



***Active Labour Market Inclusion:
how to reach the groups furthest
from the labour market***

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Outline of the presentation

- *The European policy context: the Lisbon Strategy and the Integrated Guidelines, the Open Method of Coordination on Social Protection and Social Inclusion and the Community Initiative on Minimum Income Schemes and the integration of people excluded from the labour market.*
- *The policy challenge: key facts and figures*
- *The public consultation on active inclusion: some conclusions*
- *Member States' policies: the National Strategy Reports on Social Protection and Social Inclusion*



The revised Lisbon strategy: feeding-in and feeding-out

The revised Lisbon strategy (March 2005) concentrates on policies to boost growth and employment and seeks to overcome the implementation gap identified in the review of Lisbon.

Separate reporting under the OMC on social protection and social inclusion continues, with social protection issues relevant to the new Integrated Guidelines also being reflected in national reform programmes.

At the same time, reflecting the European Council's vision of "growth and employment making for social cohesion", policy making under the revised Lisbon agenda should support social cohesion and inclusion objectives.

Thus, the OMC should be a parallel process which interacts closely with revised Lisbon - "feeding in" to growth and employment objectives while Lisbon programmes "feed out" to advance social cohesion goals.

[COM "Working together, working better"]

The Open Method of Coordination on Social Protection & Social Inclusion

Overarching objective b):

Effective and mutual interaction between the Lisbon objectives of greater economic growth, more and better jobs and greater social cohesion, and with the EU's Sustainable Development Strategy;

Social inclusion strand:

A decisive impact on the eradication of poverty and social exclusion by ensuring:
the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
...

The European Employment Strategy

- *Guideline No 19: Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive through:*
 - active and preventive labour market measures: including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty,
 - continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably for those with low incomes, whilst ensuring adequate levels of social protection,
 - development of new sources of jobs in services for individuals and businesses, notably at local level.



ACTIVE INCLUSION:

- (i) a **link to the labour market** through job opportunities or training;
- (ii) **income support** sufficient for people to have a dignified life;
- (iii) better **access to services** to facilitate entrance into mainstream society and re-insertion into employment (e.g. through counselling, health/child-care, lifelong learning/ training, psychological and social rehabilitation).

Main challenge: to ensure that social protection policies effectively contribute to mobilising people who are capable of working while achieving the wider objective of providing a decent living standards to those who are and will remain outside the labour market.



