



CREATING OPPORTUNITIES FOR LONG-TERM UNEMPLOYED PEOPLE TO PARTICIPATE IN THE LABOUR MARKET THROUGH WAGE SUBSIDIES IN COMBINATION WITH AN INDIVIDUAL HOLISTIC EMPLOYMENT SUPPORT PACKAGE INCLUDING COACHING, TRAINING AND INTERNSHIPS.

# “Participation in the labour market (“Teilhabe am Arbeitsmarkt”)

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## GERMANY

§16i of the Social Code Book II (SGB II) aims at the social participation of people who are particularly distant from the labour market and at bringing them closer to the general labour market. Employers receive wage subsidies as an economic incentive to employ the target group. The subsidised jobs offer practical work experience. During the funded employment, the participants receive individual and intensive holistic employment support, any necessary further training and the opportunity to take part in internships in order to support their integration into the labour market.

Name of the PES

Bundesagentur für Arbeit (BA)

Scope of measure (a pilot project or a national reform)

National.

When was the practice implemented? (including start and end date for pilot projects)

The practice started when the Participation Opportunities Act (“Teilhabechancengesetz”) came into force on 1 January 2019. The support benefit is limited until 31 December 2024. The draft Citizen’s Income Act provides for a deferral of the support benefit.

What was the driver for introducing the practice? Was it internal or external?

The federal programme “Social Participation in the Labour Market” and a specific programme for long-term unemployed within the European Social Fund (ESF) 2014-2020 implemented at federal level found that people who are particularly distant from the labour market need long-term, publicly funded employment and intensive holistic support. Both programmes were the “predecessors” of this specific measure introduced in §16i of the Social Code Book II (SGB II). The practice built on these findings.

Which organisation was involved in its implementation?

The BA is implementing the supporting services. Employers create jobs for the target groups, and the Institute for Employment Research (IAB) examines the effects of the programme.

Which groups were targeted by the practice?

Persons over the age of 25 years:

- ▶ who have been long-term beneficiaries of social assistance (receiving SGB II benefits for at least six of the last seven years);
- ▶ who were not or were only briefly in employment subject to social security contributions or were marginally or self-employed;
- ▶ for whom no allowances according to § 16i SGBII have yet been paid for a period of five years.

Slightly different requirements apply for persons who live in a household with children or who have a severe disability.

All types of employers can be funded for a maximum of five years.

Criteria usually applied for publicly funded employment programmes such as “additionality”, “public interest” or “competitive neutrality” do not apply.

What were the practice’s main objectives?

The main objective is to enable people who are very distant from the labour market to participate in the labour market through employment subject to social security contributions, to improve employability and to create transitional opportunities to follow-up support or unsubsidised employment in the general labour market.

<p>What activities were carried out?</p>	<p>The funding includes:</p> <ul style="list-style-type: none"> <li>▶ Wage cost subsidies: These are paid for employment subject to social security contributions. The wage cost subsidy is calculated on the basis of the statutory minimum wage or on the basis of collective agreements or church labour law regulations. The amount of the wage cost subsidy is 100% of the salary in the first two years. After that, there is a reduction of 10% per year. In addition, there is a flat-rate contribution towards the employer's social security contributions, minus the share related to unemployment insurance.</li> <li>▶ Holistic employment coaching during the subsidised employment. In the first 12 months, the employer must allow the employee to take part in the coaching sessions.</li> <li>▶ The employer's share of costs for further training up to a maximum of EUR 3 000.</li> <li>▶ The possibility of internships with other employers with continued payment of wages.</li> </ul>
<p>What resources and other relevant organisational aspects were involved?</p>	<p>Introduction, implementation and execution by the BA, creation of jobs by employers and evaluation carried out by the Institute for Employment Research.</p>
<p>What were the source(s) of funding?</p>	<p>State budget.</p>
<p>What were the outputs of the practice: people reached and products?</p>	<p>Since the introduction of the subsidy, around 76 300 long-term unemployed people have started the programme, of which around 40 200 are still in subsidised employment (BA statistics as of September 2022).</p>
<p>What outcomes have been identified?</p>	<p>The Institute for Employment Research explicitly states that the intended target group among those receiving support for the support instrument § 16i SGBII is reached.</p>
<p>What are the lessons learnt and success factors?</p>	<p>Holistic coaching, further training and internships open up opportunities for participation and transition to the labour market in the medium to long term.</p>



#### Contact details for further information

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