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**COMMISSION STAFF WORKING DOCUMENT**

**CASE STUDY - GREECE**

*Accompanying the document*

**REPORT FROM THE COMMISSION 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} - {SWD(2019) 155 final}

# CASE STUDY - GREECE<sup>1</sup>

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<sup>1</sup>Study supporting the evaluation of the Council Recommendation on the integration of long-term unemployed into the labour market, Ramboll Management consortium for the European Commission, 2019

## 1. INTRODUCTION

The objective of this report is to assess and explore the actions taken at national and local level in Greece in response to the Recommendation on the integration of the long-term unemployed into the labour market (2016/C 67/01) (hereafter ‘the Recommendation’). The aim is to establish whether and how the Recommendation has influenced policy, funding, activities, and long-term unemployment<sup>2</sup> in Greece.

### 1.1 Context of the implementation of the Recommendation

#### 1.1.1 Evolution of labour market situation

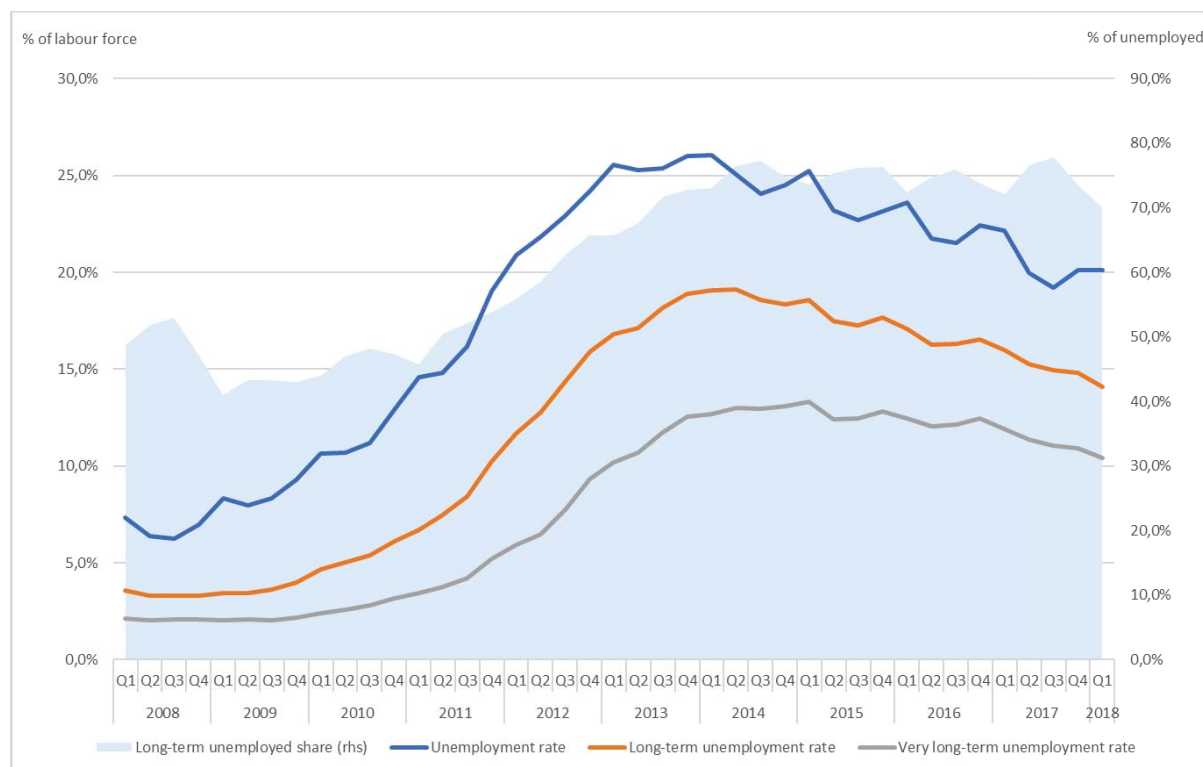
In 2008, the unemployment rate in Greece was slightly over the EU28 average and stood at around 8% (Figure 1). As the economic crisis took hold in 2009, the overall unemployment rate increased, reaching a high of over 25% in 2014. Since then the trend has turned downwards, although the unemployment rate at the end of 2017 was still high at around 20% compared to around 26% in 2015.

With a short lag following the increase in the unemployment rate, the share of long-term unemployed started increasing in Greece. **The share of long-term unemployed reached a peak of a staggering 73.5% of the total number of unemployed in 2014** and has remained stable since (Figure 1).

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<sup>2</sup> Long-term unemployment refers to unemployment (ILO/Eurostat definition) lasting for more than one year, with Eurostat data presented here including adults between the ages of 25 and 64 years old.

**Figure 1: Long-term unemployed share, unemployment rate, long-term unemployment rate, and very long-term unemployment rate in Greece, 2008-2018<sup>3</sup>**



Source: Eurostat

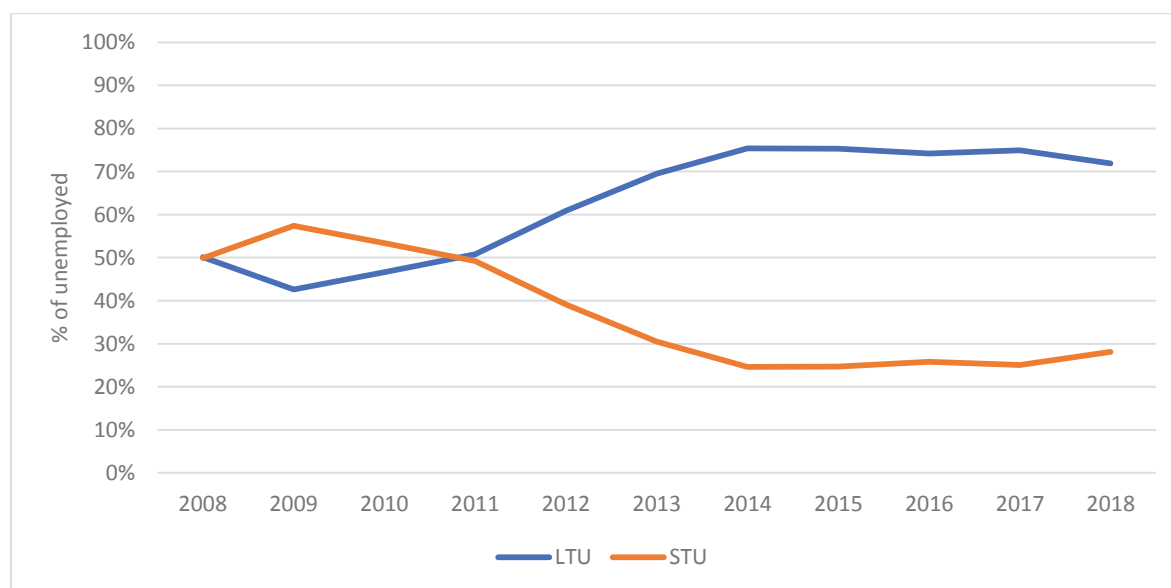
**Long-term unemployment in Greece has consistently been high;** even before the downturn in economic activity that started in 2008, the percentage of long-term unemployed as a share of all unemployed exceeded the overall EU28 average as transition rates between labour market states are low in Greece. In fact, prior to 2009 the very long-term unemployment rate was only marginally lower than the overall long-term unemployment rate (Figure 1). While long term unemployment has been decreasing on the EU level since 2014, it has still remained high in Greece, standing at a rate of 14,1% in early 2018.<sup>4</sup>

Over time, short term unemployment has decreased in Greece, widening the gap between long term and short term unemployed (Figure 2). Since 2014 the trends are stable, and both short- and long-term unemployment rates have not changed significantly.

