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**CASE STUDY - GERMANY**

*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 - GERMANY<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 Germany 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 Germany.

### 1.1 Context of the implementation of the Recommendation

#### 1.1.1 Evolution of labour market situation of the long-term unemployed

Within the years preceding the adoption of the Council Recommendation, the labour market in Germany developed remarkably well. Figure 1 shows that the **total unemployment rate** in Germany dropped continuously, from 7.2% in 2008 to 3.5% in 2017 and appears to continue to fall with 3.4% recorded so far for Q1.<sup>3</sup> Also, the **long-term unemployment rate** decreased continuously, from 4.1% in 2008 to 1.6% in 2017. This was one of the lowest rates in the EU28, around 2 percentage points below the EU28 average. Available data for 2018 also shows an ongoing decline with a 1.5% long-term unemployment rate recorded so far for Q1.<sup>4</sup> With this reduction, Germany already fulfils the national Europe 2020 poverty reduction target, which aims at a 20% reduction in the number of long-term unemployed by 2020 compared to 2008.<sup>5</sup> Furthermore, even the rate of those who are unemployed for **more than 24 months** dropped by two thirds to 1.0%.<sup>6</sup>

Several studies attribute these positive changes to the positive economic development of the past years, but also to the so-called “Hartz reforms”, which were implemented between 2004 and 2006 and contained considerable structural reforms of labour market policies in Germany, such as the requirement of Job Integration Agreements coupled with sanctions and the restructuring of the benefit system.<sup>7</sup>

Additionally, driven by the positive economic development of recent years in Germany and the processes of digitalisation, an increasing number of economic branches have suffered **labour shortages**, which are likely to increase in the nearby future. This in turn has triggered politics to tap the endogenous potential of the labour market, and here especially (long-term) unemployed persons. Parallel to and partly influenced by this development, the persistence of the “hard-core” of the long-term unemployed has attracted great attention of academics as well as politicians and social partners.

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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.

<sup>3</sup> Eurostat data for remaining quarters is not yet available at the time of writing.

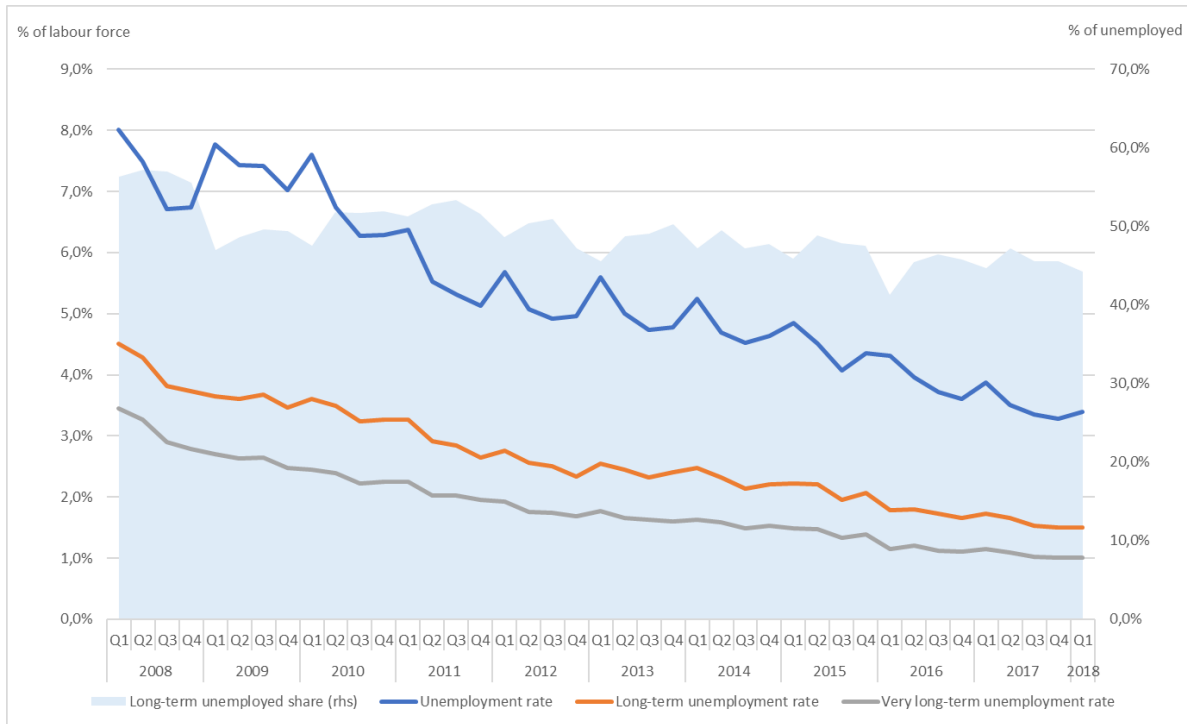
<sup>4</sup> *Ibid.*

<sup>5</sup> It is an explicit target in Germany within the Europe 2020 strategy: Target Area “Promoting social inclusion primarily through poverty reduction”: Reduce the number of long-term unemployed by 20 per cent by 2020 compared with 2008 (2011 reduction by 27 per cent compared with 2008). Germany uses nr. of LTU as main indicator to measure poverty reduction.

<sup>6</sup> Eurostat [une\_ltu\_a]

<sup>7</sup> See e.g. Sabine Klinger, Thomas Rothe (2012). Der Rückgang der Langzeitarbeitslosigkeit in Deutschland: Ein Erfolg der Hartz-Reformen oder konjunktureller Effekt? Schmollers Jahrbuch: Vol. 132, No. 1, pp. 89-121.

**Figure 1 - Long-term unemployed share, unemployment rate, long-term unemployment rate, and very long-term unemployment rate in Germany, 2008-2018<sup>8</sup>**



Source: Eurostat

In total, about 704,000 persons between 20 and 64 years old were long-term unemployed in 2016. Hence, of all unemployed people, 42% were unemployed for more than 12 months. This share was 6 percentage points below the EU average.<sup>9</sup> Despite these positive developments however, recent public discourse on labour market policies has intensified after it became clear that the share of long-term unemployed did not in fact fall by much between 2011-2015. **Discourse has focused more on the so-called “hard-core” of the long-term unemployed** i.e. who have been unemployed for over five years and face moving ever-further from the labour market. The number of “hard-core” long-term unemployed has fluctuated in recent years, reaching 156,282 in 2016 - the highest level since 2010.<sup>10</sup> The discussion has been further fuelled by the fact that the long-term unemployed in Germany are more likely to be in material deprivation (33%) and at risk of poverty (73%) than the EU average (27% and 52% respectively). Several federal programmes have been implemented in recent years or are planned to help them re-enter the labour market – these programmes are discussed in more detail in section 2.

