

## ► Background note on Activation Strategies

### Youth Guarantee in the Western Balkans: Peer-Learning process

Over the past three decades governments in Europe and elsewhere have taken steps to introduce activation strategies in the design and implementation of employment and social protection policies.

Strictly speaking, activation strategies link people's eligibility to unemployment-related cash benefits more tightly to their willingness to seek and accept jobs. They have also introduced tougher sanctions for those who fail to comply with these conditions. More broadly, the term "activation" is used to encompass the means and measures put in place to mobilize and engage unemployed people through employment services and labour market interventions.

Strict job-search and availability requirements make eligibility to unemployment-related benefits conditional on reaching a certain level of job-search effort, in terms of both intensity and scope, and hence set incentives for unemployed workers to widen and intensify their job-search. This, in turn, should increase outflow rates into employment. Sanctions are supposed to work through an ex-ante and an ex-post effect. The ex-ante effect arises where the prospect of being subject to a sanction induces beneficiaries to adjust their behaviour in order to avoid it. The ex-post effect materializes when a sanction is imposed and, because the amount of benefit is reduced, remaining unemployed becomes less attractive. Sanctioned beneficiaries should therefore intensify their job-search and consider also jobs that they would otherwise not have regarded as acceptable.

The use of sanction mechanisms as a key feature of activation strategies has come into question as it could lead to poor matching and placements in low quality jobs, often unrelated to jobseekers' qualifications. This could undermine future employment and earning prospects, and result in dissatisfaction with, and even withdrawal from, the labour force.<sup>1</sup>

The strictness of job-search and availability conditions are related to whether and how frequently beneficiaries' job-search activities are checked; whether beneficiaries have to present evidence of such activities; whether they have to sign individual employment plans; whether and to what extent they can be required to accept employment in other occupations and in other geographical areas; whether employment can be refused because the wage is too low; and whether

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<sup>1</sup> See for a literature review C.M. Knotz: "Does Demanding Activation Work? A Comparative Analysis of the Effects of Unemployment Benefit Conditionality on Employment in 21 Advanced Economies, 1980–2012", in *European Sociological Review*, Vol. 36, No. 1, pp. 121–135.

a number of other reasons would be considered valid reasons for not accepting an offer of employment.

The strictness of sanctions depends on whether the unemployment is voluntary (resignation, misconduct), whether the person refuses once, twice or repeatedly offers of suitable employment or participation in employment services and programmes, as well as the procedures for administering sanctions (warning/no warning, progressive decrease in benefits, immediate withdrawal).

In most European countries different job search requirements and sanctions apply to so-called first-tier benefit recipients (unemployment benefit recipients, who usually enjoy more generous benefits) and second-tier beneficiaries (people on social assistance or unemployment allowances, which are less generous in terms of amount and duration of the benefit).

The most recent evidence available on whether activation works to improve or accelerate benefit recipients' transition to employment shows that: (i) stricter job search and availability requirements are associated with improvements in the quantity of employment, but they may lower job quality and earnings if the requirements are too demanding; and (ii) stricter sanctioning rules have no measurable effect on employment, but substantially lower post-unemployment earnings.<sup>2</sup>

## ► 1. Activation Strategies in the Youth Guarantee

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Activation rules (job-search monitoring and sanctioning) are included in the Youth Guarantee implementation plans of EU countries that have comprehensive income-replacement schemes during spells of unemployment (for example, Belgium, Germany and Ireland). In these countries, various forms of material support are granted to unemployed persons who are ineligible for or have exhausted their entitlement to unemployment benefit (linked to previous tenure and paid contributions). These are extended to young people registering in the Youth Guarantee. The strictness of sanctions varies considerably between countries: while in some places, benefits are cut completely for a pre-determined period, in others they are only reduced. In Greece, Ireland, Italy, Luxembourg, Portugal, Romania and Slovakia, for example, an initial refusal of a job offer or placement in an active labour market measure can result in a complete cut in benefits. In Denmark, Estonia and Germany, the duration of suspension is relatively short (one month or less), while in Bulgaria, Lithuania and Poland it is longer (six or more months).<sup>3</sup>

In terms of broad activation strategies, all EU countries have introduced approaches aimed at engaging young people in the services made available by the Public Employment Service (PES) to improve employability and labour market prospects. In terms of service delivery, some countries

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<sup>2</sup> See C.M. Knotz, n. 1 above; P. Arni, R. Lalive and J. C. van Ours: How Effective Are Unemployment Benefit Sanctions? Looking Beyond Unemployment Exit, IZA Discussion Paper No. 4509 (2009).

<sup>3</sup> The Organization for Economic Cooperation and Development (OECD) has developed an index that makes it possible to compare the strictness of activation across countries. See <https://www.oecd.org/social/strictness-benefit-eligibility.htm>

have established specialized youth counselling teams within the existing PES structure, while others have strengthened cooperation with other partners (private employment agencies, civil society organizations, education and training providers) to expand the quantity and quality of services. With regard to job search assistance, most EU countries conduct mandatory interviews between the jobseeker and an employment advisor (caseworker). Young people are also required to report regularly on their job-search efforts.

Activation strategies targeting young people not in employment, education or training (NEET) include screening/profiling of individual needs (to better formulate back-on-track pathways), the development of individual employment (or action) plans, the delivery of job search, counselling and career guidance services, as well as any other service required through referral or one-stop-shop approaches, and mentoring.

EU countries also rely increasingly on screening and profiling to differentiate service delivery across different groups of people. Most labour offices use the personal information collected at registration to build an initial profile of the young person. More information is collected during a one-to-one interview with a caseworker, which usually takes place a few weeks after registration. Based on the difficulties the young person is likely to experience in the labour market, they will be referred to different types of services and programmes included in an individual employment plan.

