

IDSS COUNTRY STUDY

SPAIN

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Section I: Summary

1. Key features of the Lanbide reform

Managing active labour market policies was previously a competency of the central state but was progressively devolved to the Spanish Autonomous Communities in the 1990s. With only a single national employment law and a single state public employment service in place, the Autonomous Communities, with devolved active labour market policy (ALMP) competencies, set up their own regional public employment services (PES) to administer ALMPs. Coordination mechanisms and shared information tools were designed under the framework of the 2014-2016 Spanish Activation Strategy for Employment.

In the particular case of the Basque Country, despite wide policy autonomy, the competency for managing ALMPs was only devolved by the central state in 2010, after years of negotiating the joint devolution of both active and passive labour policies (unemployment benefits and subsidies). In 2009, the Spanish Socialist Workers' Party (PSOE) entered government in collation with the conservative People's Party (PP), displacing the Basque Nationalist Party (PNV) from government for the first time in Spanish democracy. It was not until October 2010 that an agreement was reached regarding the devolvement of ALMPs. From this date on, the Basque Country then assumed competency to manage ALMPs.

Lanbide, the Basque public employment service, was set up in 2009 in advance of incorporating the personal and financial means deemed to be devolved by the central government in 2010. With some delay, the Law regulating Lanbide as an autonomous institution was passed in October 2011. This was when the reform episode began, after receiving approval from the Basque Parliament of Law 4/2011, of 24 November, modifying Law 18/2008, of 23 December for Income Guarantee and Social Inclusion. This Law modified the previous management model of the Renta de Garantía de Ingresos (RGI, income guarantee benefit). Social services were no longer responsible for administering the RGI, with the new Basque PES assuming this responsibility. Lanbide now had competency to design, propose, negotiate, sign and follow up on the so-called inclusion agreements signed with RGI recipients.

There were six main inefficiencies of the system that the reform intended to address. Firstly, the fact that social services at the local and provincial levels were not able to provide adequate employment activation support to those in receipt of the RGI and the Prestación

Complementaria de Vivienda (PCV, top-up housing allowance)¹, as they were not considered employment activation tools. In general terms, despite the existence of the inclusion agreements, the activation culture of social services was rather weak, as discussed by some of the interviewees.

Secondly, social services at the local and provincial levels, jointly responsible for managing the RGI/PCV, had to devote a lot of time to managing these benefits, very often by highly qualified social workers, and considered by many as a mainly administrative task. Managing the RGI/PCV is a complex task, involving many different and changing situations, but it does not necessarily need to be performed by social workers. This task restricted social services from devoting sufficient resources to the development of social and community work. Now, the RGI/PCV are managed by administrative staff at Lanbide who carry out more objective, administrative management tasks. Additionally, with the exception of pensioners, all those in receipt of the RGI/PCV are attended by Lanbide's employment consultants or staff specialising in ALMP delivery on the same terms as those registered as unemployed and not entitled to the RGI/PCV. After the reform, Lanbide was devolved to the state PES staff as well as a regional public employment service, EGAILAN, and hired additional staff. Most interviewees, however, considered this to be insufficient, at least for the initial needs derived from the implementation of the reform.

Thirdly, the management systems of the three provinces were different, and a complete detailed overview of recipients, their composition, evolution, success etc. was not feasible. Territorial differences were also significant.

Fourthly, two parallel employment services also existed: 1) the national system, managed by the central state with competencies for both active and passive labour market policies, owing to the fact that the competency to manage ALMPs had not yet been devolved to the Basque Country; and 2) the regional system, managed by EGAILAN, in cooperation with the provincial and local authorities, and NGOs. Additionally, the three provinces managed their own employment programmes, and at the local level, the municipalities managed the local employment agencies.

Fifthly, coordination between the central PES and social services was non-existent in that the PES did not have any information about the RGI/PCV status or more general social history of PES registered unemployed individuals. In turn, although recipients of the RGI/PCV needed to be registered with the PES, the PES did not inform social services about the activation measures offered to recipients.

Finally, coordination by social services with the regional ALMPs, as developed by EGAILAN, the three provinces and the local employment agencies was more intense than with the

¹ As will be explained later, the RGI benefit is accompanied by a housing top-up allowance (PCV in its Spanish acronym). Lanbide has also been transferred competency to manage this benefit. As a result, in the rest of the document, RGI/PCV will be used.

central PES, but was heterogeneous, unsystematic and uneven. In smaller municipalities, coordination would be closer than in larger ones where it was often inexistent.

As included in the explanatory memorandum of Law 4/2011 implementing the reform, promoted by the regional Ministry for Employment and Social Services, the content of the reform focuses on the transfer of the regional system of the RGI/PCV, and on the inclusion of the local and provincial social services within the responsibilities of the government of the Basque Country, in particular within Lanbide. The regional system of the RGI/PCV and for social inclusion includes the economic benefits (the RGI and the PCV), and the development, proposal, negotiation, signature and follow-up of the inclusion agreements signed by both the recipient and Lanbide. The objectives of this reform, according to the Law, are:

- To reinforce active inclusion of RGI/PCV recipients, supporting their employability and ensuring that employment pays, both for the unemployed and inactive recipients. The combination of the competency to manage the RGI/PCV, the design and application of the inclusion agreements, and the management of ALMPs by Lanbide should contribute to reinforcing and to achieving this objective.
- To manage the system through a single agent, the government of the Basque Country, via the Ministry for Employment and Social Services. This aimed to increase efficacy and efficiency to improve governance and control, and to guaranteeing a single and homogeneous management system.
- To relieve local and provincial social services from the burden of managing the RGI/PCV and restricting the resources they could devote to developing Law 12/2008, of 5 December, of Social Services. Social workers had repeatedly raised the issue of capacity saturation caused by managing the RGI/PCV. According to the interviewees, this goal has been achieved to such an extent that it has since been possible to approve the Decreto de Cartera (Services Portfolio Decree), developing Law 12/2008 of Social Services. However, this was only possible in 2015, seven years after the Law's approval. As a result, social workers can now devote more time to implementing the new services included in the portfolio and to improving their quality.

Moreover, the reform introduced more restrictive entitlement conditions (three years' residency, compared to only one year before; exclusion of recipients from the system who refused an adequate employment offer (before the reform, it was three adequate offers); and modifications to the amount of the RGI, resulting in a definite reduction of the average RGI amount paid out (equal to 7%). The objective of these modifications was to limit its budgetary impact.

The main elements of the reform episode, chronologically presented, began with the mid-2010 pilot project in eight municipalities to test whether the intended reform was feasible. This was followed by numerous developments throughout 2011, starting with the effective

devolvement of ALMPs to Lanbide, the connection of the two information and management systems (the regional and state systems) and the connection of information and management systems of the rest of the Autonomous Communities in March 2011. In June 2011, the tender for the design and implementation of a new single RGI/PCV management system was established, which was able to gather the information transferred by the 3 provinces and the 281 municipalities. The Law regulating Lanbide as an autonomous body was passed in October 2011, shortly followed by the approval of Law 4/2011, of 24 November, modifying Law 18/2008, of 23 December for Income Guarantee and Social Inclusion in November 2011.

By December 2011, social services at the local and provincial levels sent the information they had about the RGI/PCV and their recipients, adding up to thousands of files, to Lanbide. Lanbide began managing the whole system. However, in the first few months following the reform, as reported by several interviewees, the provincial authorities continued working on RGI/PCV applications as Lanbide was overwhelmed. As a result, the provincial authorities analysed the files and sent them to Lanbide, which included information on new recipients and the payments that Lanbide needed to make. In addition, an external private company was hired to provide administrative tasks during the initial transition period. According to most interviewees, it took approximately two years following the approval of Law 4/2011 before Lanbide was able to effectively manage the RGI/PCV system.

The main actors of the reform were the regional Ministry for Employment and Social Services, and Lanbide, the Basque public employment service. Before the reform, the regional ministry was tasked with footing the RGI/PCV bill, with no responsibility for managing it. In parallel with the ALMP activities run by the state PES, the regional ministry set up several institutions, such as EGAILAN. Through the reform, Lanbide, having been devolved the management of ALMPs, started managing the RGI/PCV and providing activation measures, as recipients needed to be registered with Lanbide.

Before the reform, the three provincial authorities (*diputaciones provinciales*) were responsible for secondary or specialised social services and were accustomed to assessing the situations of potential recipients as well as deciding whether to grant the RGI/PCV and the amount. Now, they do not play any role in managing the RGI/PCV. However, they have set up new subsidiary income schemes, designed for RGI/PCV applicants who do not fulfil some of the requirements of the RGI/PCV, such as being resident in the Basque region for at least three years. Moreover, the provincial authorities play a consultative role in the design of new reforms, such as the one discussed in this report.

Regarding the design and implementation of ALMPs, the provincial authorities may develop their own strategies financed with their own economic resources, in parallel with the development of programmes funded by Landibe's resources allocated to their territories, mostly to local economic development and employment projects. In 2017, Lanbide allocated EUR 17 million to the municipalities to finance local employment projects throughout the

whole Basque region, and an additional EUR 0.9 million for the provinces. For their part, the three provinces may also grant funding for the municipalities to implement economic and/or employment development projects. The approach of the three provinces does differ. In 2017, the Biscay provincial authority allocated EUR 2 million for employment projects developed by the municipalities, in part devoted to RGI recipients. The Gipuzkoa provincial authority focussed on economic development and territorial balance, and less on employment. In 2017, The Araba/Álava provincial authority allocated EUR 1.5 million to a provincial programme for training and employment promotion, which was implemented mostly through hiring subsidies or non-for-profit organisations, and as such, with only marginal participation of the municipalities.

The municipalities were – and still are – active, providing both social and employment services. There are 281 municipalities in the Basque Country. From a local social services perspective, they act as the entry point to the benefits system through a network of nearly 300 centres, providing primary social services. Before the reform, they were accustomed to assessing RGI/PCV requests by potential recipients and made proposals to the respective provincial authorities regarding the specific situation of the person and the household. They also referred RGI/PCV recipients to the central public employment service, the Servicio Público de Empleo Estatal (SEPE), which had competency for ALMPs in the Basque Country, or to other regional employment activation tools. After the reform, social services still refer potential RGI recipients to Lanbide, guiding them, and sometimes even supporting them throughout the bureaucratic procedures. Moreover, a coordination protocol between social services and Lanbide was set up in 2012². This protocol, which is described in more detail below, enables both agents to request cooperation through a shared software application, which also shares information with both agents. However, as stated by some interviewees, in reality, this coordination is not effective, and the software application is rarely used. In addition, as discussed above, the municipalities have also developed employment programmes. Lanbide grants funding to the provinces and municipalities to develop employment creation projects³, which frequently helps a percentage of RGI/PCV recipients. The duration of these programmes is limited, around six months for example, and they usually focus on community work. Finally, the municipalities manage another income scheme, the Ayudas de Emergencia Social (AES, Social Emergency Benefits). This scheme is funded by the government of the Basque Country, although the municipalities often need to top it up with their own resources.

The main actors involved in the reform include NGOs, who have a long history of working in in the Basque Country and helping those in most need of support for social inclusion and labour insertion. They mostly receive financial resources from public institutions with whom they collaborate.

² Lanbide (2012), Colaboración entre Servicio Vasco de Empleo Lanbide y los servicios sociales municipales en el marco de los convenios de inclusión activa (Collaboration between Lanbide and local social services in the framework of the active inclusion agreement), 2012.

³ In 2016 and 2017, the amount allocated to these projects was EUR 18 million.

Other external entities support Lanbide in providing activation measures, such as guiding and following up with RGI/PCV recipients. These entities would sign framework contracts with the government of the Basque Country specifying a set of services to be provided. Lanbide offices can use this support depending on their capacity to attend to RGI/PCV recipients themselves. In addition, other external entities support Lanbide in providing training courses and in labour intermediation tasks, such as external entities supporting Lanbide in contacting RGI/PCV recipients and other unemployed persons to discuss job offers that matched their profile.

Regarding the impact of the reform, Lanbide has not carried out any external, internal, interim or ex-post evaluations. In the light of severe criticism owing to the management problems encountered during the reform's implementation, it has, however, made efforts to make public some of the results and effects of the income guarantee benefit system. Specifically, the information conveyed focuses on: cases of fraud and improper use, in response to information published in the media, and according to which fraud is significant; the profile of recipients, again in response to a belief that a high proportion of recipients are immigrants and/or are recipients that do not work; the management of the RGI/PCV system and its implementation process; and, though no less important, efforts made by Lanbide and other institutional actors to highlight the impact of the system on poverty alleviation, also in comparison with other Spanish Autonomous Communities and EU member states. Criticisms by third-sector organisations on the 7% reduction of the RGI/PCV budget, the enforcement of tighter entitlement conditions through Law 4/2011 and management difficulties have also been addressed.

As a result, statistical analysis is frequently carried out by Lanbide, referring only to the period after the reform (2012 onwards), and with limited comparison possibilities with the period before. The most outstanding results, according to Lanbide⁴, are:

- The number of monthly new and revised applications for the RGI/PCV has more than tripled from the period 2012 to 2016 (+332%), pointing to management improvements since the beginning of the reform's implementation. It also acknowledges its very poor performance in 2012 and recognises the need for further improvements. In the absence of sound information about the situation before the reform, the general assessment made by interviewees is that Lanbide is now more effective than the former system in terms of administrative procedures, and that it has achieved a homogeneous system throughout the region. However, this effectiveness has been achieved only after years of adaptation. Other interviewees are more critical on this point and tend to question the entire reform because of Lanbide's inability to properly manage the system.

⁴ Lanbide, La Renta de Garantía de Ingresos (RGI) y Lanbide, son parte de la respuesta que Euskadi necesita (The RGI and Lanbide are part of the answer that the Basque Country needs), 2016.

- The maximum legal time to decide on a RGI/PCV application is set at 60 days. In 2013, the average period for an application to be processed was 110 days but decreased to 44 days in 2016. There is no reliable data on the situation before the reform, but the interviewees mostly believed that it was better than in 2012 (110 days), but not better than the 2016 record.
- In 2015, 1.02% of total expenditure could be considered as fraud or used improperly (if the RGI/PCV was not used to finance basic needs, including housing, or was managed irresponsibly, such as the recipient using the money to beg). In 2012, fraud was detected in 0.77% of revised cases, and improper use in 0.74% of cases. In 2016, these percentages were 0.3% and 0.43%, respectively. Although no comparable data are available for the years before the reform, data for the three largest Basque cities (Bilbao, Donostia and Vitoria) point to a fraud rate equivalent to 2%, like in 2009⁵.
- In 2016, a quarter of recipients were pensioners, and so not available for work. An additional 19% received the low-wage worker form of the RGI/PCV, and so already working in the formal economy. 81.1% of recipients had previous labour experience (69.6% among immigrants).
- Some 27.5% of recipients are immigrants (non-Spanish nationals). As the availability of a residence or working permit is not an access requirement to the RGI/PCV, a share of this population is not available for formal work.
- Out of 65,270 recipients in 2015, including pensioners, 70.5% were considered employable. Among the people linked to the households of recipients, 47.2% were also employable.
- Out of all employable RGI/PCV recipients, Lanbide worked with 60.4% of them on activating and improving their employability. Out of all employable recipients, including the household members of benefit recipients, about 25% of them had at least one contract during 2015. This means that a share of 7.6% of all persons received at least one labour contract in the Basque Country in 2015, which is very close to the number of employable RGI/PCV recipients in the Basque population, which is 8.1%.
- The impact on poverty in the Basque Country is (often substantially) lower than in the EU-15 in all poverty indicators, such as severe material deprivation, inability to afford one protein meal every two days, holidays, unexpected expenses, delays in payments, the Gini index and the S80-S20 quintile. According to Zalacaín (2016)⁶, the impact of the RGI/PCV on reducing poverty among households with at least one working member (i.e. the impact on in-work poverty) increased from 35.8% in 2008, to 39.5% in 2012 and 42.2% in 2014.

⁵ News appeared in http://elpais.com/diario/2010/11/07/paisvasco/1289162400_850215.html. The calculations include RGI and AES.

⁶ See Zalacaín J., El papel de los sistemas de garantía de ingresos en el abordaje de la pobreza en el empleo: la experiencia del País Vasco, Lan Harremanak 31 2014-II, p. 36-62.

2. Driving forces, success and failure factors of the Lanbide reform

Regarding the main sources of failure of this reform episode, there was a consensus among those interviewed that the period of time for the reform was not sufficient. Decisions were influenced by the existing political context without considering the institutional and technical reality, and without taking into account the recommendations of key stakeholders, such as the provincial authorities or trade unions. This led to the transference of responsibilities to a new institution, Lanbide, which, as came to light, was not adequately prepared for this challenge. Moreover, the reform took place as Lanbide was being set up, thus the administration of a complex scheme, such as the RGI/PCV, was transferred to an institution that was undergoing its own creation.