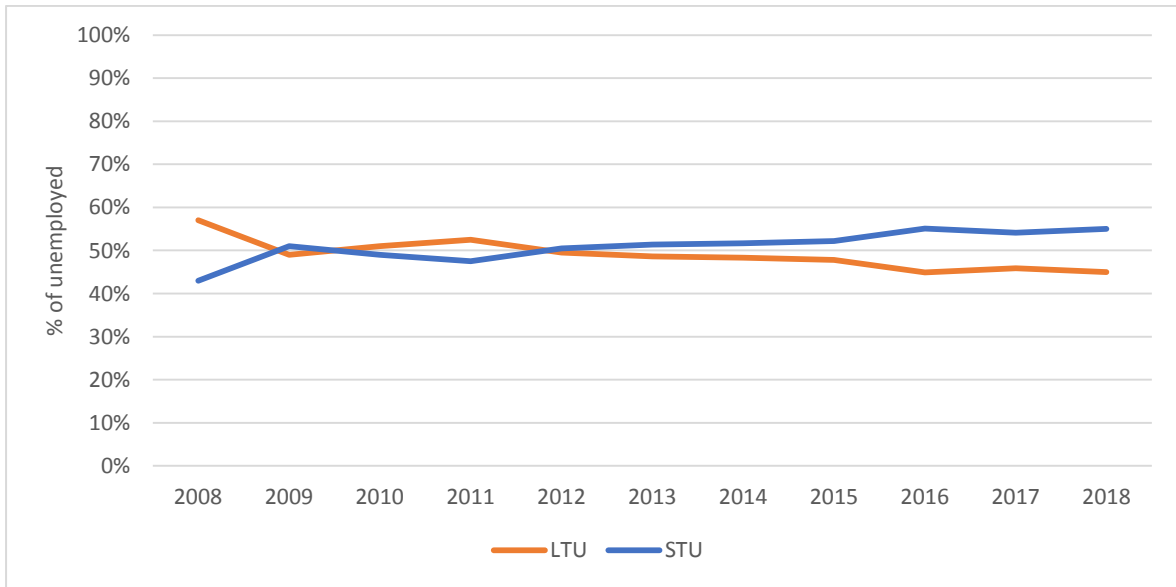
Figure 2 shows that the rates of long-term unemployment and short-term unemployment have been relatively stable since 2009. The share of short term unemployment out of total of unemployed increased from 39.4% in 2006 to 54.1% in 2017, whereas the **share of long term unemployment decreased** from 56.5% in 2008 to 45.9% in 2017.

<sup>8</sup> There is a break in Eurostat data series for Q1 2010 and Q1 2011.

<sup>9</sup> Eurostat [une\_ltu\_a]

<sup>10</sup> Bundesagentur für Arbeit (2018): Langzeitarbeitslosigkeit (Monatszahlen).

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



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

Men are facing slightly higher rates of long-term unemployment compared to women, while aged between 55-64 consistently faces more hurdles than other age groups (see Table 1). Long-term unemployment remains an issue for low-skilled job seekers.

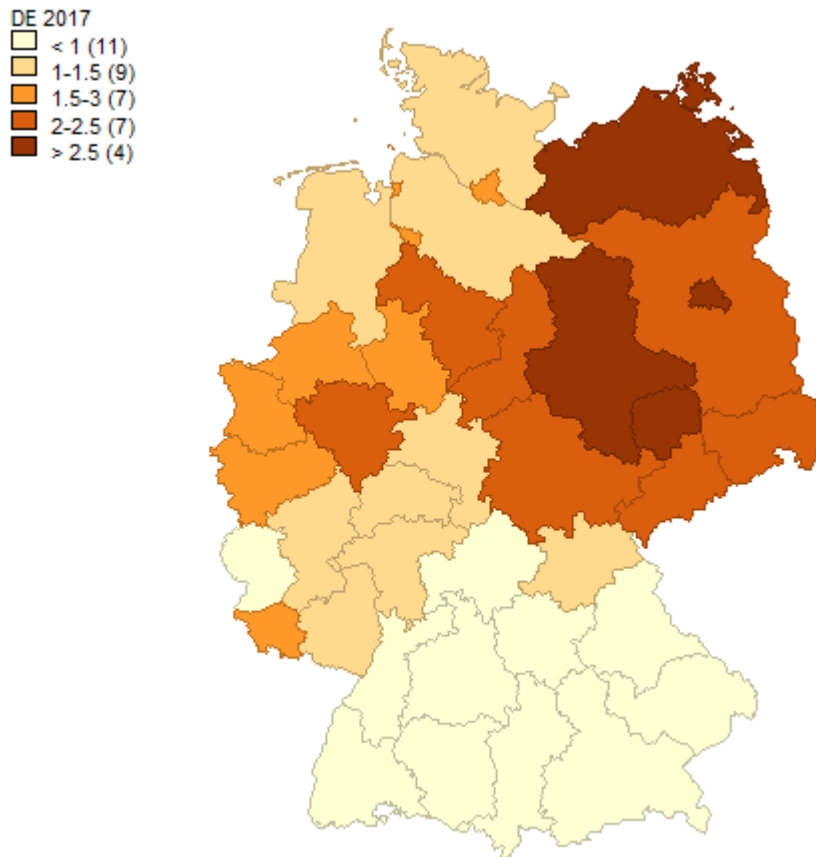
**Table 1 - Long-term unemployment rates (unemployed for more than 12 months) in Germany, 2014-2017**

| Country     | LTU rate (>12 mths) |                 |        |      |        |       |       |       |
|-------------|---------------------|-----------------|--------|------|--------|-------|-------|-------|
|             | Total               | Education level |        |      | Gender |       | Age   |       |
|             |                     | Low             | Medium | High | Men    | Women | 25-54 | 55-64 |
| <b>2014</b> | 2,3                 | 6,4             | 2,3    | 0,9  | 2,5    | 2     | 2,1   | 3,2   |
| <b>2017</b> | 1,6                 | 4,9             | 1,5    | 0,7  | 1,8    | 1,3   | 1,5   | 2     |

Source: EMCO monitoring data 2014-2017

While Southern regions tend to show lower rates of long-term unemployment (overall below 1%), Northern regions are facing a more serious issue with long-term unemployment (see Figure 3). This is reflected by long-term unemployment rates in regions such as Mecklenburg-Vorpommern (2,7%) and Sachsen-Anhalt (3,9%). These **rural regions have a structural weakness** due to a general lack of larger industries and demographic change. The collapse of the former German Democratic Republic economy led to the sudden loss of a large number of jobs (rapid deindustrialization) in East-Germany, which is still felt today.

Figure 3 - Long-term unemployment (12 months and more) by NUTS 2 regions in Germany, 2017



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

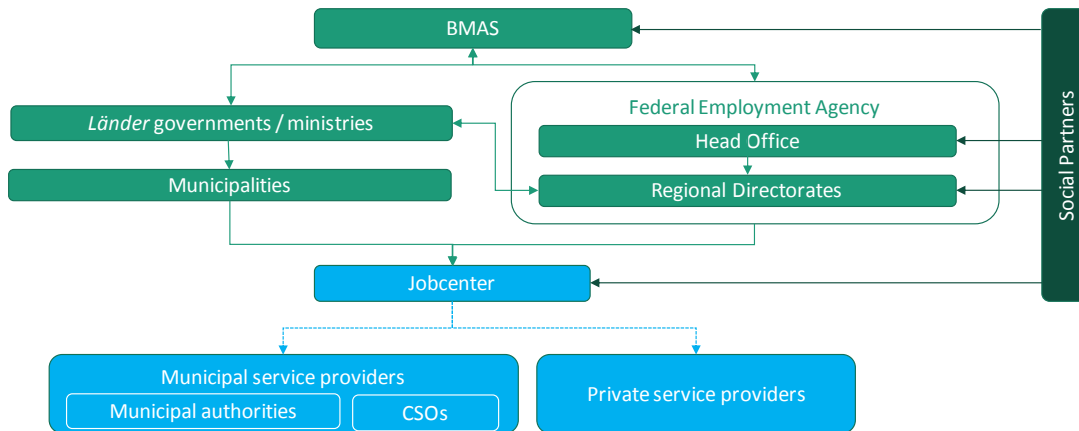
The governance of stakeholders involved in supporting the market integration of the long term unemployed in Germany is often described as central decentralisation: **The Federal Ministry of Labour and Social Affairs** oversees the overall labour market strategy. It is responsible for drafting labour market policies to be adopted by the Government, setting specific targets and allocating funding. It is also responsible for the supervision of the implementing body, the Federal Employment Agency, including monitoring, evaluating and inspecting.

