



***ACTIVATION: Building the Bridges in the
Social Policy Agenda***

Ufuk Guven

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Activation: Key emerging topic in Social Policy Agenda in most OECD and EU countries.....

➤ Objective....

- **Active Inclusion:** **WORK** is at center of strategy to ensure that individuals in prime age are not excluded from mainstream society

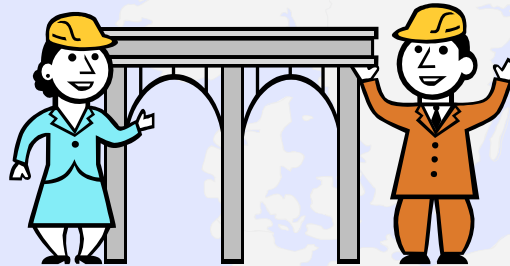
➤ Target Group...

- Beneficiaries of social assistance and employment assistance programs

➤ Why Activation?

- Reduce poverty and social exclusion while reducing costs

Building the Bridges

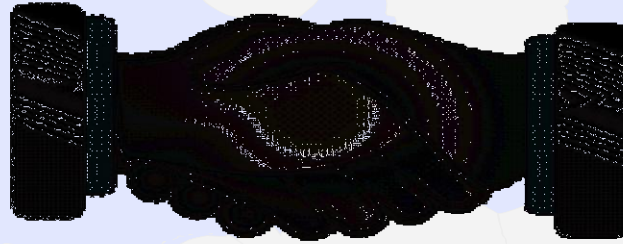


**Social
& Unemployment
Assistance**

**Active Labor
Market
Support**

- Linking social/unemployment assistance with active labor market supports, with the intention of moving from passive cash based to employment based welfare systems
- Increase in requirements on the unemployed/social assistance beneficiaries of working age to improve their employability, actively seek work and take available jobs

Mutual Obligations



- Society does its part and invests more in helping beneficiaries
- Beneficiaries are expected to do their part and respond by improving skills and seek employment to transit out of support

Delivering and Implementing Activation Programs :Key Building Blocks

- Changes in institutional arrangements (integrated services, **one-stop-shops**, reduced case load of case workers, solid and automated MIS)
- Activation of institutions and delivery agencies: frequent and personalized/tailored interventions of agencies (**one-to-one** support from case workers)
- Strong obligations to participate in labor market programs and try self employment (individual back to work plans and agreements)

Evidence on Impact....

➤ **Welfare Savings**



➤ **Increased Employment**



➤ **Better Jobs, Earnings**



Hartz Reforms in Germany

- **Pre-reform:** Various passive social assistance cash benefits with few connections to the employment offices; high expenditure levels & growing unemployment rates with growing consensus for reforms
- **Hartz Reforms:** Series of Reforms known as Hartz I-III (2003-04) and Hartz IV (started in 2005)
 - **-Objectives:** improve efficiency of labor market services activate the unemployed (rights and duties), fostering employment demand through deregulating labor markets
- **Hartz IV** brought together the former unemployment benefits for long-term unemployed and the welfare benefits

Mutual Obligations in Hartz Reforms

- Hartz IV merged the federal unemployment agency with the local level welfare administration, facilitating a better, case-oriented approach to helping unemployed people find work and improve personal situations
- To receive payments, claimants must agree to a contract that outlines what they are obliged to do to improve their job situation, and when the state is obliged to help.
- Unemployed persons required to accept the jobs offered

Hartz Reforms: Some Evidence...

- Re-organization of public employment services was mainly successful, with the exception of outsourcing services
- Re-designing training programs seems to have improved their effectiveness, while job creation schemes continue not successful
- Wage subsidies and startup subsidies show significantly positive effects

Looking for Opportunities in ECA: Activation in **Albania**

➤ Right Elements in Place...

- Ample social safety net platform-existing network employment offices, employment & social assistance programs

➤ No Connection Between These Elements...

- No linkages between social assistance programs and employment programs/services

➤ **Moving Forward.....**

- Albania could build on these programs for **a more modern active social policy** by building more effective bridges between social assistance and employment programs in reforming its social protection system

Looking for Opportunities in ECA:

Activation in **Bulgaria**

➤ Right Elements in Place....

- Well targeted social assistance program (Guaranteed Minimum Income)
- Significant investment in modernizing labor market programs and employment offices, strong client orientation in employment offices, automated registries/database,

➤ No Connection Between These Elements...

- Complete disconnect between social assistance and employment assistance

➤ **Moving Forward....**

- Bulgaria could enhance the power of individual pillars by promoting stronger linkages between (or even integrate) these disconnected pillars

Final Thoughts on What Works...

- Activation programs provide a good way of leveraging social assistance and employment assistance by bridging the distance between the two
- The principle of Mutual Obligations binds societies and individuals to “good behavior” beneficial to all
- Evidence on impact is mixed but clearly suggests that implementation is key
- There is no simple blueprint of best practice, but many examples of good practices suggest toolkits that could be adapted to local circumstances



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Comments and Suggestions:

Ufuk Guven (uguwen@worldbank.org)