

From Subsidised Employment to the „Primary“ Labour Market.

Recent Initiatives and Experiences in Germany

GIZ – Conference: Reducing barriers. Building bridges.

Bad Soden 19 Dec. 2019

Work schemes for the longterm unemployed and those in a distance to the labour market

Subsidised, temporary jobs in the public and the non-profit-sector („Arbeitsbeschaffungsmaßnahmen“)

- First major impact 1985-1989 – appr. 100.000 persons employed
- Huge impact 1990-2000, predominantly in Eastern Germany, - appr. 450.000 persons employed

Work schemes for the longterm unemployed and those in a distance to the labour market

Municipal job-creation schemes for recipients of social assistance („Hilfe zur Arbeit“), two basic forms, 1985-2004

- Work opportunities provided by municipalities (without contract, small premium for participants on top of social assistance provision)
- Subsidised jobs with a formal contract on a temporary basis, salary according to local standards

Pro´s & Con´s of publicly subsidised employment („secondary“ labour market)

- Gives access to paid work and social participation to those, who would otherwise be excluded
- Produces public goods
- Provides work experience
- Maintains and imparts skills
- Can build bridges from unemployment into selfsustaining jobs in the „primary“ labour market

- Jobs created may be inefficient and non-productive
- Risk of displacement of regular jobs
- Risk of substitution-effects
- Lock-in effects
- Risk of deskilling
- Can lead to prolonged exclusion from the general labour market

Work schemes for the longterm unemployed under the current SGB-II-regime

Work opportunities for (very) hard to place clients

- Introduced 2005, currently 75.000 cases
- Works additional in the public interest, should not interfere in competitive markets
- No work contract, but a premium (1-2 € per hour) on top of basic protection rate
- Conditional on time of unemployment and proof of failed previous efforts to integrate the client into the general labour market
- Instrument of last resort
- Legal basis: § 16d of second book of social law (SGB II)

Work schemes for the longterm unemployed under the current SGB-II-regime

Temporary wage subsidies for longterm unemployed clients (minimum 2 years of unemployment)

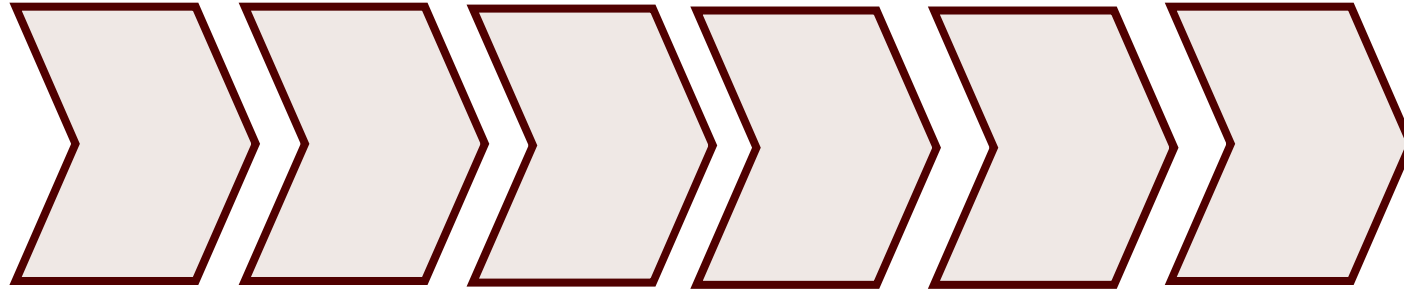
- Work contract for the applicable wage conditions (minimum wage or sectorial standard wages)
- Open to the private sector and the public sector, no restrictions of job-content
- Maximum 2 years
- First year: 75% of employers staff costs
- Second year: 50%
- Coaching on the job obligatory
- Legal basis: § 16e SGB II, newly introduced 2019

Work schemes for the longterm unemployed under the current SGB-II-regime

Long term wage subsidies for very longterm unemployed clients (unemployed minimum 6 out of 7 years living of basic protection income)

- Work contract for the applicable wage conditions (minimum wage or sectorial standard wages)
- Open to the private sector and the public sector, no restriction with regard to content of the job
- Maximum 5 years
- Degression of subsidies: 100/100/90/80/70
- Coaching on the job obligatory
- Skills training provided (up to 3.000 Euro per case)
- Legal basis: § 16i SGB II, first introduced 2019