The actual implementation of the statutory provisions is mainly in the responsibility of the local **Jobcenters**. Following the comprehensive Hartz reforms in 2005, these Jobcenters organize the services around long term unemployment support and their minimum income scheme (The Second German Social Security Code) at local level. On this occasion they also collaborate with municipal service providers (e.g. debt counselling authorities, youth welfare offices) and private service providers (e.g. on further education). Most of the Jobcenters are jointly owned by the Federal Employment Agency as well as by the municipalities (303 out of 407), others are owned and governed by the municipality alone (the so-called *Optionskommune*).

The **Head Office** of the Federal Employment Agency is responsible for its strategic direction and is consulted in federal decision-making processes, while the ten **Regional Directorates** are supporting and consulting Jobcenters within their respective regions regarding targets and

objectives. They work in close cooperation with *Länder* governments to coordinate labour market, structural and economic policies.

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



**Länder governments** negotiate with the Federal Ministry of Labour and Social Affairs on further breaking down targets and target values to the *Länder* level, yet also set up their own programmes and instruments for long term unemployment support, often in conjunction with the European Social Fund. In the meanwhile, **social partners** are involved at all levels: at the federal level, they are commonly consulted in working groups and represent their constituents in the drafting of policies in the decision-making process. Moreover, they are members of the advisory committees at all levels of the Federal Employment Agency, i.e. of the headquarter, of Regional Directorates and of all local Jobcenters.

Drivers of innovation within this institutional framework are mainly the Federal Ministry of Labour and Social Affairs and the head office of the Federal Employment Agency, but also *Länder* governments. New ideas and measures are first tested via **pilot projects**, often in conjunction with European Social Fund funding. Once these measures prove to be successful (based on evaluations and monitoring), they are scaled up and transferred to other actors. The Federal Employment Agency communicates new measures and instruments as **recommendations** to the directors of the Jobcenters: Considering the central decentralization governance, the head office cannot prescribe, but only recommend new products and processes to Jobcenters. This is done via workshops, events, trainings and information material. The head office also consults and informs the Federal Ministry of Labour and Social Affairs on new products and processes, particularly on those which demand greater financial backing.

The Federal Ministry of Labour and Social Affairs and *Länder* governments might scale up piloted measures and instruments in **financial terms** and/or institutionalize them, making it long-lasting and accessible to more long term unemployed persons. The Federal Ministry of Labour and Social Affairs might also change **legislation** on the basis of the results of the pilot projects. Yet also at local level, Jobcenters might act as innovation drivers, within the limits of their local authority.

## 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 relations 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>11</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.

In total, 9 interviews with 11 stakeholders and 3 focus groups with 15 participants at different levels were conducted. All institutions which are depicted in Figure 4 and hence indispensable parts of the German institutional framework of long term unemployment support. Thereby, ministerial representatives, the Federal Employment Agency and social partners at federal and State [*Länder*] level, as well as practitioners and the long term unemployed at local level were all consulted. Regarding the State and local level, the State of Saxony was chosen, since it presents long term unemployment rates above the national average, with improvements since 2015. A more detailed description on the selection process and a list of all stakeholders consulted can be found in the annex of this report.

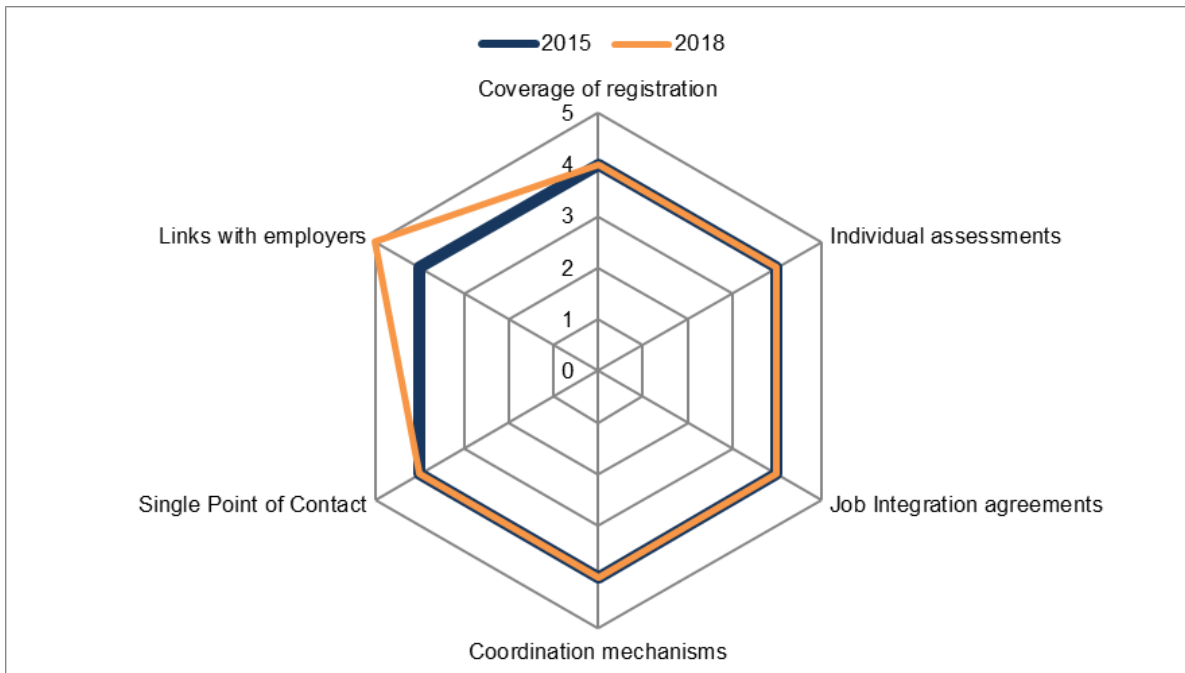
Figure 5 summarises the progress on the implementation of the Recommendation on the integration of the long-term unemployed in the labour market by comparing the picture prior to the Recommendation (H1 2015) with the situation since.

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<sup>11</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



Figure 5: Quality of measures – Germany<sup>12</sup>



Source: Quality rating by national expert

### 2.1.1 Registration of long term unemployed

#### Baseline and development

In 2013, in Germany, there was already a high share of the long term unemployed registered with the Public Employment Service<sup>13</sup> (91.1%), it is the among the highest share of all EU member states (EU28 72.8%) and it has largely remained stable since, with a rate of 91% recorded in 2017 (EU28 71.8%). As explained later, the reason for this is that registration is obligatory in order to receive unemployment benefits. Hence the need for Germany to increase the coverage of registration for long term unemployed remains low.

According to the mapping of policy changes, measures already existed targeting registration of long term unemployed at the baseline for the evaluation (H1 2015). Since then, no changes in measures have been implemented.

The quality rating provided by the national expert for **coverage of registration** remained constant and ranked 4 over the period from H1 2015 to October 2018.

<sup>12</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>13</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.

## Case study findings

Once a person becomes unemployed, they are eligible to receive unemployment benefits. In order to enter the unemployment insurance system, people who are unemployed have to register at the local employment service. After a year, the person is automatically transferred to the needs-based benefit system of the Second German Social Security Code, also called the Hartz4-system. Hence, the long term unemployed do not have to register again.

Thus, considering this advanced registration system, **registration is not a priority topic in Germany**, according to all stakeholders consulted. As the high coverage data shows, unemployment benefits serve as a strong incentive for the unemployed to get registered. And since a comprehensive registration system has already been in place before the Council Recommendation, there has been no recent change with regard to registration or outreach in Germany.