<sup>3</sup> There is a break in Eurostat data series in Q1 2009.

<sup>4</sup> Based on Q1 2018 Eurostat data.

**Figure 2: Long-term unemployment (LTU) versus short-term unemployment (STU) rate in Greece, 2008 - 2018**



Source: Eurostat. Note: data for 2018 is based on Q1 and Q2 only.

Hence, long-term unemployment remains a serious issue and challenge in Greece. Long-term unemployment is prevalent among both high, medium and low skilled workers, even though low skilled workers are particularly vulnerable (Table 1). While different age groups tend to face the same long-term unemployment rate, currently women face a slightly higher long-term unemployment rate than men.

**Table 1: Long-term unemployment rates (unemployed for more than 12 months) in Greece, 2014-2017**

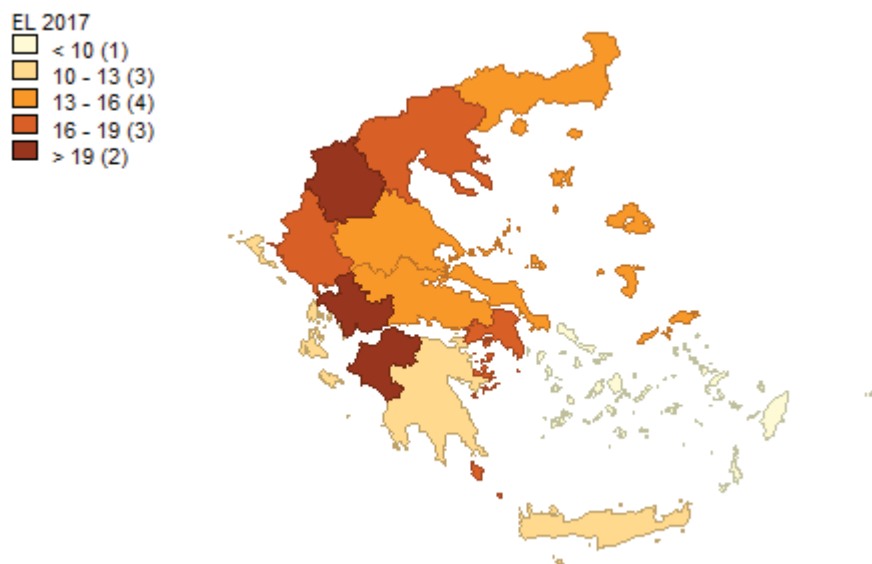
Country	LTU rate (>12 months)							
	Total	Education level			Gender		Age	
		Low	Medium	High	Men	Women	25-54	55-64
2014	18.8	21.3	21.1	13.7	16.5	21.7	19.5	14
2017	15.3	18.1	16.9	11.4	12.2	19.1	15.3	15.2

Source: EMCO monitoring data 2014-2017

The **regional differentiation** in the incidence of long-term unemployment has decreased over time as the percentage of long-term unemployed has increased even in regions that used to have a lower share of long-term unemployed. Figure 3 shows the long-term unemployment rate by NUTS2 region in one particular year (2017) and illustrates that most of the country has a high (13% and above) long-term unemployment rate. The least affected regions are areas with intense tourist activity such as most of the islands (South Aegean islands, islands on the Ionian Sea and Crete). The worst affected regions are in the Western part of the country (Western Peloponnese, Aetolia and Acarnania and Western Macedonia) and the largest cities, Athens and Salonika. The Western part of the country is where most traditional industrial sectors were located (e.g. textiles, tobacco and paper mills). As relocation in these

sectors was long overdue, when the crisis hit it became even more difficult for employees from these sectors to find any kind of job.

**Figure 3: Long-term unemployment rate (12 months and more) by NUTS 2 regions in Greece, 2017**



Source: Eurostat

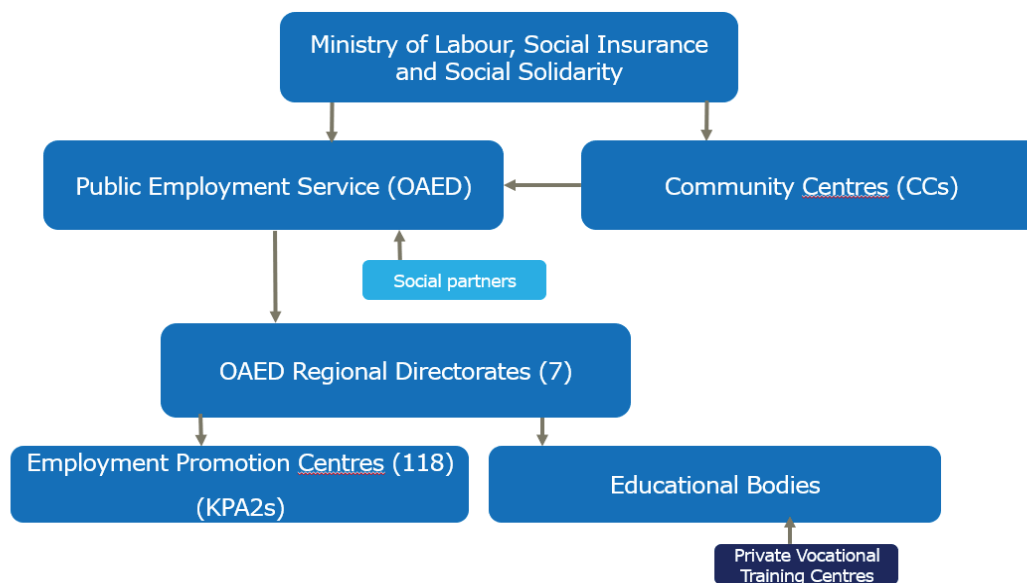
### 1.1.2 Institutional framework for providing support to the long term unemployed

The main parties involved in implementing the Recommendation are the Ministry of Labour, Social Security and Social Solidarity, the Community Centres (CCs) and OAED (the Public Employment Service in Greece). The Ministry of Labour is at the highest level and has both Community Centres and the Public Employment Service under its supervision. The CCs should act as a one-stop shop which serves as the reference point to which unemployed individuals go to first. From there individuals will be directed to the Public Employment Service. Policy design is performed jointly by OAED and the Ministry of Labour, Social Security and Social Solidarity while implementation is conducted by OAED.

