

Technical note

Integrating the Long-Term Unemployed into the Job Market

Synthesis of international experience and implications for Kosovo¹

August 2019

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EXECUTIVE SUMMARY

- ▶ **Long-term unemployment has been a persisting problem in Europe since the 2008 economic crisis.** Long-term unemployment is widespread across Europe, with Southern European countries most heavily affected (e.g. in Greece, the share of long-term unemployed out of the total number of unemployed accounted for 70 percent in 2018).
- ▶ **The composition of a country's long-term unemployed (LTU) population can be very heterogeneous, however, there are oftentimes similarities across countries.** Lower levels of education and outdated skills are typical characteristics of long-term unemployed. Older workers, migrant workers, ethnic minorities, as well as people with health problems or disabilities are also more vulnerable to long-term unemployment. Many long-term unemployed face multiple barriers to labor market integration.
- ▶ **Long-term unemployment has high costs for individuals and society.** The longer people are out of work, the less likely they are to find a job again. Moreover, long-term unemployment can have severe 'scarring effects', such as lower life-time earnings, higher risk of poverty and negative health outcomes. Long-term unemployment is also associated with lower economic growth and increased poverty, inequality, social exclusion and increased public spending for social services at the country level.
- ▶ **International experience suggests that intensive and comprehensive approaches are needed to effectively support the long-term unemployed.** The European Union (EU) has put in place a '*Recommendation on the integration of the long-term unemployed (LTU) into the labor market*' highlighting the need for prevention, individualized support and partnerships with employers and other institutions to effectively support this group. Single, isolated measures (e.g. training or wage-subsidies alone) tend to be ineffective.
- ▶ **While there is an increasing interest to serve the long-term unemployed in Kosovo (e.g. social assistance beneficiaries), structures and resources of the Employment Agency of Kosovo (EARK) will need to be strengthened to effectively support this target group.** Current structures and resources (e.g. in terms of caseload of counselors) are not suited to provide the intensive support the long-term unemployed require. In order to build its capacity to serve the LTU, EARK may need to consider a mix of short-term strategies (incl. partnerships with non-public providers to overcome internal capacity constraints) and medium/long-term strategies (i.e. build capacity, increase resources, and experiment with tailored intervention strategies).

I. THE CHALLENGE OF LONG-TERM UNEMPLOYMENT

The 2008 global economic and financial crisis has heavily affected the European economies, challenging both employment agencies as well as social protection services. The economic downturn resulted in record high unemployment rates throughout Europe. Younger, less skilled and temporary workers were the groups hardest affected by the crisis. The increase in unemployment has also led to an increase in the long-term unemployment² and inactivity rates. Since then, the long-term unemployment rate in Europe remains a major challenge for the European welfare states as the share of the LTU still accounts for a large proportion of all unemployed registered with a public employment agency (PEA). Indeed, across Europe, long-term unemployment represents almost half of the total number of unemployed, with the southern countries being more strongly affected than the north of Europe.³ For instance, while the share of LTU out of the total unemployed accounted for 24 percent in Estonia, it stood at 40 percent in Croatia and exceeded 70 percent in Greece.⁴

Although the long-term unemployed are a heterogeneous group, they often share common characteristics. The following sociodemographic characteristics tend to be associated with long-term unemployment:⁵

- **Age:** Older workers are typically more vulnerable to long-term unemployment than prime-age workers. That said, the situation in many European countries has shown that young jobseekers are also vulnerable to becoming LTU (e.g. due to lack of work experience).
- **Low level of qualification:** LTU often have lower education and limited or outdated skills. Similarly, people with work experience

in declining occupations are more likely to become long-term unemployed.