### 2.1.2 Individualised support

#### Baseline and development

The 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation stated that the recommendation on individualisation of support would have no or limited impact in Germany.

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, health/substance abuse, family obligations, debt, and other barriers. Since then, no changes in measures have been implemented. Meanwhile, measures towards non-EU nationals have been introduced.

The quality rating provided by the national expert for **individual assessments** ranked 4 over the period from H1 2015 to October 2018.

According to the mapping of policy changes, **Job Integration Agreements** were already in place in H1 2015. **These agreements contained mutual obligations and combined services**. The Job Integration Agreement was stated to cover job search assistance, in-work assistance, education and training, childcare services, health and other social services, support for increased mobility and debt counselling. No changes in measures have been implemented. In 2016, 77% of the long term unemployed have signed a Job Integration Agreement, which is 11 percentage points above the EU28 average.<sup>14</sup>

The quality rating provided by the national expert ranked for **Job Integration Agreements** remained at 4 over the period from H1 2015 to October 2018. Interestingly, just less than one in seven (13.5%) of all people recorded as having an agreement during 2017 ended their unemployment spell by taking up work. This is a slightly better result than observed in 2016

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<sup>14</sup> European Commission (2017), Results of the first administrative data collection on the implementation of the Recommendation on the integration of the long-term unemployed into the labour market.

(10.3%), but still noticeably below the EU average of 23.0% for the long term unemployed with a Job Integration Agreement.<sup>15</sup>

### Case study findings

Regarding **individual assessment**, policy stakeholders at national level emphasize that the law (Second German Social Security Code) requests case managers in Jobcenters to assess the individual situation of the long term unemployed and to define a strategy in a **job integration agreement**. These legal requirements are further detailed by the Federal Employment Agency in the “4-phase-model”, a reference system which defines minimum standards for the consultancy work of case managers. The model ranges from (1) profiling methods over (2) defining goals for the integration process and (3) an individual strategy to reach these goals to (4) implementing procedures, including the Job Integration Agreement. A policy representative at regional level hereby emphasizes that especially regarding Job Integration Agreement, Germany has already stricter rules than the Recommendation suggests – according to the law, the agreement is to be signed *immediately* after an unemployed person registers, i.e. in the first meeting between the unemployed and the Public Employment Service. After 12 months and with entering the system, the Second German Social Security Code requires the Jobcenter to *immediately* discuss and sign a new job integration agreement with the long term unemployed, a new single point of contact is nominated to the long term unemployed. In order to smoothen this transition processes, data is normally shared between old and new case manager and a joint meeting with the long term unemployed is organized.

Consulted stakeholders at national and regional level report no concrete actions or new measures being implemented in the two to three years since the Recommendation was approved. Yet there is effort being made in the last decade to offer a more individual, comprehensive and intensive approach. For this, Jobcenters have to acquire third party funds, either via federal, regional or European Social Fund programmes. Usually, the long term unemployed meet their case manager two or three times a year. Yet in most (third party funded) support programmes, case manager and the long term unemployed meet up every four to eight weeks, who can also reach their single point of contact at any time, via mail or phone. Moreover, the **holistic support approach** has gained momentum in recent years: it is necessary to not only focus on the long term unemployed in isolation, but also to include their social environment in the counselling procedures. As of 2018, about 80% of jointly governed Jobcenters have had a special counselling package for the “community of need” (*Bedarfsgemeinschaft*) of the long term unemployed. This community of need also comprises of the family and the household of the long term unemployed. Counselling packages hence include various local services of network partners, e.g. targeted at the family. Yet these packages are implemented in very different ways. The Federal Employment Agency is currently collecting information to formulate success factors for all Jobcenters.

Last but not least, the Federal Employment Agency is currently working on the “**Strategy 2025 for the Reduction of Long-term-Unemployment**”, the process of which has started this year (2018). As mentioned by a policy representative at national level, the intention is to

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<sup>15</sup> EC (2018): Data collection for monitoring the integration of the long-term unemployed into the labour market 2017. Country Fiche: Germany.

1) give an impulse to Jobcenters to rethink their long term unemployment support (with concrete recommendations) and 2) to learn about and to develop further existing processes and products. In three areas - prevention, qualification and participation – good practices and success factors will be formulated and communicated to Jobcenters. Moreover, the Federal Employment Agency has identified topics for further development. For this, 30 Jobcenters have been selected which deal with these topics in small working groups / innovation hubs. A first launch of the strategy is planned for September 2018.

Consulted stakeholders at national and regional level report no concrete actions or new measures being implemented in the two to three years since the Recommendation was approved. As a policy representative at national level emphasised, individualised support “is something we have worked on for many, many years and we have come pretty far on this. We have established many tools to make the consultancy process as individual as possible”. Yet regarding the pledge of the Recommendation for individualised support, there still is room for improvement according to some stakeholders and as explained in the following.

Yet despite these efforts, the consulted social partners as well as two policy stakeholders at national and regional (Regional Directorate of the German Federal Employment Agency, German Trade Union Confederation) level acknowledge that there are sometimes discrepancies to what is envisioned and what is done locally. It might be that individual assessments are not conducted thoroughly enough, while concrete goals and steps are written down in a rather superficial way. There are regular random checks by the Jobcenter management, yet case managers are sometimes caught in a routine. Another stakeholder at regional level (Regional Directorate of the German Federal Employment Agency) acknowledged that the quality standards for the job integration agreements are quite ambitious – usually case managers have one and a half to two hours for doing the individual assessment and filling out the agreement. Yet depending on the competencies and capacity of the long term unemployed, more time is needed. As several consulted case managers emphasize, doing an assessment in one hour is necessarily superficial, which is why the assessment is seen and often implemented as continuous process and with regular updates. Plus, a thorough assessment is usually done when entering specific support programmes (also with pedagogical, medical and psychological staff), which can last several weeks.

Meanwhile, a policy representative at federal level **criticized the job integration agreement focus of the Council Recommendation as being too narrowly focused**: “I think it is very dangerous that the EU thinks this is the best way. We know that [the way it is handled now in Germany] is not the way to go – since the Hartz-reforms in 2005, there was high pressure by the Federal Employment Agency to sign a job integration agreement with each unemployed. By doing so, the job integration agreement was downgraded to a bureaucratic must-do, it is no agreement on equal footing.” In fact, research in Germany has shown that an early completion of a job integration agreement is not necessarily helpful for all groups of unemployed people<sup>16</sup>. Similarly, all case managers and the long term unemployed consulted emphasize that the agreements are too often perceived as a top-down tool for sanctioning the long term unemployed and hence an “instrument of power”, which intimidates them and “kills their intrinsic motivation, making them passive and insecure”. Several case managers

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<sup>16</sup> See IAB (2016): <http://doku.iab.de/kurzber/2016/kb0316.pdf>; There is also a comprehensive mixed-method study conducted by IAB on the effectiveness of JIA, also on LTU. The study will be completed in 2021.

further claim that the job integration agreement is outdated because the long term unemployed clientele has changed within the last ten years – They have nowadays highly problematic obstacles and need comprehensive and low-threshold support; hereby job integration agreements in combination with sanctions are often counterproductive. Consequently, case managers try to be as flexible and superficial as possible in filling out the agreements. One case manager for example uses output targets (e.g. five applications a week) only punctually, and also fills out the job integration agreement in a follow-up meeting (two to three weeks after the first meeting), in order to give room for reflection on personal goals and motivations. Thus, according to these interview partners, there are obstacles in place to an effective job integration agreement in Germany: All too often, it is signed too early in the process, is seen as bureaucratic must-do as well as is linked to sanctions. All this leads to the impression that the job integration agreements are not being used to the full benefit of the long term unemployed, but may in fact really have the opposite effect.