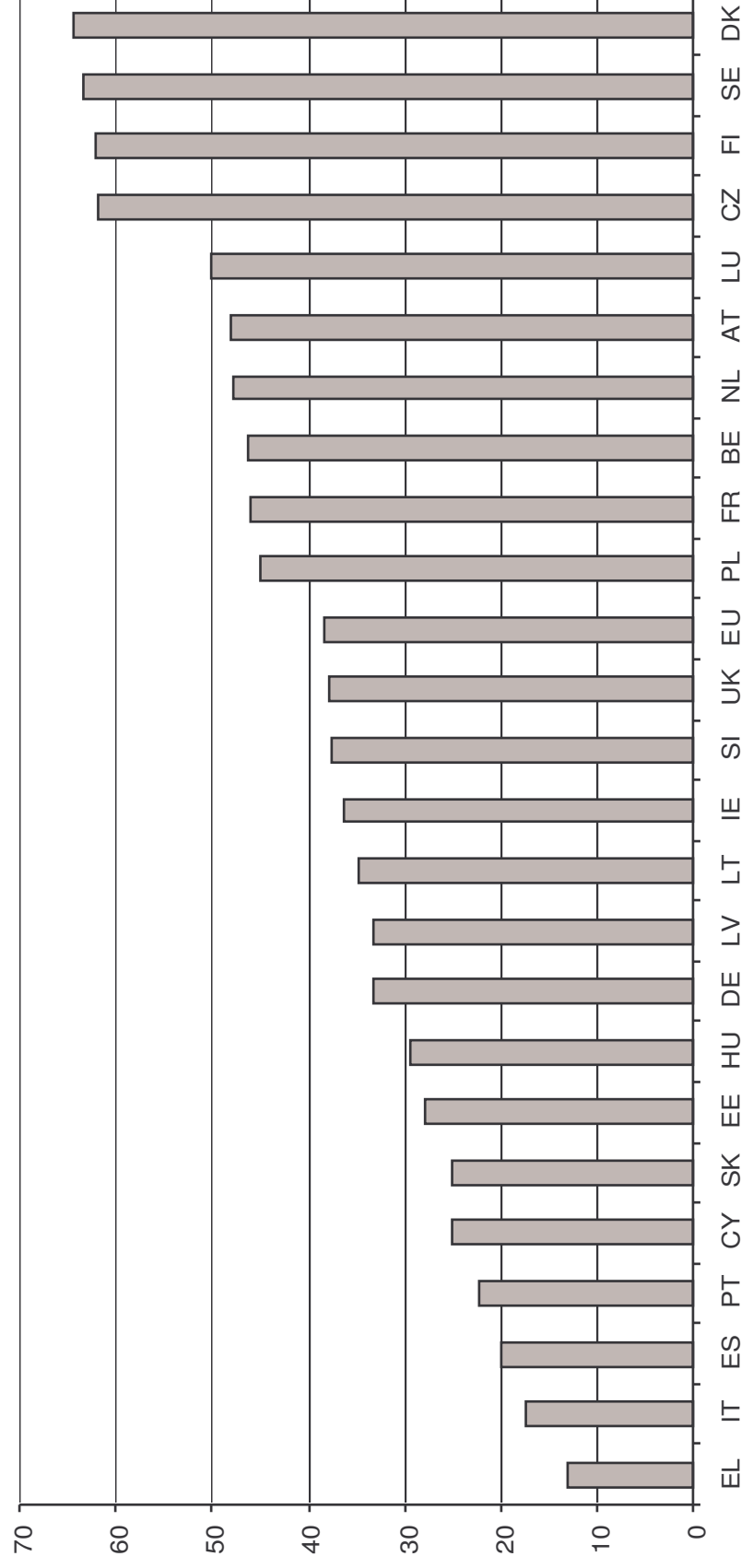
Role of social protection systems:

MI schemes perform, with varying degree of success, an essential task for the functioning of society as well as the labour market. In particular:

- in the EU25 in 2003 the at-risk-of-poverty rate would have been around 10 percentage point higher had social transfers (excl. pensions) not been implemented.
- SP systems help improve the functioning of the labour market: an effective social security net makes it possible to implement more flexibility in employment contracts and makes job search more efficient (see flexicurity in DK) → downsizing the social welfare system could lead to losses in allocative efficiency.

The impact of social transfers (excluding pensions) on the at-risk-of-poverty rate, 2003:

% reduction in the total poverty-risk rate allowed by social transfers



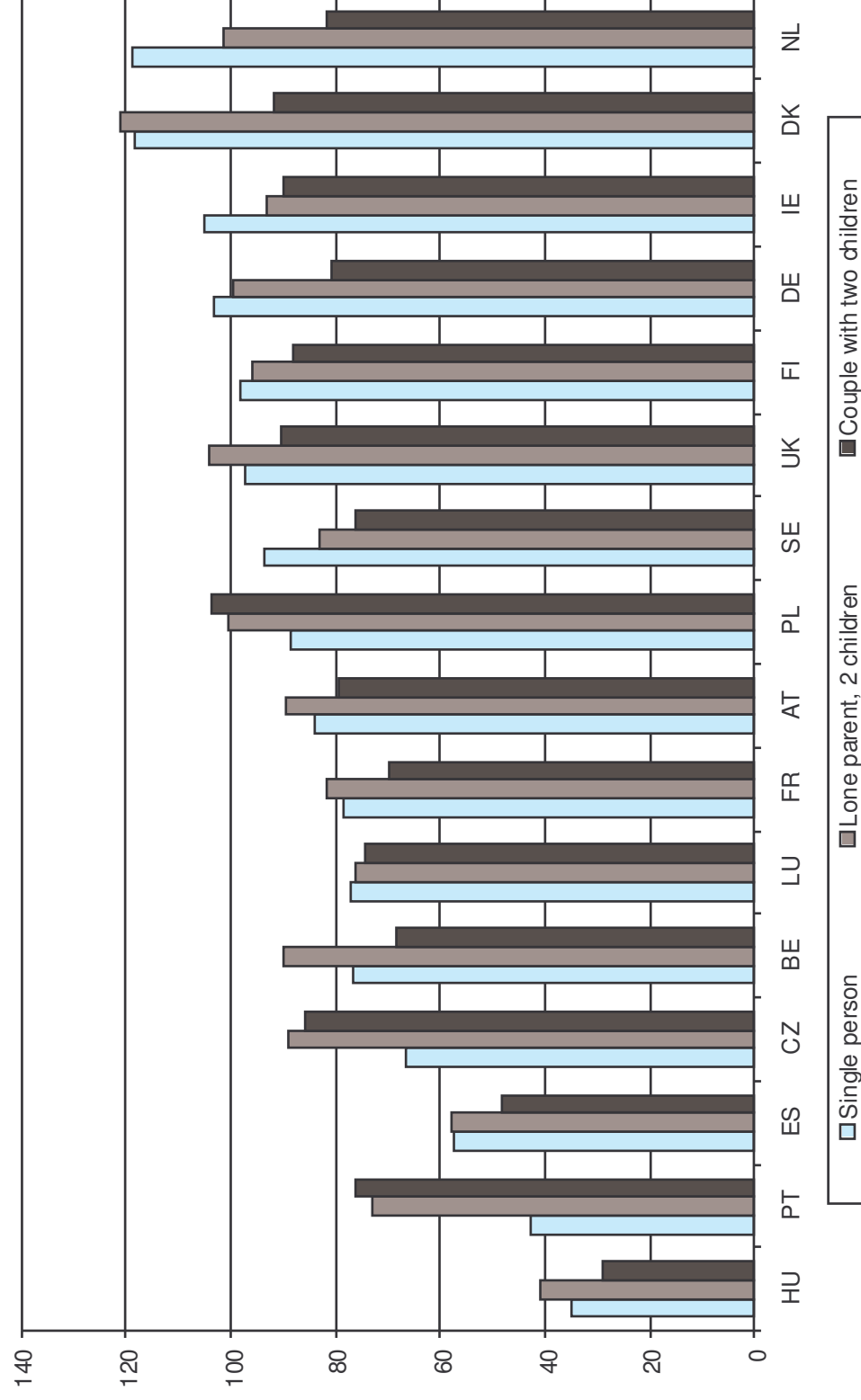


Unemployment traps - 2004 returning to full-time work at 67% of the APW

	Single person no children		Lone parent		One-earner couple, 2 children		Two-earner couple, 2 children	
	METR %	% point change 2001-04	METR %	% point change 2001-04	METR %	% point change 2001-04	METR %	% point change 2001-04
Belgium	88	-1	79	0	76	0	77	-2
Czech Republic	65	-2	69	-1	78	-11	65	-9
Denmark	89	-2	89	-2	89	-1	92	-3
Germany	87	-1	93	0	84	0	98	0
Greece	76	7	83	7	83	7	56	-3
Spain	80	1	79	1	78	-1	81	1
France	82	-5	90	-1	90	-1	82	-5
Ireland	73	0	12	-8	87	-1	52	-5
Italy	59	0	54	1	52	-2	74	4
Luxembourg	85	-3	88	2	104	0	82	-4
Hungary	66	-9	68	-3	68	-3	63	-10
Netherlands	87	1	85	-2	88	-1	76	-1
Austria	73	-2	81	-1	96	-1	75	1
Poland	83	5	73	3	95	4	78	0
Portugal	87	-1	97	11	82	0	85	-1
Finland	80	-1	86	-2	94	-5	76	-2
Slovak Republic	43	-38	34	-72	31	-80	47	-22
Sweden	87	0	91	0	100	0	87	0
United Kingdom	71	0	64	6	73	3	61	8