In addition, the implementation of the reform coincided with the onset of the economic crisis, which also played a negative role, mainly for two reasons. Firstly, the crisis brought about a sharp growth in the number of RGI/PCV applicants, owing to higher unemployment rates and the fact that contributory unemployment benefits are limited to two years in Spain. Secondly, the crisis brought about budget constraints owing to austerity measures being adopted, leading to a key resources issues were highlighted by interviewees: a lack of adequate (in skills provision) human resources at Lanbide. In the short term, this lack of human resources complicated Lanbide's adaptation to RGI/PCV management, contributing to administrative difficulties that were overcome later. However, in the medium and long term, the lack of human resources may have also hindered the effective application of activation measures to RGI/PCV recipients and to the unemployed in general, as it may have involved a shift of Lanbide's staff from ALMP delivery to RGI/PCV management.

In spite of these difficulties, which were widely discussed by the interviewees and described throughout this report, the reform can today be regarded as largely successful. Firstly, the need to increase the low employability and labour insertion records of RGI recipients in the Basque Country has now been addressed by Lanbide through the whole range of ALMPs and tools it put at the disposal of each unemployed person, whether or not they are a recipient of the RGI/PCV. As RGI/PCV recipients are now part of Lanbide's target group, it designs and develops programmes adapted to their specific needs. Secondly, the merger of the former three provincial RGI management systems, and those of the 280 municipalities, into Lanbide has resulted in a unique management and information system, that enables effective as well as more efficient homogeneous administrative management and high-quality information. Thirdly, social services have been relieved from managing the RGI/PCV enabling them to devote time to developing Law 18/2008 of Social Services, as the Decreto de Cartera (Services Portfolio Decree) of 2015.

3. Good practices and dissemination possibilities in an EU context

Two good practices have been identified in the context of the reform analysed. These are described in more detail in Annex 4. A summary of both practices is provided below.

The first good practice, is the common RGI management platform (*Sistema único de información de la RGI*). This software platform gathers all the information about RGI recipients and members of their household. The information can be consulted and edited by all agents involved in RGI management. This centralises the administration tasks into a single platform, which is essential for a single agent (Lanbide) to be able to manage the whole system. Moreover, it also facilitates the participation and involvement of other organisations and agents (primary and secondary social services, external service provision entities, NGOs), which enables a multi-dimensional response to poverty.

This platform was set up in 2011 along with the reform. The reasoning behind this was to integrate the RGI management software systems that existed before the reform. Previous systems were managed by the provincial authorities, which gathered the information provided by the municipalities, however, this information was gathered in very different formats depending on the municipalities.

In addition, the creation of a single and shared software platform for all agents involved in RGI management provides other key benefits: it facilitates guidance and follow-up tasks by several agents involved in the activation process of RGI/PCV recipients; it enables RGI management to be based on administrative criteria instead of subjective criteria; and it provides precious data to global managers and researchers for analysis, setting the baseline for future research, including big data and predictive studies.

The second good practice concerns the guidance of external entities and labour activation services. Since the beginning of the reform, the government of the Basque Country has hired external entities to provide general and specialist services to support the labour market integration of RGI/PCV recipients. These entities fully cooperate with Lanbide, use the same software platform and are supposed to keep in frequent communication with Lanbide staff. Two calls to fund external services exist, one for the general unemployed and another for specialist services.

The first external service, for the general unemployed, supports Lanbide in periods of higher demand and prevents the risk of overburden of the PES. These services are delivered in external employment centres where job seeking and guidance services are provided, as well as group workshops on issues such as skills for job seekers or gender equality.

The second external service focusses on specific vulnerable groups. The role of the external entity is to adapt the provision of activation services to the specific make-up and needs of different vulnerable groups. These services are targeted at persons in situations of, or at risk of, social exclusion, immigrants with pre-labour needs without access to the national job market, the Roma community, persons with disabilities, at least 33% of (former) prisoners, young people with low qualification levels, vulnerable women, workers over 45 years of age and the long-term unemployed. Similarly, as in the first set of actions, external entities

provide employment support action for participants, such as guidance, design of a bespoke employment itinerary, support and follow-up sessions, and job seeking skills.

Section II: Detailed description of the reform episode

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1. Setting the scene

1.1. The broad socio-economic and political context

The Basque Autonomous Community, also named “Euskadi” or “Euskal Herria” in the Basque language, is one of the seventeen Spanish Autonomous Communities, thus with a large range of devolved competencies in the fields of active labour market employment policies, health, social services, education or housing. Different to other Autonomous Communities though, under the so-called “*Concierto Vasco*” (Basque Economic Agreement), Euskadi is competent for raising an important number of direct and indirect taxes (mainly income tax, corporate tax for business exclusively operating in Basque territory) whose exaction corresponds to the so called Historical Territories, the three Basque Provinces. In turn, Euskadi pays to the central government an amount, called “*cupo vasco*” (Basque Quota), corresponding to the expenditure that the central government continues making in the Basque Country, whether directly for services situated there, or for others that benefit its inhabitants (for example the diplomatic service or the army). The part to be paid by Euskadi is basically established according to its proportional weight within the national income⁷ and to continuous political bargaining⁸. Euskadi is thus possibly the Spanish territory with largest self-government capacity.

However, the competence for managing active labour market policies was devolved to Euskadi only in 2010 (the last autonomous community), after years negotiating the joint devolvement of active *and* passive labour policies (unemployment benefits and subsidies). A **change of government occurred in 2009**, through which the Socialist Party entered the government in coalition with the conservative Popular Party, displacing for the first time in democracy the Basque Nationalist Party (PNV) in the government. It must be mentioned that this coalition socialist-conservative party government was possible in the context of a strong nationalist agenda promoted by the Basque Nationalist Party (PNV), that had called for a self-determination referendum during the last months of its last term in the government. Moreover, the Spanish socialist government was promoting negotiations with the terrorist ETA group for a cease fire and unity between socialist and conservative parties in the Basque Country on this issue made a coalition government possible.

In 2009, the Socialist Party governed in Spain too, and an agreement was reached in October 2010 about the devolvement of ALMP: as a result, Euskadi assumed in 2010 the competence to manage ALMP⁹. Passive policies (unemployment benefit and subsidy) are still managed centrally.

Until this moment, it was the central Public Employment Service (SEPE) that managed ALMP in Basque Country. Thereafter, Lanbide, the new Basque Public Employment Service, was set up in 2009¹⁰ to get ready to incorporate the personal and financial means deemed to be transferred by the central government in 2010. With some delay, in October 2011, the law regulating Lanbide as an autonomous body was passed¹¹. In this moment, the Law 4/2011, of 24 November, modifying Law 18/2008, of 23 December for Income Guarantee and Social Inclusion, was also passed. This Law

⁷ Law 28/2007 of 25 October, which modified Law 12/2002 of May 23, which approved the Economic Agreement with the Autonomous Community of the Basque Country.

⁸ A recent example is the support of the Basque Nationalist Party to the 2017 General State Budget by the Spanish Parliament against some € 4 000 million more through the Basque Quota (May 2017).

⁹ Royal Decree 1441/2010, of 5 November 2010, on the devolvement of competences to the Euskadi Autonomous Community in the fields of labor market, employment and vocational training.

¹⁰ Second additional disposition of Law 2/2009, of 23 December, approving the General Budget of the Basque Autonomous Community for 2010.

¹¹ Law 3/2011, of 13 October, about Lanbide-Basque Employment Service, creating Lanbide-Basque Employment Service as an administrative autonomous body.

changes the prevailing management model of the regional Income Guarantee (RGI in its Spanish acronym) in that the social services are no longer in charge of its management but it is the new Lanbide. Lanbide is now also competent to design, propose, negotiate, sign and follow up the so-called “inclusion agreements” signed with the beneficiaries of the RGI.

The Basque Autonomous Community ranks second (after Madrid) in Spain in terms of per capita income, with its GDP per capita being 30.8% above the state average¹², and 6.5% above EU-28 average. Industrial activities were traditionally focused on steel and shipbuilding around Bilbao, the city that gathers half of the 2.2 million inhabitants in Euskadi. Euskadi ranked above other communities in Spain in terms of resilience in the face of the economic crisis, but it has been also hardly hit. Employment decreased by -11.4% in aggregated terms, compared to the Spanish mark of -12.1% between 2009 and 2014; in the recent recovery phase (2014-2016) employment creation has been lower (5% in aggregated terms, compared to the Spanish average of 8.8%). Unemployment in this autonomous community is at present 12.6% (2016, Eurostat), the second lowest in Spain (after Navarre) at a percentage higher than the EU-28 average (8.5%) and EUM (10.0%), but still way ahead of the Spanish rate of 19.6%, the second highest rate in the EU. Long-term unemployment¹³ (2016, Eurostat) is at 6.5%, below the average in Spain (9.5%) and over the EU-28 average (4%). At-risk-of poverty and social exclusion rate in the Basque Country is at 15.9% (2016, Eurostat), well below the figure for Spain, at 27.9%, and also the figure for the EU-28, at 23.7% (2015). In regards to GDP growth, 2013 was the worst performing year for the Basque Country. It underwent a decline rate in GDP of -4.0%, somewhat higher than the Spanish percentage, -3.6%. Afterwards, it has performed better: the average annual growth in 2010-2016 has been 0.6%, compared to 0.3% for Spain.

1.2. The activation and poverty alleviation agenda and other relevant political issues

As regards social and poverty alleviation policies, Euskadi counts with long tradition of social policies, being the first autonomous community in Spain developing a regional Law regulating the social services, dated in 1982¹⁴. It was also pioneer in designing and implementing the first integral Plan against poverty (*Plan Integral de Lucha contra la Pobreza*) in the country in 1989. Approved with great political and social consensus, the aim of the Plan was to guarantee a minimum income to the persons in need with the at that time called Minimum Family Income (*Ingreso Mínimo Familiar*), followed by the Minimum Insertion Income (*Ingreso Mínimo de Inserción*, adopted by Law 2/1990, of 3 May, of the Minimum Insertion Income) and currently named Guarantee Income Benefit (*Renta de Garantía de Ingresos*, RGI, introduced by Law 12/1998, of 22 May, against Social Exclusion and modified by Law 18/2008 for Income and Social Inclusion Guarantee, in turn modified by Law 4/2011).

In its origins, the objective of the Integral Plan against Poverty in 1989 was **to guarantee a minimum income** to a significant number of persons who, according to a study published in 1986, were living in poverty in Euskadi. There was at that time also the fear of perpetuating the situation of beneficiaries of the minimum income, of making of them a “passive class”; on the contrary, the aim was as well to enable their full social inclusion through the obligation of the beneficiaries to work for their own social inclusion signing so called “insertion agreements” (*convenios de inserción*)¹⁵. Later, the reform sanctioned by Law 12/1998 against Social Exclusion, introduced the **concept of “double right”** to both a minimum income and social inclusion, forcing the public authorities to intervene not only from an economic point of view, thus addressing economic poverty, but also from a sectoral

¹² Source: National Statistics Institute. Data for 2016

¹³ Percentage of workers who have been in an unemployment situation for 12 months or more.

¹⁴ Law 6/1982, of 20 of May about Social Services, which was derogated by Law 5/1996, of 18 de October, of Social Services

¹⁵ Art. 5 of Law 2/1990 of the Minimum Insertion Income

perspective, particularly in the field of employment, addressing situations of social exclusion. Thus, this Law foresaw the “**compulsory right**” of beneficiaries to participate in insertion programs and activities based on agreed pathways through which the person actively participated in his/her own insertion and the society in turn recognised the need that all citizens participate in society¹⁶. The Law 12/1998 gathered consensus, also among those who pleaded for an unconditional universal income, because the 9 year experience had revealed the short permanence of beneficiaries in the system (only 1 in four remained in the system after two years), very low fraud rate and a wide coverage¹⁷. Moreover, the population found positive and morally acceptable the existence of the economic benefit, beneficiaries agreed largely to be helped in their social and labour insertion and it was, though limited, effective. On the negative side, however, only 22% of the families had signed an insertion agreement, meaning the effective enforcement of the right to social inclusion was rather limited.

In this context, a special mention is worth to the emergence in the late nineties in Euskadi of several **Platforms against poverty and social exclusion**, made of NGOs and all Basque trade unions, that agreed on denouncing the anti-poverty policy, promoted debate about issues such as Universal or Basic Income and used to provide support to persons applying for benefits. They criticised that the original policy objective of eradicating poverty had not been reached and had been substituted by the objective of addressing only extreme poverty; they also criticised the limits of the Law 12/1998 (only for individuals aged more than 23 and with more than one year -individual- residence in Euskadi; the amount was equal to 88% of the Spanish minimum wage, which was below the poverty threshold). The means tested nature of the system and the subsequent control exerted by social workers was also criticized and an equalisation with the more “automatic” unemployment or other social security benefits was demanded; they pleaded for the Basic Universal Income. In this context, in 1996 a **popular legislative initiative** for a **Social Rights’ Chart** was promoted and presented with over 80 000 firms to the Basque Parliament by these platforms. This popular initiative proposed a Basic Income for all adults over 18 years old, registered with the employment services, having resided for at least one year in the Basque Country and without employment. It included also pensioners with retirement pensions below the statutory minimum wage and demanded that the amount of the Basic Income equalled the minimum wage. Finally, the popular initiative claimed for a compulsory “social or community compensation”, introduced thanks to the larger weight in the platforms of entities with a “work culture”, as opposed to those that advocated for unconditional Basic Income. As a result, four years later, the Law 10/2000 for the Social Rights’ Chart was approved, with the declared objective of “enabling that all citizens have access to the labour market and of guaranteeing a basic income that allows them to exert their citizenship’s rights” (art. 1). It also increased the amount of the minimum income and equalled it to the statutory minimum wage (art. 7). However, the effective implementation of this Law relied on the decrees adopted for developing the previous Law 12/1998, so in fact nothing really changed, apart from the increase of the amount of the income¹⁸ and the increasing interest on the Basic Income as a policy option.

The subsequent reforms introduced by Law 18/2008 for Income and Social Inclusion Guarantee and the most recent Law 4/2011, modifying the former one, maintain this double “compulsory right” to poverty reduction/alleviation and employment activation. It is worth to highlight that the Law 18/2008 considered for the first time among Spain regions the right to a minimum income as a

¹⁶ As in the Explanatory Memorandum of Law 12/1998

¹⁷ As explained by Sanzo Luis in the interview and in his publications. Also in Uribarri Hernández (2012), “Historia y futuro de las rentas mínimas en Euskadi”

¹⁸ According to Sánchex Amado (2014), the amount of the benefit was 57% of the statutory minimum wage in 1999 and an increasing path followed so that it reached 88% in 2007 and has since then remained stable at 88%.

subjective right in the Basque Country, i.e. the government is obliged to guarantee that every individual in need receives the benefit. The double compulsory right approach has been ultimately consolidated with the adoption by Lanbide, the new Basque Public Employment Service, of the management of the RGI, which gathers in one institution the management of the economic benefit *and* the provision of ALMP.

Three additional policy goals of the reform in 2011, as included in the Law 4/2011, are worth mentioning.

1. The first one was to **free the social services** from the hard burden of managing the RGI, which, as repeatedly denounced by social workers, absorbed too many resources and inhibited them to develop true social and community work; indeed, the Law 12/2008 of Social Services foresaw an ambitious reform of the social services, that could hardly have been developed if social workers had continued managing the RGI and had thus not counted with freed human resources.
2. The second objective relates to the need to limit the **increase of the number of beneficiaries and cost of the system**, following the inclusion in 2008 of pensioners as beneficiaries of the income guarantee system and of the so called Complementary Housing Benefit (*Prestación Complementaria de Vivienda, PCV*) as a subjective right for all beneficiaries living in rented houses. This framework was aggravated by the impact of the economic crisis. This increase in the expenditure led to the introduction of more restrictive entitlement conditions in 2011 (3 years residence, exclusion of the system of the beneficiaries who refuse to accept one “adequate” employment offer -before the reform it was three adequate offers-), and an actual reduction of the RGI amount equal to 7%, in order to limit its budgetary impact.
3. The third additional objective of the new Law was to **centralise and homogenise the management of the income guarantee system**, formerly managed (as explained below) by the municipalities and the three provincial governments, which led to different implementation and management systems.

1.3. A brief overview of the institutional setting at the starting point of the reform

At the moment of the reform, both the social services and employment responsibilities were imbedded in the Regional Ministry for Employment and Social Services Department, which allowed an integral, coordinated and coherent reform. This is so also today.

