments, it is difficult to pinpoint how far these developments can be attributed to the reform in general or specific elements of the reform. To summarise this in one very general statement, the reforms facilitated the creation of new employment opportunities at the expense of a growing employment insecurity, especially among the newly employed and low-skilled workers.

After the completion of the legislative side of the reform process with the fourth law package coming into force in January 2005, there were no immediate further broader reforms planned. Nevertheless, there were smaller changes to some elements of the reform, especially in the sphere of active labour market policies. These changes were based on evidence of the accompanying assessments, and certain decisions were taken on which active labour market policies were to be kept, changed or removed from the services available to benefit recipients.

6.2. Driving forces, success and failure factors of the reform period

The driving force behind the reform process can be traced back to general economic stagnation, in particular the more or less steady growth of unemployment over the previous 30 years. Following the oil crisis of 1973, the so-called hysteresis effect set in on the German labour market, which led to an increase in the basic level of long-term unemployment in the wake of every subsequent economic crisis. However, the inefficiencies of the existing social assistance and unemployment assistance benefits systems had become more and more obvious with the increase of long-term unemployment. This held especially true for the dual structure of services and benefits. This in turn led to 'switchyards' between the social assistance and unemployment assistance benefits systems. As a result, some recipients who were eligible for both unemployment and social assistance had to register with two different institutions, including all the formalities that this implied, especially means-testing. This could be described as the economic and administrative dimension of a problem that became more and more pressing, especially over the course of the 1990s, and as a result, necessitated a political solution.

The other driving force was at the political level and the coalition between the SPD and the Green Party that came to power after 16 years under a coalition between the CDU/Christian Social Union (CSU) and the FDP led by Helmut Kohl. As the problem of long-term unemployment and a lack of economic dynamics became more and more apparent towards the end of the Schröder's first term in office, it was essential for the SPD to come up with new concepts to solve the problem. In addition, the numerous evaluations and the long-term development of the labour market in general pointed to the fact that the traditional approaches of labour market politics were not able to tackle this problem effectively. This in turn called for new ideas, which were eventually found in the concept of activation politics and the 'Third Way', as developed by sociologist Anthony Giddens, an advisor to Tony Blair.

The fact that it was actually a coalition from the political Left – the SPD and the Green Party – that initiated the reform was probably crucial to the fact that such a fundamental deviation from the conservative welfare tradition of Germany was even possible. As the idea of activation politics, which involved deregulating the labour market, and the fact that relatively strict workfare elements were more likely to come from the political Right, there was no opposition to the reform's general outline during the legislative process. In fact, the Opposition was practically in favour of the ideas presented by the Government. This wide-ranging consensus among almost all political parties was crucial to the momentum the reforms gained from 2002 onwards; the only exception being the former Socialist Unity Party of Germany (PDS), which was not represented in the Bundestag after the 2002 general election. Nevertheless, the decision by the SPD/Green Coalition to carry out these reforms can be considered as politically risky owing to their strong deviation from their traditional politics. It could even be argued that the reforms heavily contributed to the fact that Schröder and his coalition lost the 2005 general election as many of their traditional voters were dissatisfied with outcome of the reforms.

The only element that caused a major conflict among the political parties did not concern the actual nature of activation politics, but rather the distribution of power and money between the institutions and the different political levels, especially which institution was to have overall responsibility of the UB2 system. Apart from this, the legislative side of the reform process was relatively smooth, and there were no major conflicts or changes to the general ideas of the activation politics as put forward in both the Schröder-Blair Paper and the proposals put forward by the Hartz Kommission. In the public sphere, protests against the labour market and benefit reforms began to form only in the months prior to their completion at the beginning of 2005. However, these protests became more prominent in early 2005 and lasted for several years. There is still heavy criticism of the reforms and its consequences today among significant parts of the German population.

Even though the amount of time allocated to prepare the reform's core element, the formation and implementation of the SGB II, and the institution responsible, was relatively short, the key actors succeeded in carrying out the practical side of the reform process. In the time leading up to the last reform package coming into force at the beginning of 2005, there was a strong cooperative spirit among the relevant actors responsible for its implementation, even if their general interests and perspectives on certain elements of the reform differed; this was probably crucial to the success of the entire process. One reason for this cooperative attitude can be seen in the political pressure applied. Even if there was agreement on the ideas of the reforms, it was obvious that a failure to implement them successfully would have had serious consequences, especially for benefit recipients, and in turn the legitimacy of the system as a whole. While conflicts between actors ensued again after the completion of the reform as to its consequences and justifications, the reform's implementation – understood as the correct realisation of the legislative will – was by and large successful.

6.3. Good practices and dissemination possibilities in an EU context

A key feature of the reform was the abolition of the dual institutional structure that was responsible for the long-term unemployed in the separate benefits systems of social assistance, led by the municipalities, and unemployment assistance, led by the Federal Employment Agency. Although the details of the design of the new benefits system and its subsequent success can be debated, the reform marked an important improvement in the institutional structure of the welfare system. Although the reform resulted in hardship, especially for former skilled workers, it also led to a level of basic transparency regarding the extent and structure of long-term unemployment. At the same time, it gave all recipients access to uniform services. The idea of introducing transparency into the new benefits system also holds true for the institutions tasked with its implementation. By introducing uniform indicators measuring the performance of every job centre on an equal basis, the reforms promoted comparisons, transparency and the idea of competition between entities. In addition, the abolishment of 'switchyards' between the benefits systems marked a significant improvement. The general idea of introducing transparency and uniform basic support scheme can therefore be regarded as a crucial element. This reform, however, was not exactly innovative as similar benefits systems had been introduced in other countries before, and have been introduced in even more countries since.

A more specific innovative feature of the reform is the idea of organisational competition between the different organisational models with overall responsibility for the new SGB II benefits system. Giving regional actors the choice between two different organisational set-ups for their job centres was thought to open up the opportunity of empirically testing and whether there was one generally superior organisational model. The different organisational models therefore competed with each other as regards their effectiveness in carrying out the tasks they had been assigned. This element was introduced more or less against the original ideas outlined by the Hartz Kommission because the different organisational models were added at the eleventh hour in the legislative process. Still, the testing of two different organisational models that implemented services and disbursed benefits for the long-term unemployed became part and parcel of the reforms. Even more crucial was the fact that evaluating these different models was an integral part of the laws passed. This way, the idea of competition between organisations was promoted systematically and connected with the idea of an evidence-based decision as regards the superior organisational model. This concept can therefore be regarded as innovative in this respect. Efforts to evaluate the performance of these two different models were substantial, as they involved several consortia of research institutes investigating several sub-elements of the reform at the same time and the application a broad range of qualitative and quantitative methods.

One key result of these evaluations was a relatively clear recommendation in favour of cooperative job centres for the organisation model. Some results pointed to a lack of efficiency and effectiveness of various newly introduced active labour market policies, such as specific forms of subsidies for start-ups from unemployment schemes, and especially public employment schemes. At the same time, other findings pointed to positive long-term effects for participants of more cost-intensive qualification and training measures in enterprises. Regarding the placement process, the findings were ambivalent: elements of a service centre functioning as a clearing point was seen as a significant improvement, while there was relatively harsh criticism of standardised approaches to placement and counselling processes, and sanction implementation. At the macro level, de-regulation brought about a significant increase in temporary work and marginal employment, which in parts was due to substitutional effects.

However, it must be noted that the ultimate political conclusion – the decision of which model to choose based on empirical evidence – was not drawn in the end, even though there was a rather clear recommendation as part of the evaluations in favour of the cooperative job centre model. In the end, political will prevailed, and the two different organisational models continue to exist today.

7. IRELAND

By Mary Murphy, Amelia Dulee-Kinsolving, Anne Eustace, Ann Clarke

List of acronyms

CIE- Counterfactual Impact Evaluation
CWO-Community Welfare Officers
DHPCLG- Department of Housing, Planning, Community and Local Government
DSP- Department of Social Protection,
DEASP Department of Employment Affairs and Social Protection (July, 2017)
EC – European Commission, ECB-European Central Bank
ETB- Education and Training Board
FÁS- Irish National Training and Employment Authority
FF- Fianna Fail, FG-Fine Gael
IMF-International Monetary Fund
Intreo-Public Employment Income Support Office
LCDC- Local Community Development Committee
LCDP- Local Community Development Programme
LESN- Local Employment Service Network
LMC-Labour Market Council
LTU- Long-term Unemployed
NEES- National Employment and Entitlements Service
PbR- Pay by Results
PES- Public Employment Service
PEX- Probability of Exit
PI- Programme Implementers
PPF- Putting People First
PTW- Pathways to Work
SLA- Service Level Agreements
SICAP- Social Inclusion and Community Activation Programme
Solas-Further Education and Training Agency
STU- Short Term Unemployed
SWA- Supplementary Welfare Allowance
SWAP- Single Working Age Payment

7.1. Key features of the Intreo reform

The PtW strategy (PTW, DSP, 2011) outlines a number of reform strategies including a significant institutional and policy reform Intreo, the primary reform episode in this study. *Intreo* is a new national service with 60 offices offering short term unemployed job seekers a single point of contact for all employment and income supports. The Intreo reform reflects a shift in activation objectives, from active to passive and from low to higher engagement (a more frequent, intensive and conditional engagement). While the focus of this study is on Intreo, three other reforms are mentioned when relevant: JobPath, Local Employment Service Network (LESN) and the Social Inclusion Community Activation Programme (SICAP), all of which offer services to the long-term unemployed and/or those most distant from the labour market⁵⁹.

⁵⁹ JobPath, a later reform episode, introduced a new national privatised employment service in 94 locations for long-term unemployed job seekers, is closely related to Intreo in that Intreo refers to JobPath clients who become long-term unemployed. The Local Employment Service Network (LESN) worked with the long-term unemployed and those most distant from the labour market since 1994 was incorporated into Intreo in 2012. LESN provide extra capacity for Intreo's short term unemployed clients and are also a point of referral for clients who have not gained employment through JobPath. While not a PES the Social Inclusion Community Activation Programme (SICAP) established in 2015, also works with those most distant from the labour market. SICAP is related to the reform episode in that Intreo and JobPath refer clients to local

The main internal developments that triggered the primary reform, Intreo, were the deep-seated inefficiencies and poor customer service outcomes associated with very fragmented institutions delivering income supports, supplementary welfare and Public Employment Service (PES). Unemployed customers had to contact multiple service points. Alongside this was the growing awareness of poor engagement and activation outcomes as evidenced in negative evaluations of the National Employment Action Plan. The added pressure of the 2008 economic crisis was another significant trigger. Unemployment increased by a multiple of six and grew from 4.4% in 2007 to a high of 15.1% in 2012. This placed an onerous burden on the State's welfare and employment services, at a time when the demand for increased resources strained the State's financial capacity to respond to the crisis.

External reform triggers included ongoing EU benchmarking and peer review exercises, which were important for policy learning and international comparison, and a range of activation studies across the OECD over this period, particularly the major milestone 2007 OECD review which negatively assessed Irish PES (Grubb *et al.* 2009). Another trigger was the pressure associated with Ireland's 2010-2013 €85bn loan programme and the Memo of Understanding (MOU) negotiated with the EU/ECB/IMF. Commonly known as the Troika programme, the MOU included key implementation targets and reform deadlines for Intreo. These reform targets have been subsequently aligned with the European Semester process.

The wider reform process included a range of public sector reforms, some which were included in the Troika programme (DoF, 2010), and later in the Department of Public Expenditure and Reform plan for increased competition, use of information technology and better standards in customer services.

There were no major reform activities before this reform episode but a range of policy initiatives, while not implemented, did inform the reform episode. A 2004 Supplementary Welfare Allowance Review led to a decision to integrate Community Welfare Services (CWS), which administered very short-term income supports, into DSP. This reform commenced in 2006 but was stalled by industrial relations. A 2005 National Economic and Social Council (NESC) report, 'Developmental Welfare State,' used the flexicurity model to frame a reform agenda. A 2006 report, 'Supporting Lone Parents' (DSCFA 2006), promoted enabling activation, investment in childcare and individualised rights to social welfare for cohabiting couples thus recognizing the right to work part time to accommodate care. These latter two proposals also failed to progress.

The first main milestone, which took place in the reform episode, was the development of the profiling tool Probability of Exit (PEX) in 2005. This was followed by the 2007 OECD review of the Irish activation and the publishing of the report in 2009, while the 2008 economic crises led to sharp increases in unemployment. By 2009, the FÁS governance crisis occurred which worsened the poor response to increases in unemployment and claimant counts. In 2010, numerous reforms took place including the establishment of the Programme for National Recovery, the negotiation of a loan programme by the EC/ECB and IMF Troika, the targets for reform episode, the Social Welfare and Pensions Act, and finally, the transfer of the CWS and FÁS functions to the DSP. A General Election in 2011 led to a new government partnership between FG and Labour, which demonstrated commitment to NEES.

In the course of 2012, numerous important milestones marked the introduction of the Intreo reform. These included an internal pilot and the merger of SWA, FÁS and PES into DSP, along with the re-assessment of caseworkers including claimant ratios and Project 300, which redeployed 300 civil servants. This was followed by the transfer of LESN from FÁS governance to DSP Service Level Agreements and the commissioning of the Centre

SICAP provided training and education opportunities. These three institutions are detailed in the appendix and referenced in the study only when relevant to Intreo.

for Social Inclusion to develop the Pay-by-Results JobPath PES model. The 2012 Social Welfare Act was also enacted which included job seeker penalties for failure to engage in activation processes. Additionally, the PtW 2012-2015 strategy outlined 200 cross government quarterly action points, and, following an internal competition, a new nomenclature for reform 'Intreo' was adopted. The last milestones of 2012 included proposals to include One Parent Family (OPF) payment (for those whose youngest child is 14+) in the activation programme, ongoing developments of 60 Intreo offices (merge, fit out, staff training, IT alignment) and the establishment of the Further Education and Training Agency (Solás) as well as the Education Training Boards (ETB).

In 2013, the Labour Market Council was established to oversee implementation of the reform, and the following year the JobPath tendering process was completed and contracts were signed with Seetec and Turas Nua. In more recent years, the PtW 2012-2016 Strategy was reviewed and consolidated, services were extended to wider groups and unemployment rapidly declined. In 2017, the governance and funding review of LES/job clubs and CIE Evaluations Intreo/ JobPath took place.

The main actions and elements of the INTREO reform included the following:

- Redeployment of 1,300 civil servants into DSP.
- Dispersal of an additional 700 existing national training authority FÁS personnel and functions into DSP.
- Merger into DSP of 1,000 additional Community Welfare Officer's (CWO's).
- Over four years, development of 60 local Intreo offices with merged income supports and PES functions (including refurbishment, IT system, training, and cultural change).
- Establishment of Solás, a new national further education and training agency, with a regional structure of Education and Training Boards (arising from the amalgamation of FÁS training centres and local authority based Vocational Educational Committees).
- Initial focus on short term unemployed with Probability of Exit profiling model (PEX) to determine targeting, new features of group engagement and data sharing.
- Incorporation into Intreo of the local community Local Employment Services Network.
- Design and commission of new private sector Pay-by-Results (PbR) JobPath (contracts awarded to Seetec and Turas Nua), to deliver PES and activation of LTU.

Numerous actors were involved in the reform, each with different roles. The Minister for Social Protection, the Cabinet Sub-Committee on Social Inclusion, the Oireachtas (Dáil and Seanad) Sub Committee on Social Protection and Education were key actors in terms of political leadership and oversight of policy.

The DSP Activation and Employment Policy Unit provides policy advice and analysis on activation and employment and the roll out of the PtW, manages the Youth Guarantee scheme, engages in all aspects of EU activation and employment policy including the European Semester, conducts labor market research, evaluation and data analysis and acts as Secretariat to the Labor Market Council.

Furthermore, for Intreo, 60 local income support and PES offices are primarily responsible for assessing and delivering working age income support, as well as PES services and activation engagement for short term unemployed job seekers. The Local Employment Services Network (LESN) provided holistic guidance-oriented services in disadvantaged areas to those most distant from the labour market and is used as an overflow service for INTREO. The Labour Market Council, comprised of senior civil servants, employers, social partners and academic experts, provided policy advice and oversight of activation strategy. The establishment of Solás, the national further

education and training agency, with a regional structure of Education and Training Boards was a key reform. The five trade unions representing staff from the civil service, Health Service Executive and FÁS work through a binding arbitration process, the 'Croke Park Agreement' and 'Haddington Road'. JobPath was also a major stakeholder. New private sector Pay-by-Results were delivered by two prime agencies, Seetec and FRS/Working Links (Turas Nua), who focused on PES and activation of long term unemployed.