- **Migrant background or ethnic minorities:** People with a migrant background or ethnic minorities often face additional employment barriers making them more prone to become LTU. Reasons include language and cultural barriers, discrimination when applying for jobs, etc.
- **Poor health and disability:** People with physical or mental health issues (or addictions) have greater difficulties in job search and face a restricted number of jobs that suit their needs (e.g. they may no longer be able to carry out their previous occupation). People with disabilities also face multiple barriers, including inaccessible workplaces and transportation, discrimination during recruitment and in the workplace, etc.
- **Gender:** There is no clear pattern whether men or women are more vulnerable to becoming long-term unemployed. Several European countries have experienced higher long-term unemployment rates amongst men whereas other countries, particularly in southern Europe, have seen higher risk of becoming LTU among women. For men, the decline of male-dominated industries can be a key determinant. For women, the challenge of returning to the labor market after taking time off for care responsibilities or needing more flexibility (e.g. part time work) for family reasons is often a decisive factor.

One aspect that makes the labor market reintegration of the long-term unemployed particularly difficult is the presence of multiple barriers. Thus, the risk of long-term unemployment is particularly high and reintegration in the job market particularly challenging when multiple barriers co-exist (e.g. older worker with health issues). Moreover, unemployment itself may reinforce some of the

² The most common definition of long-term unemployment is unemployment for more than twelve months.

³ Duell et al., 2016.

⁴ OECD, 2019.

⁵ Duchemin, 2014.

barriers. For instance, long unemployment spells can negatively affect the physical and psychological health and wellbeing of job seekers, leading to a vicious cycle.

Long-term unemployment can have very detrimental consequences on the affected individuals. Long-term unemployment is highly problematic for several reasons:

- **The longer people are out of employment, the less likely they are to find a job again.** Indeed, the long-term unemployed show only half the chances of finding a job compared to other unemployed.⁶ Reasons can include the erosion of skills, confidence, and motivation as well as a decline in social relations during extended unemployment spells. Long-term unemployment is also regarded as a bad signal by employers and therefore limits people's hiring chances. As a result, many LTU become discouraged and fall into inactivity as a result of unsuccessful job search.
- **Long-term unemployment can lead to long-lasting 'scarring effects',** especially when occurring early in life. In addition to increasing the likelihood of future joblessness, it reduces life-time earnings and is associated with poverty⁷ and social exclusion. For instance, the at-risk-of-poverty rate⁸ in the EU amounted up to 53.1 percent for LTU compared to 35.6 percent for short term unemployed and 15.9 percent for those people in employment (2017).⁹ Moreover, long-term unemployment can negatively affect people's identity and have negative consequences on their physical, emotional, and mental health. It can also have negative implications on the families and children of the unemployed through reduced incomes

and increased family stress (for instance, this can result in fewer educational opportunities for children, negative parent-child relationships, etc.).¹⁰

Long-term unemployment also has a major impact on society. Long-term unemployment is associated with lower economic growth and increased poverty, inequality and social exclusion.¹¹ It also negatively affects public finances as it increases public expenditures for social services and unemployment/social benefits while lowering tax revenues.

II. THE EUROPEAN UNION RESPONSE TO LONG-TERM UNEMPLOYMENT

The EU Member States have committed to addressing the issue of long-term unemployment. In 2016 the EU Council adopted the '*Recommendation on the integration of the long-term unemployed (LTU) into the labor market*' ('LTU-Recommendation'). The overall objective of the Recommendation is to provide guidance on supporting fast and sustainable (re)integration of long-term unemployed into the labor market. To achieve this goal, the Recommendation highlights three main areas:

- a) **Registration.** Encourage the registration of jobseekers with an employment agency.
- b) **Individual approach.** Provide personalized guidance through individualized assessments and counselling (via job integration agreement and a single point of contact).
- c) **Links with employers.** Enhance partnerships with and services for employers to increase job opportunities for registered LTU.

Public Employment Agencies play a critical role in the successful implementation of the LTU

⁶ European Commission, 2016a.

⁷ For instance, 25% percent of LTU in the EU spent more than 40% of their disposable income on housing, and around 10% of the LTU were not able to satisfy their needs for medical care. Icon Institute and Quantos, 2017.

⁸ The at-risk-of-poverty rate is the share of people with an equivalized disposable income (after social

transfers) below the at-risk-of-poverty threshold, which is set at 60% of the national median equivalized disposable income after social transfers.