The current normative **framework for the Social Services** was passed in 2008 with the Law 12/2008, of 22 December, which was accompanied by the adoption of the mentioned Law 18/2008, of 23 December, for the Income Guarantee and for social Inclusion. The institutional setting approved by this set of laws in 2008 is the following (art 27 of Law 12/2008 of Social Services):

- Primary care social services are guaranteed through municipal social services, with the exception of the telecare service, which is the responsibility of the Basque Government. There is a Map of Social Services (*Mapa de Servicios Sociales*) common to all municipalities;
- Secondary or specialised social services devoted to situations of social exclusion, long-term care or lack of protection are the responsibility of the three provincial governments (*Diputaciones Forales*), in coordination with the local social services, and of the regional government.
- The management of the RGI was a complex system in which the local social services would firstly receive the demand of the potential beneficiary, make the assessment of his/her

situation and derive the proposal for the RGI to this beneficiary to the respective provincial social services. The provincial level was thus responsible for the final decision, although it was the central government who would finance the income guarantee system. In practice, the three provincial governments would pass a relationship of the persons entitled to the RGI and the correspondent bill to the government (regional Ministry for Labour and Social Services), which would only pay it.

As for **employment policies**, passive labour policies (unemployment benefit and unemployment subsidy) were and are still a competence of the Spanish central government and ALMP are a competence (in Basque Country only since 2011) of regional governments. ALMP are coordinated by the central government through the Employment Activation Strategy (*Estrategia de Activación para el Empleo*) and the Annual Employment Policy Plans (*Plan Anual de Políticas de Empleo, PAPE*). Some specific labour market programmes that combine passive and active policies (such as Active Insertion Income -*Renta Activa de Inserción*-, Activation for Employment Plan -*Programa de Activación para el Empleo*-, Extraordinary Activation Program for long-term unemployed-*Programa Extraordinario de Activación*) are managed centrally. The total expenditure in ALMPs reached in Spain EUR 5,265.8 million in 2016 for the whole country, a figure that has been growing since 2013 (when it was equal to EUR 3,804 million) but that has not yet recovered the 2012 level (EUR 5,807.2 million)¹⁹. In the Basque Country, the ALMP expenditure reached in 2017 EUR 324.3 million, including 100.4 million for training and 223.9 for employment services. Considering these budget figures and the number of unemployed persons (4.481.200 in Spain and 129.900 in the Basque Country, according to 2016, LFS, Spanish Statistical Institute), the ratio of ALMP budget per unemployed person is EUR 1,175 in Spain and EUR 2,496 euro in the Basque Region. The Basque per capita budget per unemployed person thus more than doubles the Spanish one, thanks, among others, to the Basque lower unemployment rate (19.6% in Spain and 12.6% in the Basque Region, 2016, LFS, Spanish Statistical Institute).

As mentioned, the devolvement of ALMP competences to the Basque Country had to endure a long complex bargaining process, with the Basque Government demanding the devolvement of both passive and active labour market policies, which used to block the negotiations. As a result, the institution responsible for managing ALMP in Euskadi was the central PES. Only in 2011 was an agreement reached. However, the central regional government, the three provinces and the municipalities had been developing their own programs in the fields of local / territorial economic and employment development, that run parallel to the PES. As far back as in 1993, **Egailan**, a Basque Public Society for Training and Employment was set up with the aim of supporting the regional Employment Ministry and developing active labour market policies. In 1995, the Employment Ministry set up the Basque placement service -**Langai**-, even before the corresponding competence had been devolved.

It is worth mentioning in this context that the central state PES did not coordinate with the social services to provide employment support to beneficiaries of RGI (the rest of regional PES in Spain do not usually coordinate with the social services responsible for regional minimum income benefits). On the contrary, at regional level, **Auzolan**, an employment program aimed to those furthest away from the labour market (RGI beneficiaries or members of the beneficiaries' household and any other person having signed an "inclusion agreement" with the social services) was set up in 2000 by the then regional Ministry for Justice, Labour and Social Security (Decree 182/2000, of 19 September). The objective was to create direct employment "of social interest", i.e. addressing social needs not sufficiently covered by private or other public means, for these persons. These jobs could be promoted by public or private entities, the provincial governments, municipalities, local development

¹⁹ Source Annual Employment Policy Plans (Planes Anuales de Política de Empleo) 2012, 2013 and 2016.

agencies, organisations collaborating with the social services and other non-for profit organisations. In 2010, it was endowed with over EUR 10 million and had over 3,000 participants.

1.4.A brief overview of the benefit system at the starting point of the reform

As mentioned above, **passive employment policies** are managed by the Spanish central state and this competence has not been devolved to the regional governments. Every worker having been working and paying social security contributions for at least one year and having been dismissed is entitled to **contributory unemployment benefits** for a period of time proportional to the time previously worked, with a maximum duration of two years, and for a quantity equal to 75% (during the first six months unemployment) or 60% (the remaining period) of the previously perceived wage (there is also a top amount). Once the entitlement to the contributory unemployment benefit is exhausted, or when the person has been working for less than one year, then the unemployed person is entitled to the **unemployment subsidy** equal to 426 € (in 2016) conditional on the inexistence of other income sources above 75% of the statutory minimum income. The maximum duration is two years, depending on the previously working time and on the existence of family responsibilities.

It is at this point, when the unemployed person has exhausted the unemployment subsidy, where the regional minimum income benefits play a role in all Autonomous Communities in Spain. The Basque Income Guarantee system has three elements:

- Firstly, **the RGI**, available for persons with no or insufficient income (subsidiary and differential nature) aged over 23 years old, with residence in Euskadi for one year (increased in the 2011 reform to three years). Immigrant persons having resided in Euskadi for one year (three after the reform), even if they do not count with a residence/working permit, are entitled to the RGI, as long as they meet the usual criteria. Three types of beneficiaries can be differentiated:
 - i. **Individuals with no labour income** and not (longer) entitled to any other benefit as long as the situation persists. The benefit is aimed to finance basic needs of the beneficiary and the family unit. Indeed, the family income is taken into account and all working age family members are obliged to subscribe the “insertion/inclusion agreement²⁰” and take part in the activation activities agreed upon.
 - ii. **Workers with labour income** below the amount of the benefit, due to part-time work or to low wage. In these cases, the individual is entitled to a benefit equal to the difference between the wage perceived and the amount of the benefit that would correspond him/her in the specific family situation plus an incentive. This benefit, introduced as early as in 2000²¹, is called Complementary Labour Income Benefit (*Renta Complementaria de Ingresos del Trabajo*) in the Law 18/2008 and aims to encourage RGI beneficiaries to accept a low rewarding job allowing that they earn always more through working than not working. Its duration is limited to 24 months, although it can be extended for additional 12 months²²
 - iii. Pensioners with (old age and disability) pensions below the amount of the benefit and without any other income source are entitled to a benefit equal to the difference

²⁰ The name of the agreement signed by the beneficiary stating his/her activation willingness and the employability pathway was named initially insertion agreement (*convenio de inserción*) and changed by the Law 18/2008 to inclusion agreement (*convenio de inclusión*).

²¹ Order of 3 February 2000 establishing employment incentives for Insertion Minimum Income and Emergency Social Benefit beneficiaries

²² Decree 147/2010, of 25 May, for the Income Guarantee Benefit (RGI)

between the pension and the benefit. These persons do not need to take part in activation measures.

- Secondly, the Complementary Housing Benefit (*prestación complementaria de vivienda, PCV*), available for persons who need to pay a rent. Since RGI beneficiaries would frequently face problems related to payment of the rent, mortgage or related bills, the 2008 reform linked the RGI with the PCV, focusing it to the housing rent. Moreover, since then the PCV is considered a subjective right, thus not conditioned to the existence of available budgetary means, similar to the RGI. The management of the two benefits, RGI and PCV, is made jointly, so that it is usually spoken of the RGI/PCV benefit.
- Thirdly, Social Emergency Benefits (*Ayudas de Emergencia Social, AES*) are economic benefits aimed to subsidise basic needs of the population beneficiary or not of the RGI/PCV benefit. They are managed by the local primary social services and are usually a one-off payment. They are funded by the Basque Government and often complemented by municipalities' funding once the national budget is over.

According to the Law 18/2008 (art. 20), the monthly amount of the RGI is equal to 88% of the statutory minimum wage for unipersonal households and was increased up to 125% in the cases of households formed by three or more persons. In the case of workers, a part of the labour income is not taken into account, so as to allow the beneficiary to receive a benefit that, summed with the labour income, exceeds the corresponding percentage: In the cases of pensioners with lower than the statutory minimum wage pensions, the benefit is fixed at 100% of the minimum wage for unipersonal households and at 135% for those with three or more persons. Finally, monoparental households are entitled to an additional amount equal to 6.4% of the minimum wage.

The **monthly amount** perceived by those entitled to the PCV has been stable since 2010 and is equal to 250 euro. It can increase to 320 euro in the cases of households with two or more children or if the beneficiary is working²³.

The **number of beneficiaries** of the RGI had increased rapidly before the reform, particularly after the Law 18/2008 and during the economic crisis, from 36.817 in March 2009, to 51.903 in March 2010 and 53.981 in March 2011. Accordingly, **the cost** of the RGI/PCV benefit increased from 263 million euro in 2009, to 364 million in 2010 and 395 million in 2011²⁴. The cost of the **Social Emergency Benefit** has increased as well and was 216.5 million in 2007²⁵. It is worth mentioning that the RGI/PCV system is by far the most developed in Spain, as its weight in GDP in percentage terms shows, equalling in 2015 0.69% which compares to 0.10% as the average for Spain.

1.5. The main agents involved in managing the benefit system and providing employment and social services

Before the reform, the agents managing the benefit system and providing employment and social services were:

The municipalities were active providing both social and employment services. There are 281 municipalities in Euskadi, among which Bilbao area (formed by 26 municipalities) gathers almost half of the Basque population (0.9 million, out of 2.2 million in 2016). On the one hand, from the local social services point of view, before the reform, they acted as the entry

²³ Art. 8, Decree 2/2010, of 12 January, of the Complementary Housing Benefit

²⁴ Source: Lanbide (2016): "La renta de Garantía de Ingresos (RGI) y Lanbide"

²⁵ As in Uribarri Hernández (2012), "Historia y futuro de las rentas mínimas en Euskadi", Cuadernos de Trabajo Social, Vol. 25-1 (2012) 75-85

door to the benefit system, they used to assess the requests of RGI by potential beneficiaries and made a proposal to the respective provincial authorities, informing of the specific situation of the person and the household. They also provided primary social services and would derive RGI beneficiaries to the central Public Employment Service (SEPE), at that time competent for ALMP in Euskadi, or to other employment activation tools, such as Auzolan (see below). On the other hand, the municipalities would also set up **Local Employment Agencies** (*Agencias Locales de Empleo*), that would develop economic and employment promotion plans and activities in their territories, coordinating with the most relevant local social actors. The range of activities developed is wide and includes promotion of economic activities, such as tourism, industry, new technologies, etc.; also promotion of entrepreneurship and business creation or attraction; some employment programs aimed at unemployed persons. Within the framework of these plans, municipalities would hire persons for a limited period of time (usually 6 months) to carry out community works, and often set a minimum percentage of RGI/PCV beneficiaries among the persons to be hired. They also may call for proposals for NGOs, including social enterprises, to develop labour insertion programs for low employability persons.

The budget municipalities devote to employment programs varies greatly but it is a minor share compared to the economic resources placed by the Basque or provincial governments. This funding of municipal budget for employment programs comes from the Basque government (as mentioned above, near EUR 17 million in 2017); the respective provincial authority: near EUR 2 million in Bizkaia province for employment projects developed by municipalities in 2017, in part devoted to RGI beneficiaries; Gipuzkoa's government addresses rather economic development and territorial balance, with less focus on employment; Araba's authority devotes in 2017 € 1.5 million to the provincial program for training and employment promotion, which is implemented mostly through hiring subsidies or non-for profit organisations, thus with only marginal participation of the municipalities. Finally, the municipalities' budget for employment projects may also be complemented with own local economic resources, although this would mean a minor share.

The Spanish Law on the local regime²⁶ regulated in 1985 that municipalities are competent for social services and social promotion and insertion, so municipalities with more than 20 000 inhabitants are obliged to provide the primary social services. The same law states that provincial governments (*Diputaciones*) are competent to deliver supra-municipal or local services in the cases of smaller than 20,000 habitants municipalities (social services, but also employment programs, waste disposal, watering, etc....). In the Basque country, local social services are provided in more than 300 centres. In the Basque Country case, the funding of local social services comes from the Basque government, the respective provincial authority and the local taxes.

- **The three provincial authorities** (*diputaciones provinciales*), competent for secondary or specialised social services, assessed the situation of potential beneficiaries and decided whether the RGI/PCV was granted and the amount. The three provincial provinces, **each with its own RGI/PCV managing system**, would communicate the Basque Government (Ministry for Employment and Social Services) the list of beneficiaries and the amounts. They would also develop some employment activation programs and projects for the unemployed population (beneficiaries or not of the RGI/PCV).

Interestingly, and different from the rest of Autonomous Communities in Spain, the three provinces (called Historic Territories, *territorios históricos*) have the historical competence of raising taxes, so they count with a certain degree of financial autonomy and power.

²⁶ Ley Reguladora de Bases de Régimen Local de 1985

- **The regional Ministry for Employment and Social Services** was in charge of paying the RGI/PCV bill, with no responsibility in its management. *In parallel* with the ALMP activities run by the state PES, the regional Ministry had set up some institutions, such as Egailan (a sort of regional public employment service) and Langai (the regional job matching agency, embedded in Egailan); it had also developed programs, such as Auzolan. As explained above, Auzolan was an employment program aimed to those furthest away from the labour market (RGI/PCV beneficiaries or members of the beneficiaries' household and any other person having signed an "inclusion agreement" with the social services) and was set up in 2000 (Decree 182/2000, of 19 September). The objective was to create direct employment "of social interest", i.e. addressing social needs not sufficiently covered by private or other public means, for these persons. These jobs could be promoted by public or private entities, the provincial governments, municipalities, local development agencies, organisations collaborating with the social services and other non-for profit organisations.
 - **Egailan:** Basque Public Society for Training and Employment set up in 1990. Autonomous Body included and financed by the regional Ministry for employment and Social Services. Egailan cooperated with Langai, the regional Agency for job matching. The joint budget in 2009 was 9.4 million euro and counted with 74 workers²⁷. The Law 2/2009, of 23 December, approving the general Budget for the Basque Country for 2010 included the transfer of all budgetary and personal means of Egailan to Lanbide.
- **NGOs** count with a long tradition in Euskadi working with people most in need of support for social inclusion and labour insertion. Some of them stand out for their long experience and impact, such as Sartu (www.sartu.org/en) or Basque EAPN (www.eapneuskadi.org). They obtain financial resources mostly from the public institutions with whom they collaborate.