In terms of the impacts of the reform, there has been no major evaluations of the reform outcome to date (end March 2018). However, there are some qualitative assessments and the DEASP consistently monitors progress on PtW outcome, output and input measures.

The reform has impacted the architecture and landscape of activation in Ireland. With some exceptions, interviewees suggest a significant impact on office redesign and shifts in the service delivery focus, albeit this is uneven and issues of 'capacity, competence and culture' remain. Interviewee opinions about reform impacts are mixed. While most are positive, others are dismissive about any meaningful impact on the life opportunities of unemployed people. Others are frustrated with the lack of progress in extending enabling activation services to those outside the live register and the absence of 'parity of esteem.' Others await formal evaluation.

Academic judgement (O'Connell 2017), some based on qualitative interviews (Boland 2016, Murphy 2016, 2017), is also mixed. Interviews suggest overall improvement but considerable variance in service quality and a major qualitative review (NESC forthcoming) comments on the challenges of institutional co-ordination and mixed quality. NGO based service delivery organisations and some state services differ in their assessment of service quality, with regular mention by NGOs of issues relating to staff empathy towards clients, competency, capacity, time and culture, over emphasis on fraud and control, lack of capacity to refer, and underdeveloped relationships with employers (see INOU 2016, 2017).

Boland (2016) observes that the Irish implementation of sanctions is increasing as unemployment is decreasing, and that Irish sanctions are moving in the opposite direction of declining UK sanctions. However Irish sanctions remain low, at less than 1% of the claimant count, with some cultural resistance amongst some caseworkers towards implementing sanctions (especially amongst those previously employed in FÁS or as CWOs). Sanctions have impacted social welfare claimants' awareness of job search obligations and the threat of the possibility of sanction appears to have changed claimants' behaviour and approach to engagement.

Others question the impact of reforms from the perspective of fragmented services. While state services are now merged and less fragmented there are new providers (JobPath), and there is potential for confusion and duplication. There is competition between different community, state and private actors, who are 'fishing in the same pond' and under pressure to deliver activation targets, while unemployed people may still encounter four different agencies over a three period of unemployment.

A potentially significant impact is the degree to which privatisation is now part of the Irish PES. Intreo is a state funded service but it is now supported by outsourced services for the long-term unemployed and non-job seeker clients through three different funding methodologies: Pay-by-Results tendering (JobPath), block grants in service delivery agreements (SLA's) for LESN's, and commissioning (SICAP). JobPath is now the primary public employment service for the long-term unemployed and its Pay-by-Result funding model may be extended to both SICAP and LESN. There is concern that this may bring closures or mergers and/or facilitate new private actors who will replace NGOs, with possible consequences for capacity to deliver integrated services and service different needs.

In terms of outcomes, over 75,000 long-term unemployed people were in work by the end of 2015. The persistence rate from short-term to long-term unemployment fell from 35% in 2012 to 25% in 2015. The progression rate of very long-term unemployed people increased from 25% in 2012 to 40% in 2012. Without a formal evaluation it is difficult to know to what degree these outcomes can be linked to Intreo. However, over the period there has also been a significant growth in the numbers of long-term unemployed who are very long-term unemployed (3 years +). While only 25% of those unemployed for up to six months are still unemployed, six months later 55% of those already long-term unemployed (1-2 years) are still unemployed 1 year later, and 66% of those already long-term unemployed (2+ years) are still unemployed 1 year later (O'Connell 2017). This core group of people has multiple disadvantages and risks very long-term unemployment, literacy, skills, health issues, etc. Notably they have suffered from lack of attention, as Intreo services focused in the early days of the crisis on the short term unemployed, perhaps a fault line in the initial design.

Intreo output measures were largely achieved. Group Information Sessions were delivered to 30,000 new jobseekers in 2012, to 85,000 registered jobseekers in 2013 and to all new jobseekers, plus 100,000 long-term unemployed jobseekers in 2015 (over half a million group engagement sessions). In 2012, 150,000 new jobseekers were profiled, increasing to 400,000 (all new registered jobseekers plus all long-term unemployed jobseekers) in 2015. In 2012, 130,000 one-to-one case officer meetings were held with new jobseekers, rising to 185,000 meetings in 2013 and 250,000 in 2015 (incorporating all new jobseekers and 100,000 long-term unemployed).

Key input measures included establishment of 60 Intreo centers, the introduction of a record of mutual commitments, the recruitment of over 200 employers to a long-term unemployed and youth activation charter and the enactment and implementation of new penalty rates processes, and a payment-by-results contracted resourcing model (JobPath) in 2014. A 2015 Intreo⁶⁰ client satisfaction survey shows high levels of client satisfaction, while the 2016 Intreo⁶¹ client satisfaction survey shows a slight decline in satisfaction. While pleased with staff, job seekers are least convinced that Intreo/branch offices improve their prospects of getting a job and are least satisfied with on-line services and with processes leading to getting onto a course, training or job.

During the Intreo reform episode DSP expanded activation to one specific group incorporating lone parents whose youngest child is 14+ into the job seekers payment. Following political rejection of proposals to apply full conditional activation to lone parents whose youngest child was aged 7-13, DSP developed a new Job Seekers Transition (JST) payment, which imposes conditional engagement with activation services but does not require participation in paid employment. DSP have signalled they may extend this 'half-way house' conditionality to other welfare claimants who are not receiving job seekers payments. The latest PtW (2016-2020) discussed such an expansion of activation however it remains unclear which PES agencies will have this responsibility and when or whether this will happen.

7.2. Driving forces, success and failure factors of the Intreo reform

The Intreo reform episode was a pragmatic and iterative process. Adapting to circumstances as necessary, it was largely driven from the top down through strong senior administrative leadership and significant political commitment, and allowing for delegation and local adaptation. Sustained momentum is linked to a rigid system of quarterly input/output/action reporting, first to the Troika and since 2013, to a new governance mechanism, the Labour Market Council. There was strong 'elite' consensus in the national policy and political community about the reform objectives. While national

⁶⁰ <https://www.welfare.ie/en/downloads/CustomerSatisfactionSurvey2015.pdf>

⁶¹ https://www.welfare.ie/en/downloads/2016_CSSResultsJobseekers.pdf

social partnership governance mechanisms collapsed in 2008, strong personal networks and relationships helped maintain policy consensus in a period of national chaos. In addition, crisis removed or tempered industrial relations vetoes and offered a well utilised binding arbitration system to settle disputes.

The DSP was the primary actor and engaged, through a small carefully chosen team with change management experience, to clearly message and lead the reform. Clear communication demonstrated little ambiguity about the serious intent to implement reforms. Innovative communication mechanisms were used including video, personalised and targeted emails. An internal programme board was chaired by the Department's General Secretary, who also convened an interdepartmental governance process of senior departmental officials. Monthly progress reviews to track 200 specific deliverables. At government level, monthly Cabinet committee meetings were chaired by the Taoiseach (Prime Minister), a member of the Fine Gael party, while the Labour Party Minister for Social Protection was highly committed. There was no internal government tension about the reform objective.

Implementation of the reform programme was achieved through existing vertical line management with a significant level of organizational planning. 'Leaving nothing to chance', there was a programme of work to achieve ownership in each division and to transfer implementation to local staff and managers. Staff consultation was used to ensure the reform episode is firmly embedded in DSP core values and culture. A variety of mechanisms were used, all of which constantly messaged the serious intent behind the reform agenda. These included quarterly progress reports (published online), large-scale staff briefings, staff surveys, a 'culture and values' programme and development of a single brand with a staff competition to coin the new name Intreo.

This strong internally driven vertical focus might also explain partial failures. While the centralised department with its regional structure had 'a clear line of sight' and could drive momentum through vertical governance structures, it was less successful from a horizontal governance perspective. The top down approach did not include a significant level of external consultation. There may have been an under-appreciation of the possible contribution from other stakeholders and thus a consequent lack of engagement with other services in the design of Intreo and the overall activation model. Some believe that rather than 'building the service around the client', the old DSP culture remained with 'fraud and control in the driving seat'.

The deconstruction of the previous national training agency FÁS, and the allocation of education and training to SOLAS and regional Education and Training Boards (ETBs), has de-prioritised education and training for the unemployed within activation policy. This has consequences for how skills forecasting, education and training, social enterprise and local enterprise are integrated into the architecture of the activation system. JobPath for example, cannot refer people to long-term education options offered by ETBs, and there are questions about the quality of adult guidance services across the various providers (NESC forthcoming).

The need for both integration and capacity to refer to a range of services is more necessary in an underdeveloped welfare state where many health, care and social services are delivered by local and national charities and NGO's. Community based PES providers (SICAP, LESN) are not seen as central or equal players. Previous state appreciation for and understanding of the potential role of local level actors appears to have faded over time and there has been little attempt to integrate these actors. Local discretion, autonomy and relevance have diminished in a 'command and control' model, impacting on implementation. Local development and community development actors report that local integration is almost entirely dependent on personal relationships and that integration remains challenging in the context of 'cherry picking' associated with over supply and competition amongst services at a local level.

This fault-line may become more obvious when the activation project is extended to groups with greater distance from the labour market who will require a different (less conditional) approach to engagement and outreach, and who have more complex and multiple barriers to employment. Local experience, knowledge and outreach will be more important in this phase and top down implementation may become an obstacle. In the meantime, various actors are developing their own devices to overcome the absence of integration. These include 'round tables', MOUs, protocols and town hall meetings, but most rely on personal relationships.

Personal relationships are challenged by a second fault-line in the Intreo reform episode. In the context of Intreo short-term capacity issues, the DSP focused Intreo on servicing short-term unemployed while introducing the privatised Pay-by-Results (JobPath) to service long-term unemployed. At the same time, DSP restricted local autonomy for LESN in block grant Service Delivery Contracts, and a sister department shifted to a commissioning process for SICAP, changing the fabric of local relations from a focus on cooperation to competition. While some instances of good local relationship may produce new processes of co-competition (Brandenburger & Nalebuff 1997), in other areas, competition has led to mistrust and a tendency to withhold local cooperation.

7.3. Good practices and dissemination possibilities in an EU context

a) To manage the Intreo reform, DSP senior management initiated a small change management team with expertise from inside and outside the civil service. This team facilitated a significant process of public sector reform in the context of serious fiscal and unemployment crisis, which was used as an 'opportunity for reform'. The choice to create a small hub/team of four was informed by the need to maximize limited resources, to enable effective communication with internal experts and to share ownership of the change. Delegating line managers with local implementation enabled a faster and more flexible approach characterized by 'centralized design, local implementation'.

The core reform team coordinated, facilitated, designed, negotiated and communicated implementation. All members had academic and practical backgrounds in change management. Specific skills were recruited including experience of partnership and performance systems in the public sector and industrial relations. The team worked closely with internal experts (IT, industrial relations, human resources), sought advice and input from international consulting firms and national experts (NESC and ESRI)⁶² and international policy experts (OECD). Senior management communicated directly to newly merging staff, for example in town hall meetings and workshops with CWS staff (later also with FÁS staff), and through video and personalised, targeted emails.

b) Strong leadership by the DSP's chief statistician led to the development of a significant innovative Job Seeker Longitudinal Dataset. The process of seeking advice regarding methodology, sampling and robustness required close cooperation and skill transfer with the Labor Market Policy Unit / Social Inclusion Division and the Irish Government Evaluation and Expenditure Service as well as close liaison with the Central Statistics Office.

The Job Seeker Longitudinal Dataset (JLD) uses a unique identifier (PPS Number) that enables individualized intelligence on labor market inputs and outcomes. The database consists of tens of millions of individual episodes of welfare and work since 2004. It combines DSP, Revenue and Solas data to produce a uniquely detailed view of the Irish labor market from the height of the economic boom to deep crisis and subsequent recovery and moves the focus of analysis from administrative events to episodes of welfare or work. The JLD is a rich data source as it contains information on a claimant's gender, age, marital status, nationality, educational attainment, previous occupation,

⁶² National Economic and Social Council and Economic and Social Research Institute

employment and unemployment histories (both duration and number of episodes), unemployment training history (type, duration and number of episodes), benefit type (e.g. Jobseekers Allowance, Jobseekers Benefit, etc.), spousal earnings (to qualify for an adult dependent allowance), number of child dependents, family payment type (e.g. adult and child dependent allowances, adult only, etc.) and geographic location.

While investment in staff training is needed to enable data input and use of the database there have been cost savings associated with the extra intelligence as the database has been used to resource internal evaluations, as well as pro-bono use of data by academics, etc. It is now the center of PtW counterfactual impact evaluations (Back to Education Allowance and Job Bridge reviews have already been published) and the JLD is being used to inform the evaluation of the Back to Work Enterprise Allowance (2017), JobPath (2018) and Intreo (2018).

8. PORTUGAL

By Amílcar Manuel Reis Moreira and Leonor Rodrigues

8.1. Key features of the RIS reform

The Portuguese *case-study* concerns the 2003 introduction of the possibility to subcontract the negotiation and monitoring of the insertion contracts of minimum income beneficiaries to private social solidarity institutions. This reform must be seen in the context of a) the problems in the insertion of minimum income beneficiaries and b) the changes in the political setting following the 2002 general election.

The Rendimento Mínimo Garantido (RMG) was introduced in 1996, on an experimental basis, and came to full implementation in 1997. In order to be entitled to minimum income protection, individuals must have had exhausted all means to sustain themselves, and be willing to agree to an insertion contract, a document that defines their rights and responsibilities in the social insertion process. In particular, recipients were required to be available to work or to attend an education/training course; to participate in temporary activities that can further their future employability, or that satisfy community or environmental needs; and to engage in processes that promote their social insertion (healthcare, housing, etc.) (Cardoso and Ramos, 2000; Capucha, 1998).

In view of the future implementation of the personalised model of intervention that presided the RMG scheme, the Portuguese authorities adopted an integrated, decentralised, model of policy delivery, based on Local Support Commissions (CLAs, *Comissões Locais de Acompanhamento*). CLAs comprise representatives from central government agencies (namely, the Institute of Social Security, the Public Employment Service, the Ministry of Education, and the Ministry of Health), local municipalities and local organisations; and are responsible for approving and monitoring the implementation of insertion contracts as well as deciding the end of the entitlement to the minimum income benefit. CLAs are intended to facilitate the coordination of public and private actors in the provision of services to welfare recipients (partnership approach) and the adjustment of policy interventions to local needs and conditions (territorial approach) (Capucha, 1998).

In line with the implementation model described above, the activation of RMG recipients is shared between the Institute of Social Security services and the Public Employment Service in the context of the CLA. Thus, the negotiation and monitoring of the insertion contracts (and sanctioning) is carried out by CLA case managers, which are usually allocated by the District Social Security Councils (Cardoso and Ramos, 2000). Recipients considered to be available for work are sent to the IEFP, where they are offered a range of services from job-search assistance to training and employment programmes. Non-profit organisations, notably religious charities (*Misericórdias*) and private institutions of social solidarity (*IPSS's*), have a significant role in the provision of employment and training services, either by organising training courses (sub-contracted by IEFP or funded by EU funds) or by creating employment opportunities for RMG recipients.

Notwithstanding its significance in the context of the Portuguese welfare state, there were significant shortcomings in the implementation of the RMG (see Baptista and Cabrita, 2009). A major limitation was the lack of human resources to implement the scheme's 'cash and care' intervention model. An evaluation study conducted in 2000 (Castro et al, 2002b), suggested that 43% of case managers working on RMG had more than one hundred cases under their care. Moreover, a significant percentage had other responsibilities in addition to dealing with RMG recipients. The same study suggested that 42% of case managers only dedicated between 7 and 17 hours weekly working to the programme.

Due to these limitations, significant delays between the allocation of the benefit and the signature of the insertion contract occurred (Baptista and Cabrita, 2009). This obviously resulted in a very low percentage of signed insertion contracts. In fact, a 2010 survey to RMG recipients showed that only 11% of RMG beneficiaries had signed an insertion contract (Castro et al, 2002b). In addition to this, an audit by the Court of Auditors (Tribunal de Contas, 2000), unveiled a number of administrative problems.

The existing evidence also suggested that there were significant gaps in the services offered by the IEFP. In the period between 1999 and 2003, Social Employment Market programmes - notably the Insertion-Employment programme and the Occupational Programmes (CNRMG, 2000) - were an option for only one in five of all RMG recipients considered available for work. Half of those were offered job placement services, and about a quarter were offered professional guidance services.

As further confirmation of the problems in returning RMG recipients to the labour market, Moreira (2008) showed that, in 1998, only 23% unemployed RMG recipients was able to find an (unsubsidised) job in the following year. In addition to this, an evaluation carried out in 2000 (Castro et al, 2002b) suggested that the scheme seemed to be more effective for younger individuals, and individuals with shorter unemployment spells - a potential indicator of the difficulty in helping hard-to-employ recipients.