**Greece has a centralised Public Employment Service business model**, relying on the Manpower Employment Organisation (responsible for ALMPs, vocational training, unemployment and social benefits). As of the end of 2018, OAED has 7 Regional Directorates and 118 local level Employment Promotion Centres (KPA2s). OAED also has Educational Bodies and cooperates with private vocational training centres to carry out its services.<sup>5</sup>

<sup>5</sup> From 2012 OAED also administers 25 nurseries which have been annexed to the Regional Directorates.

**Figure 4: Institutional set-up of stakeholders involved in supporting LTU labour market integration**



Social Partners participate in the Governing Board of OAED. The Regional Directorates implement the policies designed centrally and supervise the Employment Promotion Centres (KPA2s) under their jurisdiction. Six out of the seven Regional Directorates have Divisions targeted at vulnerable social groups threatened by social exclusions (e.g. individuals with special needs, ex-convicts etc).

The KPA2s operate as one-stop shops in terms of active (training) and passive (benefits) labour market policies.

**OAED is currently undergoing a ‘Reengineering Process’, co-financed by the ESF**, with the goal of achieving a better match between labour market demand and supply, the improvement and modernisation of the services offered to unemployed individuals. These include strategic planning and evaluation of OAED, a more individualised approach to those looking for work and closer cooperation with employers.

## **2. IMPLEMENTATION OF THE RECOMMENDATION**

### **2.1 Progress on implementation of the Recommendation**

This section outlines the progress on implementation of measures proposed in the Recommendation. It provides an overview of policy and practice changes in relation to:

- Registration of long term unemployed
- Individualised support
- Coordination of support
- Cooperation with employers

The assessment of progress takes into account the expected impact from the 2015 Commission Staff Working Document accompanying the proposal for a Council

Recommendation<sup>6</sup>, and is based on the mapping of policy changes, self-assessments by Member States and stakeholder consultations during field work. When available, indicators on outputs and results are included in the analysis.

Given the high share of long-term unemployed in Greece a ‘by-the-book’ implementation of the Recommendation is not possible. Nevertheless, the policies implemented – some of which were in place prior to the Recommendation – do in principle follow the spirit of the Recommendation. Furthermore, the Recommendation appears to be in favour of policies that, in general, were also asked for starting from the second Memorandum of Understanding Greece had agreed upon with its official creditors in 2012.<sup>7</sup>

Greece has an urgent need to deal with the very high number of long-term unemployed, **yet public finances do not permit fiscal injections** of any sort while more importantly the private sector economic activity is still very anaemic. Thus, the main issue at present might not be the non-implementation of specific measures in the Recommendation regarding, for example, the Job Integration Agreement – which in any case due to the very large number of long-term unemployed would require a lot of resources - but the fact that **firms do not have vacancies and the public sector is under a hiring restraint**.

Figure 5 summarises the progress on the implementation of the Recommendation on the integration of the long-term unemployed in the labour market by comparing the picture prior to the Recommendation (H1 2015) with the situation since.

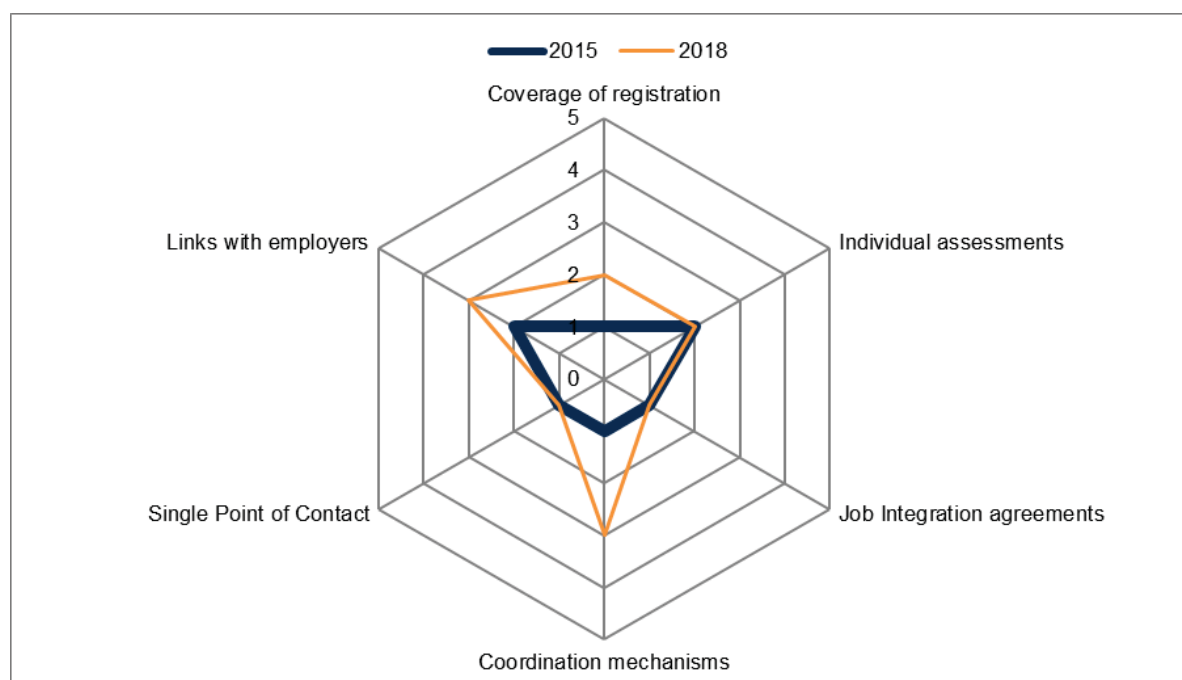
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<sup>6</sup> European Union, European Commission, Commission Staff Working Document, Document Accompanying the document Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176

<sup>7</sup> The Second Economic Adjustment Programme for Greece, First Review December 2012 [http://ec.europa.eu/economy\\_finance/publications/occasional\\_paper/2012/pdf/ocp123\\_en.pdf](http://ec.europa.eu/economy_finance/publications/occasional_paper/2012/pdf/ocp123_en.pdf)



Figure 5: Quality of measures - Greece<sup>8</sup>



Source: Quality rating by national expert

## 2.1.1 Registration of long term unemployed

### Baseline and development

Overall there have been **no major changes to the registration process** other than the introduction of financial incentives (as outlined in the findings section below). Processes in place at the baseline are therefore still applicable now: unemployed individuals register with the OAED and report their skills and qualifications and the job they are looking for. Registration with the OAED is associated with financial benefits for the long-term unemployed (in the form of *inter alia* discounts for electricity bills, free transportation, more lenient rules on overdue loans etc.).