1.6. Brief description of the institutional status quo before the reform

²⁷ According to the Audit report 2009

| | provision type 1 (or client group) | provision type 2 (or client group) | provision type 3 (or client group) | provision type 4 (or client group) |
|--|---|---|--|---|
| Name of provision (benefit or service) | RGI/PCV benefit | Primary and specialised social services | ALMP | Complementary regional / provincial / local ALMP |
| Main purpose of the benefit/service | Minimum Income Guarantee | Social service and activation provision | Job search, matching, employability (vocational training) | Employability, employment creation, job matching |
| Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.) | Means-tested. It is a last resource subsidiary benefit. | All persons in need | Registered persons with central PES, unemployed or wanting to improve its labour situation | Persons requesting ALMP at the regional /provincial/local offices |
| Target group and its size in proportion to total non-working active age population | In 2012, 157 686 persons in situation of risk of poverty (7.3% of total population) | In 2012, 157 686 persons in situation of risk of poverty (7.3% of total population) | Registered unemployed 2011: 145 394 (source: SEPE); LFS unemployed in 2011 (134 700, 12.35%) | Registered unemployed 2011: 145 394 (source: SEPE); LFS unemployed in 2011 (134 700, 12.35%) |
| Who is the main actor that determines the client journey? | Local social services and provincial social services | Local social services (for primary SS) and provincial social services (for specialised) | Central PES | Regional Ministry of Employment and Social Services (Egailan) 3 Provinces Local Employment Agencies |

| | | | | |
|--|---|---|---|---|
| Who evaluates claims for this benefit / decides on who can participate in this service (if the service is open to all, please indicate that)? | 3 Provincial social services | Local social services (for primary SS) and provincial social services (for specialised) | Employment services are open to all registered unemployed, subject to assessment of their suitability to participate in the services and top the availability | Regional Ministry of Employment and Social Services (Egailan) 3 Provinces Local Employment Agencies |
| Who enforces the activation (job search, accepting job offer, etc.) requirements (if these exist)? | Local social services | Local social services (for primary SS) and provincial social services (for specialised) | SEPE | '- |
| Who decides on sanctions (in case of non-compliance)? | Local social services | '- | SEPE | Not related to entitlement to economic benefits |
| Who pays the benefit / delivers the service? | Regional Ministry of Employment and Social Services | Local social services (for primary SS) and provincial social services (for specialised) | SEPE | Regional Ministry of Employment and Social Services (Egailan) 3 Provinces Local Employment Agencies |
| Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget) | Regional Ministry of Employment and Social Services | Regional Ministry of Employment and Social Services; 3 provinces and municipalities | SEPE | Regional Ministry of Employment and Social Services (Egailan) 3 Provinces Local Employment |

| | | | | |
|--|--|--|--|----------|
| | | | | Agencies |
|--|--|--|--|----------|

The **main inefficiencies of the system**, as before the reform were:

1. The local and provincial social services were not able to provide adequate employment activation support to RGI/PCV beneficiaries, since they did not count with employment activation tools. In general terms, in spite of the existence of the “inclusion agreements”, the activation culture of the social services was rather weak, as assessed by some of the interviewees.
2. The local and provincial services, responsible to jointly manage the RGI, had to devote too much time to the management of a benefit, very often by highly qualified social workers, being though considered by many as a mainly administrative task. Managing the RGI/PCV is a complex task, since it involves many different and changing situations, but it does not necessarily need to be performed by social workers. This task inhibited them to devote sufficient efforts to the development of social and community work²⁸.
3. The management systems of the three provinces were different, and a complete detailed overview of the beneficiaries, their features, evolution, success, etc. was not feasible. Territorial differences were important.
4. Two parallel employment services existed: the one managed by the central state, competent for both passive and active labour market policies, due to the fact that the competence to manage ALMP had not yet been devolved to the Basque Country; and the regional system, managed by the Public Company Egailan, in cooperation with provincial and local authorities and also with NGOs. Additionally, the 3 provinces would manage their own employment programs / projects and at the local level, municipalities would also manage their Local Employment Agencies. The extent to which these programs / project target persons with lower employability levels varies greatly, depending possibly on the specific situation in the territory and/or the policy focus. Although there is no specific information available, it could be affirmed that all the three administrative levels include call for grants to NGOs specialised on labour insertion of persons farther away from the labour market.
5. Coordination between central PES and the social services was inexistent, in that the PES did not have any information about the RGI/PCV status or the more general social history of the registered unemployed with PES. As a result, it could not provide any differentiated attention to registered unemployed persons entitled to unemployment benefits, RGI or nothing. In turn, although beneficiaries of RGI/PCV need to be registered with the PES, the PES did not inform the social services about the activation measures offered to the beneficiary.
6. Coordination of social services with the regional ALMP developed by Egailan, the 3 provinces and the Local Employment Agencies was more intense than with the central PES but heterogeneous, not systematised and with large disparities. In smaller municipalities, the coordination would be closer than in larger ones, where it was often inexistent.

²⁸ However, as reported by some interviewees, there was not always understood this way and some resistance arose among social workers, who praised the “power” that the management of the RGI gave the social worker, who could then force the contact with the beneficiary and the inclusion agreement.

2. Details of the reform episode (initiative)

2.1. Brief description of the initiative

As included in the explanatory memorandum of Law 4/2011 implementing the reform, promoted by the regional Ministry for Employment and Social Services, the content of the reform is focused on the transfer of the regional system of Minimum Income Guarantee and for the Social Inclusion from the local and provincial social services to the Basque Government, in particular to Lanbide, the Basque Public Employment Service since 2011. The regional system of Minimum Income Guarantee and for the Social Inclusion includes both the economic benefits (RGI and PCV) and the elaboration, proposal, negotiation, signature and follow-up of the inclusion agreements signed by both the beneficiary and Lanbide. The objectives of this reform, according to the Law, are:

- Firstly, to reinforce active inclusion of RGI/PCV beneficiaries, supporting their employability and making that “employment pays” both for the unemployed and inactive beneficiaries. The confluence of the competence to manage the RGI/PCV, the design and of the application of the inclusion agreements *and* the management of ALMP in Lanbide shall contribute to reinforce the link and achieve the objective.
- Secondly, to increase efficacy, efficiency and improve governance and control through management of the system by a single agent, which is the Basque Government, through the Ministry for Employment and Social Services. In so doing, a single and homogeneous management is guaranteed.
- A third objective is to relieve local and provincial social services from the hard burden of managing the RGI/PCV and that hampered that they could devote sufficient resources to develop the Law 12/2008 of Social Services. The social workers had repeatedly denounced a capacity saturation caused by the management of RGI/PCV.

An additional political objective, not included in the Law but mentioned by some interviewees, was to induce a significant change in a policy that had been developed and managed by governments led by the nationalist party (PNV) since the beginning of the democracy. Thus, the at that time government led by the Basque Socialist Party, in coalition with the conservative Popular Party, wanted to take the opportunity to substantially change the system. The reception by Lanbide of the competence to manage ALMP was a good opportunity for the change.

2.2. The rationale behind the initiative

The rationale behind the initiative is straightforward and lies on the principles of active inclusion. Thus, the unification of the management of the minimum income and of the activation support to beneficiaries of this minimum income in **one single actor** shall improve communication, coordination, understanding of the difficulties, design of more adequate activation instruments and thus obtain better results.

The Law 4/2011 which the reform relies on foresees as well that when additional support is needed by the RGI/PCV beneficiary (e.g. social services, health, housing, etc.) then, Lanbide shall also include this in the “inclusion agreement” signed with the beneficiary. Thus both the labour insertion and the social inclusion strands are addressed by the reform and both shall be reinforced.

As will be described below, it was understood at the time of the reform that it needed to be implemented swiftly, because of the weak political situation of the coalition government. The many problems in implementing the reform come allegedly from this urgency.

2.3. Detailed description of the NEW system

| | provision type 1 (or client group) | provision type 2 (or client group) | provision type 3 (or client group) | provision type 4 (or client group) |
|--|--|---|---|--|
| Name of provision (benefit or service) | RGI/PCV benefit | Primary and specialised social services | ALMP | Complementary regional / provincial / local ALMP |
| Main access criteria (insured, means-tested, other criteria, e.g. age, family status, etc.) | Mostly the same conditions as before, but the residence period required is extended to 3 years and other limits included | Similar as before the reform. | Registered persons with central Lanbide-Basque Public Employment Service. Unemployed persons or working persons wanting to improve its labour situation | Regional ALMP integrated in Lanbide. Provincial / local actors |
| Target group | Similar as before the reform: persons with no (or insufficient) income. | Similar as before the reform. | Similar as before the reform. | Similar as before the reform. |
| Who is the main actor that determines the client journey? | Lanbide | Similar as before the reform. | Lanbide | Lanbide, in cooperation with local/provincial actors. |
| Who evaluates claims for this benefit / decides on who can participate in this service? | Lanbide | Similar as before the reform. | Lanbide | Lanbide |

| | | | | |
|--|---|--|---|---|
| Who enforces the activation (job search, accepting job offer, etc.) requirements? | Lanbide | Similar as before the reform. | Lanbide | Lanbide |
| Who decides on sanctions (in case of non-compliance)? | Lanbide | Similar as before the reform. | Lanbide | Lanbide |
| Who pays the benefit / delivers the service? | Lanbide | '- | Lanbide, in cooperation with local and provincial authorities | Lanbide, in cooperation with local and provincial authorities |
| Who provides the funding behind (e.g. local government using their own revenues or local gov. using a per capita subsidy from the central budget) | Lanbide, with its own budget | Similar as before the reform. | | |
| Notes | Lanbide coordinates - with in the fact varied degrees of intensity- with the social services, but it decides on benefit delivery, sanctions and activation. | The situation of social services has not changed with the reform, but for the exemption of managing the RGI/PCV. The Law 18/2008 of Social Services has not been modified, although it has been developed through normative decrees. | | Lanbide coordinates -with the territorial levels too. |

2.4. Context of the initiative: where did the idea come from?

The **electoral program** of the Basque Socialist Party prepared for the regional elections of 2009 included the creation of a Basque Agency for Social Inclusion (*Agencia Vasca para la Inclusión Social*) and an Observatory of the Inclusion (*Observatorio de la Inclusión*). It was foreseen that a network of offices to manage the system of guaranteed income was set up, defined as an autonomous body by Law 8/2008, thus separating it from the social services and relieving them from the burden of managing the RGI/PCV. The persons that proposed the Socialist Party to include the creation of this Agency in the electoral program were to be later designated as the regional Minister for Employment and Social Services and the Vice-Minister for Social Services in the actual government formed once the elections were won²⁹.

As mentioned above, social workers had repeatedly denounced an **overburdened situation of the social services** (also before the economic crisis), due mostly to the efforts required to manage the income guarantee system. Moreover, the guarantee of a minimum income was not necessarily understood as a social service by many, but rather as a social security benefit, similar to a non-contributory pension or the unemployment benefit/subsidy. Certainly, as assessed by the interviewees, the available evidence did not necessarily call for such a reform, neither the creation of a Basque Agency for Social Inclusion, as included in the electoral program of the socialist party, or the final adopted reform.

At the first moment, the idea that Lanbide managed the RGI/PCV had not arisen, but, as mentioned, the creation of a new network of inclusion offices. However, when the Socialist Party entered the government, in coalition with the Popular Party, the effects of the economic crisis were already noticeable, the need to contain costs had set in and the creation of a new network was not feasible. Moreover, the fact that the Socialist Party was also in the Spanish government unblocked the negotiations about the devolvement of ALMP and the possibility of innovating ALMP was perceived as an opportunity. In this context, after an interinstitutional meeting (Basque Government, three provincial authorities (*diputaciones*) and the Basque Federation of Municipalities (named *Eudel*)), the provincial governments agreed upon the Basque government assume the management of the income guarantee system. Since the creation of a new network of offices was not affordable, it was instead decided that the newly devolved network of Lanbide offices assumed the management of the RGI/PCV system³⁰.

2.5. The political decision phase: the actors

| power \ interest | Low | medium | high |
|------------------|-------------------------|---|--------------------------|
| low | Employers' associations | | |
| medium | Trade unions | Other regional Ministries: health, education, housing (at | Basque Nationalist Party |

²⁹ Ms. Gemma Zabaleta and Mr. Fernando Fantova respectively. Mr. Fantova has been interviewed in the framework of this study.

³⁰ Sánchez Amado, PM (2014): “La garantía de ingresos y los servicios sociales en Euskadi.2011-2013”

| | | | |
|------|------------------------|--|--|
| | | the time of the reform, included in the Ministry for Employment and Social Services) | |
| high | Social Workers NGOs | Local social services Eudel (Basque federation of municipalities) | Regional Ministry for Employment and Social Services - Lanbide Provincial social Services (<i>diputaciones</i>) |

Please explain briefly the basis for categorising the particular actors in the above table. Please add further comments and explanations as necessary. If appropriate, separate matrices may be completed for different territorial entities, different levels of government etc.

The stakeholder of the reform with highest interest and power was the Regional Ministry for Employment and Social Services with Lanbide as an autonomous body in charge of managing the RGI/PCV system and ALMP. In the same situation were the three provincial authorities (*diputaciones*), that were responsible for managing a significant part of the RGI/PCV and had thus the legal and political power to keep the system as it was or, as it happened, to cooperate with the Basque Government to assume and centralise the task. In spite of some reticence, they finally supported the reform. On its side, the local social services were highly interested in getting rid of managing the economic benefit, although it was not in their power to decide upon it; the Basque Federation of Municipalities (Eudel) shared the high interest in the reform, and may have had more power than the local social services individually because of its representation role. In a medium situation were other regional ministries/departments linked, at least in theory, with the active inclusion goal, such as the health, education or housing departments; as part of the government, they may have had a significant weight, though in practice these ministries did not (need to) play a significant role.

2.6. The political phase: the actions

The socialist party acceded to the Basque government for the first time in democracy in 2009 and in a weak position, since it needed to be in coalition with the conservative Popular Party, its rather natural political adversary. It was the Minister for Employment and Social Services who decided formally and in the reality the reform in coordination with the three provincial authorities, led at that time by the Basque Nationalist Party (PNV), that agreed on it. The preparation of the technical diagnosis leading to the formal reform was made by the Ministry³¹.

Surprisingly as it may seem, the three Basque provinces did not attempt to keep for themselves the competence of managing the RGI/PCV system, as this was allegedly a cumbersome burden and with potential reputational risk, if the traditional political and societal consensus was broken (i.e.

³¹ The Department responsible for statistical analysis in the regional Ministry for Employment and Social Services has provided technical analysis and support throughout the whole process, starting at the time where the income guarantee system was first set up in the late eighties. However, there is consensus among the interviewees that, contrary to former occasions when the technical diagnosis would play a significant role, in this case the technical diagnosis was not as relevant as the political situation in the final decision.

beneficiaries complained about insufficient support and/or the society perceived that the system was unfair or not sustainable, as it eventually happened to some extent).

The three provincial governments were formally consulted on the reform through the provincial parliaments (*Juntas Generales*), who have the right of being consulted for every law passed by the Basque Parliament or Government. According to interviewees, the three *Juntas Generales* raised an internal report with some critics about the reform. The provincial governments agreed upon the objectives and the logic of the reform: to provide activation support services to RGI/PCV recipients, to improve the efficiency of the system and to achieve a more homogeneous system. However, they did not find adequate that retired persons need to attend PES offices; they also highlighted the low employability of RGI recipients as an obstacle to active inclusion; other issues raised concerned vulnerable persons of rural areas who would have it difficult to go to larger urban centres where Lanbide offices are located (transport between some small villages and these larger urban centres is often scarce and the transport schedule does not fit with Lanbide offices schedule); they also showed reluctance about some of the implementation details related to the transference of RGI management to Lanbide included the fast track implementation way of the reform, demanding a longer period of time for the transition. As alternatives, a protocol facilitating access of RGI/PCV recipients to Lanbide's services was suggested; also the possibility of management delegation agreement from the three provincial authorities on Lanbide was considered. However, eventually, the three provincial administrations supported the reform formally and cooperated with the Basque Government.

A natural political adversary of the socialist government, the conservative Popular Party, was at that time in coalition with the government, so no hard opposition was exerted, although the Popular Party demanded cost contention and forced, for instance, that the time residence requirement was extended from 1 to three years.

On its side, the Basque Nationalist Party, who had been in the government since the beginning of democracy in 1979, was not willing to make things easy, and started negotiations with the Spanish Socialist government in a moment when it needed support and, when the devolvement of ALMP to the Basque Country had already been agreed upon, it opened negotiations again thus delaying the final devolvement of competences by almost two years³². As a consequence, the feeling that the process had to be decided upon and implemented as quickly as possible, governed the whole reform, since the term was due to end in 2012 and the re-election was not envisaged as easy (as it eventually occurred in December 2012, where the Nationalist Party (PNV) gained access again to the government).

Thus, the Law 4/2011 was passed by the Parliament the 24 November 2011. The explanatory memorandum explicitly adopts **flexicurity** as a strategy oriented towards better employment opportunities, through global lifelong learning strategies that allow the persons to acquire the needed competences and guarantee their adaptability and employability. In fact, the flexicurity agenda, at least in what refers to activation of minimum income beneficiaries, had been endorsed by the previous governments -at this moment in the opposition- and, more generally, by the society, as explained above. Indeed, references to EU policy documents advocating for active inclusion, flexicurity and the need to support employability of RGI/PCV beneficiaries are frequent in all the documents analysing the evolution and impact of the income guarantee system.

³² This is called the "betrayal" of Mr. Zapatero, at that time Spanish socialist president, to Mr. López, the Basque socialist president. Zapatero needed votes from the Basque Nationalist Party in the Spanish Parliament and agreed to start negotiations with it concerning a reform which was being led by the government.

This can be observed with more intensity in recent years, where the system has confronted the economic crisis and exacerbated criticism has been put forward, following the initial management difficulties of the RGI/PCV by Lanbide: in 2014, the Popular Party (no longer in the regional government since 2012) presented a new Popular Legislative Initiative (PLI), demanding a new reform of the income guarantee system that, among other changes, expels from the system immigrant persons without residence/working permit (3 700 persons, according to the PLI), arguing that these persons will not be able to work; it also calls for increasing the residence period requirement from the current 3 years to five to avoid the “pull or call effect”; additionally, the PLI demands reinforced working (in the ordinary labour market but also in community works) availability of RGI/PCV beneficiaries. The PLI also calls for strengthened control of fraud and abuse.

2.7. The designing phase: the actors

The task to be implemented was defined simply –“let Lanbide assume the management of RGI/PCV system, formerly developed by the social services”- though the conditions of the effective implementation turned out to be a “perfect storm”, as expressed by one interviewee and is detailed below in 2.10. Implementation process. The bodies involved were Lanbide and the local and provincial social services, the latter ones transferring the information about the beneficiaries and their social history to Lanbide.

As described further below in detail, prior to the reform a **pilot project** had been implemented in 8 employment offices of Lanbide since June 2010. This pilot aimed to test whether and how a more administrative management of the RGI/PCV was possible and to provide activation and employment measures to RGI/PCV beneficiaries. The pilot experience was successful, thanks, according to the interviewees, to the presence of highly experienced staff in managing the RGI/PCV, which could guide and support the more inexperienced administrative staff.