Most of the activation services in national Youth Guarantee implementation plans include the development of an individual action plan, which is agreed between the young person and the caseworker within a few weeks of registration, and details activities to help the young person find work. These may include participation in labour market integration measures that are included in the national Youth Guarantee plan, but also access to other individualized services, as needed, provided by partner organizations.

Career guidance services targeting young people registered in national Youth Guarantee schemes use a broad spectrum of approaches. These include one-to-one counselling delivered by PES front staff or specialized careers advisors, group counselling, peer counselling, enterprise visits and work trials. In Latvia, for instance, there are workshops that offer young people the opportunity to explore three vocational training programmes (combined theoretical and practical learning) for two weeks each in order to understand the tasks required by a certain occupation and to help them make an informed choice of the training programme of most interest. In France, the Youth Guarantee plan offers a few days or weeks of work exposure in a local company. Through this experience, young people can identify the pathway that best fits their job aspirations and capabilities. The Estonian PES uses job clubs to help groups of young people who are unsure about their career choices or unable to engage in autonomous job search.<sup>4</sup>

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<sup>4</sup> For in-depth review of activation services provided within the Youth Guarantee see: European Commission: *Activation measures for young people in vulnerable situations. Experience from the ground* (European Union, 2018); ILO: *Policy brief on activation strategies for youth employment* (ILO, Geneva, 2018).

## ► 2. Activation measures targeting long-term unemployed

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In early 2016, the EU Council adopted the Recommendation on the integration of the long-term unemployed into the labour market. This Recommendation is grounded on four policy pillars, which require member States to:

- encourage registration of the long-term unemployed (LTUs) with an employment service;
- increase individualised support for the long-term unemployed based on in-depth assessments of their needs, and ensure that a job integration agreement (JIA) is set up within 18 months of the person becoming unemployed;
- develop closer links with employers and partnerships between employers, social partners, employment and social services, government authorities and education and training providers to increase job opportunities for registered long-term unemployed; and
- improve the continuity of support by coordinating services available to the long-term unemployed through a single point of contact.<sup>5</sup>

The European Network of Public Employment Services recently reviewed the delivery of integrated services to the long-term unemployed in EU countries and the situation as regards the establishment of a single point of contact. This report highlights several findings.

First, most PESs offer a single point of contact within their local employment offices, while in a minority of countries the PES shares responsibilities with other institutions (mostly local authorities, as in Estonia and Latvia). Second, several countries have put in place (formal and informal) partnership agreements – with public institutions (social welfare centres, rehabilitation services, health, family and child services, local authorities), training providers, private employment agencies and civil society organizations – to coordinate and provide specific support for the long-term unemployed. Specific protocols of agreements are in place with employers to improve the placement of the long-term unemployed in sustainable jobs.

Third, in terms of service delivery, most PESs make available to the long-term unemployed all categories of PES services (starting from registration, information, assessment, counselling, career guidance, job mediation), active measures (training or retraining, employment incentives, supported employment and rehabilitation, direct job creation or start-up incentives) as well as other social activation measures. The range of social support measures available include childcare, family and household support; psychosocial support; legal assistance; housing, debt and addiction counselling; rehabilitation and health care services delivered based on individual needs.

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<sup>5</sup> See European Network of Public Employment Services: *Integrated services for long-term unemployed* (2020). The EU Commission has also prepared an evaluation report on the implementation of the long-term unemployed recommendation (Evaluation of the Council Recommendation on the integration of the long-term unemployed into the labour market, SWD(2019) 154 final).

Fourth, the offers made to the long-term unemployed in the job integration agreement are characterized by: (i) more complex and in-depth assessment and/or re-assessment of individual needs, which serves for the planning of required services; (ii) an individualised approach (one-to-one/individual counselling or consultation, one-to-one training, support initiated at the request of the long-term unemployed); (iii) more frequent contacts with caseworkers; (iv) specialised long-term unemployed counsellors/case managers (also trained in specific areas); and (v) higher intensity of support (for example, a higher level of employment subsidies, a longer period of support especially in case of the long-term unemployed with multiple employment barriers; post-placement services and mentoring).

Finally, the majority of PESs report using data-sharing practices. The client information that is shared most frequently refers to: employment; education and unemployment history; job-search activities and support received; clients' assessments; and obstacles to finding employment (this includes health problems, and their family and personal situation, for example, whether the client is a single parent, on a low income, or on social assistance support).

The EU Commission evaluation report on the implementation of the Long-term Unemployed Recommendation (2019) highlights the persistence of four main gaps, as follows.<sup>6</sup>

- ▶ EU countries have adopted a range of measures to encourage registration, including providing information to non-registered people on the support available, services to discourage deregistration and outreach to specific inactive groups. However, the range of measures adopted has not yet translated into higher registration rates.
- ▶ There is a more holistic approach to individual assessments and tools are being increasingly developed to support the process (for example, profiling, guidance, individual action plans, job integration agreements). However, the scope and depth of assessments still vary considerably, which is strongly linked to the limited capacities of PESs. Existing agreements/action plans tend to encompass only regular employment services rather than a package of services and measures from different service providers.
- ▶ There is increased cooperation and coordination between services, but large gaps remain in ensuring that individuals have a single point of contact through which to access relevant support. Action is needed to increase the capacity of relevant organisations – and especially of the employment and social services.
- ▶ Employer involvement has increased, but a move towards more competitive services and programmes (combining incentives with in-work support, developing more supported employment opportunities, and increasing post-placement support services) is not yet visible.

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<sup>6</sup> See EU Commission Staff Working Document: *Evaluation accompanying the document Report to the Council on the evaluation of the Council Recommendation on the integration of the long-term unemployed into the labour market* (COM(2019) 169 final).