Nearly all stakeholders emphasize that a crucial success factor for the counselling process is the individual, comprehensive and intensive approach, which has gained momentum within the last years.

### **2.1.3 Coordination of support**

#### **Baseline and development**

The 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation stated that the recommendation on coordination<sup>17</sup> and transition to employment would have limited impact in Germany. Prior to the Recommendation, Germany had already a Single Point of Contact in place for the long term unemployed.

The quality rating provided by the national expert for **Single Points of Contact** was 4 in both periods H1 2015 and October 2018.

According to the mapping of policy changes, coordination mechanisms<sup>18</sup> between organizations dealing with long term unemployment were already in place in H1 2015. Changes in measures have been implemented as of May 2018. The Public Employment Service, social services, Non-Government Organisations and private service providers are involved in this process.

The mapping indicated that different levels of coordination (the Public Employment Service is a federal responsibility, the Social Service is a municipal responsibility) still lead to frictions. In addition to that, the transfer of (sensible) data between the Jobcenter and network partners is very much restricted, due to two problems. First, different service providers use different IT systems. Second, there are strong data protection provisions, which make it difficult to share sensible data.

The quality rating provided by the national expert for **interinstitutional coordination** was 4 in both periods H1 2015 and October 2018.

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<sup>17</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>18</sup> European Commission (2015) specifies two mechanisms: a systematic referral system to the support needed and data sharing mechanisms across organisations.

## Case study findings

The Second German Social Security Code requires Jobcenters to offer “comprehensive support” and thereby to make use of the local support infrastructure, especially with regards to municipal services (such as debt counselling or psychosocial support, see §16a the Second German Social Security Code). Yet it is up to the Jobcenters as the single point of contact to decide about the network and how to use it. For example, both consulted Jobcenters have built up a vast network of services such as health insurances, youth agencies, drug and debt counselling, education actors, social workers and volunteer associations. Jobcenter Bautzen involves relevant network partners already in the acquisition process of new (third-party funded) support programmes, in order to ensure active involvement of network partners during the programme implementation. And case managers of Jobcenter Dresden involve network partners in the consulting process (depending on the situation of the long term unemployed) in three ways: via **recommendation** (advise the long term unemployed to get in touch with network partner), via **assignment** (noting it down in the job integration agreement) and via **contact support** – “We accompany them to the network partner, in fact we do classic outreach work here”. Setting up a cooperation usually follows this pattern: both parties sign a cooperation agreement and from there on refer to each other’s services.

While Jobcenters are required by law to make use of the local support infrastructure, some consulted long term unemployed people underline that it very much depends on the engagement of the contact person in the Jobcenter whether and which network partners are involved in the counselling process. While some do a great job in recommending relevant services, others do it to a lesser extent. **Often, there is no transparency about available measures** – case managers rather tend to suggest services in a top-down manner, telling them what to participate in rather than working together with the LTU to decide what is best for them.

Moreover, as several stakeholders at regional and national level point out, there is a major negative influencing factor for networking and cooperation activities: the **transfer of (sensitive) data between the Jobcenter and network partners is very much restricted**, due to two problems: 1) different service providers use different IT systems and 2) there are strong data protection provisions, which make it difficult to share sensible data. There are efforts by the Federal Employment Agency to change this – in a youth programme, the Agency created a cross-service guide for sharing information between services, in order to make more transparent what is to be done in order to share data. A consulted civil society organisation meanwhile reports that the long term unemployed are asked to voluntarily sign a release from confidentiality so that also more sensitive data such as mental health issues or behaviour anomalies can be shared with the Jobcenter. Yet, as a representative of the Federal Employment Agency formulates, it “remains a construction site”.

## 2.1.4 Cooperation with employers and businesses

### Baseline and development

Among the interventions included in the Recommendation, two mechanisms were considered to enhance employment support: enhancing services to employers and focusing all labour market policies on the competitive labour market, reducing to a minimum public works. The 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation stated that the recommendation on stronger employer support would have a strong impact in Germany. Prior to the Recommendation, in 2012 Germany devoted over 40% of long term unemployment schemes on public works (2012).<sup>19</sup>

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 covered screening of suitable candidates, placement support, workplace mentoring and training, and post-placement support. Since then, changes in such measures have been implemented. The quality rating provided by the national expert for **measures to establish closer links with employers** improved from 4 in H1 2015, to 5 in October 2018.

### Case study findings

Several changes have taken place with regard to the cooperation with employers: At federal level, **a legal provision was integrated into the Second German Social Security Code in 2016**, which allows the long term unemployed to be coached and supported by the Jobcenter up to 6 months after taking up a job (*nachgehende Betreuung*).

This continuous support at the workplace has also been addressed by **three new pilot projects** at the federal level. They are targeting different long term unemployed groups, yet following similar goals and measures: to support the integration of the long term unemployed into a company by means of financial incentives for employers and intensive coaching for the long term unemployed:

The Federal Ministry of Labour and Social Affairs initiated a programme (*Soziale Teilhabe am Arbeitsmarkt*) in 2015 which targets the long term unemployed with considerable health restrictions and the long term unemployed with children and which has a budget of 750 Mio. Euro for the funding of around 20,000 long term unemployed people. The Federal Ministry of Labour and Social Affairs also initiated a European Social Fund-programme (*Zum Abbau von Langzeitarbeitslosigkeit*) in 2016 which targets the long term unemployed who have been unemployed for at least two years and do not hold any vocational qualification – it has a budget of 770 Mio. Euro for about 23,000 persons to be supported. Hence about 1.5 billion Euro is being spent until 2018/2020 respectively for wage subsidies and intensive coaching. **Both programmes offer wage subsidies to companies** which are suitable for compensating for the applicant's skills shortages or for providing additional training. Moreover, both programmes support intensive coaching and mentoring during both the application and the integration process; in case of the European Social Fund programme, the support can last up

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<sup>19</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. 34.

to two years. So far 25,000 LTU have participated and been placed into employment effectively via these programmes.

Similarly, the Federal Employment Agency initiated a pilot programme in 2016, which aimed especially at the long term unemployed who have been unemployed for at least four years. The support comprises wage subsidies and intensive coaching and mentoring of the long term unemployed by the Jobcenter, with the aim of successfully placing them into employment. The project is flexible enough to allow for innovative approaches to be tested – there is little guidelines for participating Jobcenters on what to do in order to successfully place the long term unemployed into employment. Hence new ways such as accompanied internships and temporary placements with the possibility to change employers have been tested. The results of the pilot project will now be processed and disseminated to Jobcenters in Germany, **highlighting good practice and success factors, especially on how to collaborate with employers** and how to convince employers to employ long term unemployed persons.

All three programmes were initiated as a response to the political discourse on the persisting “hard core” of LTU (see chapter 1.1.1) who are normally far away from the labour market and struggle with multiple barriers preventing them from taking up an employment placement.

The federal government decided in July 2018 to transfer the approaches of these pilot projects to a wider group of long term unemployed people, by passing a modification to the Second German Social Security Code and upscaling the funds available (see box)



The modification to Second German Social Security Code *Teilhabechancengesetz* entails two instruments:

- **Wage subsidy:** For the employment of LTU who have been unemployed for more than two years, 75% of the minimum wage in the first year and 50% in the second year is subsidized. For long-term unemployed who have been unemployed for more than seven years, the government subsidizes 100 percent of the minimum wage for the first 24 months, and every additional year 10 percentage points less, for a maximum of five years. It also pays the social contributions - except for unemployment insurance - and subsidises qualification and training measures.
- **Coaching:** In order to consolidate and stabilize employment, participants and employers are supported in the application and integration process, if necessary for the entire duration of the subsidy.