As mentioned across several points of this document, there was a general consensus among all actors involved on opposing the speed with which the reform was implemented, which led to a situation of bewilderment across all involved agents and the beneficiaries.

As regards the role played by **Third Sector organisations (social NGOs)**, whereby prior to the reform they largely agreed with the flexicurity agenda, as explained above, they finally opposed strongly to the concrete implementation, in particular to the elements that implied increased entitlement requirements and reduced social protection (see details below in 2.10). As assessed by some interviewees, in a confusing context of major too rapid changes, doubts about the final aim of the reform arose.

The opinion of **trade unions** was mixed, with several internal debates. This complexity can be summarized as follows: on the one hand, they largely agreed with the main aims of the reform about enhancing the active inclusion logic and achieving a homogeneous framework for this scheme. Therefore, they found positive that a single institution, such as Lanbide, managed the RGI/PCV, instead the previous ecosystem. On other hand, however, they opposed the way the reform was implemented, and demanded a longer period of time for the transition and a guarantee of sufficient (in number) and adequate (in skills) human resources for Lanbide.

The reform did not involve a major change in constitutional arrangements, although it involved a centralization of responsibilities from the local-provincial-regional level to just the regional level.

2.8. The designing phase: the decisions

The **target group** of the reform consisting in transferring the management of the RGI/PCV from the local and provincial social services to Lanbide-Basque Employment Service, was made of individuals beneficiaries of the RGI/PCV and their households. There are three types of beneficiaries: 1) old age and invalidity pensioners entitled to lower than the minimum wage pensions; 2) low-wage workers; 3) unemployed persons, with various employability levels. The **number of RGI/PCV beneficiaries** amounted in 2008 to near 35 000 persons, which, after the passing of the Law 18/2008 increased to 48 000 (+37%) in only one year 2009. The number of beneficiaries went on increasing as consequence of the economic crisis until 55 000 (additional 14.6%) in 2011 and until 62 000 (+12.7%) in 2013. It has to be borne in mind that the management of the RGI/PCV involves not only the individuals entitled to the benefit but also their families. The **needs of beneficiaries** were twofold, as defined by the subsequent laws: to maintain a minimum living standard on the one hand; on the other hand, to prevent social exclusion and / or to promote their employability and ultimately their access to an employment able to lift them out of poverty. In the context of the economic crisis, however, the satisfaction of the latter needs proved impossible for the majority of beneficiaries at the time the reform was adopted.

Discussions about the convenience of Lanbide managing the RGI/PCV for old-age and disability pensioners, thus not required to get activated, have been permanent since the beginning of the process and are still active. This income complements non-contributive retirement or disability pensions, whose amount, depending on the contribution career of the beneficiary, can be below the RGI/PCV threshold. Indeed, the average non-contributory retirement pension in Spain in 2016 was 355.99 euro and the average disability non-contributory pension was 395.78 euro³³. Some claim that in these cases, the RGI could be brought back to the local social services, but this idea faces the opposition of social services, arguing that the very fact that a person is old does not provoke a vulnerable situation. Instead, a system managed by the social security, similar to other pensions, is called for. In this context, some provincial governments (Gipuzkoa) have proposed to manage the RGI/PCV for pensioners in the provincial level.

With this same sense, the convenience of Lanbide managing the RGI/PCV for not (or very little) employable beneficiaries due to social problems, thus requiring social or other services, has also been debated, with some arguing that it does not make sense that these persons enter in Lanbide's sphere because they will (virtually) never be able to find a job. Provincial governments mentioned this issue before the reform as well, pointing that only a low number of RGI/PCV recipients held a level of at least medium or high employability. However, the most common position is that it is better that these persons are as close as possible to Lanbide and to the possibility to get activated, while at the same time being attended by the social services.

In the new system, as explained above, the **distribution of roles** is simple, since Lanbide is responsible for managing the whole RGI/PCV process: the person needs to go to an employment office to apply for the RGI/PCV, where his/her socioeconomic and family situation is assessed and decided upon; in case of a favourable decision, then an inclusion agreement is designed jointly by the labour consultant and the beneficiary, including an employability pathway and / or, when needed, additional measures to be adopted by other systems (social services, health, housing); the follow-up, monitoring and control is also exerted by Lanbide, with no territorial differences.

This reform **involved three important changes in the service offer**: **on the one hand**, all active employment measures were made directly available for RGI/PCV beneficiaries, as opposite to the

³³ Source: IMSERSO. Ministry of Healthcare, Social Services and Equality of Spain.

prior situation when the social services did not count on employment tools and the state PES, which used to provide activation measures, did not know of the social situation of RGI/PCV beneficiaries. Indeed, as assessed by the interviewees, the design of activation measures provided at present by Lanbide takes into account the specific needs of persons entitled to the RGI/PCV. This is put into action often through the **participation of external agencies**, that are hired by the Basque Government through a framework contract. Therefore Lanbide offices can derive RGI/PCV recipients to be attended by these entities. Two different framework contracts exist, one for general RGI recipients and another one for those recipients furthest away from the labour market, who might also require additional specialized support (certain migrants, persons with disabilities or Roma population). These entities provide workshops, identify skills gaps of RGI recipients and suggest training courses, often offered by Lanbide. They are also responsible for the follow-up of RGI recipients. However, it is worth mentioning that the initial purpose of these framework contracts was to respond to the overburden situation suffered by Lanbide. **On the other hand**, the reform involved a significant difference in the way the attention was provided to beneficiaries as regards the management of the benefit: before the reform, it was social workers who would manage it, understanding this as part of the social work to be done with beneficiaries and as an essential tool of social work, since it forced beneficiaries to be in contact with the social workers of the wide network of social services centres (300 centres), thus allowing these ones to intervene and enforce behavioural changes; after the reform, the management of the benefit relies exclusively on workers in the much more limited network of 42 employment offices, being the social and activation work undertaken separately. As a consequence, due to the lower number of Lanbide offices compared with social services offices, beneficiaries need often to move to the nearest city with an employment office; moreover, as feared by some, they will no longer receive such a close and specialised attention as they used to; indeed, if the inclusion agreement does not include the need for the social services to intervene and if the beneficiary does not address him/herself the social services, then the contact with these -compulsory before the reform- is broken. What is assessed by some as a reduction in the intensity and quality of attention provided, is considered by others a gain in professionalism, objectivity and efficiency, thereby acknowledging the need to reinforce the coordination between social and employment services. As a matter of fact, as stated by the Basque Ombudsman in his 2016 report³⁴, beneficiaries of RGI/PCV have hardly lost contact with the social services, and the vast majority is still linked with them. Lanbide staff who manage the benefit have diverse profiles at present: whereas initially they were administrative workers, following the initial overburden situation, a reform allowing more flexibility of Lanbide workers took place. Since then, often workers specialized in ALMP delivery work in the RGI/PCV administration as well.

Finally, one of the initial objectives of the reform was to free resources in the social services and allow them to develop and implement the Law 12/2008 of Social Services: although less than initially foreseen, due to the impact of the economic crisis and the accompanying raising demand of social services, the general assessment of social workers is that the reform has indeed made possible that time and staff resources have been devoted to developing the Law 12/2008 and the Decree 185/2015 on the social services' catalogue (know as *Decreto de Cartera*) was passed in 2015, including a common wider catalogue of social services than before the reform. The actual implementation of the catalogue should, according to them, allow for early identification of RGI/PCV beneficiaries in need of social services and to work with the household and the community in a more effective way. In addition, the removal of the RGI/PCV management has allowed an increase of the resources devoted to care for elderly and long-term care services as well, in line with a growing demand for these services as consequence of an ageing population.

³⁴ Ombudsman' Report (2016): "The situation of local social services in Euskadi: current situation and improvement proposals"

The **depth of cooperation** decided in 2011 between the local social services and the employment services can be characterised as medium / strong: a coordination protocol was designed in 2012³⁵ focusing on the *inclusion agreements* as the tool through which the specific collaboration cases could be identified, either when it was Lanbide or the local social services the agent requesting the cooperation. Moreover, the design of the Lanbide's informatic application to manage the RGI/PCV system included the possibility for the local social services to make on-line consultations and provide information about the RGI/PCV or employment situation of an individual being attended as well by the social services. However, as stated by some interviewees, in the reality, this coordination is not effective, the informatic application is rarely used by social workers and Lanbide, in turn, does not have information about the social situation of the RGI/PCV beneficiary provided by the social worker. The intensity of coordination seems deeper in smaller municipalities, thanks to informal personal relationships between social and employment workers, than in larger cities. This informal communication has reported to be more useful than the protocol. Regardless of this protocol, social services still often inform vulnerable persons about the existence of the RGI/PCV and assist them on the bureaucratic procedures to get it, thus playing still a gateway role and indirectly supporting the administrative work of Lanbide.

The Strategic Plan 2013-2016 for Lanbide includes some **key performance indicators** related to its management role of ALMP and also to its role as responsible for the RGI/PCV. As regards the latter, the Strategic Plan includes as an objective³⁶ for the period to “define and implement an integral attention model to persons entitled to economic benefits, ranging from the initial protocol, administrative attention, the attention procured by the labour guidance / consultancy and/or referral of the individual to external services”. It also aims at “improving effectiveness and efficiency through normalisation, simplification and facilitation of management procedures and advancement towards interoperability between different administrations”. And at “improving the control of fraud” and “raise awareness about the value of the RGI/PCV system”. The specific global and process monitoring indicators of the Strategic Plan are:

- Existence of an implemented Model for integral attention of persons applying for economic benefits;
- % of RGI beneficiaries participating in labour activation or training programs or services;
 - Average time to achieve the approval of the RGI/PCV and obtaining the benefit;
 - Average time for beneficiaries until they are assisted by the labour guidance service;
- Average procedures time, by time of process;
- Monetary quantification of fraud and % of fraud over total RGI/PCV expenditure;
 - Number of processes implemented to control fraud;
 - Number and prevalence of revised expedients.
- Assessment of the RGI/PCV program by Lanbide's users, beneficiaries of RGI and by the society;
 - Number of awareness raising campaigns.

No **targets** are set in the Strategic Plan for Lanbide and no indicators are defined to assess the effectiveness and impact of the reform, meaning with this the difference between the situation prior to the reform and the situation after. Indeed, the challenge that appears to be addressed in the

³⁵ Lanbide (2012), “Collaboration between Lanbide and local social services in the framework of active inclusion agreements” (*Colaboración entre Servicio Vasco de Empleo Lanbide y los servicios sociales municipales en el marco de los convenios de inclusión activa*)

³⁶ Objective 3: Improve effectiveness and efficiency of Lanbide in the administrative management of public economic benefits.

Strategic Plan is to improve performance, taking as baseline the starting point of RGI/PCV management by Lanbide.

No reference is made in the monitoring **indicators to coordination** with the social or other external services, and the focus is set instead on the internal coordination between the part of Lanbide devoted to administratively manage the RGI/PCV and the parts devoted to labour guidance and training. One of the key indicators (average time to be attended by the labour guidance service) does account for cooperation between two internal services of Lanbide, but it can hardly be said that this indicator promotes cooperation and/or that it takes account for the joint efforts of cooperating units.

As previously stated, administrative management of the RGI/PCV system is complex due to the variety and dynamism of the situations encountered by beneficiaries: often inflows, outflows or changes of quantities paid when a beneficiary or any member of the household changes his/her working, age, family status, etc. Moreover, the three formerly existing provincial systems differed too, so that there was not such a thing as a unique management model. Therefore, **the need for experienced staff** was early seen. A direct option could have been to engage a part of the social workers that had been in charge of managing the RGI/PCV until the reform; however, this proved a very limited option because these social workers used to work for other territorial administrations (municipalities and three provinces), would live spread in the territory and did not wish to move to Vitoria, the city where Lanbide is based. Some efforts were made to train staff, but, due to the short time available, this was insufficient, at least in the first months.

Interestingly, prior to the reform a **pilot project** had been implemented in 8 employment offices of Lanbide since June 2010 with the objectives, on the one hand, of testing whether and how a more administrative management of the RGI/PCV -as opposed to the previous social work approach- was possible and, on the other hand, of providing activation and employment measures to RGI/PCV beneficiaries. The pilot experience was successful, thanks, according to the interviewees, to the presence of highly experienced staff in managing the RGI/PCV, which could guide and support the more inexperienced administrative staff. However, the scaling up to the whole territory of the experience proved more difficult to achieve. The obstacles faced by Lanbide when scaling it up, namely the single information management system, that was not completed in the precise moment of the transfer; the impact of the economic crisis on the number of applicants; or the excessive quick pace at which it had to be implemented, had not appeared at the pilot stage. The need for experienced staff was indeed detected, but it could not be managed that (a part of) the existing experienced staff in the provincial and local social services was transferred to Lanbide and, although Lanbide's staff did get specific training, it turned insufficient.

According to interviewed persons in three Lanbide's employment offices (Eibar, Getxo and .Amurrio), the situation is very heterogeneous across Lanbide's offices. Years after the reform, there has been an improvement of the staff skills so currently the management of RGI/PCV can be considered homogeneous across Lanbide offices. However, differences still exist regarding ALMP delivery. These differences respond mainly to three factors: the institutional origin of Lanbide staff, which influences their skills and in some cases their mindsets (Lanbide was created through the merging of the former state PES and Egailan); the socio-economic reality of the area they work in; the allocation of human resources which, according to interviewees, is not homogeneously distributed according to office's needs. Indeed, sufficiency of human resources, a clear definition of roles within the team and the allocation of a consultant to each RGI recipient have been found key factors for the adequate activation measures delivery. Fluid communication, which is easier within smaller teams, has also been highlighted as positive.

Currently three pilot projects to homogenize the ALMP delivery are being carried out in three Lanbide offices: Amurrio, Donostia-Intxaurreondo and Bilbao-San Ignacio. These pilot projects are expected to guide a future relocation of human resources across Lanbide offices.

The customer journey:

At the beginning of the customer journey, the person is informed about the RGI/PCV existence, purpose and requirements, providing him/her with a folder with the application forms to be filled in. The application is reviewed and when properly filled in, it is registered for its evaluation. The evaluation takes place through checking external information sources, such as working life, pensions or property records of the applicant. Data on other family members are also checked. According to this data the application is approved or rejected. In some offices, this task is performed only by administrative staff while in others, it is performed also by guidance and employment staff as well.

If approved, the first month the beneficiary receives the RGI/PCV an appointment with a guidance staff is made. A customized insertion itinerary is designed and the activation commitment is signed. In so doing, a standardized employability evaluation tool is used, that scores between 1 and 4 point several variables related to employability, such as skills, motivations or needs. The tool has to be updated during each visit of the recipient to the office, showing thus the evolution of the employability variables. Not all RGI/PCV recipients are guided: under 23 years old who are studying, pensioners, persons with disability over 65% or persons over 60 are not guided unless they explicitly want to. Around 70-80% of recipients are guided, although in some offices all members of the family unit are interviewed by Lanbide staff.

Employment guidance is made by Lanbide staff or else by the already mentioned external entities. The use of external entities vary greatly, in some offices it is very frequent while in other offices it is not used at all. These entities sign a framework contract with the Basque Government for a limited number of hours. Two different framework contracts exist, one for general RGI recipients and another for those recipients furthest away from the labour market, who might also require additional specialized support (certain migrants, persons with disabilities or Roma population). The staff devoted to labour guidance tasks, either Lanbide or external entities' staff, share the same online platform. According to interviewees, some Lanbide offices prefer to work directly with RGI beneficiaries, focus on those furthest away from the labour market and derive those with higher employability to external entities. Other offices have reported the criteria to be random, so that when a new recipient requires guidance and this can be made by an available person in Lanbide, then the person remains in the office; otherwise, s/he is derived to an external office.

Coordination with social services exist but to varying degrees. In some Lanbide offices, there is a constant communication between Lanbide and social services through phone calls or regular meetings, while in others it has been reported to be infrequent. Thus, social services might support the RGI recipient on his activation process as well.

From that starting point on, there are mainly three actions to be delivered on a continuous basis:

- Suggestion of **training courses** according to the skill gaps identified previously by the guidance staff (Lanbide or external entity based). These courses are usually organized by Lanbide, who hires external private training centres for its delivery. Entrepreneurship support is also provided, both by Lanbide staff and by municipalities, who might have received Lanbide funds for this.