In 2013, in Greece, there was a moderate share of the long term unemployed registered with the Public Employment Service<sup>9</sup> (68.3%), which has increased since, to 77.9% in 2017 (EU28 72.8 and 71.8% for the same years). This suggests that, contrary to what happened in other member states,<sup>10</sup> as the crisis unfolded, the long-term **unemployed were not discouraged from registering**. This is probably due to the fact that certain financial incentives for the long term unemployed are dependent on registration.

<sup>8</sup> Quality ratings ranged from 1– 5 whereby: **1 (low)** = no or basic implementation only, only on an ad hoc basis or not fully integrated into the overall services package; significant room for improvement; **2 (low-medium)** = More than just a basic implementation but falls short of being routinely implemented at national level and integrated into the overall service package; significant room for improvement; **3 (medium)** = Routinely implemented and integrated into the overall service package but recognise that the service/function falls short of guiding elements of the Recommendation guidance; **4 (medium-high)** = Established and well developed service/function that fulfils most guiding elements of the Recommendation but falls short of realising all of them; **5 (high)** = Established and well developed service/function that fulfils all the guiding elements of the Recommendation. This implies that mechanisms to constantly monitor performance and develop the service/function on the basis of what is or is not working well should be in place.

<sup>9</sup> See Commission Staff Working Document, Document Accompanying the document Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176, p. 10. Figure 7. Long-term unemployed by Member State, stock and share registered with the PES, 2013.

<sup>10</sup> See Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176, p. 10.

According to the mapping of policy changes, measures targeting registration of the long term unemployed did not exist at the baseline for the evaluation (H1 2015). By and large there have been no changes in the procedure for the initial registration of the long term unemployed although as outlined below financial incentives to register have been introduced.<sup>11</sup>

The quality rating for the **coverage of registration** provided by the national expert improved from 1 in H1 2015, to 2 in May 2018 to reflect the changes outlined below. Interestingly eight in ten (77.9%) of long term unemployed persons report being registered with the Public Employment Service, which is slightly more than the EU as a whole (71.8%).<sup>12</sup>

### Case study findings

With effect from the 1<sup>st</sup> August 2018, however, all recipients of *Social Solidarity Income* (SSI) – a means tested national minimum income – who are neither working nor in education are obliged to register with the OAED services. Furthermore, **financial incentives for unemployed individuals to register with the PES have been enhanced** while procedures for continuing registration (up to date status) have been simplified.

The *financial incentives* mentioned above do not refer to the unemployment benefit (the long-term unemployed receive a benefit of 200 EUR for a period of 12 months). *Financial incentives* for registration of the unemployed<sup>13</sup> always existed (at least since 2010) in the form of, for example, priority in child care facilities, cheaper electricity supply,<sup>14</sup> bank debt relief<sup>15</sup> etc. These, however, have more recently been enriched mainly<sup>16</sup> through the provision of free transport for the unemployed within the city.<sup>17</sup>

*Procedures for continuing registration* have been simplified by allowing the update of long term unemployment status through a number of channels (e.g. electronically, Citizen Service Centres – KEPs).<sup>18</sup>

*OAED officials*, at all levels, deemed that the **information available through the portal is rich** and given that financial incentives are provided, as already mentioned above, there was no need to “advertise” more widely. This is supported by the available data on registration rates of the long term unemployed (section 2.1.1).

The *beneficiaries of OAED services* appeared to be **satisfied with the information provided through the portal**. It should, however, be noted that given that nearly all the individuals contacted had been in touch with OAED services they might not be representative of the whole population. Beneficiaries also argued that they were more likely to register now compared to the situation prior to the economic downturn that started in 2008, as being registered as unemployed or long term unemployed no longer carries a stigma.

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<sup>11</sup> See PES portal ([www.oaed.gr](http://www.oaed.gr)).

<sup>12</sup> EC (2018): Data collection for monitoring the integration of the long-term unemployed into the labour market 2017. Country Fiche: Greece.

<sup>13</sup> Not only the long-term unemployed but as they apply to all unemployed, this implies that LTUs have reason to continue being registered.

<sup>14</sup> Ministerial Decision since 2010 benefits those who have been unemployed for at least 6 months.

<sup>15</sup> Laws 3869/2010 and 4161/2013.

<sup>16</sup> According to a 2016 Ministerial Decision unemployed individuals are allowed free entry to museums, archaeological sites and cultural centres.

<sup>17</sup> From July 2015 (L. 4331/2015, Article 77).

<sup>18</sup> See the Directorate-General for Employment, Social Affairs and Inclusion European Network of Public Employment Services publication *Ad Hoc Module to the 2018 PES Capacity Questionnaire Survey report*. According to information provided by the Greek PES the simplifications, mentioned in the text above, were introduced prior to the adoption of the Recommendation, but it cannot be ruled out that they were inspired by the expectation of its adoption (p. 18).

According to the mapping of policy changes, barriers to increasing the coverage of registration have included a **limited number of counsellors and IT restrictions**. As a way to alleviate this the number of counsellors has increased significantly, with around 300 people hired and in the process of being integrated into the system. This is a positive development (also with regards to potentially increased capacity to deliver individualised support (see Section 2.1.2), especially given that according to a 2017 report on Public Employment Service capacity<sup>19</sup> Greece was one of a handful of countries with less than 40% of Public Employment Service staff specifically serving jobseekers (countries<sup>20</sup> with the largest share had around 70-80% of staff dedicated to this role).

### **2.1.2 Individualised support**

#### **Baseline and development**

The 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation considered that Greece would be one of the Member States in which individualisation of support could have a strong positive impact.

According to the mapping of policy changes, measures were already in place in H1 2015 for individual assessments and personalised guidance of long-term unemployed at the latest at 18 months of unemployment. These assessments covered education/work experience, distance from available jobs, and family situation/obligations and resembled more “job-search counselling sessions”.<sup>21</sup> Together with job counsellors, jobseekers complete a personal action plan that aims to support reintegration into the labour market. Long-term unemployed jobseekers have access to information on subsidised job vacancies or training/retraining activities via the OAED portal. In addition, job counsellors also notify individuals of specific vacancies available that would be suited to those who have been long-term unemployed. More vulnerable groups (e.g. individuals with disabilities, rehabilitated individuals, ex-convicts) receive more specialised counselling services and job placements are more generous for both the individuals involved and their employers. The large number of long-term unemployed people and the limited number of counsellors have however acted as barriers when it comes to the implementation of individual assessments. Changes to these measures have not been implemented since H1 2015.

The quality rating provided by the national expert for **individual assessments** subsequently remained unchanged at 2 between H1 2015 and October 2018.

Job Integration Agreements targeting the long term unemployed that have reached 18 months of unemployment did not exist at the baseline for the evaluation (H1 2015) and there has been no change on a permanent or complete coverage fashion since. As such there is no monitoring data available on job integration agreement users.

The quality rating provided by the national expert for **job integration agreements** therefore remained at 1 between H1 2015 and October 2018.