Steps of implementation



Assessing the
potential of clients
among total caseload

Selection of clients,
preparatory measures

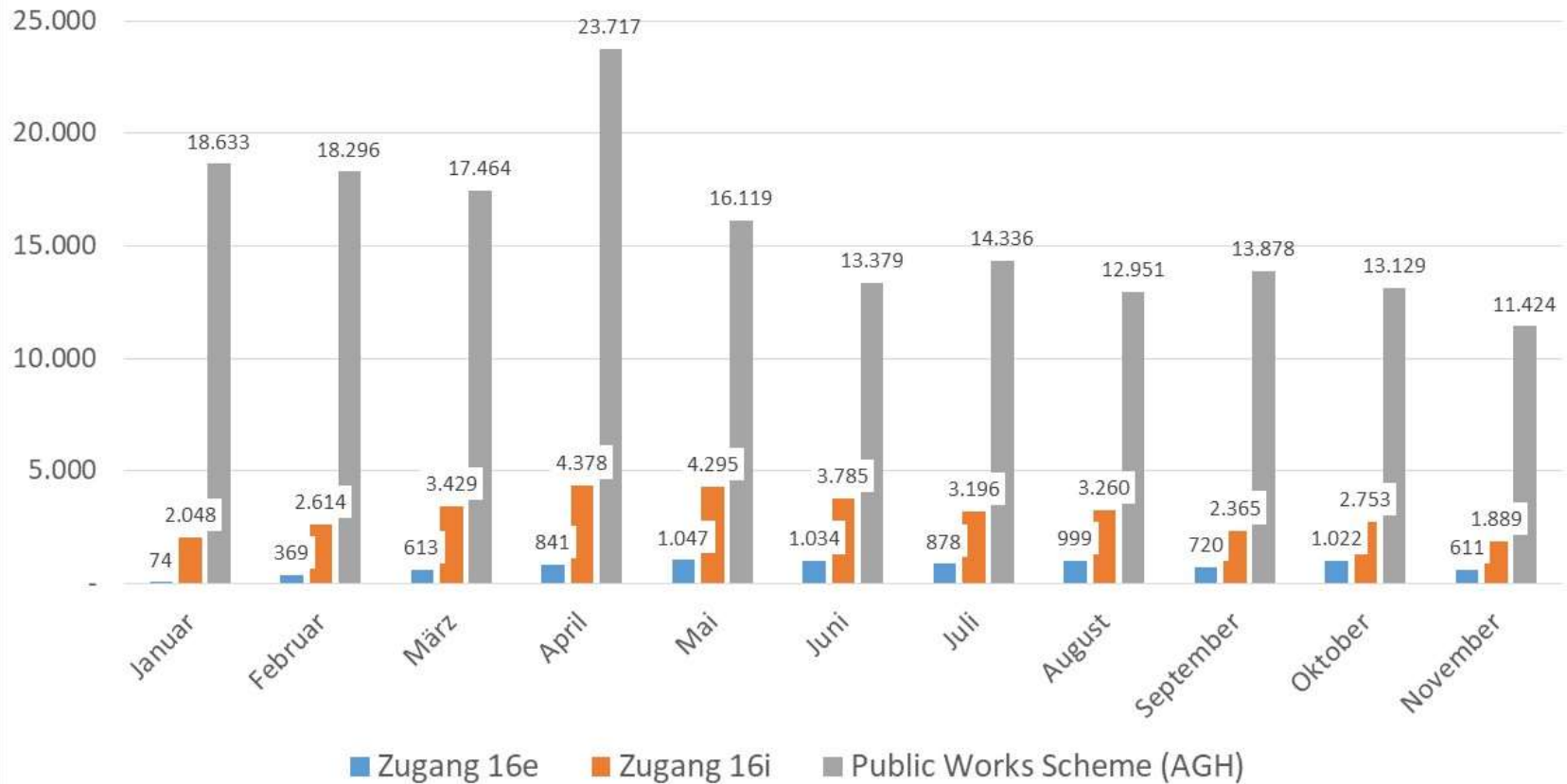
Acquisition of employers
and jobs

**Subsidised
employment**

**Coaching,
Skills training**