Starting from 2019, the government will provide a budget of 4 Billion Euro for the first four years. This decision has been praised by several stakeholders at national level, as it allows to open up the benefits of the three aforementioned pilot-projects for a larger share of long term unemployed persons. A consulted case manager however, stressed the danger of one-sided support – rather, a holistic support is needed which focuses on both the preparation phase (incl. problems reg. family, health, drugs, finances, daily issues need to be solved first) and the application and integration phase.

At local level, **Jobcenters increasingly are in direct contact with employers**, proactively approaching and sensitizing them. This is done by different formats – via networking activities with employers’ associations, with regular meetings at the mayor’s premise, speed-dating formats and proactive engagement on the basis of job portal announcements. Also, case managers increasingly involve employers in the consulting process, via joint phone calls with the long term unemployed or organizing interviews. In some projects, certain staff act as “employer acquirers”, who intensively support the long term unemployed during the recruiting process. In some instances, these acquirers even accompany them to the job interview.

Hence, as a representative of the social partners puts it, **collaboration with employers has improved much in recent years**, especially since the Federal Employment Agency published the Strategy of joint Employer services in 2015. Quite some effort at various levels has been made to improve collaboration between the long term unemployment support actors and employers. Both consulted representatives of the social partners emphasise that especially the legal provision (which allows the long term unemployed to be coached and supported by the Jobcenter up to 6 months after taking up a job) has been an overdue step. This is considering the fact that those who remain unemployed despite the positive developments have relatively high deficits and integration barriers preventing them from taking up an employment placement and/or from successfully integrating into the company.

The approach of the newly established programmes is appreciated by several stakeholders consulted at national level and by local case managers. They argue that especially the **coaching before and during the integration process is an important support for both the long term unemployed and the employer** and helps to sustainably integrate them. In fact, first results of the evaluation of the Federal Ministry of Labour and Social Affairs programme support the hypothesis that long term unemployed feel more respected and socially accepted and hence can stabilize their personalities. And case managers in Bautzen report that more than half of the long term unemployed who were placed in employment received an indefinite contract, 12 months after entering the programme, mainly due to the mediating role of the job coaches. However, one representative of the social partners argued that the scope of these two programmes is too little: Together they have reached about 25.000 persons so far placing them into employment, which is still only 4% of all long term unemployed people.

Yet still, several stakeholders emphasize that there is room for improvement: **more comprehensive, nationwide coaching is needed**, not only for the long term unemployed, but also for employers, because they are often overstrained with the difficulties related to the employment of the long term unemployed. In fact, as case managers at local level underline, close collaboration with employers is ever more seen as key to a successful integration.

## 2.2 Examples of measures

The following measures are highlighted here as examples of measures given their thematic link to the measures proposed in the LTU Recommendation. As has been underlined however, the LTU Recommendation had no perceivable impact in Germany and as such cannot be linked directly to the introduction of the measures outlined below. They are instead presented as interesting examples of *relevance* to the Recommendation and aligning with the measures it advocates in terms of boosting overall support for individuals but cannot be directly attributed to the Recommendation itself:

**Firstly**, the European Social Fund funded programme *JobPerspektive Sachsen* (see section 2.3 for more detail on the use of the European Social Fund to alleviate long-term unemployment in Germany) was launched prior to the Recommendation in 2015 in Saxony. The programme addresses several components of the Recommendation at once, namely by offering **individualised support; comprehensive individual assessment; and well-coordinated support** to long-term unemployed.

Individualised support is provided by pooling four well-established support programmes for the long-term unemployed in Saxony **integrative and interlinked** 4-step-model. By pooling four already existing programmes, it has formed an integrative and interlinked support package, in which the long term unemployed is gradually prepared for entering the labour market. Each module has different goals and several individual, needs-based measures to reach these goals:

- One module comprises measures to improve employability of the long term unemployed (including training of basic (social) skills; job trials or internships, pedagogical or psychological mentoring);

- the second module consists of individual coaching and accompanying measures for entering the labour market (incl. training for (vocational) skills, support with matching processes, pedagogical mentoring); and
- the third and fourth modules offer vocational, professional qualification and retraining for specific vocations.

The programme also conducts a **comprehensive individual assessment of the long term unemployed**: In order to properly assign them to the right modules and measures and to comprehensively support them during their participation, the programme has built a separate infrastructure around the Jobcenters: backed by a coordinating central office, there are six regional offices. These regional offices take over the support of the long-term unemployed, once the Jobcenter (based on the results of their own individual assessment) recommended the long term unemployed to participate in *JobPerspektive Sachsen*. The regional offices then conduct a thorough individual assessment, which can last for up to five days. Depending on the situation of the long term unemployed, this might include an interview, psychological and IQ tests, as well as other diagnostic instruments.

The Programme offers **well-coordinated support**, with regional offices being the main point of contact as long as the long term unemployed participates in the programme: The regional offices regularly meet with them to discuss the progress of the agreed qualification plan. They also coordinate a pool of local service providers, which offer specific measures. In order to ensure a smooth transition between different measures, there is a "transfer conversation" with the regional office, the new coach and the person who is long-term unemployed. If the individual agrees, data is shared between the regional office, the Jobcenter and the respective service providers. The data transfer might include results of the assessment and results of services used so far.

Hence, as a policy representative at regional level emphasised, the success factors of *JobPerspektive Sachsen* are that it guarantees a highly individualistic long term unemployment support, whereby they are closely counselled and accompanied by the regional office during the participation, and intensively coached and accompanied by the service providers in each measure. EUR 90 million is the budget of the programme for the period 2015-2020. According to the representative however, the one factor negatively influencing the implementation of the programme is the gradually falling number of disadvantaged long term unemployed who are eligible for support. This makes it difficult to offer individual, needs-based measures; for the measures to be conducted, a minimum number of people need to participate, otherwise the measure becomes too costly. This in turn slows down the process – the long-term unemployed may have to wait until there is a sufficient number of other people who are willing to participate in the measure. This in turn increases the risk that those already registered may cancel their participation.

A second practice example to highlight is an initiative introduced in 2016 by the Federal Ministry of Labour and Social Affairs called *Netzwerke ABC*. The initiative aims to support Jobcenters in expanding their networks by building on the networking experience of a previous ministry programme. **Netzwerke ABC aims to further disseminate experiences and knowledge on networking activities to all Jobcenters and to extend local networks.** It is a voluntary programme which transfers knowledge via an online platform, as well as via

local workshops, national conferences, checklists, a magazine and handbooks. For these capacity building activities, the programme has an annual budget of around EUR 250,000.

According to the policy stakeholders at national level, the initiative is a success - about half of all Jobcenters in Germany have already participated in the events organised by the programme. Also, two policy representatives and all case managers of Jobcenter Dresden acknowledge that the capacity building measures of Netzwerke ABC have had a positive influence on local networks, allowing more tailor-made support to be provided to the long-term unemployed. In Dresden for example, contact persons in different organisations and institutions have been identified, which speeds up communication processes and eases collaboration. According to the consulted case managers in Dresden, particular success factors of the programmes have been:

- the steep learning curve triggered by extensive knowledge transfer possibilities;
- the fact that the programme is a great impetus and an important psychological backing for all staff engaging in networking activities; and
- the fact that funding is provided for personnel specifically assigned to do networking activities. This additional financial input is absolutely needed, because staff are otherwise overburdened with regards to the output targets they must meet in their regular tasks.