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<sup>19</sup> <https://publications.europa.eu/en/publication-detail/-/publication/7f2b39a6-0184-11e8-b8f5-01aa75ed71a1/language-en>

<sup>20</sup> Slovakia, Sweden, Lithuania, and the Netherlands.

<sup>21</sup> See Proposal for a Council Recommendation on the integration of the long-term unemployed into the labour market (2015) 176, p. 18.

## Case study findings

The fieldwork shows that OAED services, even prior to the Recommendation, provided individualised support. This takes the form of an individualised action plan (IAP) that is drafted by the job counsellor in consultation with the beneficiary. Whilst job integration agreements did not exist at H1 2015 as outlined above, **individualised action plans have been enriched on a pilot basis** (between beginning of July 2017 to end of October 2017) to include a detailed profiling of the unemployed which also involves a self-assessment by the long-term unemployed individual and the promise of the job counsellor to contact the individual within at most a month in order to: update their profile, assess actions taken and to search for new opportunities. To confirm, this piloting was limited to a 2017 and did not cover the whole long-term unemployed population. Profiling, which is part of the Public Employment Service Reengineering Process, has not yet been rolled out - this was expected to happen in Autumn of 2018.

The Individualised Action Plan includes proposals for counselling sessions on job searching and training/retraining activities. Beneficiaries should notify the Public Employment Service of changes in their curriculum vitae which would necessitate an update of the individualised action plan. Public Employment Service staff use the Individualised Action Plan to notify beneficiaries of job openings, purpose-built labour market programmes to enhance the work experience of the beneficiaries or training/retraining programmes.<sup>22</sup> As only a limited number of beneficiaries can participate in these programmes, the long-term unemployed are given priority (the aim is to fill the majority of the posts in quite a number of programmes with long-term unemployed). This is not a direct effect of the Recommendation, as a number of programmes before 2015 were addressed to the long term unemployed specifically, though it has further improved since.

The Individualised Action Plan, however, **falls short of being an agreement** between OAED and the beneficiary and does not have tight timelines or an outline of obligations of the two parties involved, all of which characterise the Job Integration Agreement as outlined in the Recommendation. The mutual obligation part of the Job Integration Agreement has been difficult to implement both due to the fact that the Public Employment Service is short staffed and due to the fact that imposing obligations on to vulnerable groups is a politically sensitive issue. In late March 2018, the Executive Board of OAED published a decision which outlines the rights and obligations of OAED, on the one hand, and of the beneficiaries on the other. No sanctions are specified if the beneficiaries do not keep to their obligations, but the possible imposition of sanctions is being discussed (e.g. withdrawal of the Unemployment Card). Note, however, that since 2013 through the ERGANI information system, which records the identities (Social Security Number) of individuals hired or dismissed in all firms, if an unemployed individual is hired the individual automatically loses the right to the Unemployment Card.

*OAED officials*, at all levels, deemed that the Individualised Action Plan is crucial in accomplishing the goal of placing unemployed individuals in some type of activity. The main

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<sup>22</sup>The average number of individuals participating in training at any point during the year stood at 31 k in 2015 (the latest year for which data is published see [https://webgate.ec.europa.eu/empl/redisstat/databrowser/view/LMP\\_PARTSUMM\\$TPS00079/default/table?category=T\\_LMP](https://webgate.ec.europa.eu/empl/redisstat/databrowser/view/LMP_PARTSUMM$TPS00079/default/table?category=T_LMP)) compared to a total of 875.3 k of long-term unemployed in 2015 this is a very low share.

reason for which a Job Integration Agreement has not been implemented is the **lack of job counsellors**. A number of job counsellors (335) were selected in July 2018, 122 out of these individuals had joined the Public Employment Service at the end of October 2018.<sup>23</sup> Furthermore, recent training of OAED staff – co-financed through the ESF – will help in the provision of more targeted advice from job counsellors to the beneficiaries.

Nevertheless, OAED staff, especially at local level, are sceptical about the matching tools used due to imprecise description of candidates' qualifications/skills/abilities and because the skills and the job descriptions provided by employers are also not very informative. This is in part related to the fact that most firms in Greece are small or very small and cannot afford to employ very specialised staff; thus employers, especially in smaller firms, are looking for individuals that can help in a range of different activities of the firm.

The *beneficiaries of OAED services* were **satisfied with the advice they had received from the Public Employment Service counsellors** and from the Individualised Action Plan itself and considered that the fixed-term job (or job experience programme) they had been matched to was suitable both in itself and as a stepping stone to something else, although they were concerned about the fixed-term nature of the placements.

### 2.1.3 Coordination of support

#### Baseline and development

The 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation, considered that Greece would be one of the Member States in which coordination<sup>24</sup> would be relevant for improving transition rates to employment. Prior to the Recommendation, Greece had no formal coordination across organisations.

According to the mapping of policy changes, coordination mechanisms<sup>25</sup> between organisations dealing with the long-term unemployed were not in place in H1 2015. Given progress outlined below however, the quality rating provided by the national expert for **interinstitutional coordination** improved from 1 in H1 2015, to 3 in October 2018.

The quality rating provided by the national expert for **Single Points of Contact** remained at 1 between H1 2015 and October 2018.

#### Case study findings

Despite not having been implemented since the baseline, coordination mechanisms are planned through the gradual rolling out of the Community Centres and the closer coordination between the Community Centres and the Public Employment Service. Single Points of Contact for the long term unemployed, responsible for benefits and long term unemployment support that meet the minima – including the ability to conclude a job integration agreement - described in the Public Employment Service quality standards document,<sup>26</sup> have not yet been introduced. Nonetheless considerable progress has been made in the planning of the

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<sup>23</sup> At the end of October 2018, 129 out of the 335 individuals have accepted the job. 122 out of these 129 individuals have joined the PES.

<sup>24</sup> Coordination refers to coordination of support between support services of relevant to the long-term unemployed, including employment, social, physical and mental health, housing support services for example.

<sup>25</sup> European Commission (2015) specifies two mechanisms: a systematic referral system to the support needed and data sharing mechanisms across organisations.

<sup>26</sup> See *Public Employment Services (PES) Network Proposal to EMCO for Quality Standards*.

coordination between the Public Employment Service and Social Services in the form the Community Centres.

Community Centres (CC), a structure designed by the Ministry of Labour, Social Security and Social Solidarity and operating at the Municipal level, were established at the end of March 2016<sup>27</sup> and started gradually being rolled out from the beginning of 2017. The main aim of CCs is **to bring beneficiaries into contact with individual agencies and services** (local government services, public services, volunteer organisations, organisations with a social character, etc.) through referrals in order to serve their needs. Furthermore, CCs aim to inform and raise awareness among local employers of the need to tackle unemployment. This is done through organising activities in which local professional chambers get to inform individuals about employment opportunities. 240 CCs are currently in operation. In principle, CCs serve as a single *information* point. While the CCs do not meet some of the minimum requirements, in that for example CCs do not conclude and implement job-integration agreements with registered long-term unemployed, they are essentially a ‘one-stop shop’ aiming to integrate information on all and for all beneficiaries of all types of social benefits at a single point from which beneficiaries will be referred to the appropriate specialised service. Their success has not been evaluated yet.