Against this background, the 2002 election elevates a centre-right coalition to the government - led by José Manuel Durão Barroso. This coalition includes CDS-PP, a conservative party that made the criticism of the RMG implementation a central pillar of its electoral reform. When it was awarded the Ministry of Social Security and Solidarity in the new government, CDS-PP had the opportunity to turn its political agenda on this topic into policy and replaced the RMG with a new minimum income scheme - *Rendimento Social de Inserção* (RSI).

The introduction of the new scheme was meant to a) tighten eligibility requirements, b) strengthen work obligations and c) toughen the level of coercion imposed on beneficiaries. In addition to this, the government introduced the possibility of subcontracting the negotiation and monitoring of the insertion contracts to private social solidarity institutions.

The introduction of the possibility of subcontracting the implementation of the RSI was meant to achieve three key objectives. Firstly, its aim was to secure human resources for an effective implementation of the RSI scheme. Faced with severe human resources shortages, and given the limitations to recruit new staff, the subcontracting of the implementation of the RSI was seen as a way to secure the necessary human resources to implement the scheme;

Secondly, it was meant to enable the adoption of a more personalised approach in the follow-up of RSI beneficiaries. Up until 2003, Social Security case managers' intervention was limited to dealing with the bureaucratic aspects of asserting entitlement to minimum income protection. This was compounded by a culture of high levels discretion, which strongly went against the rights-base philosophy that presided to the minimum income scheme. The subcontracting of the implementation of the scheme was seen as a way of introducing a new, more personalised, approach in the delivery of services to those in need;

Thirdly, it aimed to improve the delivery on the ground by involving local institutions with better knowledge of the local territory, and of local labour markets. Again, in the face of the limitations in the human resources that restrained Social Security case managers from working with other actors in the territory, the subcontracting of the implementation of the scheme was seen as a way to facilitate the adoption of a more territorialised, flexible model of implementation.

As set by the legislation introduced in 2003, the contract is established between the District Social Security Council and a private social solidary institution, or any other institution that pursues similar goals, under proposal by the NLI which oversees the territory where the subcontractor will intervene. The subcontractor is made responsible for implementing the scheme in a given territory, overseeing a pre-defined group of 40 to 60 households (20 to 40, in exceptional cases). This will involve:

- preparing the applicants social information and social reports which will be at the base of the integration contract;
- negotiate the content of the integration contracts;
- monitor and support beneficiaries in upholding the responsibilities set in the integration contract.

In order to carry out this task, the subcontractor is required to set-up a technical support team, composed by a case manager (full-time), a psychologist, and educational assistant, and an administrative assistant (part-time). For this the subcontractor will receive up to €4400 per month, for a period of 2 years.

The responsibility for monitoring the implementation of the contract rests with the District Social Security Council - in close cooperation with the NLI that oversees the territory where the subcontractor will intervene. In order to facilitate the monitoring of the implementation of the contract, subcontractors are required to:

- Submit a Progress Report every 6 months;
- Use the ISS information platform;
- Set up a 'Cost Centre' for all activities carried out under the contract.⁶³

The violation of the terms of the contract can lead to its termination, otherwise, the contract is automatically renewed. Still, the contract can be revised due to an unexpected increase in the number of beneficiary households.

Following the election of a new government led by the Socialist party in 2005 (see Moreira et al, 2014), a number of changes were introduced to the regime governing the subcontracting of the RSI scheme, in 2007:

- The subcontracting regime is open to for-profit institutions;
- The role of the ISS Directive Council, was significantly strengthened:
 - The approval of new contracts becomes dependent on the approval by the ISS Directive Council;
 - The renewal of new contracts becomes dependent on the approval by the ISS Directive Council, subject to an evaluation by the District Social Security Council;
- The mechanism for determining the payments to subcontractors is made more flexible. Thus, both the number of households to be covered by the contract, and the human resources that need to be assigned are set by ISS Directive Council on a case-by-case approach;
- The mechanisms for monitoring of the implementation of the contracts are strengthened:
 - The renewal of the contract is no longer automatic and becomes dependent on the approval by the ISS Directive Council;
 - Reporting obligations are reinforced. In addition to Activity Reports, subcontractors are now required to submit an Annual Plan of Activities;
 - The sanctioning regime is made more flexible with the introduction of the possibility of a suspension of payments in cases where violations of the

⁶³ I.e., all receipts/expenses related with the contract have to be identified by a common reference/number in the subcontractors accounting system.

terms of the agreement do not limit the provision of assistance to RSI beneficiaries, namely:

- i. Failure to secure the human resources to adequately comply with contracted activities;
- ii. Failure to comply with tax and social security obligations;
- iii. Failure to submit Activity Report and Financial Report.

The evidence collected seems to suggest that the introduction of sub-contracting of the RSI seems to have had a very significant impact in the improvement of the services provided to RSI beneficiaries and, consequently in the implementation of the personalised approach that presides the scheme. Coinciding with the expansion of the number of subcontracted teams after 2007, there is a significant decrease in the number of days needed to assess, and approve, an application for entitlement to RSI, and the number of days that go from the completion of the family diagnostic and the signature of the integration contract. In the same way, the percentage of RSI households who signed an integration contract significantly increased after 2007.

While the introduction of subcontracting significantly increased the ability to provide personalised services, it did not seem to have a structural impact on the ability to integrate RSI beneficiaries into the labour market. As can be seen in Table 13, the improvements in the provision of services to RSI beneficiaries post 2007 does not seem to be reflected in the number of Employment and Training activities attended by RSI beneficiaries. The increased number of employment related integration activities might be related to a change in the RSI caseload, with a higher number of long-term unemployed persons who lost their jobs during the crisis.

In addition to this, evidence gathered seems to suggest that there are important shortcomings in the support provided by the Public Employment Services (IEFP) in supporting the labour integration of RSI beneficiaries, namely:

- The lack of training opportunities suited to the needs of RSI beneficiaries. Most RSI beneficiaries do not have the qualifications needed to take part in the training courses offered by the IEFP;
- The IEFP job-search website has critical usability problems. Sub-contracted entities prefer to use other platforms to help RSI beneficiaries in their job-search;
- Lack of a personalised approach in the provision of job-search services. Our respondents mentioned cases where RSI recipients are requested to attend training sessions that they have already attended or are not qualified for.

8.2. Driving forces, success and failure factors of the RSI reform

Very broadly, the subcontracting of integrated services helped to overcome structural gaps in the provision of services to minimum income recipients, and to promote a fairly rapid change in the way services are delivered. There are two critical factors that can explain the success of this reform, in this domain. The first concerns the strong political commitment from the central government in implementing the reform. The Institute of Social Security not only made the financial resources needed for a rapid expansion of subcontracting available, but also acted in a pro-active way to get local partners to become involved in the implementation of the RSI scheme – even if, financially, the programme was not attractive to these third sector institutions.

The other crucial success factor was that this reform built on a long tradition of the Portuguese state working with third sector institutions in the delivery of social policies. The rapid expansion of the protocols was only possible due to a long tradition of the State involving the third sector in the implementation of social policies (namely in the area of childcare, old age care, or in the fight against poverty and social exclusion). In this sense, the subcontracting of the implementation of the RSI scheme – even if quite

innovative – can be seen as continuation and strengthening of the collaboration between the State and third sector organisations in the delivery of social policies.

While it was very successful at improving the access and quality of services provided to minimum income beneficiaries, this reform was not successful at improving the integration of minimum income recipients, namely in the field of employment and training. Firstly, the introduction of this new mechanism did not, per se, increase the ability to mobilise local actors in creating new integration opportunities for minimum income beneficiaries. Second, this reform was not accompanied by a structural overhaul of the range of active labour market programmes available to RSI beneficiaries and specifically designed to deal with their needs, namely in terms of education and training.

8.3. Good practices and dissemination possibilities in an EU context

Reflecting on the evidence gathered on the Portuguese case, we conclude that the subcontracting of the provision of integrated services is a valuable policy-option for overcoming structural gaps in implementation, namely with regards to the availability of human resources to deliver integrated services.

The Portuguese case also uncovers a number of issues that policy-makers should take in consideration when designating and implementing a scheme for sub-contracting the provision of integrated services:

- It is important to secure a reliable and effective information system that facilitates the flow between government authorities and subcontractors;
- While securing adequate means to monitor the activities of subcontracted entities, subcontracting rules should allow for some flexibility in how services are provisioned as to promote innovative and more cost-effective forms of service provision.
- Subcontracting rules should provide an adequate balance between human resource costs and other costs involved in the provision of services to beneficiaries;
- A strong role of central government in monitoring the creation and the implementation of these types of contracts will help to avoid the misuse of resources at the local/regional level, and ensure that these are channeled to provide support to those most in need;
- While maintaining an adequate capacity to monitor the activities of subcontractors, subcontracting rules should not overload subcontractors with heavy reporting duties that use human resources that could otherwise be used in improving services provided to minimum income beneficiaries;
- Further consideration should be given to the use of financial incentives to reward best-performers or to spur innovations in the provision of services.

Improving the collaboration between subcontractors and local Public Employment Services is critical to improve the employment prospects of minimum income recipients. This relation needs to be framed by a set of Active Labour Market Programmes that are effective at helping hard-to-employ individuals in returning to the labour market.

9. ROMANIA

By Diana Chiriacescu

9.1. Key features of the reform period

The study describes a concrete policy initiative that was developed by the Government of Romania⁶⁴, in 2016, aiming at developing a large network of integrated services in rural Romania (social, education, health, employment and housing services), in support of the most vulnerable citizens. The policy initiative was part of a larger 'Package of integrated measures to fight poverty', comprising 47 measures in the field of education, employment, social protection, healthcare, as well as transversal initiatives. In a national context which is still confronted with limited budgets for social protection, education or health, the development of integrated services in Romania became a priority. This policy initiative targets especially the poor rural communities, as well as the marginalised areas in urban localities (poor neighbourhoods, ghettos).

Three developments contributed to the dynamics which brought the government to launch the comprehensive plan for reform: i) a 2015 national Strategy on Social Inclusion and poverty reduction; ii) a UNICEF initiative in north-east Romania; and iii) mounting pressure from ground actors for significant reforms.

The first development came in June 2015, when the Romanian Government adopted the National Strategy on Social Inclusion and Poverty Reduction⁶⁵ (2015-2020), and a corresponding Strategic Action Plan⁶⁶. In Romania, these documents represent a key point for the social protection sector, because they shift the focus from the predominant role of cash benefits (as main support measure for poverty reduction), towards an integrated package of direct and support services, that aim at addressing the multiple causes of exclusion and marginalization, at the level of individuals, households and communities.

The strategy is based on a very comprehensive context analysis of the vulnerable groups in Romania, which took place in 2014 - 2015 and involved a large number of professionals, authorities, and beneficiaries of social assistance^{67,68}.

The main findings of this comprehensive and detailed study were the following:

- *Poverty and exclusion in rural areas and marginalised communities*⁶⁹ were significant. In 2013, 40,4% of the Romanian population was exposed to risk of

⁶⁴ The technocrat Government lead by Dacian Ciolos in 2016 (January-December) was a compromise solution for preventing anticipated elections in Romania, after the fall of the Ponta Government in November 2015. The role of this Government was to organize the parliamentary elections in December 2016, which were won again by the Social Democrat Party. In 2016, all ministries were technicians and not politically appointed people. A large number of NGO representatives (including social NGOs) were also included in the Governmental team in 2016.

⁶⁵ Ministry of Labour, Family, Social Protection and Elderly, The National Strategy on Social Inclusion and Reduction of Poverty 2015-2020, Bucharest, 2015, http://www.mmuncii.ro/j33/images/Documente/Familie/2016/StrategyVol1EN_web.pdf

⁶⁶ Government Decision no. 463/2015 for the approval of the National Strategy for Social Inclusion and Reduction of Poverty (2015-2020) and the Strategic Action Plan 2015-2020

⁶⁷ The World Bank, Background Study for the National Strategy on Social Inclusion and Reduction of Poverty 2015-2020, Bucharest, 2015, http://www.mmuncii.ro/j33/images/Documente/Familie/2016/SF_BancaMondiala_EN_web.pdf

⁶⁸ Manuela Stanculescu, co-author of the Strategy and of the Background study for the National Strategy on Social Inclusion and Reduction of Poverty 2015-2020 – presentation at the Annual forum of social services, Brasov, Romania, February 2015

poverty and social exclusion (AROPE). Despite the end of the economic crisis in 2012 and the constant economic progress of Romania, people in rural areas and those living in the marginalised neighbourhoods of cities did not benefit from this growth.

- *Extremely poor families face multiple constraints in addition to monetary poverty*, including long-term adult unemployment or joblessness, poor child nutrition, a high risk of child neglect and/or abuse (associated with parental alcohol abuse), poor parenting practices, young or single parenthood, unstable marriages, poor health or disability, low school attendance or dropout, poor quality or no housing, domestic violence, petty crime, and discrimination.
- *Over a third of rural localities and ten percent of the small cities do not have public social assistance services*. Integrated services, involving social protection, employment, education, healthcare, and other public services (needed to provide support to families and children in extreme poverty) are sparse. There is a strong fragmentation and lack of coordination in the specialized services sector, especially in rural areas, and services for adults. Needs assessments and management information systems in the social service sector are still deficient and are rarely used to inform local decision-making policy and practice.
- *Poverty cannot be addressed effectively if the Romanian social protection system does not enter in a reform process*. The key ingredients for this reform should be: a more efficient funding of social protection in general and a focus on poverty reduction and a sound investment in social inclusion measures.

As a consequence, the strategy aimed at changing the balance between cash benefits and support services, within the social assistance system. It proposes the introduction of a Minimum Inclusion Income (which focuses on active measures of inclusion and not on monetary support exclusively) and focuses also on the strong development of social services at the local level.

The strategy was accompanied by nine flagships or operational programs (detailed action plans for each key aspect that was considered relevant for reducing poverty and increasing social inclusion). The flagships are supposed to be approved separately by the Government.

One of these programs is called SPOR (Social Protection – Opportunities and Responsibilities / Flagship no.3) and proposes for the first time in Romania a coherent process for the development of integrated interventions at the level of communities. The SPOR program followed the path led by two previous initiatives: Helping the Invisible Children / First Priority: No More Invisible Children! implemented in Romania by UNICEF since 2011 (see below), and Sistema Chile Solidario from Chile.

Primarily, SPOR is a national management system for ensuring better use of the existing resources, for enhancing the cost-effectiveness and improving the quality of primary services, based on an integrated, cross-sectoral approach. SPOR is an intermediation program that takes a holistic, systemic, household-, family- and person-based approach to supporting people at risk of poverty or social exclusion.

SPOR is primarily aimed at vulnerable, at-risk individuals and families from both rural and small urban localities. SPOR would not provide families with cash or in-kind benefits, but it would help families to access the existing programs (including the future Minimum Social Inclusion Income) and thus improves their chances of graduating out of extreme poverty by addressing their specific needs. Consequently, SPOR must be well integrated into the social protection system.

⁶⁹ In the sense of the World Bank document, the marginalized area (or community) is characterized by 3 elements: weak human capital, high incidence of unemployment and poor living conditions of the population.

The main mission of the SPOR social workers and the SPOR team (school mediator or counsellor, community nurse or health mediator, other social-related professionals, if needed) hired by the local authorities is to identify the most vulnerable individuals and families in each community, to understand their needs, to provide them with personalized guidance and support, and to help them accessing a minimum intervention package of services. The methodology for the household needs assessment is planned to be incorporated in a software instrument that will minimize the application time, maximize efficiency and ensure that the potential beneficiaries of the program are identified and evaluated in a uniform and consistent manner across the country.

The result of the assessment is a detailed list of vulnerabilities per household, grouped around 7 key dimensions: (1) Identity documentation, (2) Education, (3) Health, (4) Income, (5) Employment, (6) Family dynamics and (7) Housing. In relation with the identified vulnerabilities, a list of 51 concrete SPOR actions are designed to address the needs of vulnerable persons, families or households.

Another development that triggered the policy initiative on integrated services at local level was the extensive project implemented by UNICEF in North East Romania, in 2011-2017.

The projects *Helping the Invisible Children* (2011) and *First Priority: No More Invisible Children!* (2014), aimed to identify families at risk through outreach activities, implement coherent needs assessment plans, implement a minimum package of primary services effectively and efficiently, and enhance access to integrated social and medical services for the most vulnerable groups in the community, with an emphasis on children and their families.

