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NOTE

From: Presidency
To: Permanent Representatives Committee/Council
Subject: Follow-up of specific employment-related issues
- Implementation of the Recommendation of the Council on Long-Term
Unemployment (LTU)

Delegations will find attached a note from the Presidency with a view to the exchange of views at the EPSCO Council on 13 October 2016.

Addressing long-term unemployment

Whilst the improved economic situation has created better employment and social prospects, certain vulnerable groups are still suffering the full blown effects of the global economic crisis. This is the case of the long-term unemployed, whose complex situation leads to losses of income, human capital erosion, a higher incidence of health and psychological problems, and increased household poverty. In the EU, long-term unemployment (LTU) remains high, at 4.3% of the active population. It must therefore continue to be addressed with utmost urgency.

Accompanied by the economic upswing, long-term unemployment has decreased over the past year in 1.5 million. Countries which suffered the most have achieved large reductions. Whilst the trend is encouraging, 10.5 million EU citizens continue to be unemployed for more than one year, out of which 6.6 million for more than two years, fueling poverty, inequality, resentment and political discontent.

On 15 February 2016, the Council adopted its Recommendation on the integration of the long-term unemployment on the labour market¹. The Council Recommendation offers a framework for making support simpler and more effective, whilst at the same time giving sufficient flexibility to Member States in the design and implementation of their LTU measures. This gives them considerable discretion to choose and tailor policies adapted to the national circumstances. Additionally, the long-term unemployed are not a homogenous group. Coordinated support provided to the long-term unemployed should therefore be tailored to individual needs. Two key delivery challenges in the Recommendation are the individualization of support using job integration agreements and the set-up of a single point of contact.

While some countries are well advanced, Member States facing the biggest LTU challenge are also those with a large **capacity gap**. Often the range of active measures and social services is still under development, requiring considerable investments. New inter-institutional routines for achieving coordination require trust-building and can also take time.

¹ OJ C 67, of 20.2.2016, page 1

Countries facing the biggest administrative challenge are also those with largest **European Social Fund (ESF)** allocations. The funds can be put to good use for creating a data infrastructure that links information from training and social services providers with the PES. There are long-term gains from this investment, as it enables better evaluation of programmes, proof of value for investments.

Bringing back the LTU to work often requires funding the **employer's involvement** through employment incentives, subsidised workplace learning, adult apprenticeships and strengthened services to employers. Social enterprises and sheltered employment may play a role for groups with multiple disadvantages, such as remote Roma communities or people with disabilities, while public work schemes can be a last resort in areas with exceptionally poor job growth. Such interventions need however to remain targeted and be thoroughly evaluated.

Tackling long-term unemployment should also be supported by demand-side measures involving balanced macroeconomic policies. Policy measures to boost growth and jobs will have positive effects on the long-term unemployment trends. As regards the Recommendation, a structured and ambitious **monitoring of progress** in the implementation should be carried out. Clear quantitative indicators should show progress in activation of the long-term unemployed and sustainable employment outcomes. EMCO can deliver a reinforced and structured multilateral surveillance maximizing the policy learning potential from the Recommendation. The Network of European Public Employment Services should continue developing the LTU dimension of benchlearning, thereby enabling capacity building and progress towards good practice.

The exchange of views will be introduced by three delegations, who will share their experiences.

Long-term unemployment in **Bulgaria** decreased, by 1.8 p.p. in two years, to 5.6% in 2015. Since 2015, Bulgaria has been implementing a new programme for provision of training and employment of long-term unemployed. Centres for Employment and Social Assistance are under development for the provision of integrated services for the long-term unemployed, taking into account their individual needs. A methodological framework and new working methods with vulnerable groups, including the LTU, have been developed. The individual action plan including profiling of every registered unemployed plays a key role for the provision of targeted public employment services. Comprehensive support, including psychological consultation, vocational and career guidance, and participation in job-search services is provided. Labour mediators also work for identification, motivation and activation of people out of the labour force. The case managers in the Labour Offices deal with the multidimensional problems of the long-term unemployed regarding educational, health and family issues, with a view to support their sustainable integration in the labour market.

In **Latvia**, long-term unemployment decreased from its peak - 8.8% of active population - in 2010 to 4.5% in 2015 (the EU average). The public employment service (State Employment Agency) and its activation efforts, as well as the effective use of the EU funds, played a crucial role in improving the situation. The State Employment Agency focused its activities on improving the effectiveness and efficiency of active labour market policy measures by introducing an individualized approach based on the individual needs of the long-term unemployed and strengthening cooperation with municipal social services. On the basis of a pilot project implemented in 2013 – 2014, a new activation programme has been introduced for the long-term unemployed. It includes career guidance, psychological and psychotherapeutic support, in-depth health checks, assessment of professional suitability, motivation programmes and other support measures according to individual needs.

Successful experiences in **Denmark** are based on an early and active approach to the prevention of long term unemployment. The Danish flexicurity approach is characterized by a dynamic labour market with many job openings and transitions, partly due to relatively high benefit levels, which however also involve the risk of prolonging unemployment spells. Therefore, active labour market policy plays a vital role. The evidence points to early and intensive contact being the most effective way to get unemployed citizens back in to work, or through an active measure as close to a normal job situation as possible.