⁹ Alphametrics, 2019

¹⁰ See for example Nichols et al., 2013; Lindemann and Gangl, 2018.

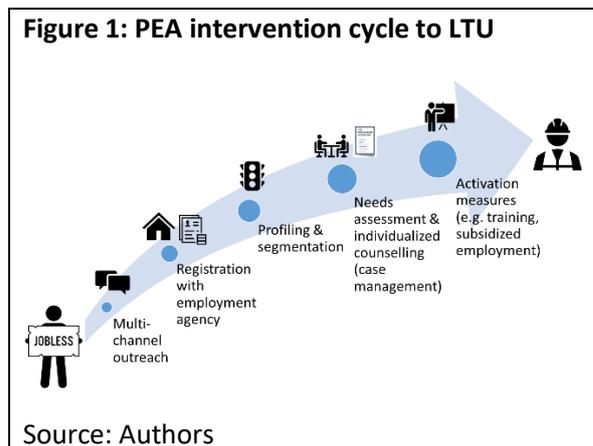
¹¹ Council of the European Union, 2016.

Recommendation. Although directed to the EU Member States, PEAs are the central - though not the exclusive - institutions to deliver on the Recommendation. Taking this into account, the Recommendation already explicitly requests the European Network of Public Employment Services¹² to contribute to the monitoring of the implementation of the Recommendation.

The institutional setting of PEAs influences how they provide services to LTU. Depending on their institutional setup and mandate (e.g. in terms of level of decentralization, administration of social benefits, etc.), PEAs can be very different to each other. For instance, when a national PEA is mandated to administer unemployment benefits there is an automatic inflow of unemployed into the PEA's register. Where this is not the case, PEAs need to invest more effort in reaching out to the (long-term)unemployed. The institutional capacity consequently also affects the PEA's service delivery. The long-term unemployed tend to be in need of interventions that are more intensive. Staffing and financial resources are therefore crucial to provide time consuming and expensive services for LTU.

III. GOOD PRACTICES TO SUPPORT THE LABOR MARKET INTEGRATION OF THE LONG-TERM UNEMPLOYED

PEAs must offer a range of services to prevent and address long-term unemployment. Since the LTU show significantly lower chances of successful reintegration into the labor market, preventing unemployed customers from becoming long-term unemployed is a key element in PEAs' strategies. Moreover, those who are already LTU require specific support from PEA in order to successfully reintegrate into the labor market. To meet both objectives, PEAs must typically offer a combination of employment services (e.g. individualized counselling) and active measures (e.g. training).



A) Employment services

Partnerships and targeted outreach to increase the registration of the LTU. PEAs are only able to support those LTU who are registered as unemployed. However, reaching out to long-term unemployed is often challenging. LTU show larger distance to the labor market and may often be less motivated to register with a PEA due to negative labor market experience. This is particularly problematic as long-term unemployment may consequently lead into inactivity. In Europe PEAs have pursued two major approaches to encourage the registration of the LTU:

- The first approach is to increase and foster cooperation with relevant stakeholders (e.g. social security services, NGOs etc.) who already serve this target group in order to exchange relevant information on the characteristics and needs of the LTU and get access to them through these partners.
- The second approach is to intensify the PEA's own outreach activities, such as specific projects aiming at increasing the registration of LTU (France) or organization of events (e.g. job fairs) and communication campaigns providing information on PEAs' activities.

Box 1: Approaches to increasing the registration of LTU

¹² The European Network of Employment Services comprises all PEAs of the EU Member States, Norway, Iceland and the European Commission.

Malta: Since 2017, the PEA has set up new initiatives targeted at special LTU groups. In the case of long-term unemployed single parents, the PEA tries to increase the registration through cooperation with various stakeholders. This includes the 'LEAP project' that offers personalized support to families directing them to relevant social service providers including the PEA.