- **Placement support**, once a RGI/PCV recipient CV matches with a job offer, the system suggests that person as a candidate. An external company (different from the external entities that work for guidance purposes) contacts the recipient to inform him/her on the job offer match and invite him/her for a potential job interview.
- **Follow-up of recipients**, made by Lanbide or external entities staff. This is made upon the criteria of the guidance staff, as there are no formal or follow-up indicators for RGI recipients. According to the interviewees, in the early moments after the reform, the follow-up criteria were stricter in order to raise awareness about the activation commitment; however, the insufficient staff has loosened these criteria. At present, the exemption from activation is more frequent, so that RGI/PCV recipients are not always obliged to attend training courses or to prove that they are seeking for a job or attending to job interviews they are invited to. As reported, only in extreme cases, such as being hired for a job and failing to show up with no justification lead to sanctions. However, formal bureaucratic issues, such as failing at renewing the unemployment demand (which must be exactly renewed on one exact day every three months) involve a sanction. A minor sanction involves a month without RGI/PCV, a second sanction may involve a year without the benefit.

According to trade unions, there are cases of fraud performed by companies as well, who use the compatibility with employment to push RGI/PCV recipients to work more hours than declared and thus shifting part of their working day to undeclared job.

External entities are responsible for reporting Lanbide in case of detecting fraud practices.

2.9. Who implemented the initiative?

Lanbide is an autonomous public body created in 2009³⁷ to absorb the management of ALMP that was due to be devolved to Euskadi in 2010, although this happened eventually in 2011. The 11 of March of 2011, the information and management system of the state PES was connected with Egailan, the existing Basque employment system. Later this year, in November 2011, the Law 4/2011 was passed, modifying the Law 18/2008 for the Guaranteed Income Benefit (RGI) and social inclusion and transferring the management of the system from the social services to Lanbide.

In the first moment, Lanbide was created in 2009 as a public entity subject to private right, similar to its predecessor Egailan, which allowed it flexibility in management and procedures; however, two years later, the Law 3/2011, of 13 October, on Lanbide-Basque Public Employment Service, transformed it in a public autonomous administrative entity. Not only did this new juridical status restricted its room for manoeuvre and flexibility, but it occurred only one month before starting managing the RGI/PCV system, which added to the difficulties that Lanbide was already encountering.

The first annual budget of Lanbide was initially set at 781 million euros in 2012, of which 322 million were deemed to the RGI/PCV benefits; however, the impact of the crisis made that the final expenditure increased by 20% to 938 million euro, driven mostly by the effective expenditure on RGI/PCV, which increased to 415 million euro (thus, by 28.9%). The initial budget allocation for 2013 was lower than the final 2012 expenditure, with 876 million euro (of which 437 million for the RGI/PCV benefits), and the final expenditure was still lower, with 741 million (of which 435 million on

³⁷ Second additional disposition in Law 2/2009, of 23 December, passing the general budget for 2010.

RGI/PCV)³⁸. In the years 2014 to 2016, the budget allocated to Lanbide's and RGI/PCV benefits experienced average annual increases equal to 5.2% and 6% respectively, reaching in 2015 819 million euro and 487 million euro respectively.³⁹ Finally, whereas the global initial budgetary allocation for Lanbide has increased in 2016 and 2017 to 836 and 847 million euro respectively, the budgetary endowment for the RGI/PCV has decreased to 461 million in 2016, although has risen again to 492 million in the 2017 budget. The large differences between budget and actual implementation may be behind this somehow erratic evolution.

At present, Lanbide counts with 43 employment offices in the whole territory. As of September 2015, five years after the beginning of Lanbide's activity, the so-called Relationship of Posts of Work (*Relación de Puestos de Trabajo*, (RPT)) of Lanbide was finally approved, after years of negotiations, with structural staff amounting to 918 posts. According to some interviewees (Lanbide offices directors and trade unions) the relationship of post of work did not achieve a homogeneous distribution of human resources across Lanbide's offices that responded to their actual needs. Thus, as a consequence, the capacities of each office currently differ and so does the ALMP delivery model or the degree of derivation of RGI/PCV recipients to external entities.

2.10. Implementation process

As advanced in previous sections, the reform was confronted with the need felt by a weak coalition government of implementing it as quick as possible in order to achieve it before the end of the term. This fact was, according to the interviewees, the origin of many of the problems encountered in the initial moments and that are still felt, though to a limited extent, today. Thus, whereas the transfer of ALMP from the state PES to Lanbide and the connection of the PES and Egailan information systems on unemployed and ALMP was made without major difficulties, the starting months of Lanbide managing the RGI/PCV have been described as "the perfect storm". The obstacles faced were:

1. There was not enough **staff** and it was not sufficiently trained / experienced to manage a very complex benefit and the needs of beneficiaries who were used to be attended by social workers in a very different way. As advanced above, it proved not possible to make use of the existing capacity in the social services to manage the RGI/PCV; indeed, the RPT - relationship of posts of work- has been approved in 2015, with four year delay. This lack of staff and of training for the staff was influenced as well by budget limitations imposed on the administration, related with the economic crisis.
2. Moreover, Lanbide needed to **merge employment staff** coming from three different systems and working cultures: the state PES, Egailan and Local Employment Agencies. Their working status and conditions, including wages, differed, which limited the mobility possibilities; more importantly, their cultures differed as well in which regarded the presence of RGI/PCV beneficiaries, considered by many as too far away from the labour market, in an employment institution as Lanbide. As reported by some interviewees, this cultural difference can still be perceived in the specific working procedures in the employment offices, with some of them working effectively on the activation of beneficiaries but others limiting the support almost to management of the RGI/PCV. In addition to the cultural or mindset differences, their skills related with the management of income schemes differed widely: state PES staff was better prepared, thanks to their former experience managing unemployment benefits, than other

³⁸ Data of budgetary execution of Lanbide, offered by the Basque government at http://www.euskadi.eus/web01-a3ogaocce/es/contenidos/informacion/ejecucion_presupuesto_lanbide/es_def/index.shtml

³⁹ Lanbide (2016) "La Renta de Garantía de Ingresos (RGI) y Lanbide"

staff with only experience on ALMP delivery. At the beginning of the reform, the offices with a higher state PES presence adapted better to the RGI/PCV management.

3. The design of an accordingly complex **IT system** was due to be accomplished in an unrealistic period of time of six months⁴⁰, but experienced important delays. As a consequence, many RGI/PCV expedients remained unattended during the first months, the benefits paid remained unchanged, so that the number of days to decide upon a RGI request increased well above the limit of 60 days established by the Law 4/2011; moreover, the changes in the employment or family situations of benefit holders were not taken into account, with the consequence that many of them received payments that had to be claimed back by Lanbide some months later. This provoked chaos scenes in employment offices, with long queues and social unrest that led even to the temporary closure of some offices. The Ombudsman reported this situation in 2013⁴¹, informing that it had received 1 010 claims in 2012, which meant an increase of 304% with respect to 2011, mostly due to the 875 claims affecting Lanbide. To ease this situation the provincial authorities (*diputaciones*) supported to some extent the process of RGI/PCV files during the first months; moreover, an external company was hired to support Lanbide.
4. The effects of the **economic crisis** started to be felt in Euskadi later than in the rest of Spain and coincided with the very moment of the starting point of the reform. In a complex economic situation with unemployment soaring, Lanbide was not ready to manage the income guarantee system that had provided an effective safety net in the past.
5. As reported above, in October 2011 the **juridical status** of Lanbide was changed from being a public entity subject to private right (as in 2009), to a public autonomous administrative entity. This modification restricted its flexibility in management and procedures only one month before starting managing the RGI/PCV system, which added to the difficulties that Lanbide was already encountering.
6. In this context, **the need for austerity in public policies** set in. The coalition government reduced the effective RGI amount by 7% and hardened entitlement conditions to access and keep the RGI/PCV: the residence period requirement was increased from 1 to 3 years⁴² and the activation requirements, in a context of severe economic and employment crisis, also reinforced, so that the benefit could be suspended after refusal of an “adequate” employment offer (before the reform it was three refusals). In addition, the austerity policies imposed budget constraints on the administration, which conditioned the lack of human resources and skills described on point 1.
7. In this context of crisis, austerity and incapacity of Lanbide to manage the RGI/PCV, a **hot public debate** divided society. On the one hand, part of the society demanded austerity and stronger activation of RGI/PCV beneficiaries, blaming the system for promoting their dependency of the system, particularly in the case of immigrants, and those without residence/working permits; this part of society demanded as well harder measures to combat fraud, whose existence had not been an issue before the reform, but had been used by the government as an argument in favour of the reform. On the other hand, another part of the society led by social NGOs criticized strongly austerity and the restrictive measures introduced in Law 4/2011, which raised doubts among them on the very objective of the reform and refrained their initial support to it; they criticised as well the discourse against fraud, understanding it as “blaming strategy” aimed at reducing society’s support towards

⁴⁰ The tender for the IT platform was published in June 2011.

⁴¹ Ombudsman Report (2013), “Diagnosis with improvement proposals on the management of RGI/PCV by Lanbide” (*Diagnóstico con propuestas de mejora sobre la gestión de la RGI -y PCV- por Lanbide*)

⁴² The demand of the conservative Popular Party, in coalition with the socialist party in the government, was to increase the residence period requirement to five years.

the RGI/PCV and thus paving the way to reducing the system’s coverage. The arguments of both sides were backed by the problems faced by Lanbide, which were -and are still- profusely reflected by the media.

The response given by Lanbide to these obstacles / problems encountered mostly in the initial moments of the reform but with long lasting consequences has focused on addressing staff capacity building and IT implementation, which had not been sufficiently addressed when the reform was launched. Additionally, it has needed to address the initial impact of many expedients being unattended during months, the soaring number of legal objections, revisions of expedients, pay-back requests, etc.

As of today, the situation seems to be almost completely regularised. The first major adjustment has been presented to the Basque Parliament in **May 2017**⁴³. As expected by the interviewees, it does not contain drastic strategic or conceptual changes in the system, but some responses to current questions such as better monitoring and adaptation of ALM programs and projects to the needs of employable beneficiaries of the RGI/PCV benefit; it also opens up the debate to limiting the maximum amount a household may receive; and considers the specific situation of refugees and proposes their exemption of the 3 years residence requirement. Existing doubts had arisen according which the main driver of the coming reform would be to limit RGI expenditure by de-indexing RGI amounts from the Minimum Wage, as the central government has increased it by 8% in January 2017, but the Basque Government has not increased the RGI accordingly, and further increases are likely to take place in the future. As a matter of fact, as mentioned, the document presented includes the proposal of limiting the top amount a household may receive, which has been heavily criticised. The debate will take place in the coming months.

2.11. Costs of the initiative

The economic costs of the reform are linked with the design of the IT tool to manage the RGI/PCV system and its links with other IT information systems; other consultancy works charged to external firms; with staff training costs; costs of preparing or repairing employment offices. The following table summarises the investment and current expenses incurred by the reform, amounting to over EUR 9 million in seven years.

| Year | Concept | Cost (VAT incl.) in Euro | I/C (investment, current expenditure) |
|------|--|--------------------------|---------------------------------------|
| 2011 | Implementation of RGI management tool | 1.620.509,00 | I |
| 2012 | Implementation of RGI management tool | 1.977.137,94 | I |
| 2012 | Plan to integrate RGI dossiers (files) | 798.414,87 | C |
| 2012 | Technical support office for the set up of RGI | 72.358,00 | C |
| 2013 | Technical assistance to support RGI management | 100.833,32 | C |
| 2014 | Technical assistance to support RGI management | 446.253,18 | C |
| 2014 | Evolving maintenance of RGI management tool | 836.902,07 | I |

⁴³ Basque Government (2017), “Document laying out the ground to improving the RGI” (*Documento de bases para la mejora de la RGI*), May 2017

| | | | |
|------|--|---------------------|---------------|
| 2014 | RGI dossiers' digitalization service | 545.772,04 | C |
| 2015 | RGI dossiers' digitalization service | 360.000,00 | C |
| 2015 | Technical assistance to support RGI management | 72.600,00 | C |
| 2015 | Evolving maintenance of RGI management tool | 836.902,07 | I |
| 2015 | Platform for postal RGI legal notifications | 99.097,61 | I |
| 2016 | Platform for postal RGI legal notifications | 99.097,61 | I |
| 2016 | Technical assistance to support RGI management | 99.825,00 | C |
| 2016 | Evolving maintenance of RGI management tool | 698.772,70 | I |
| 2016 | RGI dossiers' digitalization service | 545.999,99 | C |
| | Total | 9.210.475,40 | 100,0% |
| | Investment | 6.168.419,00 | 67,0% |
| | Current Expenditure | 3.042.056,40 | 33,0% |

In spite of lack of precise information on staff or infrastructure running costs, the qualitative information provided by the interviewees agree on the opinion that the current staff costs to manage the RGI/PCV is much lower than it used to be, due both to an inferior number of employees and to average lower wages. Moreover, the network of 42 Lanbide employment offices where the RGI/PCV is managed compares with the much wider social services network, with 300 centres, which may have been a source of savings. On the other side, however, it is reasonable to think that the cost of activation measures has significantly increased, compared to the very limited activation efforts carried out by the social services and the central state PES before the reform.

Additional to these economic costs /savings associated to the reform, another qualitative cost of the reform has been detected through the interviews with stakeholders. The debate described above that has accompanied the reform has broken to some extent the existing broad political and society consensus on the desirability and benefits of a strong income guarantee system. The doubts raised about the extent of fraud (sometimes reported as massive in the media), about the employment availability of beneficiaries (also sometimes described as very limited to the public opinion), or about the legitimacy of immigrant persons without residence/working permit to access to the RGI/PCV benefit and the alleged “pull effect”; or about the lack of activation of beneficiaries; these arguments have divided society and worsened the general valorisation of the RGI/PCV, of Lanbide and of the reform. In this context, Lanbide has maintained a low and defending communication profile, trying to inform about the improvement of the results, but at the same time fearing to undertake any new measure, being aware that it would be much contested by the society in one or other sense.

Finally, an additional cost of the reform, according to trade unions interviewed, needs to be highlighted, which is the shift of Lanbide staff to passive policies management, such as RGI/PCV, from ALMP delivery. This may have eroded Lanbide’s original capabilities to provide activation services not only to RGI/PCV, but to all the unemployed.

2.12. Monitoring

As described above, a specific informatic tool was designed and implemented to manage the RGI/PCV system, thus substituting the three former provincial monitoring systems, which did not allow for proper monitoring and evaluation. In spite of initial drawbacks, at present the single system is considered adequate for Lanbide to monitor all individual beneficiaries of the RGI/PCV. Information about personal characteristics of the person and the members of the household, their

social and employment situation, their pathway in and out of the system is gathered. Another significant difference with respect to the situation prior to the reform is that monitoring of the employment activation measures offered and actually taken up by beneficiaries is now possible. After an initial employability measurement, the impact of ALMP measures on the employability level of the beneficiary can now be monitored and evaluated⁴⁴, which was not possible before.

Interestingly, the social services can enter the RGI/PCV monitoring system, make consultations on the personal or employment situation of a RGI/PCV beneficiary and introduce information. However, as stated by several interviewees, social workers would not often do it.

Before the competence to manage ALMP was devolved to Basque Country from the central administration in 2011, Egailan, the Basque employment agency, counted with its own information system to monitor the ALMP measures it implemented in parallel with those of the central PES. In 11 of March 2011 both monitoring information systems were connected in real time, so that the Basque system is also connected with the rest of regional PES in Spain. However, internal connectivity is limited, as Lanbide counts now with three information systems devoted to monitoring guidance / labour consultancy activities, training and the RGI/PCV respectively. Each of the three systems is able to make on-line consultations to the other two systems, but it is not a unique integrated system. According to trade unions, this complexity of the system erodes productivity of Lanbide staff. Lanbide is working on improving connectivity and interoperability with other information systems, such as the Social Security, so as to ease the documentation needs that the management of RGI/PCV involves; interoperability with the Social Services is also being worked on, although only with one of the large municipalities so far (Vitoria).

Some specific problems remain related to the monitoring of immigrant persons without a residence or working permit, due to the fact that they do not count with a unique identification number as the ID or passport number and are registered with different identification tools in the systems. As a result, it has been identified that they could occasionally be registered twice in any of the systems or that they are not detected while being registered, though with a different identificatory item.

As a result, the information and monitoring RGI/PCV system has substantially improved, in particular in which respects to the homogeneity of the provincial data and to the ALMP information. Good quality information is available from 2012 on (see questionnaire C-B), but the availability and quality of information prior to this date is limited. Comparability between before and after the reform is also limited.

2.13. Impact assessment and impacts

Lanbide has not carried out any external or internal evaluation, interim or ex-post evaluation of the reform. In light of severe criticism due to the management problems encountered during the implementation, it has however made efforts to make public some of the results and impacts of the income guarantee system. Specifically, the information conveyed focuses on the cases of fraud and improper use, on the one hand, responding to information published in the media, according to which fraud is significant; it also focuses on the profile of beneficiaries, again responding to a belief that a high share of beneficiaries are immigrants and/or that beneficiaries do not work; it also reports on the management of the RGI/PCV system and on the implementation process; finally, though not less important, efforts have been made by Lanbide and other institutional actors to

⁴⁴ A study carried out by the UPV has analysed the impact on the access to employment of persons having carried out ALMP provided by Lanbide, including RGI/PCV beneficiaries.

highlight the impact of the system on poverty alleviation, also in comparison with other Spanish Autonomous Communities and EU countries. Criticisms by third sector organisations against the actual reduction by 7% of the RGI/PCV amount and the enforcement of tighter entitlement conditions enforced by Law 4/2011, and criticisms about the management difficulties have also been addressed.