The CC structure is funded by the European Social Fund (ESF) through the 2014-2010 National Strategic Reference Framework (NSRF). European Regional Development Fund (ERDF) resources can also be used to fund CCs actions, though this has not yet happened.

Public Employment Service (OAED) offices have always integrated services related to the provision of unemployment benefits with those of job/training matching activities. Unemployed individuals seeking support from other social services (e.g. child care facilities) have to obtain confirmation of their status as registered unemployed in order to apply to the, for example, municipal centre providing the other service. At the moment Public Employment Services offices have access to some of the information on other benefits received by the unemployed individual. For example, they know whether the individual receives the Social Solidarity Income (SSI) and are also notified, as already stated above, about whether an individual finds a job. Public Employment Services officers note, however, that a more integrated system through which all information on the social benefits received by the individual and their status is available would be useful. As an example, they note that while students are not allowed an Unemployment Card, Public Employment Services officers have no way of verifying whether an individual is a student or not. This is supported by the finding of a 2017 World Bank study which also found that activation and employment support programmes in Greece **could benefit from a more coherent approach to activation policies** due to fragmentation of support available.<sup>28</sup>

Integration of all this information is the role to be played by the Community Centres once the IT systems of the different service providers (e.g. child care facilities, support for the elderly etc) become integrated.

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<sup>27</sup> Community Centres were established by Law 4368/Feb. 2016 and the Joint Ministerial Decision published in Issue B 854 of the Government Gazette of the 30th March 2016 set out the minimum requirements for these CCs.

<sup>28</sup> <https://openknowledge.worldbank.org/bitstream/handle/10986/29618/Synthesis-Note.pdf?sequence=1&isAllowed=y>

## 2.1.4 Cooperation with employers and businesses

### Baseline and development

Among the interventions included in the Recommendation, two mechanisms were considered to strengthen employment support: enhancing services to employers and focusing all labour market policies (ALMPs) on the competitive labour market, reducing to a minimum public works.

According to the mapping of policy changes, measures were already in place in H1 2015 to establish closer links with employers related to the placement of the long term unemployed. These measures cover the screening of suitable candidates and placement support. Specifically, with effect from December 2014, the **Public Employment Service (OAED) has operated a unit dedicated to large firms/employers**. A few large firms ask the OAED to supply them with suitable candidates for a number of vacancies. Following an initial screening conducted by OAED, firms themselves conduct a second screening procedure. Through this procedure, the Public Employment Service has developed a cooperation with these companies on a permanent basis.

Changes in such measures have since been implemented.

The quality rating provided by the national expert for **measures to establish closer links with employers** improved from 2 in H1 2015 to 3 in October 2018.

### Case study findings

A **new skills diagnosis mechanism** has been in operation since the first semester of 2016. The mechanism, which is co-financed with the ESF, aims to identify skills in need and skills in decline. The information provided is used as an input by OAED in designing training/re-training courses. Social Partners participate in the design of the skills diagnosis mechanism.

*OAED officials* identified the inability of smaller employers to provide a precise job description as an obstacle to matching. The issue of the possible deadweight involved (i.e. recruitment which would have taken place in any case or that was previously hidden in the undeclared economy) did come up in the discussions. There was acknowledgment of the fact that **perhaps the OAED should change its profile and become more visible and more accessible** to employers. Job placements in the public sector (e.g. via the Kinofelis programme – see section 2.3) or local authorities or social economy structures appeared to be much easier for OAED officials, especially at the regional and local level. While it was acknowledged that such placements had indeed contributed to preventing unemployed individuals from becoming discouraged during the unprecedented economic crisis, nevertheless they signalled some gap from approaching the competitive private sector labour market.

*Individual businesses as well as Business Chambers* were hesitant about using OAED services either because they were afraid of the bureaucracy this entailed or because the services offered were not flexible enough (e.g. training programmes were too rigid to accommodate the needs of fast changing technologies). Despite the fact that Business Chambers (both those representing large employers and those representing medium-sized firms) acknowledge the positive impact in tackling unemployment of the creation of the

OAED unit dedicated to large firms/employers and of the skills diagnosis mechanism, they were **not aware of efforts for closer cooperation** and had not been asked to cooperate in designing active labour market policies systematically but in an *ad hoc* and piecemeal fashion. Businesses were thus *disappointed* by the lack of collaboration between the Public Employment Service and employers in designing the active labour market policy measures (e.g. content of training programmes). A possible exception of more active involvement is that of the tourism sector where the dual apprenticeship scheme (through OAED and the German-Greek Chamber) seemed to work at least for a while.

Most firms appear aware of the short-term programmes run by OAED where the firm gets a subsidy for hiring an unemployed individual. As part of this firms receive subsidies, for a limited time period, when hiring long-term unemployed individuals. Firms receiving financial support for hiring *long-term unemployed* individuals are not obliged to retain the employee following expiration of the subsidy in contrast to instances in which the individual hired is not a long-term unemployed and the employers have to continue employing the individual for at least three months following subsidy expiration. Up until now there were specific calls by the Public Employment Service with a given number of beneficiaries and a limited time interval during which firms would be subsidised for hiring unemployed individuals. In 2018 two changes were introduced to this process:

- First, with effect from June 2018, firms are exempt<sup>29</sup> from employers' social security contributions and receive a subsidy of up to 50% of these contributions for every long-term unemployed individual hired. This is subject to the provision that total employment and the wage bill in the firm has not decreased compared to the previous year. For as long as the last condition holds, firms have a right to this exemption for another 4 consecutive years following the first.
- Second, on a pilot basis the Public Employment Service has introduced what are known as *open-framework programmes* which ensure the continuous availability of subsidised posts in areas which have been badly hit by the economic downturn (e.g. Elefsina in W. Attica).

Firms were until recently hesitant to use this facility to receive subsidies for hiring unemployed individuals, however, as they were afraid of the bureaucratic burden involved. They were also concerned about the fact that, until 2016, if in the time period between applying for the subsidy and the hiring of the unemployed an employee left the firm, voluntarily or on retirement, the firm would not be eligible for the subsidy. This restriction has been lifted and it is only in the case in which the firm explicitly dismisses another employee and substitutes them with an employee with a subsidised cost that the firm is not eligible for the subsidy.

Businesses were puzzled by what they saw as an inconsistency between, on the one hand, trying to create the conditions for sustainable growth which should be based on permanent jobs for which employers provide on the job training and, on the other hand, the short-term internships included as part of the Active Labour Market Policy Measures (ALMPs). Furthermore, they were concerned by a **mismatch in the labour market, and a lack of individuals with medium-level skills** despite the high unemployment rate.

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<sup>29</sup> Law 4549/2018 (Article 116).