Lithuania: Since 2016, the PEA is engaged in meetings with several non-governmental organizations and social departments of local authorities to foster cooperation and exchange experience on projects for the most vulnerable groups including the long-term unemployed. Through this 'national network for the reduction of poverty', the PEA receives information and access to LTU.

Source: Mašidlauskaitė, 2018

Profiling tools are key for a preventive approach to identify people at risk of long-term unemployment. Identifying whether a registered unemployed person is at risk of becoming long-term unemployed is key in order to offer timely and appropriate interventions. The use of profiling tools supports PEAs in assessing the labor market (re)integration chances of the unemployed and choosing appropriate measures. There are different types of profiling tools in use:

- **Rule-based profiling:** These tools rest on a set of criteria such as age, level of education, labor market history (including duration of past unemployment spells), etc. Based on a jobseeker's profile the job counsellor can cluster the jobseeker according to his/her (re)integration chances ('segmentation').
- **Statistical profiling:** PEAs in OECD countries are increasingly using more sophisticated profiling tools, which are based on statistical prediction. Statistical profiling requires higher technical capacity and above all detailed administrative data to build an appropriate algorithm that can make accurate predictions. Next to 'hard factors' such as the level of education, age, gender, 'soft factors' such as motivation are

increasingly used in order to receive holistic jobseeker profiles.

Box 2: Statistically assisted profiling – Croatia

Aiming at improving resource allocation and service provision to LTU, the Croatian PEA introduced a statistical profiling tool that supports the counsellors to better segment PEA customers according to their labor market distance. The system uses a set of different variables such as the level and area of education, work experience, history of employment and unemployment, regional labor market characteristics, affiliation to vulnerable groups etc. The tool then segments the jobseekers into four risk groups according to their probability of finding employment within twelve months. Those jobseekers with a low probability of finding employment within twelve months receive targeted services such as motivation counselling and additional in-depth counselling.

Source: Fleischer, 2017

Support to the long-term unemployed requires an individualized and person-centered approach. The long-term unemployed (and those at risk of becoming LTU) are a heterogeneous group (e.g. older workers, ethnic minorities, etc.). Given their additional barriers to employment, which often include difficult personal circumstances, more intensive and personalized support is needed. Hence, many PEAs offer intensified case management for the hard-to-place, including:

- Individual assessments to know people's life circumstances and barriers to employment (e.g. France);
- Addressing motivational and personal issues (incl. lack of social skills) first, through tailored counseling and coaching (including through group work) (e.g. in Bulgaria);
- More frequent counselling sessions and support provided over longer periods of time (e.g. Finland);
- Personal (and specifically trained) counsellors to facilitate building trust and cooperation, as

well as other support staff, like psychologists, coaches (e.g. Estonia) or mentors (e.g. of particular ethnic origin in Bulgaria);

- Smaller caseload for counselors in charge of hard-to-place individuals than ‘generalist’ counsellors given the more intensive support provided (e.g. France or Germany);
- Referrals to complementary services tailored to individual needs, such as debt-counselling, social support services, migrant integration, housing support etc., in order to foster life circumstances conducive for employment (e.g. Austria).

Box 3: Individual support to LTU - Portugal

In Portugal new procedures and services exclusively for LTU were introduced in 2017. On top of the profiling an individual employability assessment for LTU takes into account additional factors such as the customer’s broader socio-economic profile. LTU are also offered more intense job search assistance including follow-up sessions (thus, more frequent and higher quality job search support). The PEA also introduced individual counsellors (‘personal managers’) that are in charge of servicing LTU.

Source: Mašidlauskaitė, 2018

Case management of LTU is typically guided by individual action plans. Since integration barriers are often due to multiple reasons, long-term unemployed persons require support that is tailored to their needs. Once an in-depth assessment of the individual situation is undertaken the actual situation of the customers as well as all planned services and activities should be recorded in an individual action plan that serves as a roadmap back to employment. This roadmap allows both the jobseeker and the counsellor to discuss the needed support and monitor progress of the steps agreed. Hence, it is important that such a document is regularly updated.