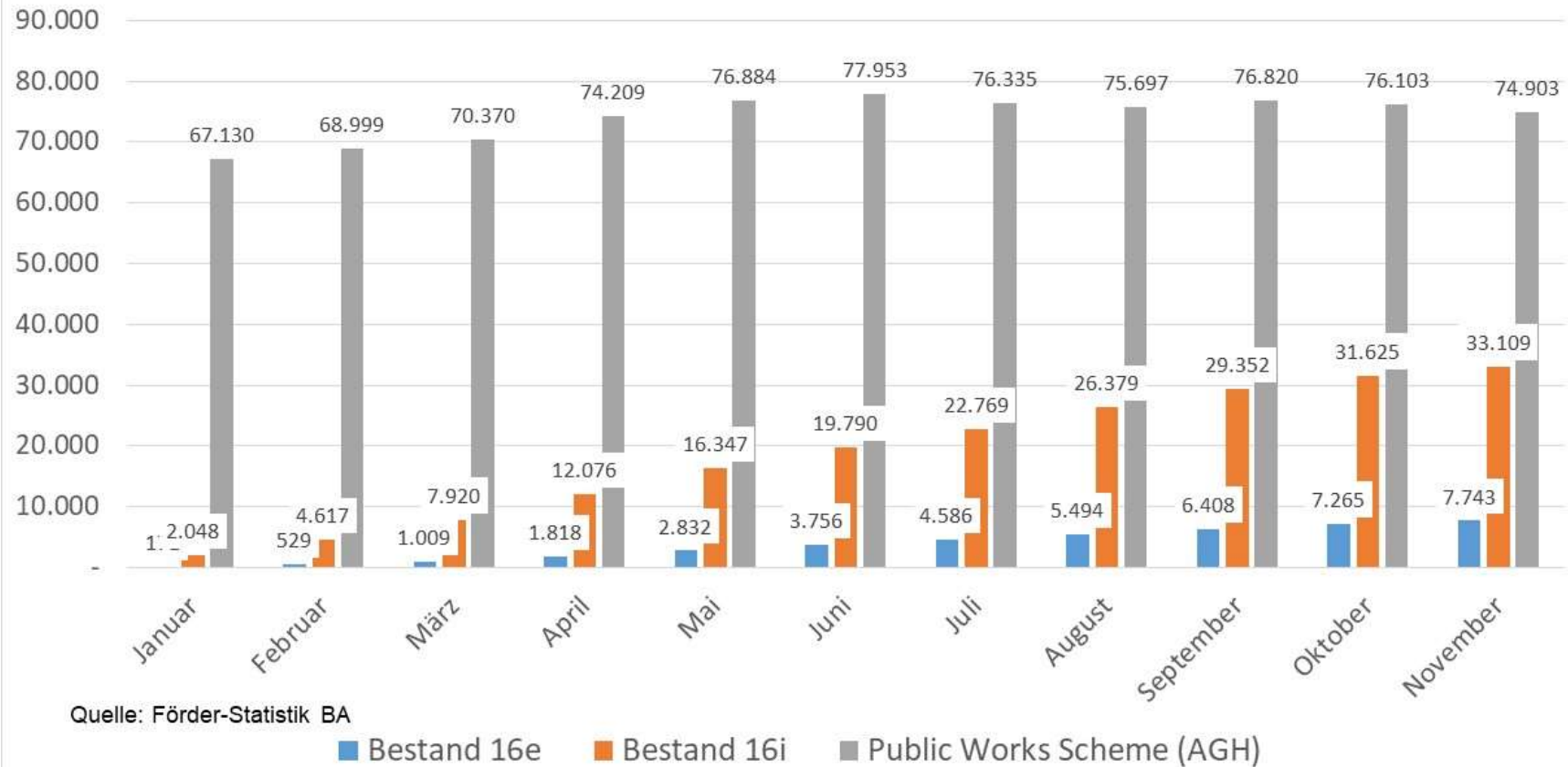
Stabilization of jobs,
search for follow-on jobs
if contracts are terminated

Employment schemes for long-term-unemployed (§16e) and persons at risk of exclusion (§16i, social participation through work), entries 2019