Concretely, this package consisted of community-based services in health, social protection and education. It was universal, as every family could access it, but it focused on the most vulnerable children and their families. The Minimum Package of Services also included a strong prevention component and a software application called AURORA. It required the presence in each community of at least a social worker, a community nurse and a school counsellor. Together they help vulnerable children and their families to assess their needs and provide tailored support for each family or household. For best results, these three professionals closely collaborate and work with local stakeholders such as the mayoralty, NGOs and other community partners⁷⁰.

The final development we have to consider as an initiator of the reform are revindications by non-governmental and public service providers in the field of education, health, social welfare and education. These actors had advocated for almost a decade, asking the Government for coordinated and integrated support services at grassroots level (better regulated, better funded and technically interlinked). In 2016, NGOs representatives were invited to work more actively with, and within the Government and contributed to the concrete development of a policy initiative in support of integrated services at local level.

The topic of integrated interventions became finally the subject of a policy initiative, at the level of Government, in February 2016, one year after the publication of the national strategy of social inclusion and poverty reduction. The current study reflects the evolution and status of this policy work in progress, which is still under development but of critical importance for the Romanian social protection system.

⁷⁰ UNICEF Romania, <https://www.unicef.org/romania/> and <http://www.unicef.ro/wp-content/uploads/Brosura-pachet-minim-de-servicii.pdf>

In February 2016, the Government led by Dacian Cioloș launched a 47-measure package called 'The Package of Integrated Measures to Fight Poverty'⁷¹. This programme was composed of a wide range of measures and services, from pre-natal health services to educational and health services for children and teenagers, employment programmes for young people and vulnerable adults, and care for dependent adults and frail elderly. The package aimed at supporting individuals and families at risk of poverty or social exclusion, with an emphasis on families living in rural (remote) communities, poverty pockets or Roma communities.

Services were planned to be facilitated by multidisciplinary teams (social workers, health workers, education counsellors) collaborating with local authorities and other stakeholders.

An operational framework for the implementation of the Package was further put in place, during 2016, along with a monitoring process.

The chancellery of the prime-minister called for a broader Anti-Poverty Coalition, represented by various governmental actors (National Agency for the Protection of Children's Rights, Ministry of Labor, Family, Social Protection and Elderly, National Authority for the Disabled, Ministry of Education, Ministry of Health, National Agency for Roma) and non-governmental organizations, to monitor the implementation of the Package. The coordination of the implementation process was placed at the level of the Chancellery of the Prime Minister, in order to guarantee a strong commitment on behalf of all ministries involved. The Committee of this Anti-Poverty Coalition was appointed through the Prime Minister's Decision no.133/2016 and gathered 46 NGOs and public authorities that were appointed to cooperate for the implementation of the 47 measures of the Package.

Each particular measure was developed progressively during 2016. It concerned methodological and institutional measures such as (a) objective-based and needs-driven funding; (b) poverty risks mapping; (c) increased administrative and monitoring capacity of local public social assistance services; and (d) design of the future integrated intervention teams/multifunctional community centers, especially for poor and marginalized communities.

One of the key measures of the Programme was the one related to the development of 'Community integrated services' aiming at:

- Improving the funding of social services in communities (towns and communes)
- Creation of integrated community teams, composed by social workers, community nurses and education counsellors)
- Development of a set of community interventions for the most vulnerable citizens, aiming at supporting the access to basic services (education, health care, housing, counseling, utilities), job coaching and mediation for employment, support for the transition towards a minimum *inclusion* revenue (instead of the current minimum *guaranteed* revenue)

The measure of Community integrated services was narrowly corroborated with:

- a legislative initiative that focused on regulating the community medical assistance (*asistența medicală comunitară*) that was promoted in 2016 by the Ministry of Health;

⁷¹ Chancellery of the Prime Minister, The Package of Integrated Measures to Fight Poverty, 2016, http://gov.ro/fisiere/programe_fisiere/Pachet_integrat_pentru_combaterea_saraciei.pdf

- the implementation cycle of European Funds for Strategic Investment (EFSI), which included several budget lines for integrated community services (either for infrastructure or for the provision of direct services).

The process of developing integrated community services at the level of rural communities and in the marginalised areas of cities, with the support of multidisciplinary teams that work on the basis of a coordinated regulatory framework, was designed with the following stages:

- *Step 1* – Baseline analysis of the policy framework, in the education, health and social domains, allowing for the development of integrated services in communities. Identification of pitfalls, legislative blockages, insufficient regulatory frameworks for the integration of services, especially related to coordination roles and case management.
- *Step 2* – Elaboration of a proposition of pilot programme, in 120 localities of Romania, for integrated services at community level. This program had to be corroborated and complementary to the development of the 200 integrated community centres (under the responsibility of the Ministry of Health, EFSI 2014-2020) and the development of the 245 community centres for lifelong learning (under the responsibility of the Ministry of Education, EFSI 2014-2020)

These first steps have been planned to take place in 2016⁷²

- *Step 3* – planned for 2017 – approval of the funding for the programme proposition, by the Ministry of European Funds⁷³
- *Step 4* (2017-2020) - implementation of the programme and development of integrated community services in 120 localities⁷⁴.

The key actors of this policy initiative were:

- *The Ministry of Labour, Family, Social Protection and Elderly (MOLFSPE)*⁷⁵, the initiator of the programme. Its role was to revise the existing (social) legislation on community services (on the social side) to facilitate a sound development of integrated services. The key role of MOLFSPE was also to initiate a proposition for a pilot program in 120 localities, to test of the integration mechanism, for social, education and healthcare services in rural communities.
- *The Ministry of Health* – its role was to develop a specific legislation on the community medical assistance, to facilitate the integration of medical interventions with the social and educational interventions, at community level. This legislation was also a conditionality for accessing the corresponding EU funds in the cycle 2014-2020, dedicated to 200 integrated community centres in Romania. The creation of the 200 community centres was supposed to be corroborated to the above-mentioned pilot program designed by MOLFSPE. The ministry fulfilled these legislative steps in 2017.
- *The Ministry of Education* - its role was to revise and eventually adjust the education legislation, to facilitate the integration of educational support (after school programs, lifelong learning measures etc.) with the social and medical ones, at community level. The ministry had also to corroborate the pilot program designed by MOLFSPE with its own dedicated funds for the so called 'Community centers for permanent education', included in the ESIF funding cycle 2014-2020 (245 such centers are supposed to be developed in Romania by 2020, according to the National Strategy of Lifelong learning 2015-2020, with the support of ESF).

⁷² This stage was delayed, but the programme will actually begin in 2018, in 139 pilot localities of Romania, instead of 120.

⁷³ The funding for this programme was secured for 2018-2022 (4 years)

⁷⁴ The programme will effectively start in 2018 and will have a duration of four years.

⁷⁵ In 2018, the name of this ministry is the Ministry of Labour and Social Justice

- *The Ministry of European Funds* (who was in charge of identifying all concrete funding lines that could support the initiative) *and the Ministry of Regional Development and Public Administration*, who was in charge to corroborate all elements of the reform with the local administration legislation.
- *The Committee of the Anti-Poverty Coalition*, appointed through the Prime Minister's Decision no.133/2016 (see above) - its role was to ensure technical support to the ministries, in the design of the pilot initiative described above, from the perspective of grassroots organizations that were concretely involved in delivering services to marginalized groups, at local level.

9.2. Driving forces, success and failure factors of the reform period

The situation regarding poverty and unemployment being critical by EU standards, there was strong pressure on the government to act upon these issues. The three developments detailed above demonstrated what kind of actions were needed and what could be achieved and created a path for policy makers to take action.

The good cooperation between three different ministries in 2016 (Education, Health and Social Welfare), along with the support of civil society organisations that were members in the national Committee of the Anti-Poverty Coalition, represented the key driving forces of this reform episode. The representatives of the ministries and coalition have organised monthly meetings for planning and adjusting the policy aspects that had to be revised or elaborated. Responsible persons were appointed at the level of the ministries and coalition. A permanent communication system was decided in the planning stage, that increased the visibility of each proposition made by ministries or by NGOs. The leadership of the process was assumed by the Chancellery of the Prime Minister, and the operational coordinator of the entire process was MOLFSPE.

It is too early to appreciate the impact of this reform episode in Romania, but the current Government is committed to continue the development of the policy process, related to the development of integrated services for the marginalised groups, at community level.

9.3. Good practices and dissemination possibilities in an EU context

Two elements were considered essential for the development of such initiative, of developing community integrated services in rural localities and urban marginalised areas, for the most vulnerable groups:

- The leadership of the process was assumed by the Chancellery of the Prime Minister, who delegated the coordination of the policy elaboration to MOLFSPE. As the policy process involved three different ministries and a significant number of civil society organisations, the Prime Minister decided to take a leadership role for this measure, as for the overall Package of Integrated Measures to Fight Poverty. In this way, various ministries involved in the process were directly accountable to the Prime Minister for the implementation of specific steps and for all intermediary results.
- The constitution of an Anti-Poverty Coalition at national level, formed by ministries and civil society organizations, was also essential. This structure became official through a Decision of the Prime Minister (published in the National Gazette) and had its own statute, internal regulation and operational plan. The Coalition had a monitoring role and assumed also a support role for all ministries involved in the implementation of the 47 measures of the anti-poverty package.

10. SLOVENIA

By Martina Trbanc

10.1. Key features of the reform period

During the 1990s and in the first years after 2000 Slovenia went through a long period of relatively successful economic, employment and social development under relatively stable Centre-left governmental coalitions. The whole period was characterized by gradual and cautious reforms, focused on partial sectoral solutions rather than on systemic ones. After 2000, that approach was increasingly criticized by Slovenian economists who called for structural economic and labour market reforms as well as the modernizing of different public sectors (for example the pension system, social benefits, the health sector). After the general election in 2004 that brought a change in government towards the political right, the emphasis on the need for economic and labour market reforms and for the modernization of the social protection and public services systems was voiced by the new Government. The economic and labour market reforms aiming at more flexible employment relations were most emphasized, but the modernization of the social protection system was planned too. The Development Strategy of Slovenia for the period 2005-2013 (the main strategic development document that was prepared by the Governmental Institute of Macroeconomic Analysis and Development and endorsed by the Government) outlined the development of a modern social state with an increase in employment as one of the five development priorities. It comprised three goals, namely to increase the flexibility of the labour market, to modernize the social protection system, and to reduce social exclusion and social vulnerability. The listed measures included the implementation of the flexicurity concept (linking social protection to activation as well as to increased flexibility of employment relations and jobs), activation (social benefits should be more closely associated with active job search) and the prevention of unjustified accumulation of social benefits by individual beneficiaries/families (i.e. the prevention of fraud). The idea behind the need to reform the social benefits system was thus connected at the beginning to the flexicurity concept, the activation principle as well as to the prevention of fraud and unjustified accumulation of benefits.

The reform of social benefits concerned means-tested social benefits, not insurance based, financed from the state budget (and in a small part financed from the municipalities budgets). The main issues addressed by the reform were: (1) decisions and delivery of the means-tested social benefits (targeted at people with the lowest income) and subsidies were done by different institutions and agencies, with different procedures, taking into account different criteria (incomes, material situation) and using different definitions (e.g. on family members); (2) the social benefits system in its fragmentation enabled the unjustified accumulation of benefits and thus fraud; (3) the system enabled a passive attitude from benefit claimants.

The need to increase the efficiency of the social benefit system was highlighted in another important document, the Resolution on the National Programme of Social Protection for the period 2006-2010, adopted by the National Assembly in April 2006. The listed measures of how to increase the efficiency of the system included:

- Design a single (uniform) procedure for the decision-making process on the granting of all social (means-tested) benefits and set up one entry point for claiming them;
- Improve the targeting to people with the lowest income and prevent the accumulation of benefits; align the definitions of family and incomes for means-testing purposes;
- Introduce a priority order for claiming social benefits;

- Connect various databases to allow the transfer of the required information on claimants (more up-to-date data and better accessibility of data).

The elements listed above sum up the key orientations of the preparation of the reform. The main intention was to make the reformed system more transparent, uniform, more efficient, simpler and more user-friendly. Active job search (registration at the employment service) was formally obligatory for claimants of the basic means-tested social benefit – financial social assistance – even before the reform, but the tightening of activation conditions was envisaged to prevent benefit dependency.

The outline of the reform was prepared by the public administration and experts linked to the Government gathered in working groups composed of public employees representing different sectors and ministries and the Governmental Institute of Macroeconomic Analysis and Development. Independent experts or representatives of stakeholders were not involved. The Ministry of Labour, Family and Social Affairs (MLFSA) as the responsible sectoral ministry (and within it the Directorate of Social Affairs) had the leading role in the preparation and drafting of the reform. It chaired the working groups, coordinated the activities and reported to the government, and prepared and coordinated the implementation. The role of the Ministry of Public Administration was also important as it was responsible for coordinating the development of technical solutions of the IT support and software modules to connect relevant administrative and business databases to automatically check data on benefit claimants and thus support the decisions on means-tested benefits and subsidies.

It is only when the two legal acts underpinning the social benefits reform (the Exercise of Rights to Public Funds Act and the Social Benefits Act) were drafted that they were presented to experts and the wider public and discussed at the Economic and Social Council. In the public discussion procedure (Spring 2011), opposition was voiced regarding some of the reform solutions (for example the means-testing on incomes, real-estate and savings, the priority order of claiming rights). There was also a general concern from independent experts from the social policy field and unions about a more targeted approach to granting social benefits and its consequences. However, globally, there was a relatively broad support for the reform, and the idea of more targeted benefits (to those most in need) with a higher level of benefits (an increase of the minimum basic income level – the basic amount of financial social assistance – FSA). The providers of services in social and employment fields (Employment Service of Slovenia – ESS and Social Work Centers - SWC) were not involved in designing the reform, except in the phase of the public discussion where they could participate as any other stakeholder. As the SWCs are central to this reform since they became the one-stop shop for claiming all means-tested social benefits and subsidies, the fact that they were not involved in the design of the reformed system led to low ownership and to several problems and misunderstandings in the first months of the implementation.

The reform was prepared under two different governmental coalitions, under a right-leaning one in the period 2004-2008, followed by a Centre-left one in the period 2008-2011. Despite the different political orientations, it was understood by the Ministers responsible for social affairs at the time as important and necessary. However, the emphasis of the reform was somewhat different under each governmental coalition: while at the beginning there was a strong emphasis on the connection to the flexicurity concept and the activation of social benefit recipients, it later shifted to distributional and adequacy issues of benefits (the assessment of minimum level of social security related to minimum living costs). In general, there was a relatively large and stable political agreement on the need for a means-tested social benefits reform through the whole period of its preparation and passing of legislation. Also, the role of the public administration in the reform preparation was strong and constant, with a continuity of people preparing the reform under different governments.

The reform was prepared through legislative changes and their implementation. The two main acts underpinning the reform were the Exercise of Rights from the Public Funds Act as the act defining the procedures, the areas, and the benefits, subsidies and payments of services that were part of the reform; and the Social Benefits Act, defining the basic social means-tested assistance such as FSA, income supplement and activity supplement. The Exercise of Rights from Public Funds Act was drafted by governmental working group(s), while the Social Benefits Act was mainly drafted by the MLFSA Directorate of Social Affairs. Both acts went through the complete adoption procedure: coordination of the draft acts at the level of the government (ministries), public discussion procedure, discussion at the Economic and Social Council, endorsement by the government, and the parliamentary procedure (in National Council and National Assembly). Both acts were adopted by the National Assembly in July 2010, with the implementation planned for June 2011 and later postponed to January 2012.

The period of preparation of the social benefits reform was characterized by resistance from the public (unions, several independent experts, media) to reforms that were understood as diminishing the rights of people and deepening social inequalities, that is the planned fiscal reforms and the reforms related to flexibilization of employment relations which eased dismissal procedures. There were two main waves of public discontent against the reforms and the governments preparing them, the first one already at the end of 2005 under the right leaning governmental coalition, and the second one in 2011 under the Centre-left government coalition. This second wave of discontent culminated in referendums on three already adopted legislative acts prepared by MLFSA: the Pension Reform Act, the Small Jobs Act and the Act on Hindering the Grey Economy. All three acts were strongly rejected by the popular votes, which caused political destabilization and led to early general elections at the end of 2011. The legislation for the reform of the social benefits system (the two legislative acts underpinning the reform that were adopted by the National Assembly in July 2010) was thus the only reform legislation of MLFSA between 2008-2011 that was sustained or rather, was not contested at the referendum and did not face major resistance from the public either. As stated in the interviews with the MLFSA staff responsible for the reform, the implementation of this reform became symbolically important to the ministry and the Minister himself, as it was the only reform that 'survived' at the time.