Private businesses involved in the activity of placing unemployed individuals were happy to work with large firms which would pay the going rate but acknowledged that some of the smaller firms were trying to take advantage of the high unemployment rate and would pay well below the going rate for long hours of work.

Regarding the individuals looking for jobs, there was no feedback from the long-term unemployed individuals themselves on the pressure unemployment was putting on wages as most of the individuals interviewed worked in some kind of state or local authority organisation. Only one of the interviewees, a previously long-term unemployed person, worked for a private employer, and in that case, it seemed the individual was content with the agreement they had reached with the employer.

## 2.2 Examples of measures

The follow measures are highlighted here as practice examples given their link to the measures proposed in the Recommendation. Whilst progress has been made in Greece towards improving support available to the long-term unemployed, the measures outlined in the Recommendation have not yet been formally implemented. As such the examples listed below refer to measures *of relevance* to the Recommendation in terms of boosting overall support for individuals but cannot yet be directly attributed to the Recommendation itself:

- The **counselling services** provided by OAED employee counsellors which are very supportive to the unemployed themselves. Counselling sessions comprise a personalised assessment of the requirements of the long-term unemployed, with regards to job searching and training/retraining requirements, as well as education and work experience, distance from available jobs and family situations/obligations. Individualised guidance is provided and more vulnerable groups receive more targeted counselling services to help them find employment.
- The introduction – even if still on a pilot basis – of certain so-called *open framework programmes* (see section 2.1.4) to ensure continuous **availability of subsidised job vacancies**.
- **Coordination mechanisms** are planned through the gradual establishment of Community Centres (CCs) and increased coordination between these and the Public Employment Service, as part of which CCs will take on the role of the Single Point of Contact as defined in the Recommendation.

## 2.3 Use of the ESF to implement the Recommendation

As is clear from section 2 above, the Recommendation as such has not yet been formally implemented in the case of Greece, where a number of actions are planned, albeit not yet rolled out completely.

The operational programme "Human Resources Development, Education and Life Lifelong Learning" **co-financed by the ESF aims to *inter alia* combat unemployment**. Total funding under the OP is of the order of EUR 2.104 billion of which EUR 1.933 billion is from the ESF budget and EUR 171 million from the Youth Employment Initiative.<sup>30</sup> According to the more recent monitoring report, the OAED has been given an intermediary role in channeling the OP

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<sup>30</sup> [https://ec.europa.eu/regional\\_policy/en/atlas/programmes/2014-2020/greece/2014gr05m9op001](https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/greece/2014gr05m9op001)

funds and has been allocated the management of EUR 168.3 million.<sup>31</sup> The main beneficiaries of the planned actions of the OP include young people who are NEET, long-term unemployed, women, unemployed with low qualifications and unemployed 30-44 years. Greece is also part of the ESF Transnational Network on employment which presents opportunities for mutual learning and exchange e.g. via hosting and attending thematic network meetings with other Managing Authorities, national and European level stakeholders and representatives from the European Commission.

The contribution of the European Social Fund (ESF) in the design and implementation of active labour market policies and in financing the establishment of the Community Centres is significant. Furthermore, the **Kinofelis programme** constitutes an example of a concrete measure financed by the ESF of relevance to the aims of the Recommendation. The programme was established in 2011 and has provided for placements for the long-term unemployed in posts, with a value added for society, in municipalities. The wage costs for 8 months have been co-financed by the Greek state (Ministry of Employment, Social Security and Social Solidarity) and the ESF. By the end of 2017 at least 45 thousand individuals had benefited from these posts which besides providing monetary rewards, prevented individuals from becoming discouraged.<sup>32</sup>

## 2.4 Monitoring of implementation

Monitoring at present focuses on an assessment by the unemployed of the services provided by the Public Employment Service. However, their offices **do not follow up** on individuals placed with an employer or on whether a particular training programme has been successful or not.

The pilot implementation of certain measures (e.g. pilot implementation of certain subsidised employment programmes) are considered to include a form of monitoring and assessment since if they are not successful they will be withdrawn.

*Private businesses* involved in providing retraining services did monitor the success and longevity of the placements they made.

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<sup>31</sup> <https://empedu.gov.gr/to-epicheirisiako-programma/etisies-ektheseis-ylopoiisis/>

<sup>32</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_622168.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_622168.pdf)

### 3. CONCLUSIONS

The overall assessment of the extent of the implementation of the Recommendation is that measures envisaged by the Recommendation are planned in compliance with the measures included in both the Memoranda of Understanding (MoU) Greece has signed with its creditors and under the OAED Reengineering Process. Progress has been made in several respects. For example, the training of OAED staff to be able to provide more individualised support, the Community Centres which are to act as a Single Point of Contact, and attempts to establish close cooperation with employers through the Public Employment Service unit dedicated to large enterprises. Administrative constraints of the Public Employment Service and limited financial resources inevitably, however, limit the extent to which the Recommendation has been implemented. Greece spends a much smaller share of its GDP on active labour market policies, compared to other EU countries with a significantly lower unemployment rate.

**Links between the changes described above and the Recommendation are not particularly strong** however as changes have not been introduced in view of the Recommendation. This is partly so since Greece has been under a Financial Assistance Programme (agreed upon as part of the MoU) with conditionality which also involved, explicitly from the second memorandum in 2012, the restructuring of OAED services, registration with OAED services and specific measures to deal with ALMPs.

#### 3.1 Relevance

The measures included in the Recommendation remain relevant for integrating the long-term unemployed into the labour market as had already been identified in the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation. As outlined above and in section 3.4 with regards to coherence, measures introduced in Greece since H1 2015 were in line with the measures proposed by the Recommendation and thus signal their overall relevance to the Greek context.

Given, however, the large number of long-term unemployed it is impossible to aim for universal provision of these measures to all those who are long term unemployed, with employers' associations stressing that the main obstacle in absorbing the long-term unemployed is in fact the **lack of labour demand**.

Therefore, whilst the measures covered in the Recommendation remain thematically relevant in light of the ongoing issue of long-term unemployment, the particular situation in Greece in terms of the sheer scale of long-term unemployment ultimately **decreases the practical relevance of the prescribed measures** in terms of the degree to which they can realistically be implemented.

#### 3.2 Effectiveness

While the overall unemployment rate has decreased over the last few years (it stood at 21.5% in 2017 compared to 26.5% in 2015), it does not seem that the share of long-term unemployed has declined as well. More precisely, **the share of long-term unemployed in total unemployed has remained stable and high**. The share of long-term unemployed amongst the young has declined but has increased for older individuals. In fact on average, transition rates for long-term unemployed individuals has remained unchanged compared to 2014.

One area in which a change in the direction of the Recommendation is noted is the increased registration of long-term unemployed compared to the situation prior to the economic downturn. This is partly due to the enriched set of financial incentives for registration.