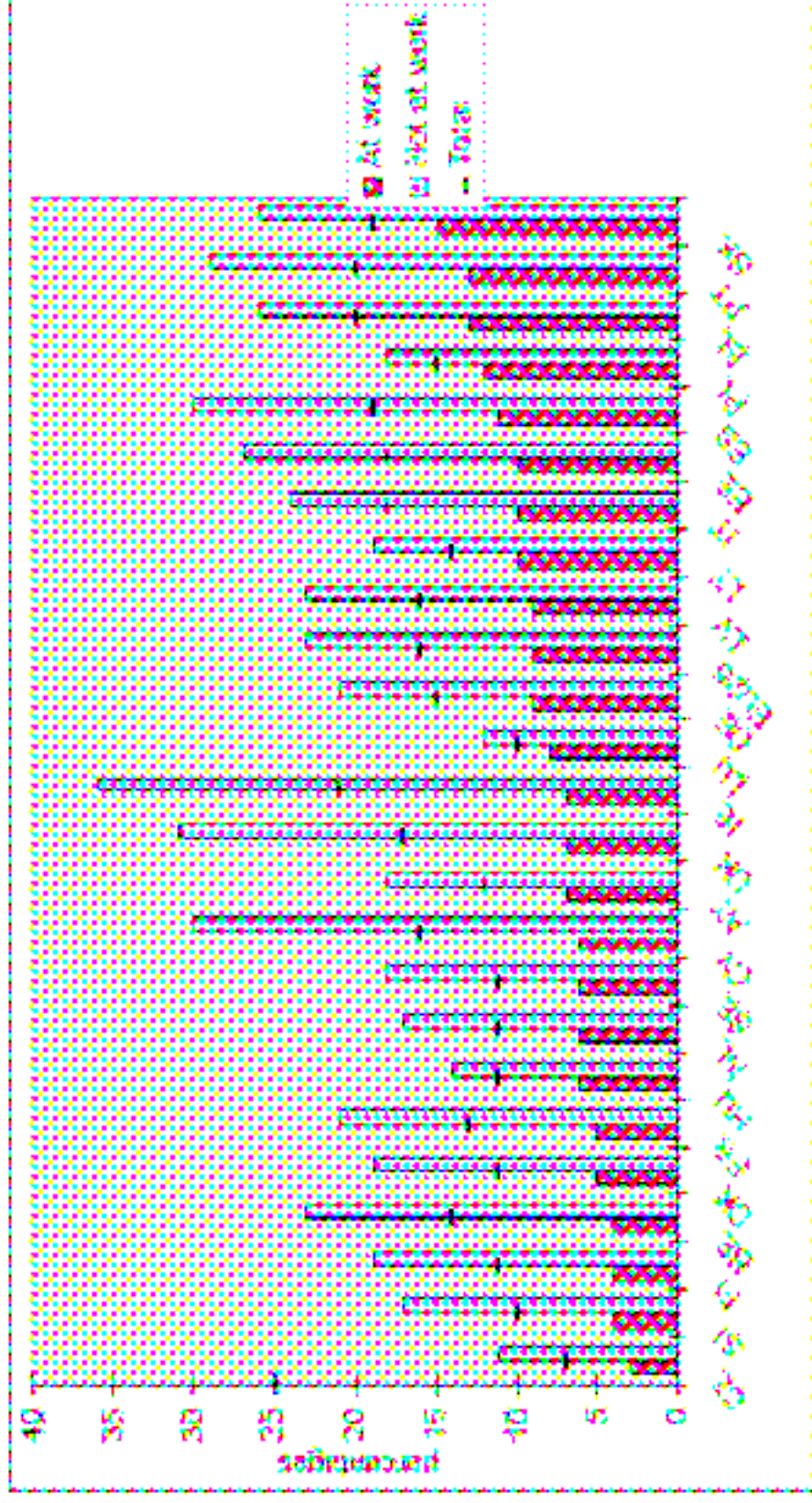
Net income of social assistance recipients – 2003

As a % of the at-risk of poverty threshold for 3 family types, incl. HB





At-risk-of-poverty rate by labour force status – individuals aged 16 and over - 2003.