Despite political turbulence in 2011, the preparation for the implementation of the social benefits reform continued and the MLFSA Directorate of Social Affairs took on the main coordinating role for its preparation, the development of IT support falling to the Ministry of Public Administration. SWCs were also involved in the preparation, together with the Association of Social Work Centers. The most time-consuming activities in the preparation were: (1) the development of the IT support solutions (the tray, connecting administrative and business databases, automatic data check on benefit claimants, traceability and data protection issues, software for different content modules modules for issuing the decisions, for statistics...); (2) the recruitment of new staff at SWCs (transfer of public employees from municipalities to SWCs, opening new and fixed-term posts for counsellors at SWCs to assist customers with the new claim procedures); (3) the training of new and existing SWC staff on content issues (the rights, the procedures, the legislation) and in the use of the new software. The preparatory work was split between different working groups. The reform implementation was originally planned for June 2011, but due to delays in preparation, especially the development and testing of IT support, it was delayed until January 2012. The delay required the modification of both reform acts. According to the report of the Audit Court, the time and human resources necessary for the preparation of the implementation were underestimated, the work of the working groups was poorly documented, and the preparation was inefficient, without realistic deadlines and delayed at all important points.

The reform was implemented in January 2012, on a full scale, simultaneously across the country. In the first months, the reform faced severe difficulties due to the inadequate preparation, especially the ill-functioning IT support but also the inadequately informed

and trained SWCs staff and the much wider scope of beneficiaries and claimants of rights who were previously handled by other institutions (for example income supplement transferred from the pension system; kindergarten subsidy and housing-rent subsidy that were previously taken care of by municipalities; state scholarships previously under the responsibility of ESS). The SWCs were overloaded with claims and the backlog in decisions started from the beginning and so did the complaints over the SWC decisions at the MLFSA. On top of that, the implementation coincided with the second peak of an economic crisis in Slovenia, with high unemployment, and austerity measures introduced by the government that also lowered the expected increase in the level of minimum basic income as the base for FSA calculation. The public quickly associated the reform with the austerity measures, also because of the obligation to reimburse the received amount of benefits from the inheritance – if any – of a deceased beneficiary, a regulation that existed prior to the reform but was implemented very rarely due to data collection difficulties. This fuelled a negative representation in the media and negative public opinion on the reform right from the start, and to some extent also influenced the increase in non-take up of benefits, especially among the elderly potential beneficiaries of income supplement.

The reformed system of means-tested social benefits is broad and complex as it not only targets social assistance intended for covering the basic living needs (FSA, income supplement), but also includes means-tested benefits and subsidies for specific purposes (functions), such as child benefit, state scholarship, kindergarten subsidy, housing-rent subsidy, subsidies related to school children, payment of basic health insurance etc. The reform therefore affected a relatively large proportion of the population, not only the unemployed and inactive although the thresholds for child benefit and for subsidies are set higher than the threshold for social assistance.

In its implementation, the reform included four means-tested benefits: child benefit, FSA, income supplement and state scholarship. It also comprised nine types of means-tested subsidies and payments for services. The entitlement conditions for some benefits that were before the reform granted by other institutions or agencies, changed with the reform, most notably for the income supplement. Previously, income supplement was intended to top up very low pensions (income-tested at the individual level), while after the reform the entitlement broadened to people unable to work, including the elderly, and became means-tested at the family level, including incomes, savings and property. Child benefit entitlement also changed to up to 18 years of age of the child when previously, its end coincided with the conclusion of regular education, and with the reform state scholarship started at 18 years old.

SWCs are now functioning as one-stop shops for all means-tested social benefits and subsidies. Many of the beneficiaries are SWC service clients as well as PES clients. But the focus of the reform was on the benefits, not so much on the services. A unique procedure gives access to all means-tested benefits and subsidies. The claimant does not have to provide any proof or statement as the data on family (household) composition, income, savings, property and similar are checked automatically through 53 administrative and business databases (banks, insurance companies). Means-testing is performed at the family level (in the case of rent subsidy at the household level). The reform also introduced a priority order in claiming social benefits: first the child benefit, second the FSA, third the income supplement and fourth the state scholarship. The priority order is important because the amount of previously granted benefit(s) is added to the family income when means-testing for the next benefit. The aim of introducing the priority order was to prevent the accumulation of benefits, which it did, but it also influenced the amount of benefits families with children received and it put children within the same family in different positions. Child benefit received for the younger child can raise the family income over the threshold for the state scholarship of an older child. The consequences of the priority order and the first position of child benefit in that order triggered expert discussions on the role of child benefit.

In the first months of implementation, there were many problems with the IT support and the use of software at the SWCs, which contributed to the delays in issuing the decisions on claims. The development of the IT structure that enabled the connections between numerous administrative and business databases (e-Social Security), the preparation of the data, the quality of the data and individual data protection, as well as the development of several content modules and the software for processing SWC decisions, all of it was a huge undertaking, technically coordinated by the Ministry of Public Administration. It took several modifications and adaptations even during the reform implementation itself for the software to function relatively well. At the end, the solutions of IT support for the reform were recognized as an example of good practice in Digital Government Strategies by the OECD and received a UN Public Service Award in 2013.

The activation was not as emphasized in the implementation of the reform as it was in the first phase of its design. As previously, the FSA beneficiaries remain obliged to actively look for a job, to be registered at the PES and comply with the job-search requirements if they are capable of work. The incapacity to work has to be established by special committees of the Pension and Invalidity Insurance Institute or by rehabilitation committees of the PES. If the unemployed beneficiary of FSA is deleted from the PES register for non-compliance with his/her obligations, he/she also loses the FSA at SWC. There are no softer sanctions available in the system, only the deletion from the register of unemployed at the PES and termination of FSA at SWC. However, the SWC has some discretion in deciding on termination of FSA in such cases. It can decide to conclude a special agreement with the client to solve the individual's problems and deliver the FSA based on this agreement for a defined period.

There is an automatic exchange of basic information on common clients between the PES and SWCs (whether the person is registered as unemployed, is an active job seeker, his/her potential employment, whether s/he receives FSA). Another feature in the cooperation between PES and SWCs introduced by the reform is the cooperation at the local level, created by the formalization of special common committees of regional and local employment offices and SWCs. The aim of the common committees is to discuss cases of long-term unemployed individuals with complex problems or circumstances that hinder their employability and the possible measures and solutions that could help. If the common committee members agree that the person is temporary unemployable due to his/her circumstances and that the employment office has no suitable support programmes to offer, the person is registered as temporary unemployable and is transferred to SWC for support. In principle, it is expected that the support provided by SWC (for example participation in rehabilitation programme, in social protection programme or similar) helps the person to return to an active job search. In reality, such cases are few, as the complexity and longevity of problems and circumstances often make these individuals unemployable or only employable under specific conditions (sheltered employment).

Regarding the activation, the reform introduced the activity supplement as a top-up to the amount of FSA for the recipients working (performing some work) or participating in some employment programmes, social rehabilitation programmes or certain social protection programmes (with the aim to increase their employability). Activity supplement to FSA is intended as a positive stimulation for activation of FSA beneficiaries. There are two levels (two amounts) of activity supplement that can be granted (lower and higher), depending on the hours of work or activity performed (60 to 128 hours per month; more than 128 hours per month). Since 2014, the FSA beneficiaries performing occasional voluntary work at humanitarian organisations (based on a specific contract with the humanitarian organisation) can receive the lower amount of activity supplement. In any case, the FSA topped with the higher activity supplement remains considerably below the minimum wage for a full-time job.

With the reform, the issue of adequacy of social benefits was addressed. During the process of the reform legislation preparation, the MLFSA tendered a study on minimum living costs to the Institute of Economic Research (study completed in 2009). Based on the study findings, the MLFSA increased the amount of minimum basic income as the basis for calculation of FSA (minimum basic income equals FSA for a single person without any supplements). Due to austerity measures valid at the time of the reform implementation, the minimum basic income increased less than planned, but it did increase. It is stipulated in the Social Benefits Act that the level of minimum living costs must be calculated anew at least every five years and if there is an increase, the minimum basic income level should be adapted.

The reform was complex and had multifaceted effects, including some unexpected side effects, such as the increase in non-take up of income supplement among the elderly and the change in public opinion from neutral or rather positive before the implementation to negative after its start. The implementation difficulties of the first months (the IT support and software not working well, problems with administrative databases, the delays in SWCs' decisions), coupled with the implementation of austerity measures and cases of families and individuals that were granted lower benefits than before the reform, directed the expert and public attention to distributional issues. Namely, the ex-ante study by the Institute of Economic Research using a microsimulation model had showed that the structure of recipients would change, but that the number of recipients of the two main social assistance benefits – FSA and income supplement – would increase due to a higher threshold. Understandably, the MLFSA expected an increase in the number of beneficiaries of FSA and income supplement, but the opposite happened. Their numbers dropped in the first months, especially dramatically for income supplement beneficiaries (by more than 70%). This was a consequence of both the means-testing procedure for eligibility, which added property and savings to income at the family level, and the increase in non-take up, especially among the elderly who feared their heirs would have to repay the amount of benefits received from their inheritance after the beneficiary's death. For families, the priority order for claiming rights also had an impact on their eligibility as child benefit could increase the family income over the threshold for FSA. In the second half of 2012 and first months of 2013, the assessment study on the reform implementation was carried out by the Social Protection Institute of RS for MLFSA. The aim was to assess whether the first effects were in line with the set goals, to identify the population categories that were most affected, and to establish the types of income, savings and property that influenced most the eligibility for benefits and subsidies in the new system.

The study revealed that some of the objectives were actually met, for example the increased adequacy of individual benefits, targeting of benefits and subsidies towards those with the lowest incomes, more transparent procedure of claiming the rights that also at least partially became more user friendly (only partially because of the rather complicated application process, difficult to understand for some claimants). The study showed that in cases of beneficiaries receiving lower amounts of benefits than before or not being entitled to benefits any more, the main reasons were the enforced priority order of claiming rights and the means-testing of the whole material situation of a family (incomes, savings, property). The types of families (categories) most affected by the reform in terms of receiving less benefits were single parent families, families with housing loans or mortgages which lowered their disposable income while that element was not factored in the means-testing, families with children in secondary education because state scholarships shifted to start from the age of 18, large families, and long-term unemployed people aged over 50 years.

Some of the study recommendations were the following: to increase the basic minimum income to the amount foreseen in the Social Benefits Act which had been lowered by the austerity measures; to rethink the priority order and the role of child benefit among means-tested social benefits (the argument being that child benefit has other functions than a social one and that the FSA should be claimed first or that children related

benefits should be excluded from the priority order); to address the problem of using income data from the previous year for means-testing and in general the need to improve the quality of data in the databases used for means-testing; the need to clarify more precisely the repayment of benefits (FSA and income supplement) after the death of a beneficiary and the exceptions from this; to rethink the entitlement of secondary school pupils below the age of 18 to state scholarship; to address the problem of non-take up among elderly persons entitled to income supplement.

Additionally, the Audit Court prepared a report on the reform implementation in 2013. It focused on the preparation, the first year of implementation and the effectiveness and efficiency of the reformed system and decisions on the means-tested social rights. The Audit Report was very critical towards MLFSA as the main body responsible for the preparation of the reform and the implementation itself, especially towards the activities undertaken in the preparatory year.

In 2013, the MLFSA drafted modifications for the two reform legislative acts, thus responding to the problems identified by the assessment study or exposed by independent experts, NGOs and unions as well as by the MLFSA and SWC staff. The modified acts were adopted by the National Assembly in November 2013 and were implemented from January 2014 onwards, September 2014 for state scholarship and some subsidies. The main changes and adaptations of the social benefits reform were the following: the modification of some entitlement conditions, e.g. loosening the conditions for FSA with a higher threshold for savings and ownership of real estate; state scholarship for secondary school pupils under the age of 18 was returned; the current income situation was more taken into account; 20% of child benefit was withdrawn from the calculation of the family income; the FSA for the second adult person in the family was slightly increased; for single parent families the addition to FSA for children was increased from previously 10% to 20%; the threshold on savings for income supplement was increased. Also, the rules of repayment from inheritance were changed to enhance the take-up of income supplement in general, but especially among elderly people. The amount equivalent to 12 months of benefits was exempt from repayment, and only up to 2/3 of the total amount received was subject to repayment. For the activation of FSA recipients, there was a change in entitlement to activity supplement: the FSA beneficiaries performing (occasional) voluntary work at humanitarian organizations (based on the formal agreement with the voluntary organization) became entitled to the activity supplement (in the lower amount).

At the end of 2016, the MLFSA prepared another modification in the Social Benefits Act. Adopted by the National Assembly in December 2016 (entered into force in January 2017), it introduced two important changes in the entitlement to FSA and income supplement: an increase of the threshold for the value of the property owned and occupied by the claimant to 120,000 EUR (up to this value, the property is excluded from the means-testing), and the total abolition of the repayment to the state of benefits received by a deceased beneficiary before his/her death.

Since 2016 the MLFSA has been working on the social activation project, i.e. developing an activation system and social activation programmes to address the persistent long-term unemployment and long-term dependency on social benefits (more than 50% of adult FSA recipients are long-term). Another project of the MLFSA in 2017 is the reorganization of SWC towards more services for clients and more social work, supported by automated calculation of child and family related benefits and subsidies.

10.2. Driving forces, success and failure factors of the reform period

The main driving forces behind the reform of means-tested social benefits were the relatively stable political support to the reform, the support of Ministers responsible for social affairs in both governments, but especially the Minister of MLFSA in the period

2008-2012, and the commitment of high ranking civil servants in government institutions.

The reform was prepared under two governmental coalitions and the political support for the reform and its overall goals (unification and simplification of the system, increased transparency and efficiency, less possibilities of fraud, more targeted benefits) was relatively strong among parliamentary parties, whether left or right oriented, through the whole period of the reform preparation. It is only after the reform landed into difficulties and critical judgements from independent experts, NGOs and unions caught the public's attention that some political parties attempted to somewhat distance themselves from the reform.

The MLFSA was responsible for the reform and the role of its Minister was very important, especially in the period that was decisive for its design and implementation preparation. As in 2011 other legislative acts drafted by MLFSA were rejected by referendums, the reform became the main focus and symbolically important for the Minister and for the Ministry. The high ranking civil servants, at MLFSA and other governmental bodies (Ministry of Public Administration, Ministry of Finance, other participating ministries and bodies – e.g. Governmental Institute of Macroeconomic Analysis and Development), were the continuing driving force behind the reform. The staff working on the reform hardly changed under different governments. Their role was important in the process of formulation of the reform ideas, its general objectives and its design as well as in finding solutions while remaining committed to the policy. The MLFSA Directorate of Social Affairs staff believed in the reform, and when it was implemented the SWCs staff bravely took on the increased amount of work and the pressure from the clients and the public. Overtime and exhaustion of SWCs employees were recorded. If before the adoption of the two legal acts underpinning the reform the circumstances were relatively favourable, the situation changed for its implementation. Unfavourable factors started to accumulate from the beginning of 2012, and they can be divided into internal and external factors. The internal ones relate to the delayed and inadequate preparation of the implementation, namely the development and testing of the IT support and the connection of administrative and business databases, and the recruitment of additional staff and training at SWCs. The additional workload at the SWCs was underestimated, and problems arose from insufficient testing of the software supporting SWCs decisions and new procedures (e.g. order of claiming the rights, means-testing on income, property and savings).

The external unfavourable factors influencing the reform implementation were the coincidence with the economic and employment crisis, and with the austerity measures, as well as the strong public disapproval of the reform that developed soon after it started. In 2012 and 2013 the unemployment was the highest ever in Slovenia and the pressure on benefits (insurance based and means-tested ones) was high, while on the other hand the budgetary revenues decreased, and the Government pushed the austerity measures. These austerity measures addressed all public areas, cutting budgets of all public institutions and civil servants' wages, the pensions and some insurance-based benefits (unemployment benefit, maternity benefit). In this context, the basic minimum income of FSA that should have increased more considerably with the reform, was limited to a lower increase in the amount (still somewhat higher than before the reform, but less than planned). This affected the general perception of the social benefits reform in the media, among experts, unions, service providers, etc., as the reform became associated with the austerity measures and understood as a way of reducing the rights and social protection of the poorest in society. This general perception of the reform was actually the opposite of the reform intentions and goals (increased amounts of benefits, but more targeted to the poorest). The constant public pressure on the MLFSA led to modifications, softening some conditions for benefits and rules of means-testing in the second year of implementation.