### 2.3 Use of the ESF to implement the Recommendation

Since the Recommendation has not had an impact on labour market policies in Germany within the last three years and hence is not linked to any changes implemented in Germany, no assessment can be given on the use of the European Social Fund to implement the Recommendation. However, on a general note, the Fund plays a vital role in the long term unemployment support system. According to 2018 Social Protection Committee thematic reporting, the European Social Fund has been used in Germany to fund **additional services** and to **test new approaches and measures** given that it cannot replace national level funding.<sup>20</sup>

Stakeholders at federal and regional levels made reference to that fact that the European Social Fund has been used frequently to initiate and probe pilot programmes both at federal and at state level and for different purposes. Usually, it is used to ensure more comprehensive and individualised support. For example, there are two federal European Social Fund programmes with the aim of supporting the integration of the long term unemployed into a company by means of financial incentives for employers and intensive coaching for the long term unemployed (see chapter 2.1.4). In addition, the European Social Fund-programme *JobPerspektive Sachsen* in the State of Saxony offers highly individual assessment processes and well-coordinated support to the long term unemployed.

Case managers in Bautzen argued that the EU should ensure enough freedom within the European Social Fund so that the funded projects are highly suited to the challenges and needs at local level, given that significantly varying situations at local level make it difficult to have a one-size-fits-all-approach. A consulted Civil Society Organisation further argued that the European Social Fund could focus more stringently on long term unemployment with

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<sup>20</sup> The Social Protection Committee (2018) *2018 SPC Thematic Reporting: Social services that complement active labour market inclusion measures for people of working age who are furthest away from the labour market.*

significant handicaps (such as people who are long term unemployed with very low IQ) who have very limited possibilities to be placed into normal employment again. A possibility here is to fund social enterprises.

## 2.4 Monitoring of implementation

Overall, regional directorates set targets on transitions to long-term unemployment and include their achievements in a monthly monitoring process. Critically consideration is given to how many clients can be prevented from entering long-term unemployment.<sup>21</sup> In general, **there is a comprehensive monitoring system installed for the Second German Social Security Code in Germany**, which reports very detailed statistics. Up to 180 different variables are collected for each long term unemployed person, covering aspects of personal life, work experiences and participation in active labour market policies among others. This data is used first and foremost to review the performance and to govern the activities of the Jobcenters. The review is done on the basis of key target indicators such as integration rates and duration and costs of integration. Data is also used for internal evaluation processes, e.g. for analysing the efficiency, effectiveness and impacts of new measures or pilot projects. Yet according to one policy representative at national level, this comprehensive data set could be exploited even better, e.g. by conducting more regression or cohort analyses on certain measures or processes. Much of the data is also publicly available, yet in aggregated form.

Besides the monitoring practices, all programmes<sup>22</sup> initiated by federal or state ministries (such as those mentioned in chapter 2.2.4) are evaluated by external evaluators. Depending on the state of implementation, these evaluations might address evaluation criteria of efficiency and effectiveness as well as impact analyses. With regards to pilot projects initiated by the Federal Employment Agency, evaluations are conducted depending on the size of the pilot project. Sometimes, these projects are too small in scope in order to do a comprehensive evaluation. The review is hence done using data from the internal monitoring system (as explained above). In some instances, they also conduct small-scale phone surveys or interviews with clients.

## 3. CONCLUSIONS

**Most measures are in place and have not changed in quality over time except measures to establish closer links with employers.** The quality increased from four to five with regards to efforts to establish closer links with employers due to the efforts described in chapter 2.1.4.

These recent changes reflected in the mapping with regards to establishing closer links with employers have not been a response to the Recommendation, but to the political discourse and economic development in Germany in recent years. In fact, the integration of the long term unemployed and therefore the cooperation with employers already was a salient political topic before the Recommendation was adopted.

Thus, there has been **great interest by politicians and the private sector alike to reintegrate long term unemployed people and hence to tap their labour potential.**

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<sup>21</sup> <https://publications.europa.eu/en/publication-detail/-/publication/7f2b39a6-0184-11e8-b8f5-01aa75ed71a1/language-en>

<sup>22</sup> An exception here is the initiative Netzwerke ABC, since it is (1) a voluntary programme and thus not very formalized and (2) impacts of networking activities are very difficult to measure. Yet monitoring activities are taking place via output data of conferences or through feedback questionnaires.

Consequently, those new measures and instruments described in chapter 2.2.3 and 2.2.4 have been introduced as a direct response to this political interest and because the pilot projects turned out to be successful and were to be institutionalized (as in case of Netzwerke ABC).

Whereas the 2015 Commission Staff Working Document accompanying the proposal for a Council Recommendation foresaw a limited impact on the Recommendation in Germany with regards to most aspects of the Recommendation yet a stronger impact with regards to employer engagement, **qualitative evidence gathered via fieldwork suggests that national level impetus in fact drove work to establish closer links with employers**. Measures already in place in Germany were in fact taken as inspiration for the Recommendation, with various reference made in the aforementioned Staff Working Document as prior examples of similar measures.<sup>23</sup>

### 3.1 Relevance

Given that stakeholders did not see a link between the Recommendation and labour market policies in Germany and there was a relatively low level of awareness of it amongst stakeholders at federal level (see section 3.2), the Council Recommendation can be assessed as less relevant for the labour market situation in Germany. In fact, the low relevance of the Recommendation has been the reason for its low impact on labour market policies in Germany – according to consulted stakeholder,

- **Germany already fulfils – and in parts overfulfils – what has been recommended by the Council**. Even social partners (both the trade union and employers' organization consulted) emphasized that the recommendations are the minimum standards which have been adhered to by politics for several years. Representatives of the Federal Employment Agency especially underlined that these recommendations are baseline requirements for their work and the legitimization of their existence – “if we did not fulfil and act upon them, we would fail big times”.
- The Recommendation does not point to specific shortcomings in Germany, but rather **describes the situation that is already perceived to be in place in Germany by most stakeholders**. To be impactful, it would have to cater to and to account for the specifics of the German labour market system and the situation on the ground (such as programmes and measures at stake, the institutional set up etc.). In this respect, the Recommendation does not entail new insights to stakeholders of the German labour market.

Ministerial and agency representatives as well as social partners at federal level acknowledged that the Recommendation is likely more relevant in Member States which lag behind in the areas addressed by the Recommendation.

### 3.2 Effectiveness

Overall, it seems that the Recommendation **has not had an impact on labour market policies in Germany within the last three years**. In fact, all stakeholders at federal and regional level consulted stressed in unison that there is no apparent causal link between the

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<sup>23</sup> See for example p.32 of 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) for reference made to the effect of the establishment of single points of contact in Germany prior to the Recommendation.

Recommendation and any recent policy change with regards to long term unemployment support in Germany, with only half of the interviewed stakeholders at federal level aware of the Recommendation prior to the interviews and others taking notice of it but did not acting upon it further. Therefore, since there is no link between any changes implemented in Germany and the Recommendation of the Council, no assessment can be given on the effectiveness of actions related to the Recommendation.

Regarding new measures implemented in recent years, a seemingly effective approach turned out to be the comprehensive long term unemployment support during the matching and integration processes. In **combining financial support (wage subsidy) with coaching and mentoring**, the approach not only provides assistance to the long term unemployed, but also to *employers* – they are compensated financially for the deficits of the long term unemployed but are also relieved from certain integration tasks. At the same time, programmes proved to be particularly successful, if they focused significantly on the preparation phase: Often, the recruiting or integration process is the last step to take – first and foremost, other issues need to be resolved first, such as family issues, drug issues, health issues, mental health issues or basic day-to-day problems and skills. And in many cases, the case managers need to tackle the low self-confidence of the long term unemployed and to empower them in their actions and decisions. Another seemingly effective approach to improve coordination of support is the fact that the Federal Ministry of Labour and Social Affairs finances its **own programme on networking** (Netzwerke ABC): it not only creates an important momentum and serves as motivation to forge networking activities, but it also ensures highly appreciated knowledge transfer and hence a steep learning curve for case managers at the Jobcenter. Plus, the Federal Employment Agency finances personnel in Jobcenters which are specifically assigned to do networking activities. Herewith, synergies can be forged which otherwise would not be addressed in such a depth. Both judgements should be checked against the statements of local stakeholders who will be consulted in the coming weeks.