Box 4: The Job Integration Agreement – LTU Recommendation

One of the central pillars of the LTU Recommendation is the job integration

agreement (JIA) that shall be offered at the very latest when a long-term unemployed reaches 18 months of unemployment (the JIA can be considered a version of an individual action plan). The Recommendation remains unspecific on what exactly is understood as a JIA, however it defines it as a written agreement between a long-term unemployed and a single point of contact (see Box 6). Since the Recommendation remains vague on the definition, the European PEAs have worked out several principles that PEAs should consider for their JIAs:

- The JIA should be tailored to the individual needs and circumstances of a jobseeker.
- The JIA should be a clear contract between the jobseeker and the PEA. The roles of both parties should be clearly defined, and consequences should be laid down in case a jobseeker does not comply with the agreed.
- The JIA needs to be a living document that is regularly updated according to the actual needs and developments of the jobseeker. This implies that a JIA is understood as a forward-looking document not just reflecting the history of the jobseeker but providing a roadmap which outlines the progression of a jobseeker, defining future steps in order to reintegrate into the labor market. To this effect a JIA shall also include skills requirements and subsequent proposals for training and ALMPs.

Source: PES Network, 2015

PEAs also need to pay attention to preventing deregistration of LTU. The LTU Recommendation highlights that almost a fifth of the LTU are becoming discouraged and subsequently fall into inactivity due to unsuccessful job search. Since it requires significant efforts to encourage LTU to (re-)register with a PEA, it is better to avoid deregistration in the first place. What are the reasons for deregistration from the PEA? On one hand, jobseekers may deregister from the PEA due to discontinuation of benefits or dissatisfaction with services received. On the other hand, PEAs themselves deregister jobseekers mainly due to sanctions (e.g. continuous refusal of job offers or active measures). Several PEAs have therefore adapted their sanction regimes, introducing gradual

deregistration systems to avoid immediate deregistration (e.g. PEA using multiple warnings before deregistration).

Box 5: Preventing deregistration of LTU from the PEA register – Greece

In Greece, jobseekers that are registered with the PEA need to continuously renew (every three months) their unemployment status ('unemployment card'). Since 2015 the Greek PEA simplified this unemployment status renewal procedure through the use of a multi-channel approach. Jobseekers may now renew their card using e-services or visit the newly introduced service centers for citizens.

Source: Mašidlauskaitė, 2018

B) Activation measures

Another key element of support to the long-term unemployed is the provision of training and other active labor market measures. Besides intense counselling, additional activation measures such as training (to close skills gaps) or subsidized employment (e.g. financial incentives to employers to hire an unemployed person) are often needed in order to support the reintegration of the long-term unemployed (and those at risk of becoming it) into the labor market. Which measure, or combination of measures, is most appropriate is typically decided by the job counsellor. This choice is ideally based on the outcomes of the profiling and the subsequent individual counseling process which help identify the specific barriers to employment that need to be addressed. The referral to the appropriate measure is key for a successful reintegration into the labor market.

Targeting and tailoring of active measures are key. Studies on the effectiveness of active measures for long-term unemployed have showed mixed results, suggesting that the quality

of design and implementation of specific interventions is key. Therefore, to be effective, training and other measures have to be targeted and tailored to the specific needs of the LTU:¹³

- Training measures can have positive impacts in the medium or long-term (especially for young people) but the impacts are contingent on the measure being adapted to the jobseekers' profile (e.g. specific skills gaps) and (local) labor market needs. Training should also include work-based practical experience in cooperation with possible employers and potentially lead to a formal qualification.
- Wage subsidies can be effective (e.g. in Hungary) if targeted at the most disadvantaged groups to minimize displacement of other workers. Their success also tends to depend on setting the subsidy at the right level,¹⁴ differentiated subsidies by jobseeker characteristics (i.e. higher subsidy percentage for people with disabilities or other severe employment barriers), low administrative burdens to claim the subsidy and combining the subsidy with other measures (e.g. training, coaching, follow-up).
- Public works can help reconnect people to a work routine, especially where other jobs are scarce, but they are often not successful as a bridge to post-program employment.
- Start-up support is usually not considered suitable for long-term unemployed due to the additional challenges of being self-employed. This, however, does not necessarily imply that a long-term unemployed cannot successfully benefit from self-employment assistance. Start-up support is most effective when the programs are not focused on financial transfer only but provide a comprehensive package including business related training and consultancy for the jobseeker willing to become self-employed.