10.3. Good practices and dissemination possibilities in an EU context

The reform was heavily criticised and its positive effects were largely overlooked. The reform did meet its main goals (increased transparency, decreased possibility of fraud, simplification of the system) and redirected the distribution of benefits to those most in need, who ended receiving higher benefits. Even when austerity measures were put in place, the benefits for people without incomes were protected and the cuts were applied to benefits and subsidies for families with incomes over the poverty threshold. It is the middle classes, especially the low middle classes, who paid the highest price for the crisis.

The following features of the reform can be stated as successful and potentially useful for other countries:

- Establishing a one-stop shop for all means-tested social benefits and subsidies (one place for all decisions related to social means-tested benefits and subsidies) and granting the benefits under the same definitions (household, family, income, material situation) and rules. When a one-stop shop is a social work centre, the benefits and services can be connected, allowing long-term claimants of basic social benefits to get counselling, support, information and suggestions on relevant programmes. This is currently being developed in Slovenia as an up-grade of the reform of means-tested social benefit reform.
- The IT solutions supporting the decision process at the SWCs, especially the linking of relevant administrative and business (banks) data bases, with high personal data protection and traceability. This enables more user-friendly decisions (as for the claimant, there is no need for providing proofs on income, material situation, family composition and similar), simplifies the procedure and contributes to equal treatment and decisions, as little discretion is left to the public servant or social worker. The Slovenian experience shows such IT applications and software modules have to be carefully tested on real data and the staff using the system needs to be trained. Experience also shows that connecting relevant administrative data bases and making it a tool to reach decisions on benefit claims triggered a process of cleaning and up-to-dating data in administrative registers (here especially the data base on real estate).
- For countries that have separate social and employment services with separate treatments of clients at social and employment services: the exchange of basic information between employment and social work services can be formalised. Slovenia developed cooperation of employment and social services (besides the daily informal cooperation of case managers in both services) in the form of common committees that are focused only on the long-term unemployed with severe difficulties (mental health, dependency issues, other complex social issues) who are not employable unless their difficulties are addressed. The main aim of common committees is to search for the best solutions (treatment, participation in rehabilitation programmes, housing arrangements, etc.) for individual clients facing complex situations. Besides, the common committee meetings provide the opportunity for an exchange of expertise and experience from social and employment areas and contribute to align the support provided to clients at employment and social services.

11. SPAIN/BASQUE COUNTRY

By Elvira Gonzalez Gago

11.1. Key features of the Lanbide reform

Managing active labour market policies was previously a competency of the central state but it was progressively devolved to the Spanish Autonomous Communities in the 1990s. With only a single national employment law and a single state public employment service in place, the Autonomous Communities, with devolved active labour market policy (ALMP) competencies, set up their own regional public employment services (PES) to administer ALMPs. Coordination mechanisms and shared information tools were designed under the framework of the 2014-2016 Spanish Activation Strategy for Employment.

In the particular case of the Basque Country, despite wide policy autonomy, the competency for managing ALMPs was only devolved by the central state in 2010, after years of negotiating the joint devolution of both active and passive labour policies (unemployment benefits and subsidies). In 2009, the Spanish Socialist Workers' Party (PSOE) entered government in collation with the conservative People's Party (PP), displacing the Basque Nationalist Party (PNV) from government for the first time in Spanish democracy. It was not until October 2010 that an agreement was reached regarding the devolvement of ALMPs. From this date on, the Basque Country assumed competency to manage ALMPs.

Lanbide, the Basque public employment service, was set up in 2009, in advance of incorporating the personal and financial means deemed to be devolved by the central government in 2010. With some delay, the Law regulating Lanbide as an autonomous institution was passed in October 2011. This was when the reform episode began, after receiving approval from the Basque Parliament of Law 4/2011, of 24 November, modifying Law 18/2008, of 23 December for Income Guarantee and Social Inclusion. This Law modified the previous management model of the *Renta de Garantía de Ingresos* (RGI, income guarantee benefit). Social services were no longer responsible for administering the RGI, with the new Basque PES assuming this responsibility. Lanbide now had competency to design, propose, negotiate, sign and follow up on the so-called inclusion agreements signed with RGI recipients.

The reform intended to address six main inefficiencies of the system. Firstly, the fact that social services at the local and provincial levels were not able to provide adequate employment activation support to those in receipt of the RGI and the *Prestación Complementaria de Vivienda* (PCV, top-up housing allowance)⁷⁶, as they were not considered employment activation tools. In general terms, despite the existence of the inclusion agreements, the activation culture of social services was rather weak, as discussed by some of the interviewees.

Secondly, social services at the local and provincial levels, jointly responsible for managing the RGI/PCV, had to devote a lot of time to managing these benefits, very often by highly qualified social workers, and considered by many as a mainly administrative task. Managing the RGI/PCV is a complex task, involving many different and changing situations, but it does not necessarily need to be performed by social workers. This task restricted social services from devoting sufficient resources to the development of social and community work. Now, the RGI/PCV are managed by administrative staff at Lanbide who carry out more objective, administrative

⁷⁶ As will be explained later, the RGI benefit is accompanied by a housing top-up allowance (PCV in its Spanish acronym). Lanbide has also been transferred competency to manage this benefit. As a result, in the rest of the document, RGI/PCV will be used.

management tasks. Additionally, with the exception of pensioners, all those in receipt of the RGI/PCV are attended by Lanbide's employment consultants or staff specialising in ALMP delivery on the same terms as those registered as unemployed and not entitled to the RGI/PCV. After the reform, Lanbide was devolved to the state PES staff as well as a regional public employment service, EGAILAN, and hired additional staff. Most interviewees, however, considered this to be insufficient, at least for the initial needs derived from the implementation of the reform.

Thirdly, the management systems of the three provinces were different, and a complete detailed overview of recipients, their composition, evolution, success etc. was not feasible. Territorial differences were also significant.

Fourthly, two parallel employment services also existed: 1) the national system, managed by the central state with competencies for both active and passive labour market policies, owing to the fact that the competency to manage ALMPs had not yet been devolved to the Basque Country; and 2) the regional system, managed by EGAILAN, in cooperation with the provincial and local authorities, and NGOs. Additionally, the three provinces managed their own employment programmes, and at the local level, the municipalities managed the local employment agencies.

Fifthly, coordination between the central PES and social services was non-existent in that the PES did not have any information about the RGI/PCV status or more general social history of PES registered unemployed individuals. In turn, although recipients of the RGI/PCV needed to be registered with the PES, the PES did not inform social services about the activation measures offered to recipients.

Finally, coordination by social services with the regional ALMPs, as developed by EGAILAN, the three provinces and the local employment agencies was more intense than with the central PES, but was heterogeneous, unsystematic and uneven. In smaller municipalities, coordination would be closer than in larger ones where it was often inexistent.

As included in the explanatory memorandum of Law 4/2011 implementing the reform, promoted by the regional Ministry for Employment and Social Services, the content of the reform focuses on the transfer of the regional system of the RGI/PCV, and on the inclusion of the local and provincial social services within the responsibilities of the government of the Basque Country, in particular within Lanbide. The regional system of the RGI/PCV and for social inclusion includes the economic benefits (the RGI and the PCV), and the development, proposal, negotiation, signature and follow-up of the inclusion agreements signed by both the recipient and Lanbide. The objectives of this reform, according to the Law, are:

- To reinforce active inclusion of RGI/PCV recipients, supporting their employability and ensuring that employment pays, both for the unemployed and inactive recipients. The combination of the competency to manage the RGI/PCV, the design and application of the inclusion agreements, and the management of ALMPs by Lanbide should contribute to reinforcing and to achieving this objective.
- To manage the system through a single agent, the government of the Basque Country, via the Ministry for Employment and Social Services. This aimed to increase efficacy and efficiency to improve governance and control, and to guaranteeing a single and homogeneous management system.
- To relieve local and provincial social services from the burden of managing the RGI/PCV and restricting the resources they could devote to developing Law 12/2008, of 5 December, of Social Services. Social workers had repeatedly raised the issue of capacity saturation caused by managing the RGI/PCV. According to the interviewees, this goal has been achieved to such an extent that it has since been possible to approve the Decreto de Cartera (Services Portfolio Decree), developing Law 12/2008 of Social Services. However, this was only possible in

2015, seven years after the Law's approval. As a result, social workers can now devote more time to implementing the new services included in the portfolio and to improving their quality.

Moreover, the reform introduced more restrictive entitlement conditions (three years' residency, compared to only one year before; exclusion of recipients from the system who refused an adequate employment offer (before the reform, it was three adequate offers); and modifications to the amount of the RGI, resulting in a definite reduction of the average RGI amount paid out (equal to 7%). The objective of these modifications was to limit its budgetary impact.

The main elements of the reform episode, chronologically presented, began with the mid-2010 pilot project in eight municipalities to test whether the intended reform was feasible. This was followed by numerous developments throughout 2011, starting with the effective devolvement of ALMPs to Lanbide, the connection of the two information and management systems (the regional and state systems) and the connection of information and management systems of the rest of the Autonomous Communities in March 2011. In June 2011, the tender for the design and implementation of a new single RGI/PCV management system was established, which was able to gather the information transferred by the 3 provinces and the 281 municipalities. The Law regulating Lanbide as an autonomous body was passed in October 2011, shortly followed by the approval of Law 4/2011, of 24 November, modifying Law 18/2008, of 23 December for Income Guarantee and Social Inclusion in November 2011.

By December 2011, social services at the local and provincial levels sent the information they had about the RGI/PCV and their recipients, adding up to thousands of files, to Lanbide. Lanbide began managing the whole system. However, in the first few months following the reform, as reported by several interviewees, the provincial authorities continued working on RGI/PCV applications as Lanbide was overwhelmed. As a result, the provincial authorities analysed the files and sent them to Lanbide, which included information on new recipients and the payments that Lanbide needed to make. In addition, an external private company was hired to provide administrative tasks during the initial transition period. According to most interviewees, it took approximately two years following the approval of Law 4/2011 before Lanbide was able to effectively manage the RGI/PCV system.

The main actors of the reform were the regional Ministry for Employment and Social Services, and Lanbide, the Basque public employment service. Before the reform, the regional ministry was tasked with footing the RGI/PCV bill, with no responsibility for managing it. In parallel with the ALMP activities run by the state PES, the regional ministry set up several institutions, such as EGAILAN. Through the reform, Lanbide, having been devolved the management of ALMPs, started managing the RGI/PCV and providing activation measures, as recipients needed to be registered with Lanbide.

Before the reform, the three provincial authorities (*diputaciones provinciales*) were responsible for secondary or specialised social services and were accustomed to assessing the situations of potential recipients as well as deciding whether to grant the RGI/PCV and the amount. Now, they do not play any role in managing the RGI/PCV. However, they have set up new subsidiary income schemes, designed for RGI/PCV applicants who do not fulfil some of the requirements of the RGI/PCV, such as being resident in the Basque region for at least three years. Moreover, the provincial authorities play a consultative role in the design of new reforms, such as the one discussed in this study.

Regarding the design and implementation of ALMPs, the provincial authorities may develop their own strategies financed with their own economic resources, in parallel with the development of programmes funded by Landibe's resources allocated to their territories, mostly to local economic development and employment projects. In 2017,

Lanbide allocated EUR 17 million to the municipalities to finance local employment projects throughout the whole Basque region, and an additional EUR 0.9 million for the provinces. For their part, the three provinces may also grant funding for the municipalities to implement economic and/or employment development projects. The approach of the three provinces does differ. In 2017, the Biscay provincial authority allocated EUR 2 million for employment projects developed by the municipalities, in part devoted to RGI recipients. The Gipuzkoa provincial authority focussed on economic development and territorial balance, and less on employment. In 2017, The Araba/Álava provincial authority allocated EUR 1.5 million to a provincial programme for training and employment promotion, which was implemented mostly through hiring subsidies or non-for-profit organisations, and as such, with only marginal participation of the municipalities.

The municipalities were – and still are – active, providing both social and employment services. There are 281 municipalities in the Basque Country. From a local social services perspective, they act as the entry point to the benefits system through a network of nearly 300 centres, providing primary social services. Before the reform, they were accustomed to assessing RGI/PCV requests by potential recipients and made proposals to the respective provincial authorities regarding the specific situation of the person and the household. They also referred RGI/PCV recipients to the central public employment service, the Servicio Público de Empleo Estatal (SEPE), which had competency for ALMPs in the Basque Country, or to other regional employment activation tools. After the reform, social services still refer potential RGI recipients to Lanbide, guiding them, and sometimes even supporting them throughout the bureaucratic procedures. Moreover, a coordination protocol between social services and Lanbide was set up in 2012⁷⁷. This protocol, which is described in more detail below, enables both agents to request cooperation through a shared software application, which also shares information with both agents. However, as stated by some interviewees, in reality, this coordination is not effective, and the software application is rarely used. In addition, as discussed above, the municipalities have also developed employment programmes. Lanbide grants funding to the provinces and municipalities to develop employment creation projects⁷⁸, which frequently helps a percentage of RGI/PCV recipients. The duration of these programmes is limited, around six months for example, and they usually focus on community work. Finally, the municipalities manage another income scheme, the Ayudas de Emergencia Social (AES, Social Emergency Benefits). This scheme is funded by the government of the Basque Country, although the municipalities often need to top it up with their own resources.

The main actors involved in the reform include NGOs, who have a long history of working in in the Basque Country and helping those in most need of support for social inclusion and labour insertion. They mostly receive financial resources from public institutions with whom they collaborate.

Other external entities support Lanbide in providing activation measures, such as guiding and following up with RGI/PCV recipients. These entities would sign framework contracts with the government of the Basque Country specifying a set of services to be provided. Lanbide offices can use this support depending on their capacity to attend to RGI/PCV recipients themselves. In addition, other external entities support Lanbide in providing training courses and in labour intermediation tasks, such as external entities supporting Lanbide in contacting RGI/PCV recipients and other unemployed persons to discuss job offers that matched their profile.

⁷⁷ Lanbide (2012), *Colaboración entre Servicio Vasco de Empleo Lanbide y los servicios sociales municipales en el marco de los convenios de inclusión activa* (Collaboration between Lanbide and local social services in the framework of the active inclusion agreement), 2012.

⁷⁸ In 2016 and 2017, the amount allocated to these projects was EUR 18 million.

Regarding the impact of the reform, Lanbide has not carried out any external, internal, interim or ex-post evaluations. In the light of severe criticism owing to the management problems encountered during the reform's implementation, it has, however, made efforts to make public some of the results and effects of the income guarantee benefit system. Specifically, the information conveyed focuses on: cases of fraud and improper use, in response to information published in the media, and according to which fraud is significant; the profile of recipients, again in response to a belief that a high proportion of recipients are immigrants and/or are recipients that do not work; the management of the RGI/PCV system and its implementation process; and, though no less important, efforts made by Lanbide and other institutional actors to highlight the impact of the system on poverty alleviation, also in comparison with other Spanish Autonomous Communities and EU member states. Criticisms by third-sector organisations on the 7% reduction of the RGI/PCV budget, the enforcement of tighter entitlement conditions through Law 4/2011 and management difficulties have also been addressed.

As a result, statistical analysis is frequently carried out by Lanbide, referring only to the period after the reform (2012 onwards), and with limited comparison possibilities with the period before. The most outstanding results, according to Lanbide⁷⁹, are:

- The number of monthly new and revised applications for the RGI/PCV has more than tripled from the period 2012 to 2016 (+332%), pointing to management improvements since the beginning of the reform's implementation. It also acknowledges its very poor performance in 2012 and recognises the need for further improvements. In the absence of sound information about the situation before the reform, the general assessment made by interviewees is that Lanbide is now more effective than the former system in terms of administrative procedures, and that it has achieved a homogeneous system throughout the region. However, this effectiveness has been achieved only after years of adaptation. Other interviewees are more critical on this point and tend to question the entire reform because of Lanbide's inability to properly manage the system.
- The maximum legal time to decide on a RGI/PCV application is set at 60 days. In 2013, the average period for an application to be processed was 110 days but decreased to 44 days in 2016. There is no reliable data on the situation before the reform, but the interviewees mostly believed that it was better than in 2012 (110 days), but not better than the 2016 record.
- In 2015, 1.02% of total expenditure could be considered as fraud or used improperly (if the RGI/PCV was not used to finance basic needs, including housing, or was managed irresponsibly, such as the recipient using the money to beg). In 2012, fraud was detected in 0.77% of revised cases, and improper use in 0.74% of cases. In 2016, these percentages were 0.3% and 0.43%, respectively. Although no comparable data are available for the years before the reform, data for the three largest Basque cities (Bilbao, Donostia and Vitoria) point to a fraud rate equivalent to 2%, like in 2009⁸⁰.
- In 2016, a quarter of recipients were pensioners, and so not available for work. An additional 19% received the low-wage worker form of the RGI/PCV, and so already working in the formal economy. 81.1% of recipients had previous labour experience (69.6% among immigrants).
- Some 27.5% of recipients are immigrants (non-Spanish nationals). As the availability of a residence or working permit is not an access requirement to the RGI/PCV, a share of this population is not available for formal work.