Thus, statistical analysis is frequently carried out by Lanbide, referring only to the period after the reform (thus from 2012 on) and with limited comparison possibilities with the period prior to it. The most outstanding results, according to Lanbide⁴⁵, are:

- The number of monthly new and revised RGI applications has more than tripled from 2012 to 2016 (+332%), pointing thus to an improvement of the management since the beginning of the reform implementation; acknowledging the very bad performance in 2012, recognising the need of further improvements at present, and in absence of sound information about the situation before the reform, the assessment made by some interviewees is that Lanbide will be -if it is not already- more effective than the former system; however, other interviewees are more critical on this point and tend to question the entire reform because of the inability of Lanbide to properly manage the system. The increase of revised applications is seen as pointing to improved management, not to a non-take-up problem of RGI prior to the reform; however, it has to be reminded that the economic crisis was a driver of the growth of RGI applications.
- The maximum legal time to decide upon an application is set at 60 days: whereas it reached 110 days in 2013, it has decreased to 44 days in 2016. There are no reliable data on the situation before the reform, but the interviewees tend to believe that it was better than in 2012 (110 days), but not better than the 2016 record.
- In 2015, 1.02% of total expenditure could be considered as fraud or improper use (if the RGI/PCV is not used to finance basic needs, including housing, is managed irresponsibly, the beneficiary go begging). In 2012, fraud was detected in 0.77% of cases revised and improper use in 0.74% and in 2016 these percentages were 0.3% and 0.43% respectively. Although not directly comparable, in the three largest Basque cities (Vitoria, Álava and Donostia) fraud was calculated to be at 2% in 2009⁴⁶.
- As for 2016, one fourth of beneficiaries are pensioners, thus not available for work; additional 19% receive the complementary benefit to labour income, are thus already working in the formal economy. 81.1% of beneficiaries have previous labour experience (69.6% among immigrants)
- 27.5% of beneficiaries are immigrants. Since the availability of a residence or working permit is not an access requirement to the RGI/PCV, a share of this population is not available for formal work.
- Out of 65 270 beneficiaries in 2015, including pensioners, 70.5% are considered as employable. Among the persons linked to the beneficiaries' households, 47.2% are also employable.
- Out of employable RGI/PCV beneficiaries, Lanbide worked the activation and improvement of employability with 60.4% of them. Out of all employable beneficiaries (including the benefit holders' household members), about 25% of them got at least one contract during 2015. This means a share of 7.6% of all persons having got at least one labour contract in

⁴⁵ Lanbide (2016), "La Renta de Garantía de Ingresos (RGI) y Lanbide, son parte de la respuesta que Euskadi necesita" (*The RGI and Lanbide are part of the response needed by Euskadi*).

⁴⁶ News appeared in http://elpais.com/diario/2010/11/07/paisvasco/1289162400_850215.html. The calculations include RGI and AES.

Basque Country in 2015, which is a very close to the weight of employable RGI/PCV beneficiaries in the Basque population, which is 8.1%.

- The impact of poverty in the Basque Country is (often substantially) lower than in EU-15 in all the poverty indicators (severe material deprivation, inability to afford one protein meal every 2 days / holydays/unexpected expenses), delays in payments, Gini, S80/20. At-risk-of poverty rate in the Basque Country has dropped from 13.8% in 2011 to 9% in 2016, the percentage of population suffering from severe material deprivation (shortage of 4 items out of 9 basic ones) has remained almost constant, from 4% in 2011 to 4.2% in 2016, the percentage of households with low work intensity has increased from 9.8% to 13.7% and the global at-risk-of poverty and social exclusion rate (AROPE) has dropped from 18.9% to 15.9%⁴⁷.

In Zalacain (2016)⁴⁸, an analysis is presented of the complementary labour income benefit, i.e. the modality of the RGI/PCV to which low income workers are entitled, and its impact on poverty in 2008, 2012 and 2014. It uses the Basque Survey on Poverty and Social Needs (*Encuesta de Pobreza y Necesidades Sociales*), carried out every four years since the nineties. Accordingly, the real poverty rate before the RGI/PCV in beneficiaries' households where at least one member is at work evolved from 4.12% in 2008, to 4.93% in 2012 and diminished to 4.39% in 2014, reflecting firstly the impact of the economic crisis and lately the impact of the recovery. The poverty rates after the RGI/PCV have been equal to 2.65%, 2.98% and 2.54% in the three years respectively; this implies an impact of the RGI/PCV on the reduction of in-work poverty of 35.8%, 39.5% and 42.2% respectively, thus a positive evolution of the impact since 2008. Although evolution cannot directly be attributed to the reform, it is indeed a sign that it is working reasonably well.

2.14. Any important follow-up measures?

A new reform of the Guaranteed Minimum Income system has been presented to the Basque Parliament in May 2017 for Parliamentary debate⁴⁹. As mentioned above, it includes proposals addressing better monitoring and adaptation of ALM programs and projects to the needs of employable beneficiaries of the RGI/PCV benefit; it also opens up the debate to limiting the maximum amount a household may receive; and considers the specific situation of refugees and proposes their exemption of the 3 years residence requirement. The debate will take place in the coming months.

2.15. Any other detail that seemed important but wasn't mentioned so far?

⁴⁷ Source: SILC, Spanish Statistical Institute. It should be taken into account that at-risk-of poverty figures of each year are calculated with the data which refers to the income of the previous year.

⁴⁸ See Zalacain (2016), "El papel de los sistemas de garantía de ingresos en el abordaje de la pobreza en el empleo: la experiencia del País Vasco".

⁴⁹ Basque Government (2017), "Document laying out the ground to improving the RGI" (*Documento de bases para la mejora de la RGI*), May 2017

3. Assessment and conclusions

3.1. What external factors helped/hindered the launch of the initiative and its successful implementation?

The change of government in 2009 and the access for the first time of the socialist party to the Basque government is surely behind the adoption of the reform; however, the weakness of the coalition government and the perceived need that the reform had to be implemented as quick as possible, in any case before the end of the term, is also behind the initial difficulties encountered during the implementation and that are still noticeable today. The transference of ALMP competences from the central state to Euskadi was a factor that helped the launch of the reform; interestingly, it was the beginning of the economic crisis and the linked perceived unaffordability of the initially foreseen new network of offices to manage the RGI/PCV which led to the option of Lanbide's network of employment offices assuming the management of RGI/PCV.

An additional factor that helped the launch of the initiative was the traditional agreement, included in the different laws, on the double right of beneficiaries to income guarantee *and* to social inclusion. Thus, the public institutions are obliged to provide activation support to beneficiaries; beneficiaries have, on their part, the "compulsory right" to get activated.

3.2. Lessons for the country

- Such a reform needs time to be carefully implemented; early mistakes might need much longer time later to be fully addressed and the associated reputational cost may be high and affect not only the managerial capacity of the system (in this case Lanbide) but also the very objective of the reform and the whole income guarantee system;
- Such a reform has to be designed over a wider institutional consensus, not just about the main goals of the reform, but also a consensus on how to achieve these goals and the very process, which requires time to be built;
- It is essential to ensure sufficient human resources in number and adequate in terms of skills provision. Failing to do so put the system at risk of initial chaotic situations and that activation measures to RGI beneficiaries are not delivered as expected. Although more silent, the last risk is very important as it is the main aim of the reform itself. Indeed, Lanbide offices with sufficient human resources and clearly defined roles perform much better and adequate activation services are delivered to recipients;
- Implementing two reforms simultaneously may be an opportunity but it may also make things more difficult, particularly if one of the reforms consists in creating the main agent. The RGI reform took place right after Lanbide was created, thus the administration of a complex scheme was transferred to a body that was undergoing its own period of formation;
- Economic crisis are frequently used as opportunities to implement reforms that could be unacceptable in other contexts. However, in this case, the economic crisis involved a much higher number of applicants and of unemployed to deliver activation measures. In addition, the crisis involved budgetary constraints that have limited the necessary resource allocation;
- Weak governments may face more difficulties and lack of support to implement the reform, which may turn into added difficulties;
- Addressing communication is key to create consensus or to avoid rupture of a previously existing consensus. Being a very sensitive issue, particularly in times of economic crisis, the risk that exacerbated, even populist voices, claim and force for ineffective modifications exists.

- The regional social services in other regions may be underdeveloped due to the load of managing their minimum income services, the same as the Basque Country was before the reform. Not only is this reform an interesting way of approaching minimum income beneficiaries to the employment activation measures offered by regional PES, but it is also an interesting way to improve the effectiveness of social services. Moreover, the very particular territorial situation of Basque Country (three provinces that used to manage the RGI/PCV, each with its own information and management tools) is unique and not present in other regions. Therefore, the difficulties encountered in merging the three systems will not necessarily appear in other regions.

3.3. Lessons for Europe

The reform launched by the Basque Country, once the initial but long lasting implementation problems adequately addressed, may be relevant to any other EU country or region counting with minimum income systems not or insufficiently connected with the employment services. In such systems, the activation support to minimum income beneficiaries is weak or non-existent, leaving it solely to the activation efforts of the beneficiary, which is not only ineffective but also frustrating, particularly in times of economic crisis.

The option that the employment authorities manage minimum income benefits is **innovative**, at least in these contexts; and it is reasonable, in that, with closer contact with and better knowledge of beneficiaries, the employment authorities will be able to reinforce their activation measures and adapt them to the specific profile and needs of beneficiaries. The reform is also **transferable** to other geographical contexts, due account taken of the specificities of the management of the minimum income in each case and of the difficulties that a means-tested benefit involves, in contrast with, for instance, contributory unemployment benefits. Its **scalability** might face great difficulties, at least in Spain, because of the large regional differences in the design and implementation of regional minimum income; it could be easier to address firstly the transfer to the employment authorities of the management of the minimum income and secondly a homogenisation of the income guarantee system. Finally, the reform seems to lead to a more sustainable system, in terms of economic costs, thanks to fewer physical infrastructure (less offices), less staff and better productivity induced by the IT system; also, in spite of the management difficulties and accompanying criticism faced, all interviewed agents agree on the fact that there is no possible reversal of the reform. As mentioned above, discussions and debate are running at present in the Basque Parliament about RGI improvement alternatives, but without considering the reform a strategic mistake to be reversed; on the contrary, the envisageable changes are expected to reinforce it.

3.4. Main strengths and weaknesses

- Coordination of job seeker activation

Job seeker activation through (more or less adapted) ordinary activation measures is now possible for all RGI/PCV beneficiaries, since Lanbide is responsible to manage ALMP, whereas this was hardly the case when the management of the benefit was carried out by the social services, that did not coordinate with the state PES and coordinated limitedly with Egailan tools. However, additional human resources have been demanded in order to provide a job seeker activation support as initially designed. One positive factor highlighted in this context is fluid communication within the teams, which is easier with smaller teams of 6-8 persons.

- Coordination of information exchange and exploiting synergies between services

However, coordination between social and employment services needs still to be improved, since the risk exists that RGI/PCV beneficiaries with low employability levels and in need of social services do not go to the social services and that these “lose” the contact with the beneficiary. Although the tools exist to exchange information (the social services can make on-line consultations on the employment / activation situation of a beneficiary and can provide information on his/her social situation), in the reality these are barely used. This does not mean, however, that no coordination exists at all. As reported regarding some offices of rural areas, regular phone contact is made between Lanbide and social services and regular meetings are held to coordinate efforts and talk on concrete cases. This situation seems to be infrequent though.

- Response to multidimensional problems

In theory, the “inclusion agreements” are designed to address the complexity of situations faced often by beneficiaries, and include links to other public services needed in the specific situation addressed, mainly the social services, health or housing. However, again the reality is that, as stated above, coordination with these services needs improvement. Fears have been expressed by social workers that purely administrative management of such a sensitive benefit may not be adequate to some complex cases. The complexity of multidimensional problems related with poverty and social exclusion needs frequently that Lanbide offices coordinate with other entities, social services or specialized external entities. This in turn requires sufficient staff, to hold for example, regular meetings.

- Access to (take-up of) benefits and services

The reform allows for more professional management of the benefit, so that, after the initial drawbacks and once the situation has stabilised, it has contributed to reducing decision times and to more objective administrative decision making procedures. Moreover, it eases substantially the access and take up of activation services.

- Innovative capacity of service providers

Prior to the reform, activation programs or projects with beneficiaries of RGI/PCV was made mainly through agreements with municipalities (for direct employment creation) and with social NGO, either associations or insertion enterprises. Auzolan is a significant example. The current main provider of activation services for these persons is Lanbide, which according to interviewees, is slowly adapting its activation measures offer to the particular needs of RGI/PCV beneficiaries, thus innovating the way a public PES addresses this issue. Lanbide counts for the activation measures with the support of additional service providers, such as the municipalities, private entities and NGOs. NGOs are considered leaders of innovative experiences in this context, since they have the capability of innovating on specific delivery methods for concrete target groups who might require additional specialized support (certain migrants, persons with disabilities or Roma population). However, there is no reason to think that this innovative capacity has been increased (nor reduced) by the reform. Indeed, according to some interviewees, the model is very heterogeneous across Lanbide offices and the role of external entities varies depending on the availability of the Lanbide office’s own resources.

- Poverty

The Basque income guarantee system was and is the most effective one, compared to the rest of Spanish Autonomous Communities, in lifting people out of poverty, in particular severe poverty. As long as it achieves the activation objective of the reform, helping people into (well paid) jobs, -the activation efforts of Lanbide is an appropriate context for this-, then the impact of the system on

poverty should have increased. However, the economic context in which the reform was implemented has not made possible this hypothesis to be really tested, since there were not jobs available for anyone; the current economic context is more positive, but the unemployment rate is still high and the reinsertion rate of RGI/PCV beneficiaries low, although, according to Lanbide, close to non RGI/PCV beneficiaries⁵⁰.

At-risk-of poverty rate in the Basque Country has dropped from 13.8% in 2011 to 9% in 2016; the share of population suffering from severe material deprivation (shortage of 4 items out of 9 basic ones) has remained almost constant, from 4% in 2011 to 4.2% in 2016; the percentage of households with low work intensity has increased from 9.8% to 13.7%; and the global at-risk-of poverty and social exclusion rate (AROPE) has dropped from 18.9% to 15.9%⁵¹.

- Transparency and accountability of (actors involved in) service provision

The reform is based on the design and implementation of a single information system that merges the three previously existing provincial systems. For the first time, good quality information exists to analyse the take up and impact of activation measures, allowing for adaptation of the measures to the different profiles and needs.

⁵⁰ UPV (2017)

⁵¹ Source: SILC, Spanish Statistical Institute. It should be taken into account that at-risk-of poverty figures of each year are calculated with the data which refers to the income of the previous year.

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Section III: Annexes

A1. Overview of the existing literature

No studies done focusing on the reform (Lanbide assuming the management of RGI/PCV). Universidad del País Vasco (UPV) has carried out a study, commissioned by Lanbide, about the entry rates in employment of unemployed registered with Lanbide who have benefited from ALMP. Accordingly, the re-entry rates of RGI/PCV beneficiaries are not lower than non-beneficiaries. The study is not yet available.

Ararteko (Basque Country Ombudsman) (2016): “The situation of the municipal social services in the Basque Country. Current situation and improvement proposals” (*La situación de los servicios sociales municipales en la Comunidad Autónoma de Euskadi. Situación actual y propuestas de mejora*). The report is based on normative documentation, analyses the progress implementing the Law 18/2008 for Social Services and the available quantitative information about users of social services coming to a large extent from the complaints filed to the Basque Ombudsman. It also draws on qualitative analyses (interviews) provided by key actors. Its strengths are its wide perspective in analysing the social services and that it draws on updated information.

Ararteko (Basque Country Ombudsman) (2017): “Report with proposals for RGI/PCV management by Lanbide” (*Informe-diagnóstico con propuestas de mejora sobre la gestión de las prestaciones de RGI y PCV por Lanbide, 2017*). Similar to the previous report, it contains a wide range of updated indicators referred to the management of the RGI by Lanbide and the complaints received by the Basque Ombudsman.

Lanbide (2017): “Study on the RGI in Euskadi” (*Estudio sobre la Renta de Garantía de Ingresos (RGI), CAV*). This report, whose results are included in the Government document recently presented in the Basque Parliament with proposals to improve RGI management and system, includes the result of a survey to Basque citizens about the perception and knowledge about the RGI, such as the opinion of citizens about the scope, access requirements, conditionality; management, fraud and control, etc.