¹³ See for example Duell, 2012; Eichhorst et al, 2015; Card, Kluge and Weber, 2017.

¹⁴ A proportional subsidy (as a proportion of the wage) is usually recommended over fixed subsidies.

The subsidy share must be sufficiently attractive for employers, without being overly generous to not distort employer incentives.

Provided that LTU fulfill the requirements for participation, start-up programs can be an additional approach (for selected LTU) to support reintegration into the labor market.

Comprehensive programs are often more effective. The complex needs of LTU often require PEAs to combine several interventions in order to tackle multiple barriers to labor market integration. Generally, the more jobseekers are distant from the labor market, the more the activation measures will benefit from accompanying measures such as follow-up and individualized support, special guidance for the employer, as well as cooperation with other institutions.¹⁵

Employment services and active measures should follow a well-designed step-by-step approach. To maximize effectiveness, interventions to the long-term unemployed also need to be adequately sequenced, especially for those furthest away from the labor market. Such an intervention pathway could be developed and updated through the individual needs assessment and action plan and may include the following elements:¹⁶

- Intense counseling and work/life coaching, to enhance motivation and basic social skills, combined with referrals to other social services as needed;
- Initial (vocational) training to build skills relevant to labor market needs;
- A more intense work-oriented training in cooperation with an employer, supported by continuous job search assistance;
- As needed, wage subsidies to an employer and further post placement support to the new employee and the employer to enhance the sustainability of the job placement.

C) Cooperation arrangements

In order to offer targeted services and concentrated support, inter-institutional cooperation is needed. Given the multiple challenges that long-term unemployed face, they

are often dealing with multiple institutions providing social and employment services (e.g. social assistance, employment services, etc.). However, in many countries these services are fragmented and provided by different institutions, which often results in uncoordinated service provision that may even impede the labor market reintegration (e.g. misinformation to jobseekers, lack of referral processes to the appropriate institution, fragmented data collection concerning the jobseeker's profile etc.). Integrated services and inter-institutional cooperation can therefore help to increase efficiency and effectiveness of these services. Several countries have been experimenting with service integration that can range from cooperation of PEAs with other agencies to the complete integration in form of a 'one-stop shop'.

- **Advantages:** From a jobseeker's view, the advantages of integrated services include a simpler process (fewer steps and less duplication), better transparency of and access to available services and improved user-friendliness. From a PEAs point of view, integration can improve information about jobseekers and their needs.
- **Requirements:** Inter-agency cooperation requires the necessary cooperation processes and structures of the relevant services. Exchanging relevant data on the jobseekers' profiles and providing information on available services (e.g. advisory services for indebted people) is key for comprehensive support provision to long-term unemployed. In case not all relevant information on the LTU is pooled with one single service provider, it is essential to establish the necessary communication structures in order to ensure information exchange. For instance, if a LTU is dealing with both an PEA and a social service agency, information on his/her personal situation, services received etc., should be shared among both institutions. In practice, technical issues and

¹⁵ Duell, 2012.

¹⁶ Duell et al., 2016.

strict data protection provisions may affect inter-institutional data exchange.

Box 6: The Single Point of Contact – LTU Recommendation

The idea of more integrated services is also reflected in the LTU Recommendation. Besides the job integration agreement (JIA), the single point of contact (SPOC) is the second central pillar of the LTU recommendation. While the Recommendation does not specify the details on how a SPOC should be designed, it stipulates that a SPOC shall be responsible for supporting the registered long-term unemployed through a coordinated service offer involving available employment and social support services. This SPOC could be based on a framework of inter-institutional coordination and/or be identified within existing structures. In most Member States it is the PEA that acts as SPOC, however in some Member States it is the PEA in cooperation with other institutions (e.g. Belgium).