⁷⁹ Lanbide, La Renta de Garantía de Ingresos (RGI) y Lanbide, son parte de la respuesta que Euskadi necesita (The RGI and Lanbide are part of the answer that the Basque Country needs), 2016.

⁸⁰ News appeared in http://elpais.com/diario/2010/11/07/paisvasco/1289162400_850215.html. The calculations include RGI and AES.

- Out of 65,270 recipients in 2015, including pensioners, 70.5% were considered employable. Among the people linked to the households of recipients, 47.2% were also employable.
- Out of all employable RGI/PCV recipients, Lanbide worked with 60.4% of them on activating and improving their employability. Out of all employable recipients, including the household members of benefit recipients, about 25% of them had at least one contract during 2015. This means that a share of 7.6% of all persons received at least one labour contract in the Basque Country in 2015, which is very close to the number of employable RGI/PCV recipients in the Basque population, which is 8.1%.
- The impact on poverty in the Basque Country is (often substantially) lower than in the EU-15 in all poverty indicators, such as severe material deprivation, inability to afford one protein meal every two days, holidays, unexpected expenses, delays in payments, the Gini index and the S80-S20 quintile. According to Zalacaín (2016)⁸¹, the impact of the RGI/PCV on reducing poverty among households with at least one working member (i.e. the impact on in-work poverty) increased from 35.8% in 2008, to 39.5% in 2012 and 42.2% in 2014.

11.2. Driving forces, success and failure factors of the Lanbide reform

Regarding the main sources of failure of this reform episode, there was a consensus among those interviewed that the period of time for the reform was not sufficient. Decisions were influenced by the existing political context without considering the institutional and technical reality, and without taking into account the recommendations of key stakeholders, such as the provincial authorities or trade unions. This led to the transference of responsibilities to a new institution, Lanbide, which, as came to light, was not adequately prepared for this challenge. Moreover, the reform took place as Lanbide was being set up, thus the administration of a complex scheme, such as the RGI/PCV, was transferred to an institution that was undergoing its own creation.

In addition, the implementation of the reform coincided with the onset of the economic crisis, which also played a negative role, mainly for two reasons. Firstly, the crisis brought about a sharp growth in the number of RGI/PCV applicants, owing to higher unemployment rates and the fact that contributory unemployment benefits are limited to two years in Spain. Secondly, the crisis brought about budget constraints owing to austerity measures being adopted, leading to a key resources issues were highlighted by interviewees: a lack of adequate (in skills provision) human resources at Lanbide. In the short term, this lack of human resources complicated Lanbide's adaptation to RGI/PCV management, contributing to administrative difficulties that were overcome later. However, in the medium and long term, the lack of human resources may have also hindered the effective application of activation measures to RGI/PCV recipients and to the unemployed in general, as it may have involved a shift of Lanbide's staff from ALMP delivery to RGI/PCV management.

In spite of these difficulties, which were widely discussed by the interviewees and described throughout this report, the reform can today be regarded as largely successful. Firstly, the need to increase the low employability and labour insertion records of RGI recipients in the Basque Country has now been addressed by Lanbide through the whole range of ALMPs and tools it put at the disposal of each unemployed person, whether or not they are a recipient of the RGI/PCV. As RGI/PCV recipients are now part of Lanbide's target group, it designs and develops programmes adapted to their specific needs. Secondly, the merger of the former three provincial RGI management systems, and those of the 280 municipalities, into Lanbide has resulted in a unique management and information system, that enables effective as well as more efficient homogeneous administrative management and high-quality information. Thirdly, social services have

⁸¹ See Zalacain J., El papel de los sistemas de garantía de ingresos en el abordaje de la pobreza en el empleo: la experiencia del País Vasco, Lan Harremanak 31 2014-II, p. 36-62.

been relieved from managing the RGI/PCV enabling them to devote time to developing Law 18/2008 of Social Services, as the Decreto de Cartera (Services Portfolio Decree) of 2015.

11.3. Good practices and dissemination possibilities in an EU context

Two good practices have been identified in the context of the reform analysed. These are described in more detail in Annex 4. A summary of both practices is provided below.

The first good practice, is the common RGI management platform (*Sistema único de información de la RGI*). This software platform gathers all the information about RGI recipients and members of their household. The information can be consulted and edited by all agents involved in RGI management. This centralises the administration tasks into a single platform, which is essential for a single agent (Lanbide) to be able to manage the whole system. Moreover, it also facilitates the participation and involvement of other organisations and agents (primary and secondary social services, external service provision entities, NGOs), which enables a multi-dimensional response to poverty.

This platform was set up in 2011 along with the reform. The reasoning behind this was to integrate the RGI management software systems that existed before the reform. Previous systems were managed by the provincial authorities, which gathered the information provided by the municipalities, however, this information was gathered in very different formats depending on the municipalities.

In addition, the creation of a single and shared software platform for all agents involved in RGI management provides other key benefits: it facilitates guidance and follow-up tasks by several agents involved in the activation process of RGI/PCV recipients; it enables RGI management to be based on administrative criteria instead of subjective criteria; and it provides precious data to global managers and researchers for analysis, setting the baseline for future research, including big data and predictive studies.

The second good practice concerns the guidance of external entities and labour activation services. Since the beginning of the reform, the government of the Basque Country has hired external entities to provide general and specialist services to support the labour market integration of RGI/PCV recipients. These entities fully cooperate with Lanbide, use the same software platform and are supposed to keep in frequent communication with Lanbide staff. Two calls to fund external services exist, one for the general unemployed and another for specialist services.

The first external service, for the general unemployed, supports Lanbide in periods of higher demand and prevents the risk of overburden of the PES. These services are delivered in external employment centres where job seeking and guidance services are provided, as well as group workshops on issues such as skills for job seekers or gender equality.

The second external service focusses on specific vulnerable groups. The role of the external entity is to adapt the provision of activation services to the specific make-up and needs of different vulnerable groups. These services are targeted at persons in situations of, or at risk of, social exclusion, immigrants with pre-labour needs without access to the national job market, the Roma community, persons with disabilities, at least 33% of (former) prisoners, young people with low qualification levels, vulnerable women, workers over 45 years of age and the long-term unemployed. Similarly, as in the first set of actions, external entities provide employment support action for participants, such as guidance, design of a bespoke employment itinerary, support and follow-up sessions, and job seeking skills.

12. SWITZERLAND

By Giuliano Bonoli

12.1. Key features of the MAMAC reform

This study covers a pilot project, known as MAMAC (*Medizinisch-Arbeitsmarktliche Assessments mit Case Management*) which ran between 2005 and 2010 in 16 cantons (out of 26 that make up Switzerland). Its main objective was to provide a form of structured collaboration for the activation of clients with multiple problems. By multiple problems is meant the co-presence of labour market, social or health related problems. The basic idea behind the MAMAC pilot was to improve the cooperation among three key agencies: unemployment insurance, invalidity insurance and social assistance.

Clients with multiple problems identified by any of the three agencies, could be referred to the MAMAC process. If found eligible, representatives of each agency would agree on an individual action plan detailing the interventions needed from each agency. Once approved, the action plan would be binding for each of the participating agencies.

The reform was triggered by a combination of problem pressure and dissatisfaction with the existing structures and procedures.

First, the 1990s and the early 2000s were characterised by a seemingly unstoppable rise in the number of recipients of the three main social security schemes: unemployment insurance, invalidity insurance and social assistance. The situation was particularly critical with invalidity insurance, a federal scheme that was experiencing recurring deficits, and social assistance, which is instead run by the cantons and/or the municipalities.

Second, in order to contain increasing expenditures, the federal government adopted a series of reforms in unemployment and in invalidity insurance that made access to these schemes more difficult. As a result, Cantons and municipalities were complaining of cost shifting, as they assumed that some of those who were now excluded from the federal schemes because of restrictions in eligibility, would end up on social assistance. As a result, there was some pressure on the Federal government to 'do something'.

Third, the 1990s and early 2000s had also seen an increase in the number of clients of both unemployment insurance and social assistance with health-related problems. This translated into the rise of invalidity benefit recipients, but also in an increase in the cases with health-related problems who were in receipt of unemployment benefit or social assistance.

At the same time, the system was considered inadequate to deal with these problems. The main problem with the system was the provision of coverage to clients with multiple problems. The phrase 'multiple' problems is generally used to refer to individuals with a health-related problem in addition to an employment problem. More concretely:

- Clients with multiple problems were often shuffled around across agencies. For example, an unemployed person could be considered unfit for work and hence ineligible for unemployment insurance benefit. However, his/her condition was not the cause of the loss of earnings, and so non-eligible for invalidity insurance either.
- The know-how needed to help these individuals get back into jobs was often scattered across services. Medical expertise is generally available with invalidity insurance, labour market knowledge at the PES, and help with accommodation, childcare, debt, at the social assistance office.
- The system contained strong incentives to offload clients with multiple problems onto another scheme, a practice known in the literature as 'cost shifting' (see Overbye et al 2010; Bonoli and Trein 2016).

In response to the rise in the number of clients mentioned above, both the federal and the cantonal level initiated an activation turn. This re-orientation of the welfare state, however, progressed unevenly across the various schemes. Unemployment insurance was the first of the three schemes to be reformed in this direction. In 1995 already, a fundamental reform modernised the public employment service and made substantial funds available for active labour market policy. Then followed the reforms of invalidity insurance, particularly those known as the 4th and the 5th revision (in force in 2003 and 2007 respectively) which refocused the programme on labour market re-insertion. Things evolved in a patchier way in social assistance. In general, the activation agenda progressed faster in urban cantons and municipalities and lagged behind the more rural ones.

MAMAC can also be seen as a product of earlier less ambitious attempts to structure collaboration among the three main social security agencies. These earlier initiatives are important in order to understand the shape of the MAMAC pilot. Generally, they were referred to in rather broad terms as 'Interagency collaboration' initiatives. This kind of initiatives had sometimes a bottom up origin but were also closely monitored and encouraged by the federal authorities. An important step in moving towards more structured forms of collaboration was the adoption in 2003 of a new article in the Law on unemployment insurance, which promotes interagency collaboration (LACI, Art. 85f). The law governing invalidity insurance was also adapted in this direction 2004 (LAI, Art. 68bis).

The idea of a new initiative in the field of interagency collaboration originated from three intercantonal associations: the intercantonal association of PES (AOST), the intercantonal association of invalidity insurance offices (COAI) and the intercantonal conference for social assistance (the already mentioned SKOS/CSIAS). In other words, the initiative came clearly from the cantons and not from the Federal government.

In January 2005, a press conference was organised jointly with the heads of the two other organisations, and the announcement of a new initiative, the MAMAC pilot, was then made. In a way, the whole process was set in motion by social assistance/SKOS, which is understandable, because of the three institutions social assistance is the one that suffers more from the lack of coordination.

One of the objectives of the initiative was to make interagency collaboration binding. The project was then taken over by the federal office for social insurance (responsible for invalidity insurance) and by the State secretariat for economic affairs (responsible for unemployment insurance).

In 2005 and early 2006 the various stakeholders met several times in order to agree on the principles and characteristics of the pilot. The cantons were invited to join in 2006. Overall 16 cantons decided to join the pilot starting mid-2006. In most cases, the pilot ran for two years (2008 and 2009). The evaluation was published in 2010.

MAMAC is essentially a pre-established process for the activation of clients with multiple problems.

- The process begins always with the referral of a client with multiple problems to the MAMAC office. The project directives include a list of eligibility criteria that must be fulfilled for a client to have access to the MAMAC system. These are:
- The client has multiple problems, i.e. difficulties re-entering the labour market AND social problems AND/OR health problems that are serious or unclear.
- There is a realistic probability of getting the client back into an unsubsidised job
- After a claim is filed for one of the three benefits, case workers have a window of 4 months during which they can refer the client to the MAMAC office. Exceptions are possible. In some cantons the limit was set at 6 months (Lucerne, Vaud, Valais).

- The MAMAC office checks the eligibility of the client and a joint assessment is organised.
- A joint action plan is agreed. In general, it is signed by representatives of each of the three participating agencies.
- One agency is designated as the lead agency for the monitoring of a client.
- The process continues until when the client has re-entered the labour market or it appears that he or she cannot profit from the MAMAC system any longer.

The MAMAC pilot was implemented jointly by the three agencies involved: unemployment insurance, invalidity insurance and social assistance at the cantonal level. Decisions concerning the precise shape of the cantonal MAMAC project and the role of individual actors were taken at the cantonal level.

The three agencies played participated with different intensities to the pilot. Most of cases were referred by the unemployment insurance agency (55%); some 30% were referred by social assistance and only 10% by invalidity insurance. Invalidity insurance was less likely to rely on MAMAC, probably because this agency already has know-how on medical issues, labour market problems and, to an extent, social problems. In addition, they have an established network of service providers who can deal with any of these problems.

The Federal government commissioned a large-scale evaluation study to a specialised firm. The impact evaluation was performed separately for clients originating from unemployment insurance and social assistance. There is no impact evaluation for those who originated from invalidity insurance, because they were too few.

Impact on clients who came from unemployment insurance. The results obtained in the analysis suggest that MAMAC was not effective in reducing the length of unemployment for clients who entered into the pilot as unemployment benefit claimants. Mean duration of unemployment is significantly ($p. < 1\%$) longer for MAMAC participants than for exact matches who did not participate in the programme (p.41).

Impact on clients who came from social assistance. In this case, the dependent variable was the probability of being on social assistance at the end of 2008 for clients who had entered the system during the first three months of that same year. The probability of being still in receipt of social assistance was slightly higher for MAMAC clients than it was for members of the control group.

The evidence presented in the impact evaluation suggests that MAMAC was ineffective. However, because of methodological issues, which are discussed in the report, these results were not considered as reliable.

The evaluation included a qualitative part where both clients and implementation staff were interviewed. The results of these interviews were rather mixed, especially for the staff some of whom felt that the MAMAC process was too time consuming.

Somewhat ironically, given the lack of evidence in favour of MAMAC, the federal government decided to stick to interagency collaboration as the main instrument to guarantee the coherence of the social security system, this in spite of the fact that other, more radical, ideas had been put forward by political actors. This development can be understood with reference to the fact that around 2010, when the results of the MAMAC pilot had become available, the new minister responsible for social affairs found himself under pressure from parliament to put forward a strategy for the fight against poverty.

12.2. Driving forces, success and failure factors of the MAMAC reform

MAMAC was possible because it was based on an appropriate balance of cantonal and federal influence. The federal government provided the necessary impetus to the project, but its role was limited, and the cantons had ample room for manoeuvre in co-determining federal policy, and in how to implement MAMAC in their territory.

In other words, it was possible to develop MAMAC because the reform was not very ambitious and limited to structured collaboration. Individual agencies retained extensive control on their operations and the pooling of resources was limited to the management cost of MAMAC and the activation measures that were assigned by the participating agencies. MAMAC had no impact in the biggest source of expenditure, i.e. the cash benefits paid to non-working clients. These remained determined by the existing legislation and were not affected by the collaboration exercise.

In addition to the limited ambition and intrusiveness of MAMAC, two other factors account for its success (in the sense of having been successfully implemented).

First, the consequences of the fragmentation of the social security system were obvious for most observers, and there had been widespread knowledge of the limits of such system. MAMAC promised to be a solution to these problems that did not require an overhaul of the system.

Second, problem pressure was considered relatively high in 2005-2006. The labour market had not yet entirely recovered from the crisis of the 1990s, and caseloads of both invalidity insurance and social assistance seemed set on an unstoppable upward trend.

12.3. Good practices and dissemination possibilities in an EU context

Above all, the MAMAC pilot showed the limits of interagency collaboration as a strategy to generate a more integrated approach in the provision of minimum income benefits and related services. The problems encountered, and the lack of a clear positive effect suggest that collaboration has only limited potential. In addition, the high implementation costs of MAMAC suggest that interagency collaboration cannot be applied as a more generalised solution to take care of clients with multiple problems. Many of the actors interviewed, believe that more ambitious forms of integration are needed, such as a new fund that finances the living expenses of clients with multiple problems, or a single institution. However, political realism means that most actors are now reluctant to propose a radical overhaul of the system. In addition, the fact that the social situation in Switzerland is comparatively favourable, means that few actors are willing to embark on a bigger reform, the payoff of which is highly uncertain.