Activation - 2004

Country	2004
Belgium	34.0
Bulgaria	34.6
Cyprus	6.8
Czechia	45.0
Denmark	31.1
Estonia	3.6
Finland	22.1
France	42.2
Germany	38.2
Greece	26.2
Ireland	1.6
Italy	4.1
Lithuania	13.5
Latvia	22.0
Malta	36.1
Netherlands	22.0
Poland	33.7
Portugal	21.9
Slovakia	19.1

Source: Eurostat - IMF database, European Labour Force Survey





Follow-up of participants in active measures

Country	2007-2008		2008-2009		2009-2010		2010-2011		2011-2012		2012-2013		2013-2014		2014-2015		2015-2016	
	Participants	Cost (€ million)	Participants	Cost (€ million)	Participants	Cost (€ million)	Participants	Cost (€ million)	Participants	Cost (€ million)	Participants	Cost (€ million)	Participants	Cost (€ million)	Participants	Cost (€ million)	Participants	Cost (€ million)
Belgium	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Bulgaria	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Czechia	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Denmark	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
France	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Germany	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Greece	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Spain	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Italy	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Lithuania	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Latvia	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Hungary	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Poland	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Portugal	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Romania	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Slovakia	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Slovenia	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Sweden	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Turkey	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
United Kingdom	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Total	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

Source: Directorate General for Economic and Financial Affairs (2016)



Active Inclusion: background

- February 2006: Communication on the active inclusion of the people furthest from the labour market with two goals:
 - i) To review the progress achieved in the context of an enlarged Union towards the aim of fostering labour market access for those who are excluded (see 1992 Council recommendations and 1999 Commission implementation report).
 - ii) To launch a public consultation on possible guidelines for action at EU-level, with a view to promoting the active inclusion of people furthest from the labour market.



Legal basis for action – art 136:

- The Community and the Member States...shall have as their objectives the promotion of employment, improved living and working conditions, so as to make possible their harmonisation while the improvement is being maintained, proper social protection...
- They believe that such a development will ensue not only from the functioning of the common market, which will favour the harmonisation of social systems, but also from the procedures provided for in this treaty and from the approximation of provisions laid down by law, regulation or administrative action



Legal basis for action – art 137/1:

With a view to achieving the objectives of article 136, the Community shall support and complement the activities of the Member States in the following fields:

...

(h) the integration of persons excluded from the labour market

Points raised during the consultation:

- active inclusion is **two-stage process**, whereby individuals should first receive support for personal development, integration and inclusion, which may lead to employment, but where employment cannot be the sole objective.
- Between a situation whereby individuals are fully dependent on social assistance and participation in a competitive environment in the market economy, the **social economy** and social enterprises can offer good practices on providing supportive work environments for vulnerable groups. For the most remote from the labour market, supported employment opportunities provided by the social economy or volunteering within a non-profit organisation can be a useful path towards integration.



Points raised during the consultation (cont.)

- the creation of **better quality jobs**. Employment is not necessarily a guarantee against poverty (in the EU 9% of workers are at risk of poverty) and the appropriate policies should be put in place to address the problem of the low-pay/ no-pay cycle at the lower end of the labour market whereby individuals move between low-paid, low-quality, low-productivity jobs and unemployment and inactivity.



Active inclusion: the National Strategy Reports

1/ Labour Market Integration

- General employment policies vs. targeted measures
- Supply vs. demand policies:
active labour market policies; make work pay (e.g. tax credits, gradual withdrawal of benefits, improved administration); non-financial incentives (e.g. childcare) ↔ financial incentives, wage and other subsidies to favour employment creation; anti-discrimination, labour law and social dialogue; awareness raising
- Lack of employability and other disadvantages (e. g. housing)

Active inclusion: the National Strategy Reports

- 2/ Social Integration
 - Role of Social Services and social policy
 - Regeneration of deprived areas and territorial cohesion
- 3/ In-job support and quality in work
 - Employment retention and advancement
 - Support and create incentives for on-the-job training
 - Quality in work
 - Minimum wage provisions
- 4/ Income support
 - Improve generosity and coverage of benefit system
 - Importance also of rights in “rights and responsibilities” paradigm



Thank you for your attention