Meanwhile, doubts have been prompted by social partners at federal and practitioners at local level about the effectiveness of the job integration agreement. However, more research needs to be conducted in order to be able to draw conclusions on this.

### **3.3 Efficiency**

Similar to the above, no assessment can be given on the efficiency of actions related to the Recommendation. Regarding recently introduced measures, costs are mainly born by the federal government. The costs of the two recently introduced federal ministry programmes (described in chapter 2.2.4) seem considerably high - about 1.5 Bio. Euro are to be spent until 2018 / 2020 respectively for wage subsidies and intensive coaching. However, already 25,000 long term unemployed persons have participated and been placed in employment effectively.

Meanwhile, Netzwerke ABC proves that also with a limited budget (250,000€ per year), **capacity building measures by national actors can be quite impactful and beneficial for local actors**. As outlined in more detail in section 2.2 the initiative has had a positive effect on local networks (and associated actors involved) by supporting participating Jobcenters to create or extend networks with other service providers through networking activities and

knowledge sharing. In turn this has allowed more tailor-made support to be provided to the long-term unemployed.

### 3.4 Coherence

No assessment can be given on the coherence of actions related to the Recommendation with other existing measure as none were implemented as a result of the Recommendation. Regarding already existing and newly introduced measures and instruments in Germany, tensions might be possible simply because of the different levels of governance and numerous stakeholders in the German labour market system.

As a Policy stakeholder at regional level describes it, there have been several federal and state programmes which have the same target group and similar goals, yet the measures have been different. Ultimately, the Federal Employment Agency, as well as state and federal governments have staff who are specifically assigned to ensure that any new instrument is coherent with the existing support structure. Still, the considerably high number of programmes at different levels makes it difficult for case managers in the Jobcenters to keep an overview and to decide which target groups fits best to which measure, according to practitioners at local level. A nice example on how to exploit synergies is *JobPerspektive Sachsen* (outlined in section 2.2).

Broadly speaking however, the aims and focus (i.e. holistic, individualised approach; coordinated support; and latterly a greater focus on the involvement of employers) of the **measures in place in Germany do not conflict with the Recommendation and in fact in most cases preceded its creation.**

### 3.5 EU added value

The added value of the Recommendation for Germany is limited. This is arguably unsurprising given that for most aspects of the Recommendation, no or limited impact was foreseen, rather Germany was taken as a source of inspiration for its development.<sup>24</sup> As argued before, **the Recommendation has had no particular influence on German labour market policies to target long-term unemployment.** It is concluded that all new measures described in chapter 2.2.3 and 2.2.4 would have also been implemented without the Recommendation.

According to several stakeholders at regional and national level, the added value of the Recommendation is consequently limited to the following: “It confirms that we are on the right track.” At the same time, they acknowledge that the Recommendation might have a high added value in other Member States which have deficits still and need to adjust national policies in accordance with the Recommendation - here, the Recommendation can give a necessary impetus to politics and hence substantially influence politics at stake and also allow for knowledge sharing between Member States.

Looking more broadly, the majority of stakeholders consulted at national and regional level expect the EU to act in a **preventive** manner regarding long term unemployment. The EU is expected to set the right framework conditions for a successful integration of the long term unemployed, be this in economic terms (by supporting regional economic development) or in

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<sup>24</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)



legal terms (less bureaucracy and a more favourable EU State Aid law, which would minimise the restraints of stakeholders on the ground in financially supporting the integration of long term unemployed people, e.g. through wage subsidies).

#### 4. LIST OF INTERVIEWEES

The stakeholders who were consulted for this case study were chosen in close collaboration with the German National Contact Point. The main selection criterion was their involvement in policy fields and recent policy making processes relevant to the Council Recommendation. We decided to conduct various interviews at the national and regional levels, in order to compensate for the smaller number of interviews at local level, regarding the limited availability of staff during vacation.

At the national level,

- Two representatives of the **Federal Employment Agency Head Office** were consulted, since both are responsible for developing new instruments in the fields of long term unemployment support.
- Two representatives of the **social partners** were interviewed, since much has been done in Germany with regards to building closer links with employers.

Moreover, a representative of the **Federal Ministry of Labour and Social Affairs** was consulted, who has been recently working on instruments for closer collaboration between Jobcenters and employers. We also talked to a representative of the **German Municipality Association**, to seek the view of municipalities which are the sole providers of about 25% of all Jobcenters.

At *regional level*, the State of Saxony was chosen, since it presents long term unemployment rates above the national average, with improvements since 2015. Three stakeholders were consulted at this level: a representative of the **Regional Directorate of the Federal Employment Agency**, a representative of the **State Ministry for Economic Affairs, Labour and Transport** as well as a representative of an influential **European Social Fund-programme** on individual long term unemployment support in Saxony.

At *local level*, we used two criteria for selecting two municipalities in Saxony:

- Settlement structure<sup>25</sup>: One municipality should be in a rural area<sup>26</sup>, the other one in an urban area<sup>27</sup>, to account for the different dynamics of the labour market.
- Institutional setting of Jobcenter: One municipality should be the sole owner of the Jobcenter, the other one should jointly own it with the Federal Employment Agency.

Based on these criteria, **Dresden** (urban, jointly-owned Jobcenter) and **Bautzen** (rural, municipality-owned Jobcenter) were chosen. Due to vacation and considerable highly official coordination processes (our request needed to be approved by the Staff Committees; also members of the local parliament and a mayor were involved), fewer interviews were conducted than initially planned. All interview partners are listed below.

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<sup>25</sup> According to the model of the German Federal Office for Building and Regional Planning (BBR)

<sup>26</sup> i.e. less than 33% live in cities with more than 20.000 inhabitants and a population density of less than 150 inhabitants per km<sup>2</sup>

<sup>27</sup> i.e. at least 50% live in cities with more than 20.000 inhabitants and a population density of at least 300 inhabitants per km<sup>2</sup>

| <b>Level</b>          | <b>Role / Position</b>   | <b>Type of stakeholder</b>  |
|-----------------------|--|---|
| <b>National/EU</b>    | Senior Staff: Department for Integration and Counselling               | Head Office, FEAD   |
|                       | Senior Staff: Department for the Development of Labour Market Measures | Head Office, FEAD   |
|                       | Senior Staff: Department IIC5  | BMAS  |
|                       | Senior Staff: Department for HartzIV and poverty alleviation           | DGB (German Trade Union Confederation)  |
|                       | Officer: Department 4 – Labour Market                                  | BDA (Confederation of German Employers' Associations)                         |
|                       | Officer: SGBII   | German Municipality Council   |
|                       | <b>Regional</b>  | Officer: Consultancy Processes  |
| Coordinator / Officer |  | ESF-Programme “Jobperspektive Sachsen” / State Ministry of Economy and Labour |
| <b>Local: Bautzen</b> | Case managers  | Jobcenter   |
| <b>Local: Dresden</b> | Case managers  | Jobcenter   |
|                       | LTU  | LTU   |
|                       | Director and one employee  | Education / training provider   |