If one needs to identify positive features of the MAMAC experience beyond showing the limits of collaboration as a strategy to integrate social security and series, two elements can be put forward.

First, MAMAC forced actors from different agencies to collaborate. It has contributed to creating an overall culture of dialogue and collaboration which can probably help in counteracting the negative consequences of fragmentation.

Second, even though limited in its ambitions, MAMAC included the notion of 'binding decisions' which turned out to be an essential element of successful collaboration. We can as a result hypothesise that successful cooperation among agencies can be supported and possibly made stronger if the representatives of the different agencies who are involved in the collaboration exercise have the ability to commit their own agency. The ability to commit an agency and the fact that decisions taken jointly are then considered

as binding for each individual agency is one of the key lessons learned in the MAMAC experience.

ANNEX VII. DATASET FOR COMPARATIVE ANALYSIS

Reform episodes: country, first year of implementation and short title of reform

Source	Austria (federal)	At: Vienna	Switzer-land	Spain: Basque c.	Germany	Norway	Poland	Be: Flanders	Denmark	Nether-lands	France	Finland	Portugal	Romania	UK	Ireland	Slovenia
BMW	2010																
BMS		2010															
MAMAC pilot			2005														
Lanbide				2012													
Jobcentres					2003												
NAV						2007											
PAI							2014										
proef-tuinen								2009									
Job-centres									2007								
Wet Werk en Bijstand										2004							
nsive Support											2014						
LAFOS											2002-2015						
												2003					
													2016				
														2002			
Jobcentre Plus																	
Intreo																2012	
PES & SWC																	2012
POLITICAL context																	
Quality of governance before and during reform: 1 if in top of half distribution	WGI	1	1	1	1	1	0	1	1	1	1	0	0	1	1	1	
Political system. 1 if federal	CE	1	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0
Many veto players in the political system: 1 if DPI 'checks' > 3	DPI	1	0	0	1	1	1	0	1	1	1	0	1	0	1	1	
Consensual political culture	CE	1	1	1	1	1	0	1	1	1	0	1	1	0	0	1	1
Cross-party political consensus over need/direction of reform	CE	0	1	1	1	1	0	1	0	1	1	1	0	0	0	1	1
Governing parties endorse activation as a goal	CE	1	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1
Governing parties endorse rehabilitation / labour market inclusion as goal	CE	1	1	1	1	1	1	1	1	1	1	1	0	1	1	1	1
Governing parties endorse poverty alleviation / social inclusion as goal	CE	0	0	1	1	1	0	0	1	0	0	1	0	1	1	1	1
Economic crisis helped to build consensus on need for reform	CE	0	1	0	1	1	0	1	0	0	0	1	1	1	0	1	0
Economic crisis induced time pressure (and thus bad design and / or sloppy implementation)	CE	0	0	0	1	0	0	0	0	0	0	0	1	0	0	0	1
Pressure from the EU or other international body	CE	0	0	0	0	0	1	0	0	0	1	1	0	0	0	1	0

Reform episodes: country, first year of implementation and short title of reform																			
	Source	Austria (federal)	At: Vienna	Switzer-land	Spain: Basque c.	Germany	Norway	Poland	Be: Flanders	Denmark	Nether-lands	France	Finland	Portugal	Romania	UK	Ireland	Slovenia	
		2010	2010	2005	2012	2003	2007	2014	2009	2007	2004	2014	2002-2015	2003	2016	2002	2012	2012	
		BMW	BMS	MAMAC pilot	Lanbide	Jobcentres	NAV	PAI	proef-tuinen	Job-centres	Wet Werk en Bijstand	Support	LAFOS			Jobcentre Plus	Intreo	PES & SWC	
(e.g. Country Specific Recommendation from the COM)	Country																		
Technical support from EU or other international body	CE	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Autonomy of local government (in general, before the reform): 1) low; 2) medium; 3) high.	CE	2	2	3	2	3	3	2	2	2	1	1	3	1	2	1	1	1	3
DESIGN																			
Focus of integration: 1) client info 2) referral 3) service provision 4) monitoring and sanctions 5) full case management	CR	2	4	3	5	5	5	3	2	5	3	5	3	5	3	5	5	5	2
Depth of integration: 1) loose/informal 2) MD teams 3) partnership 4) outsourcing 5) merger	CR	1	1	2	5	3	3	3	1	5	4	3	3	4	2	5	5	5	2
Target groups involved: 0) ltu only 1) ltu and others, e.g. short term unemployed	CR	1	1	0	0	0	1	0	0	1	0	0	0	0	1	0	0	0	0
Completeness of the reform: 1) not fully implemented yet 2) fully implemented but no impact assessment 3) full + impacts assessed	CE	2	2	3	2	3	3	2	2	2	3	3	2	2	1	3	2	3	3
Change in activation approach: 1) no change; 2) more lenient; 3) activation got stricter	CE	3	3	1	3	3	3	3	3	3	3	3	2	1	3	3	3	3	3
Change in service elements: 1) new	CR	1	1	3	3	1	3	1	3	3	3	1	3	3	1	3	1	3	3

Reform episodes: country, first year of implementation and short title of reform																		
	Source	Austria (federal)	At: Vienna	Switzer-land	Spain: Basque c.	Germany	Norway	Poland	Be: Flanders	Denmark	Nether-lands	France	Finland	Portugal	Romania	UK	Ireland	Slovenia
		2010	2010	2005	2012	2003	2007	2014	2009	2007	2004	2014	2002-2015	2003	2016	2002	2012	2012
		BMW	BMS	MAMAC pilot	Lanbide	Jobcentres	NAV	PAI	proef-tuinen	Job-centres	Wet Werk en Bijstand	Support	LAFOS			Jobcentre Plus	Intreo	PES & SWC
elements likely to support reemployment 2) new elements to reduce poverty 3) no new elements affecting outcomes 4) removal of elements affecting outcomes	CR	1	1	1	3	1	1	1	1	1	3	1	1	1	1	3	3	3
Change in quality assurance system: 1) no change in QA system; 2) new system is weak; 3) strong	CR	2	1	1	2	3	1	3	1	3	3	1	3	3	1	1	2	1
Change in the autonomy of local case manager /service provider: 1) no change in level of autonomy; 2) autonomy was reduced; 3) increased	CR	2	1	1	2	3	1	3	1	3	3	1	3	3	1	1	2	1
Performance management (measurement and incentives): 1) no change in PM system; 2) new system is weaker; 3) stronger	CE	1	3	1	3	3	2	2	0	3	3	1	2	2	3	3	3	1
New system had <i>clear</i> performance incentives which were clearly communicated to staff	CE	0	1	0	0	1	1	0	0	0	1	0	0	1	0	1	1	1
Incentives for cooperation were well designed /improved	CE	0	0	0	0	0	0	0	0	0	1	0	1	0	1	1	0	1
Channels for the exchange of information were well	CR	1	1	1	1	1	1	0	1	0	0	1	0	0	1	1	1	1

Reform episodes: country, first year of implementation and short title of reform																		
	Source	Austria (federal) 2010	At: Vienna 2010	Switzer-land 2005	Spain: Basque c. 2012	Germany 2003	Norway 2007	Poland 2014	Be: Flanders 2009	Denmark 2007	Nether-lands 2004	France 2014	Finland 2002-2015	Portugal 2003	Romania 2016	UK 2002	Ireland 2012	Slovenia 2012
		BMW	BMS	MAMAC pilot	Lanbide	Jobcentres	NAV	PAI	proef-tuinen	Job-centres	Wet Werk en Bijstand	Support	LAFOS			Jobcentre Plus	Intreo	PES & SWC
designed/improved Allocation of roles and areas of cooperation were well designed /improved	CE	0	1	1	0	0	0	0	1	1	1	1	1	0	1	1	1	1
GOVERNANCE																		
High level of centralisation of employment and/or social policy before reform (central funding and definition of minimum standards)	CE	0	0	0	0	0	0	0	0	1	0	0	0	1	1	1	1	1
Local level expertise in decision-making and implementation (existed or developed during reform)	CE	1	1	1	1	1	1	0	1	1	1	1	1		1	1	0	0
Strong tradition of cooperation at local level (in general)	CE	1	1	1	1	0	1	1	1	1	1	1	1	1	0	1	1	1
Fragmented INITIAL institutional setup in employment/ social services (several providers, no service standards, etc)	CE	1	0	1	1	1	1	1	1	0	1	1	1	1	0	0	1	0
Very different institutional cultures in welfare vs employment services before reform	CE	1	1	1	1	1	1	1	1	0	1	1	0	1	1	0	1	0
IMPLEMENTATION																		
Sufficient time for planning (given scope of reform)	CE	0	1	1	0	0	1	0	1	0	1	1	1	1	1	1	1	0
Sufficient time and resources for implementing reform (given its scope)	CE	0	1	1	0	0	1	0	0	0	1	1	1	1	1	1	1	0
Stakeholders and experts were consulted on the	CE	1	1	1	1	1	1	0	1	0	1	1	1	0	1	1	1	1

Reform episodes: country, first year of implementation and short title of reform																		
	Source	Austria (federal) 2010	At: Vienna 2010	Switzer-land 2005	Spain: Basque c. 2012	Germany 2003	Norway 2007	Poland 2014	Be: Flanders 2009	Denmark 2007	Nether-lands 2004	France 2014	Finland 2002-2015	Portugal 2003	Romania 2016	UK 2002	Ireland 2012	Slovenia 2012
		BMW	BMS	MAMAC pilot	Lanbide	Jobcentres	NAV	PAI	proef-tuinen	Job-centres	Wet Werk en Bijstand	Support	LAFOS			Jobcentre Plus	Intreo	PES & SWC
design																		
There were pilots and ex-ante evaluations of the reform	CE	0	0	0	1	1	1	0	0	1	1	1	1	0	1	1	1	0
There was thorough monitoring and evaluation of the reform	CE	0	1	1	0	1	1	1	1	0	1	1	0	0		1	1	1
Realised need for new staff skills and provided training accordingly	CR	0	1	0	0	1	1	0	1	1	0	1	1	0	1	1	1	1
Ample resources to maintain reasonable caseloads: 0) caseload increased; 1) caseload same or decreased	CR	0	0	0	0	1	0	0	0	0	0	1	0	1	0	0	0	1
OUTCOMES																		
Improved reemployment rate	CE	0	0	0	1	1	0	0	0	0	1	1	1	0		1	1	0
Reduced poverty in target group	CE	0	1	0	1	1	0	0	0	0	0	1	1	0		0	1	0
Became more user friendly	CE	0	0	0	0	0	0	0	0	1	1	0	1	0		1	1	1
Became more accessible	CE	0	0	0	1	0	0	0	0	0	0	1	1	1		0	1	0
Some positive results in other outcomes	CE	0	0	1	1	0	0	0	0	0	0	1	1	0		0	0	0

Note: 0 = no and 1 = yes unless otherwise specified.

Sources: CE= country experts; CR = country reports; DPI = the Database of Political Institutions (DPI 2017); WGI = World Governance Index (WGI).

ANNEX VIII. FEEDBACK FROM THE WORKSHOPS AT THE FINAL IDSS CONFERENCE

The final conference of the 'Study on integrated delivery of social services (IDSS) aiming at the activation of minimum income recipients in the labour market – success factors and reform pathways' provided the opportunity to present the research outcome of the study to the stakeholders, to collect their feedback and to contribute to fostering policy debate on the integrated delivery of minimum income support and activation services.

The final conference was held on 8 March 2018 in Brussels. The agenda and conference materials are available at: www.idss-conference.eu.

The workshop segment of the conference gathered about 120 participants and was held during the afternoon in three different rooms. **The aims of the discussion were to reflect on the outcomes of the study and to invite participants to compare the study with their experience of institutional constraints and opportunities in their own country.** The discussion focused on the risks and barriers of service integration reforms and potential solutions to overcoming these barriers.

The participants were allocated to a working group depending on the institutional context of their country (Southern Europe, Western Europe, and Central and Eastern Europe (CEE)). Within each group, representatives of various stakeholders (government experts, PES, social services providers, advocacy and others) also attended.

Three main questions were designed to guide the discussions during the workshops and to gather opinions from specific perspectives.

The first question related to the purpose of the report itself, and asked participants if they thought that *service integration was a relevant answer to problems in labour market inclusion of minimum income recipients* in their country.

There was broad support in favour of service integration, noting its benefits as building towards a one-stop shop for social services. However, most participants insisted that *service integration was not sufficient in itself* and that it should be part of a larger policy package. Furthermore, comprehensive adaptation to the institutional context was of paramount importance, given the enormous differences that exist between the various Member States with respect to the organisation of social services. Different actors need to be taken fully into account, assigned hierarchical responsibilities; NGOs for example have very different roles and functions in social services, depending on the country. Furthermore, depending on the situation and the quality of the dialogue, either a top-down (from government to civil society/NGOs) approach or a bottom-up approach would be more appropriate. In order to prevent institutional conflicts during the reform, it was suggested that a 'culture of integration' should be encouraged first within the country, with careful planning of each aspect being the first item to address.

The working group on Western Europe added that it was important to build a *person-centred approach* to take the needs of individuals into account rather than focusing narrowly on employability. Additionally, 'activated' individuals should be accompanied

in order to properly assess the system's effectiveness. Finally, the working group from Southern Europe expressed concern as regards badly designed activation pathways for minimum income recipients, which would exacerbate the 'grey economy' in the concerned country.

The second question asked to the participants was whether they could *identify any barriers, challenges or risks to the introduction or deepening of the integration of social and employment services*.

There was a consensus across all groups that NGOs must be comprehensively and intelligently integrated into the process, as they are closer to the beneficiaries and have resources and information that governmental authorities may be lacking.

However, as NGOs are in a politically unfavourable position when dealing with governmental authorities, concern was also expressed that they may end up losing some of their independence or even their 'heart' when collaborating or participating with national services. It was noted that the State tends to see NGOs as passive agents and not always rightfully value the work they do. If integrated appropriately, NGOs can provide enormous resources to public services.

Coordination between the wide range of institutional actors was considered an important challenge by the different working groups. Weak links between different authorities, political instability and topics that might be politically sensitive for some actors were all viewed as causes for concern when integrating social services.

Coordination is paramount, and so is *mutual understanding between organisations*. One of the things to avoid when integrating different services is 'silo thinking', meaning organisations that preserve their information and resources and keep them for themselves. Similarly, workers need to be integrated with a holistic view, being able to see beyond their usual field of work and knowledge. Differences in practice and thinking can also occur between regions or municipalities, unless there is a strong national umbrella organisation able to oversee the global management and coordination of social services.

The participants also voiced their concerns as regards the *training of case workers*, and how to provide incentives for them to work where they are most needed, for example in rural or highly impoverished areas. More specifically for Mediterranean countries, there was also how to take into account the informal family ties that already act as a support network for individuals.

On a more general level, the question was asked *whether pursuing employment was the most desirable outcome*. Some wondered how to make integration feel positive rather than punitive, and if it did not carry the risk of being used for disciplining rather than for integrating people for their own benefit. The risks of disconnection from actual needs and of building a technocracy were also underlined.

Finally, participants noted that good practices needed to be kept and *embedded* so that they would not just disappear when the funding period had elapsed, and that good local practices should be brought up to the national level for further pilot projects or mainstreaming.

The third and final question asked participants *what the EU could do to support integration reforms in Member States*.

There was wide range of suggestions, but a strong call was made from every group for the EU to get more involved in sharing good practices at the European level and in

investing more in influencing national governments. Ideas included creating a 'social policy narrative' that explains the integration efforts, various programmes and projects at the EU level in an understandable way; an EU-wide platform for integration similar to the PES Network; and training of less experienced Member States in integrating social services. Participants suggested that the European Commission could involve grassroots organisations more effectively and include them in the policy agenda-setting for integration, instead of only going through Brussels-based NGOs. The EU also has the capacity to spread both good and bad practices from which other authorities could learn what to do or what to avoid, for example through the European Semester. Funding was also an issue; co-funding rules as regards the ESF were deemed too expensive for NGOs, and it was suggested that the EU could fund more pilot projects.

On a more political level, a good assessment of the impact of integration at the national level should be conducted before any initiative is undertaken in order for measures to be fully understood and to ensure it has little or no negative effects. The EU should also encourage Member States to gather quality data for evaluations and cost-benefit analyses.

Furthermore, it was noted that the European Commission should be wary of supporting policies that increase precarious work, as this would increase exclusion from social participation and protection, and create political alienation. As a result, the discussion should also focus on working conditions and quality wages; there should be a link between supply-side/demand-side policies and employment legislation to create good-quality, secure jobs with decent wages and working conditions that include benefits and pensions.

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