Private sector businesses involved in retraining unemployed individuals singled out some past EU initiatives such as the “Fit 4 Jobs”<sup>33</sup> project as having been very successful – judged in terms of the very high placement rates of participants<sup>34</sup> with employers - and requested a rerun of these. The main features of these initiatives which appear to contribute to their success is that there is extensive engagement of employers in designing the skills offered and a targeted selection of trainees: as a result, there is a good matching between the skills the market asks for and the training offered.

However, stakeholders would favour additional funding and more exchange of best practices across countries, and more specifically, sharing of information on tools of how to develop and implement the Single Point of Contact and the Job Integration Agreement. There was also some concern that there was a need for a better match between EU policies and country-specific features as it seems most EU policies are framed with the larger countries in mind. This lack of a bottom-up approach is in fact a concern even at national level; the local Public Employment Service wanted to be more integrated in designing ALMPs and voiced the need for a more targeted approach for long-term unemployed individuals.

### 3.3 Efficiency

Implementation of the main elements of the Recommendation - the job integration agreement and the single point of contact - have not been completed. Although progress has been made in this direction, **few investments have been made**. Although costs related to increasing staff capacity to support the long-term unemployed were broadly referenced during fieldwork, in Greece measures implemented did not only target the decline in long term unemployment but also the increase in inequality. Given that it is not possible to isolate particular costs relating to the Recommendation, it is difficult to judge the efficiency or otherwise of its implementation.

### 3.4 Coherence

The Recommendation is coherent with other measures being taken at the same time (including via ESF funding) to combat long-term unemployment outlined above e.g. the training of OAED staff to be able to provide more individualised support, plan to assign Community Centres as single point of contacts, and attempts to establish close cooperation with employers through the Public Employment Service unit dedicated to large enterprises. The measures envisaged by the Recommendation were mostly already implemented prior to the baseline or followed **in compliance to the measures included in the Memorandum of Understanding (MoU)**.

Furthermore, additional measures are planned as part of compliance with the national Financial Assistance Programme (agreed upon as part of the MoU), which are **in line with the sentiment of the Recommendation**. For example, registration for NEETs for individuals living in households receiving the Social Solidarity Income, will become mandatory. In

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<sup>33</sup>Information about the project “Fit 4 Jobs”, in general, can be found at <https://fit4jobs.eu/>, while details on the implementation of the project in Greece <https://fit4jobs.eu/greece/>.

<sup>34</sup> In the case of Fit 4 Jobs, trainees were young people rather than LTUs specifically.

addition, those individuals that can be integrated in the labour market will receive support in terms of active labour market policies, and the Public Employment Service will be engaging in a more proactive role in attracting employers through its counsellors; will offer more targeted services to beneficiaries; will ensure the continuous and not *ad hoc* availability of subsidised work placement programmes; will introduce monitoring and evaluation of the effectiveness of ALMPs; and will work on applying an agreement – along the lines of job integration agreements – with mutual obligations between the beneficiaries and the Public Employment service. The World Bank is, in fact, currently providing counselling along the above lines.<sup>35</sup>

### 3.5 EU added value

Greece participates in ESF Transnational Network on employment which (as outlined in section 2.3) presents **opportunities for the sharing of knowledge and experiences** on the alleviation of long-term unemployment.

Looking beyond this, in principle measures along the same lines as the Recommendation **would have been implemented (or rather, were already implemented) in the absence of it**. The Recommendation itself has not urged the Public Employment Service to take on the measures lacking (e.g. Single point of contact or closer relations with employers) as these were already conducted, based on inter alia ESF funding, as part of the Reengineering Process of the Public Employment Service.

For example, the establishment of Community Centres as a single point of information on welfare benefits and the detailed description of obligations of unemployed beneficiaries and of support providers (OAED), are both part of the Recommendation, but are included in Reviews of the Memorandum of Understanding between Greece and its creditors.<sup>36</sup> Furthermore, the (Draft) Supplemental Memorandum of Understanding published as part of the 4<sup>th</sup> Review of the ESM programme (on 23<sup>rd</sup> May 2018) notes that the cooperation between the Community Centres and the PES will proceed further.

The EU contribution aims to address funding shortages and to improve the exchange of information between member states. The ESF operating programme *Human Resources Development, Education and Lifelong Learning* has contributed to funding inter alia the new skills diagnosis mechanism, OAED's Reengineering Process, the Community Centres, the enhancement of the role of social partners.

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<sup>35</sup> [https://ec.europa.eu/info/sites/info/files/economy-finance/draft\\_smou\\_4th\\_review\\_23\\_05\\_2018.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/draft_smou_4th_review_23_05_2018.pdf)

<sup>36</sup> See [https://ec.europa.eu/info/sites/info/files/economy-finance/compliance\\_report\\_4r\\_2018.06.20.docx.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/compliance_report_4r_2018.06.20.docx.pdf)

#### 4. LIST OF INTERVIEWEES

In order to construct a comprehensive picture of the implementation of the Council Recommendation (CR), and any shortcomings, individuals from three different groups were consulted: 1) individuals designing, implementing and monitoring the measures, 2) social partners (employers) involved in implementing the measures and 3) long-term unemployed - the beneficiaries of the Recommendation.

As the goal was to provide not only a picture from central administration but also from “the ground”, interviews with individuals from the different groups were conducted both centrally (in Athens) and in an individual region, the region with the highest share of long-term unemployment in 2015. The region with the highest share of long-term unemployment in 2015 (when the Recommendation was first discussed) was the Peloponnese (77.1%). The region of Attica (76.7%) followed second and the region of Western Greece (76.3%) third. Given the above, interviews were conducted in *Athens* (to get a national view), in *Patras* (the third largest city in Greece which belongs geographically to the Peloponnese although administratively it belongs to Western Greece) and in *Argos* (a rural region in the Peloponnese with a sizeable population which also has a high share of long-term unemployed as determined by more detailed OAED data).

Level	Role / Position	Type of stakeholder
<b>National</b>	Senior Staff	PES
	Career Counsellor	PES
	Senior Staff: Employment Division	PES
	Managerial Staff in the Division Supporting Vulnerable Groups	PES
	EMCO member	Department of Employment
	National Contact Point	Department of Employment
	National Contact Point	Department of Employment
	Head of Employment Affairs Division	Social Partner (Employers)
	Executive & Scientific Director	Social Partner (Employers)
	New Business Development Manager / Director	Employer
<b>Regional</b>	Deputy Director	PES
	Chairman / Founder and President	Social Partner (Employers)
<b>Local (Patras)</b>	Senior Staff in the Local OAED Employment Promotion Centre	PES
	Employers' Counsellor	
	Jobseekers' Counsellor	

	Managerial Staff in the Division Supporting Vulnerable Groups	
	Long-term unemployed	Beneficiary
	Long-term unemployed	
<b>Local (Argos)</b>	Senior Staff in the Local OAED Employment Promotion Centre	PES
	Jobseekers' Counsellor	
	Employers' Counsellor	
	Long-term unemployed	Beneficiary