Source: Council of the European Union, 2016

Box 7: Formalized cooperation: common committees – Slovenia

In 2012 Slovenia implemented a far-reaching reform of the social benefit system. Central to this reform was the establishing of one-stop shops (Social Work Centers - SWC) for all social benefits claimants. Subsequently closer cooperation in the form of 'common committees' with the Slovenia PEA (ESS) was established. These committees exclusively assess cases of long-term unemployed which allows for a more in-depth analysis of the individual's requirements. Housing situation, dependency issues, participation in active measures etc. are thus being looked at from both the social and the employment side. The committees are located at employment centers and are composed of at least three members: employment counsellors, social workers and rehabilitation counsellors.

Source: Trbanc, 2017

Partnerships with other stakeholders can effectively support PEAs in service delivery to LTU. Typical partnership arrangements to

improve outreach and service delivery to LTU clients include:

- Coordination with other public institutions: Municipalities, education providers, youth services, family services, and other social services are common partners for PEAs when working to support the LTU. For instance, education providers and youth services can support outreach activities to young people. Municipal services can be important partners for PEAs since they often provide benefits and services to relevant target groups such as people with disabilities. PEAs may also conduct referrals of LTUs to social and health services to address personal needs.
- Partnerships with employers: Cooperation with employers is a key driver to support the reintegration of LTU into the labor market. Partnerships between PEAs and employers can be realized in various ways. Given that LTU face severe hiring barriers, PEA can mitigate these through strong employer relationships and hiring incentives. PEAs can also offer services when hiring an LTU such as screening of candidates, workplace mentoring and post placement services supporting both the employers and the former LTU. To ensure strong employer relationships, many PEAs have a dedicated employer service or specialized counsellors working with employers.
- Coordination and out-contracting with non-public service providers: Many PEAs have long lasting partnerships with non-public service providers in order to improve outreach and service delivery to PEAs' clients. For instance, coordinating with specialized NGOs that work with selected groups (e.g. minorities, people with disabilities, etc.) can improve PEAs' understanding of these groups' integration barriers and enhance outreach. Moreover, given the complex situation of LTU, non-public service providers can play an important role in supporting the delivery of comprehensive service packages to LTU. For instance, PEAs may choose to

contract out the delivery of intensified counseling and selected active measures to specialized NGOs or other providers.

Box 8: Services to employers: Job Protection Act – Hungary

In 2013 Hungary introduced the Job Protection Act, an incentive package for employers to hire hard-to-place workers. The package consisted of vocational training subsidies and a reduction in social security contributions in case of hiring of hard-to-place workers (workers over 65, LTU, unskilled workers).

Source: OECD, 2018

D) Measuring success

For those furthest-away from the labor market, traditional ways to measure successful labor market integration are insufficient. Typical outcomes measured in Active Labor Market Programs include “hard” outcomes such as starting a training course, qualifications received, employment status (work placements), and income levels. However, people with multiple barriers to employment like LTU take longer to (re)enter the labor market. Hence, these traditional measures may not capture a person’s progress to the labor market and therefore not capture the positive impact an intervention may have.

Interventions targeting LTU should also measure “soft” outcomes to understand beneficiaries’ progress in moving closer to the labor market. Given LTUs’ longer journey to (re)enter employment, it is important to measure the “distance traveled” towards the labor market. While there is no commonly accepted measure, relevant intermediate outcomes can include:¹⁷

- Improved (subjective) well-being;
- Improved self-concept (e.g. self-awareness, self-confidence and self-efficacy);

- Improved sense of empowerment, optimism and hopefulness towards the future;
- Improved motivation and initiative;
- Increased soft skills (e.g. punctuality, social skills and coping with authority, individual appearance, communication, thinking skills, self-control, organizational skills, etc.);
- Increased social capital (networks);
- Increased job search activity;
- Perceived progress towards the labor market.