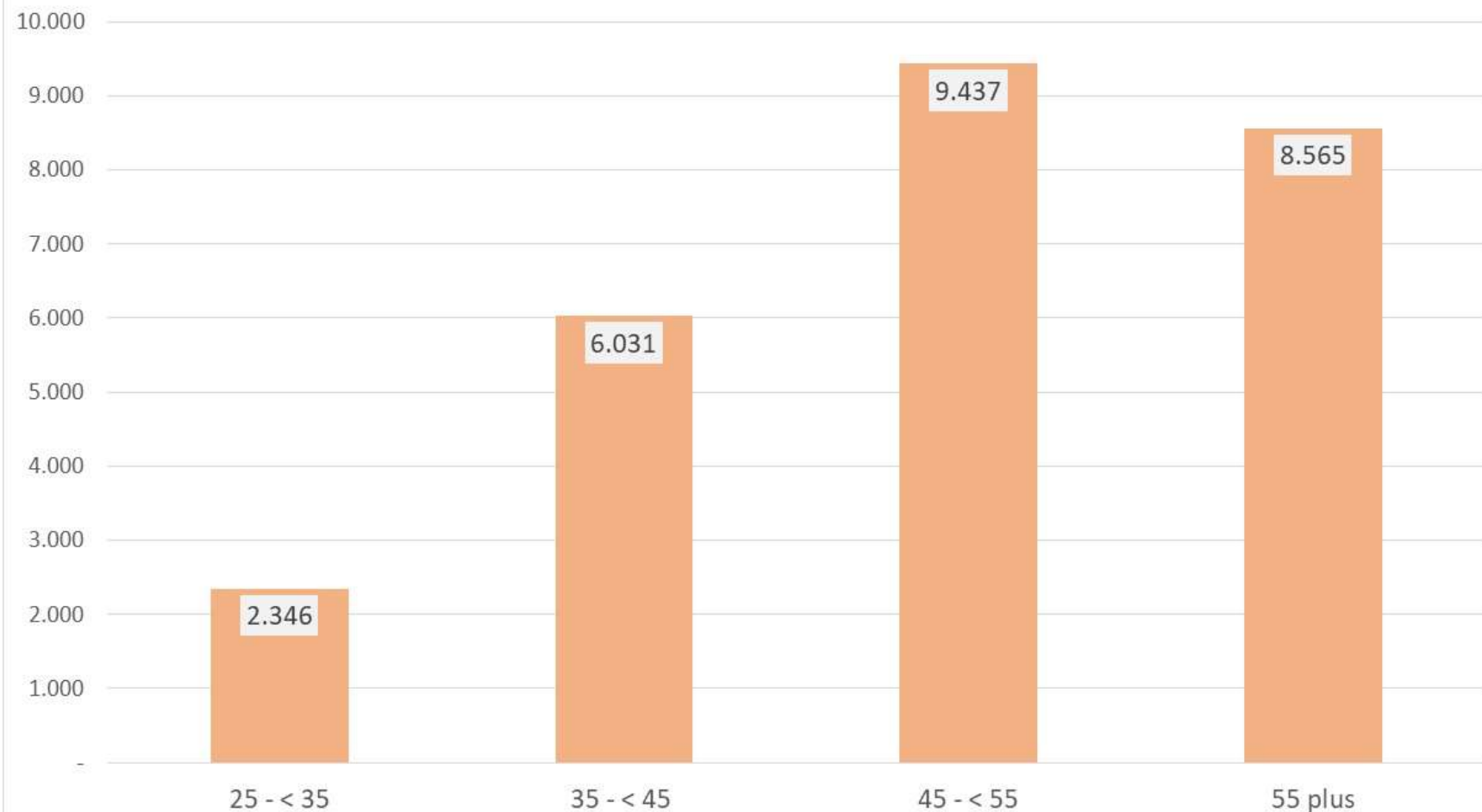


Source: Förder-Statistik BA

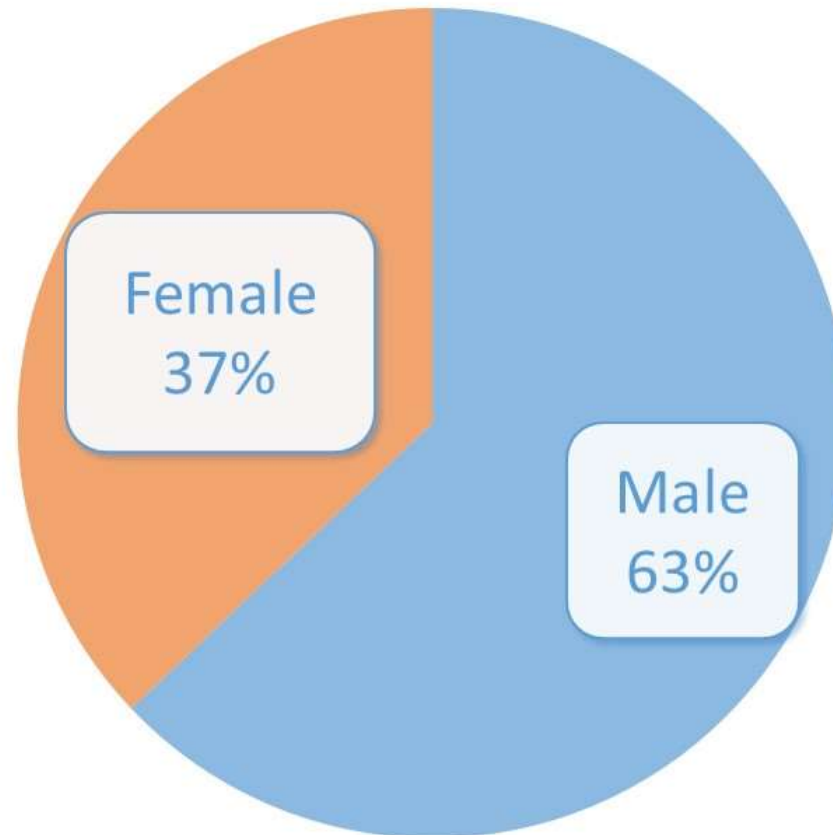
Employment schemes for long-term-unemployed (§16e) and persons at risk of exclusion (§16i, social participation through work)



Persons employed under §16i SGB II - age groups November 2019



PERSONS EMPLOYED UNDER §16I SGB II NOVEMBER 2019



MainArbeit. Kommunales Jobcenter Offenbach
www.mainarbeit-offenbach.de

Dr. Matthias Schulze-Böing, T. 0049-69-8065-8200
schulze-boeing@offenbach.de