Sánchez Amado, P (2014), “The income guarantee and the social services in Euskadi 2011-2013” (*La garantía de ingresos y los servicios sociales en Euskadi. 2011-2013*). The paper includes the result of a **qualitative analysis** carried out by the autor, who was a DG in the Basque Employment Department and an active actor of the reform. The paper has been produced by interviewing key players, on the transfer by the Basque Government of its guaranteed income program from social services to the Basque Employment Service-Lanbide in 2011. Its effects and the accomplishment of its drivers are reviewed - creation of a universal employment system, social services consolidation as a powerful subsystem of the Welfare State and increase of the efficiency in the income-. The results show an uncertain frame, that hasn't flourished yet and awaiting to be exploited. The management of the system by a stressed and risky state is described, related to the haste in its execution and lack of support. As part of the Basque Government at the time of the reform, its strength lies on the insider view, yet after several years out of the Government, which may give a perspective approach.

Zalacain, J (2016), “The role of minimum income schemes against in-work poverty: the experience of the Basque Country” (*El papel de los sistemas de garantía de ingresos en el abordaje de la pobreza en el empleo: la experiencia del País Vasco*), Lan Harremanak/31 (2014-II) (36-62). An analysis is presented of the complementary labour income benefit, i.e. the modality of the RGI/PCV to which low income workers are entitled, and its impact on poverty in 2008, 2012 and 2014. It uses the Basque Survey on Poverty and Social Needs (*Encuesta de Pobreza y Necesidades Sociales*), carried out every four years since the nineties. Accordingly, the real poverty rate before the RGI/PCV in beneficiaries' households where at least one member is at work evolved from 4.12% in 2008, to 4.93% in 2012 and diminished to 4.39% in 2014, reflecting firstly the impact of the economic crisis and lately the impact of the recovery. The

focus is put on quantitative analysis of statistical information (Poverty Survey). It is well argued and technically rigorous, but does not explicitly discuss the reform.

A.2. Good practice examples

| | |
|--|---|
| Field | Minimum Income Management |
| Country | Spain (Basque Country) |
| Title of the good practice feature (English and original) | Common RGI management platform (<i>Sistema único de información de la RGI</i>) |
| Short sentence summarising the practice | There is a single and shared software platform that gathers all the information about RGI recipients which can be consulted and edited by all agents involved in RGI management. |
| Rationale | <p>The rationale behind the creation of this software platform was to integrate the software systems for the RGI management that existed before the reform. Previous systems were managed by provincial authorities, who gathered the information provided by municipalities, but in some provinces municipalities would use different information formats. Thus the reform of integrating the RGI management within a single agent (Lanbide) required the creation of a common software platform for the information management.</p> <p>In addition, the set-up of a single and shared software platform for all agents involved in RGI management provides other key benefits:</p> <ul style="list-style-type: none"> • Enables to agents involved in RGI management to be aware of the situation of the person, which facilitates guidance and follow-up tasks. • Enables a management of the RGI based on administrative criteria instead of subjective one. • Enables to central managers and researchers for a broad and rigorous analysis of the whole system. • Sets the base for future research, including big-data and predictive studies. |
| Start (and end) date | Start date 2011. The system is still used and improved. |

| Which organisation(s) was involved in its implementation? | <p>Main implementer: Lanbide</p> <p>Other important partners: Three provincial governments which provided the initial information files.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|------------------|---------------------------------------|------|---------|------------------|---------------------------------------|------|---------------------------------------|----------------|---|------|---------------------------------------|----------------|---|------|--|--------------|---|------|--|-------------|---|------|--|--------------|---|------|--|--------------|---|------|---|--------------|---|------|--------------------------------------|--------------|---|------|--------------------------------------|--------------|---|------|--|-------------|---|------|---|--------------|---|
| Main elements of the feature | <p>The software system gathers all the information related with RGI/PCV beneficiaries and the economic relevant information of his/her household members. Thus, Lanbide staff can access and edit this information easily.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resources 1: money | <p>According to information provided by Lanbide, the following budgetary concepts were invested:</p> <table border="1" data-bbox="728 571 2069 1394"> <thead> <tr> <th data-bbox="728 571 875 691">Year</th> <th data-bbox="875 571 1462 691">Concept</th> <th data-bbox="1462 571 1848 691">Cost (VAT incl.)</th> <th data-bbox="1848 571 2069 691">I/C (investment, current expenditure)</th> </tr> </thead> <tbody> <tr> <td data-bbox="728 691 875 751">2011</td> <td data-bbox="875 691 1462 751">Implementation of RGI management tool</td> <td data-bbox="1462 691 1848 751">€ 1.620.509,00</td> <td data-bbox="1848 691 2069 751">I</td> </tr> <tr> <td data-bbox="728 751 875 812">2012</td> <td data-bbox="875 751 1462 812">Implementation of RGI management tool</td> <td data-bbox="1462 751 1848 812">€ 1.977.137,94</td> <td data-bbox="1848 751 2069 812">I</td> </tr> <tr> <td data-bbox="728 812 875 873">2012</td> <td data-bbox="875 812 1462 873">Plan to integrate RGI dossiers (files)</td> <td data-bbox="1462 812 1848 873">€ 798.414,87</td> <td data-bbox="1848 812 2069 873">C</td> </tr> <tr> <td data-bbox="728 873 875 933">2012</td> <td data-bbox="875 873 1462 933">Technical support office for the set up of RGI</td> <td data-bbox="1462 873 1848 933">€ 72.358,00</td> <td data-bbox="1848 873 2069 933">C</td> </tr> <tr> <td data-bbox="728 933 875 994">2013</td> <td data-bbox="875 933 1462 994">Technical assistance to support RGI management</td> <td data-bbox="1462 933 1848 994">€ 100.833,32</td> <td data-bbox="1848 933 2069 994">C</td> </tr> <tr> <td data-bbox="728 994 875 1054">2014</td> <td data-bbox="875 994 1462 1054">Technical assistance to support RGI management</td> <td data-bbox="1462 994 1848 1054">€ 446.253,18</td> <td data-bbox="1848 994 2069 1054">C</td> </tr> <tr> <td data-bbox="728 1054 875 1115">2014</td> <td data-bbox="875 1054 1462 1115">Evolving maintenance of RGI management tool</td> <td data-bbox="1462 1054 1848 1115">€ 836.902,07</td> <td data-bbox="1848 1054 2069 1115">I</td> </tr> <tr> <td data-bbox="728 1115 875 1176">2014</td> <td data-bbox="875 1115 1462 1176">RGI dossiers' digitalisation service</td> <td data-bbox="1462 1115 1848 1176">€ 545.772,04</td> <td data-bbox="1848 1115 2069 1176">C</td> </tr> <tr> <td data-bbox="728 1176 875 1236">2015</td> <td data-bbox="875 1176 1462 1236">RGI dossiers' digitalisation service</td> <td data-bbox="1462 1176 1848 1236">€ 360.000,00</td> <td data-bbox="1848 1176 2069 1236">C</td> </tr> <tr> <td data-bbox="728 1236 875 1297">2015</td> <td data-bbox="875 1236 1462 1297">Technical assistance to support RGI management</td> <td data-bbox="1462 1236 1848 1297">€ 72.600,00</td> <td data-bbox="1848 1236 2069 1297">C</td> </tr> <tr> <td data-bbox="728 1297 875 1394">2015</td> <td data-bbox="875 1297 1462 1394">Evolving maintenance of RGI management tool</td> <td data-bbox="1462 1297 1848 1394">€ 836.902,07</td> <td data-bbox="1848 1297 2069 1394">I</td> </tr> </tbody> </table> | | | Year | Concept | Cost (VAT incl.) | I/C (investment, current expenditure) | 2011 | Implementation of RGI management tool | € 1.620.509,00 | I | 2012 | Implementation of RGI management tool | € 1.977.137,94 | I | 2012 | Plan to integrate RGI dossiers (files) | € 798.414,87 | C | 2012 | Technical support office for the set up of RGI | € 72.358,00 | C | 2013 | Technical assistance to support RGI management | € 100.833,32 | C | 2014 | Technical assistance to support RGI management | € 446.253,18 | C | 2014 | Evolving maintenance of RGI management tool | € 836.902,07 | I | 2014 | RGI dossiers' digitalisation service | € 545.772,04 | C | 2015 | RGI dossiers' digitalisation service | € 360.000,00 | C | 2015 | Technical assistance to support RGI management | € 72.600,00 | C | 2015 | Evolving maintenance of RGI management tool | € 836.902,07 | I |
| Year | Concept | Cost (VAT incl.) | I/C (investment, current expenditure) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 2013 | Technical assistance to support RGI management | € 100.833,32 | C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2014 | Technical assistance to support RGI management | € 446.253,18 | C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2014 | Evolving maintenance of RGI management tool | € 836.902,07 | I | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2014 | RGI dossiers' digitalisation service | € 545.772,04 | C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015 | RGI dossiers' digitalisation service | € 360.000,00 | C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015 | Technical assistance to support RGI management | € 72.600,00 | C | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015 | Evolving maintenance of RGI management tool | € 836.902,07 | I | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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|--|-------------|--|---|---------------------------------|--|
| | 2015 | Platform for postal RGI legal notifications | € | 99.097,61 | I |
| | 2016 | Platform for postal RGI legal notifications | € | 99.097,61 | I |
| | 2016 | Technical assistance to support RGI management | € | 99.825,00 | C |
| | 2016 | Evolving maintenance of RGI management tool | € | 698.772,70 | I |
| | 2016 | RGI dossiers' digitalisation service | € | 545.999,99 | C |
| | | Total | € | 9.210.475,40 | 100,0% |
| | | Investment | € | 6.168.419,00 | 67,0% |
| | | Current Expenditure | € | 3.042.056,40 | 33,0% |
| | Year | Concept | | Cost (VAT incl.) in Euro | I/C (investment, current expenditure) |
| | 2011 | Implementation of RGI management tool | | 1.620.509,00 | I |
| | 2012 | Implementation of RGI management tool | | 1.977.137,94 | I |
| | 2012 | Plan to integrate RGI dossiers (files) | | 798.414,87 | C |
| | 2012 | Technical support office for the set up of RGI | | 72.358,00 | C |
| | 2013 | Technical assistance to support RGI management | | 100.833,32 | C |
| | 2014 | Technical assistance to support RGI management | | 446.253,18 | C |
| | 2014 | Evolving maintenance of RGI management tool | | 836.902,07 | I |
| | 2014 | RGI dossiers' digitalization service | | 545.772,04 | C |
| | 2015 | RGI dossiers' digitalization service | | 360.000,00 | C |
| | 2015 | Technical assistance to support RGI management | | 72.600,00 | C |
| | 2015 | Evolving maintenance of RGI management tool | | 836.902,07 | I |
| | 2015 | Platform for postal RGI legal notifications | | 99.097,61 | I |
| | 2016 | Platform for postal RGI legal notifications | | 99.097,61 | I |

| | | | | |
|---|---|--|---------------------|---------------|
| | 2016 | Technical assistance to support RGI management | 99.825,00 | C |
| | 2016 | Evolving maintenance of RGI management tool | 698.772,70 | I |
| | 2016 | RGI dossiers' digitalization service | 545.999,99 | C |
| | | Total | 9.210.475,40 | 100,0% |
| | | Investment | 6.168.419,00 | 67,0% |
| | | Current Expenditure | 3.042.056,40 | 33,0% |
| Resources 2: PES capacity, tools | In the table above several concepts can be found linked with PES capacity, such as the Technical support office for the set-up of RGI or the Plan to integrate RGI dossiers (files). | | | |
| Transferability | The practice is fully transferable for minimum income schemes in other countries as these usually involve the participation of several agents (PES, primary and secondary social services, external entities that provide services, or other administrations). Regardless the institutional architecture of the minimum income scheme and the activation measures to be provided the multidimensionality of poverty usually requires the involvement of several administrations, and a common and shared information system is essential to enable that each agent can have access to the broad picture of each case. | | | |
| Sources of further information | Interview to Alvaro Ugarte, Responsible for project's development of Lanbide and accounting data provided by him. | | | |

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| Field | External entities for guidance and labour activation services |
| Country | Spain (Basque Country) |
| Title of the good practice feature (English and original) | External services to support the labour market integration of minimum income recipients. |
| Short sentence summarising the practice | The Basque Country government hires external services to provide general and specialized services to support the labour market integration of vulnerable minimum income recipients. Two calls to fund external services exist, one for general unemployed and another for specialized services. |
| Rationale | <p>Two rationales make this tool useful:</p> <ul style="list-style-type: none"> • Specialized entities can deliver a more customized service and attention to concrete vulnerable groups thanks to their unique skills. It is difficult to provide such diverse skill set within the existing teams in all Lanbide offices. • External entities serve as a by-pass for periods of higher demand, which is useful to respond to overburden risks. |
| Start (and end) date | <p>The practice was implemented since the beginning of the reform.</p> <p>The practice is used currently.</p> |
| Which organisation(s) was involved in its implementation? | <p>Main implementer: Lanbide</p> <p>Other important partners: External entities</p> |
| Main elements of the feature | The Basque Country yearly hires external entities to provide guidance and activation services to unemployed and RGI/PCV recipients. Two different framework contracts exist, one for general unemployed and another for those recipients furthest away from the labour market, who might also require additional specialized support (certain migrants, persons with |

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| | <p>disabilities or Roma population).</p> <p><u>General unemployed services:</u></p> <p>The call funds employment centres where the external entity offers the unemployed means for job seeking, guidance services and creation of customized employment itineraries. These centres must also organize group actions every 2 weeks to train on employment seeking tools and workshops on gender equality every 2 months. The employment centres must be open to public at least 7 hours per day between Monday and Friday.</p> <p>The nature of external entities is open. Entities belonging to local councils have preference, as well as those with higher experience or those specialized in labour insertion with vulnerable persons or persons with disabilities.</p> <p><u>Specialized services:</u></p> <p>The call funds the following services: information about the labour market and ALMP, diagnoses of employability, design of a customized employment itinerary, support and follow-up of participants, assessment on the elaboration of CVs, training on techniques for employment seeking and assessment on the identification of professional alternatives,</p> <p>These actions focus on the following groups: persons in situation or at-risk-of social exclusion, immigrants with pre-labour needs without access to the national job market, Roma people, persons with disabilities of at least 33% or convicts / ex-convicts, with attention as well to young persons with low qualification levels, some women, workers over 45 years old and long-term unemployed.</p> <p>Entities to carry out the mentioned services can be any organization with experience and adequate means that among its organizational goals there is the labour insertion of vulnerable persons, persons with disabilities, persons from Roma communities or convicts / ex-convicts.</p> |
| Resources 1: money | <ul style="list-style-type: none"> • General call (Resolution of 23th of July of 2015): 1,892,000 euro (946,000 euro for 2015 and 946,000 for 2016). • Vulnerable groups call (Resolution of 22nd of October of 2015): 2,924,340 euro (1,462,170 euro for 2015 and 1,462,170 euro for 2016). Additional cofunding from ESF 2014-2020 could complement this funding, from Basque |

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| | Country OP and from Youth Employment OP. |
| Resources 2: PES capacity, tools | Actions are outsourced. However external entities use the same software platform than Lanbide staff and are supposed to keep a frequent communication with them. |
| Transferability | In all Spanish, European and World regions there is a wide diversity within vulnerable persons to be attended by the PES. PES offices, usually organized geographically (by villages or neighbourhoods), have a limited staff and usually cannot include an expert to attend all the possible vulnerable profiles. Thus the use of external specialized entities respond to a need of customization that can be found in other regions as well. |
| Sources of further information | <p>Interviews to Lanbide Offices directors:</p> <ul style="list-style-type: none"> • Asunción Amenábar, Director of Lanbide Office of Eibar. • Ana Sanz, Director of Lanbide Office of Getxto. <p>Calls published in the official Basque Country Bulletin:</p> <ul style="list-style-type: none"> • Resolution of 23th of July of 2015, of the General Director of Lanbide-PES, that publishes year 2015 subsidies for the development of Centers of Employment Services in collaboration with Lanbide-PES (RESOLUCIÓN de 23 de julio de 2015, del Director General de Lanbide-Servicio Vasco de Empleo, por la que se procede a la publicación de la convocatoria para el año 2015 de ayudas para el desarrollo del Servicio de Centros de Empleo, en colaboración con Lanbide-Servicio Vasco de Empleo). • Resolution of 22nd of October of 2015, of the General Director of Lanbide-PES, that publishes the calls for year 2016 of subsidies for actions and services of guidance for employment for vulnerable persons, in collaboration with Lanbide-PES (RESOLUCIÓN 22 de octubre de 2015, del Director General de Lanbide-Servicio Vasco de Empleo, por la que se procede a la publicación de la convocatoria para el año 2015 de ayudas para el desarrollo de acciones y servicios de orientación para el empleo dirigido a personas pertenecientes a colectivos en desventaja, en colaboración con Lanbide-Servicio Vasco de Empleo). |