While tools (e.g. scoring systems or scales) to measure these outcomes from other countries can be informative, they should be adapted to the specific target-group and local context, tied to the individual action plans of clients and tested over time.

IV. IMPLICATIONS FOR KOSOVO

Given the high share of LTU in Kosovo, a targeted approach for this beneficiary segment is warranted. Over 70 percent of the unemployed in Kosovo are long-term unemployed.¹⁸ Moreover, there is a strong political interest to increase the employment support measures by the Public Employment Agency of Kosovo (EARK) for social assistance beneficiaries, the majority of which have been out of work for many years.¹⁹ Given that these people face several barriers to employment (e.g. age, low qualifications, etc.), a tailored approach will be needed.

However, given the intensified support LTU need, EARK’s current resources and structures are likely not sufficient to effectively meet the needs of hard-to-place individuals. As discussed in this note, LTU require much more intensified employment services and active measures than regular unemployed clients. However, EARK’s structures are weakened by limited staff and resources (resulting in very high caseloads of over 1000:1 clients per counselor) which make it very difficult to provide personalized services.

¹⁷ Barnes and Wright, 2019.

¹⁸ <https://www.seejobsgateway.net/charts>

¹⁹ World Bank, 2019.

Given limited resources, there may also be tradeoffs between targeting different types of LTU. Like elsewhere, LTU in Kosovo are not a homogeneous group. They range from young people who recently entered the job market to older social assistance beneficiaries. Given limited resources, EARK and development partners may need to prioritize on which segment of LTU efforts should focus on (especially given the intensive and therefore costly services LTU require). Since the long-term consequences of long-term unemployment are particularly detrimental to young people, early intervention and prevention of long-term unemployment for this group should be among the priorities.

In order to meet the needs of LTU, EARK may need to consider a mix of short-term and medium/long-term strategies. This could include:

In the short-term:

- Engage in partnerships with specialized non-public providers (e.g. through cooperation and out-contracting) that are well familiar with the target group;
- Build cooperation structures with social services (i.e. centers for social work) to improve workflows and information exchange (towards a one-stop-shop);
- Strengthen monitoring and evaluation (M&E) systems to be able to capture “soft” or intermediate outcomes that can provide a better picture of LTUs’ progress towards employment.

In the medium-/long-term:

- Strengthen internal capacity to be able to provide sufficiently intensive and individualized services for LTU;
- Advocate for higher levels of government funding to EARK to ensure an appropriate number of skilled counsellors with limited caseload in order to increase the frequency

and quality of interactions and supportive measures;

- Support experimentation with different measures specifically tailored to (different groups of) LTU,²⁰ accompanied by good M&E.

V. CONCLUSIONS

Long-term unemployed people require specific attention and support. Long-term unemployment represents a significant share of total unemployment in many countries and is harmful both for the individuals themselves and society as a whole. The EU has put in place a ‘*Recommendation on the integration of the long-term unemployed (LTU) into the labor market*’ highlighting the need for prevention, individualized support and partnerships with employers and other institutions to effectively support this group. Given their distance to the labor market, LTU require more tailored, intensive and comprehensive support than other unemployed people. Single, isolated measures (e.g. training or wage-subsidies alone) have shown to be ineffective.

In order to effectively meet the needs of LTU in Kosovo, significant investments will need to be made. The more tailored and intensive support needed to meet the needs of LTU requires structures and resources of the Public Employment Agency that are not yet in place. For instance, the high caseloads of employment counsellors will make intensive counselling impossible. Similarly, employer relations will need to be strengthened to provide pathways to on-the-job training and (subsidized) job placements. In the short-term, EARK may be able to explore implementation partnerships with specialized non-public providers to overcome these resources constraints. In the medium- to long-term, capacity building and investments in more (incl. specialized) staff will be needed if reducing long-term unemployment is a priority.

²⁰ An example includes the introduction of group counseling that has already been piloted in Kosovo.

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