

European Competence Centre for Social Innovation  
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# **NGOs' edge in serving vulnerable groups: how can they help public agencies provide more effective employment services?**

**Policy brief**

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The need for closer cooperation between public agencies and NGOs has emerged as a result of the evolution of labour markets and welfare systems. Recent economic and demographic trends have tended to increase the diversity of (potential) benefit recipients and increased the need for counselling and upskilling in terms of *who* needs services and at *what stages* in the individual life course. By improving employment services for vulnerable groups, public agencies can prevent the rise of long-term unemployment and support social inclusion. This is an important social goal and also a sensible investment, considering that prevention is always cheaper than tackling the wide-ranging consequences of joblessness on skills, income, housing, well-being and health.

## Labour market challenges

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Labour markets have become much more inclusive in the past 80 years, offering more opportunities to groups traditionally outside the primary labour market, such as women, students, persons with disabilities, older workers, migrants and refugees. At the same time, globalisation, accelerating technological change, new forms of work and, most recently, the transition towards a greener economy have greatly increased the volatility of labour markets and created new risks for jobseekers. These new risks often imply that workers need to learn new skills in order to keep their jobs or to find a new job in a new occupation. Though not to the same extent, these general trends have affected all EU countries.

While most EU countries are facing labour shortages and unemployment rates are low, long-term unemployment has persisted. On average, one in three unemployed persons has been out of work for more than 12 months in April-June 2024. The risk of long-term unemployment is much higher among persons with disabilities, the low-skilled, ethnic minorities and other vulnerable groups.

Mitigating labour shortages and promoting social inclusion requires more effective outreach and services for the long-term unemployed, the working-age inactive population, and those at risk of losing their jobs.

## European policy objectives

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The labour market integration of vulnerable groups contributes both to economic growth and competitiveness and to social fairness, which are top priorities of the European Union. The European Commission has repeatedly called for improving services in several guidelines, concerning the [long-term unemployed](#), [minimum-income recipients](#), and more generally, all disadvantaged groups, in the [European Social Pillars of 2017](#). These guidelines highlight outreach, personalised support and cooperation across service providers as key areas where policy change is necessary.

Reaching the headline target of 78% of the population aged 20 to 64 in employment by 2030 is not feasible, and such a high participation rate is not sustainable unless employment services are broadened considerably to meet the diverse needs of vulnerable jobseekers.

## Lack of access to effective services

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Vulnerable groups often have limited access to social and employment services. For example, in 2022, only 42% of unemployed 15-24 year-olds were registered with the public employment services in European OECD countries (OECD 2024). A recent report finds that less than 15 % of minimum income recipients participate in an active labour market measure (EC, 2022a), and the range of ALMPs offered to the long-term unemployed is often not tailored to their needs and competencies. In some countries, vulnerable jobseekers are routinely referred to public works programmes, which are expensive but hardly improve their chances of returning to the primary labour market (Card et al., 2018).

## NGOs may usefully complement public services

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Vulnerable jobseekers and inactive persons often face multiple barriers to employment, such as low skills, low self-confidence, care responsibilities, addictions, health limitations or housing deprivation. Accordingly, they often need a personalised combination of several services and more attention and effort on the part of the caseworker compared to the typical client for whom public employment services (PES) were traditionally designed (i.e. the short-term unemployed receiving insured unemployment benefit). Indeed, there is mounting evidence that for low-skilled, long-

term unemployed or otherwise disadvantaged jobseekers, more personalised approaches and lower caseloads that allow counsellors to spend more time with individual clients can improve labour market outcomes (e.g. Crepon et al., 2005; Hainmueller et al. 2016; Mailbom et al., 2016; Ravn and Bredgaard, 2020).

Non-governmental organisations (NGOs) are non-profit, voluntary citizens' groups, principally independent from government, which are organised on a local, national or international level to address issues in support of the public good (EIGE).

PES, municipalities, and training institutions can meet this challenge by cooperating with other public agencies, social partners, employers and NGOs in the provision of training, counselling and other services to clients with special needs. Partnership with other public providers, such as healthcare, housing or social services, can ensure that jobseekers can access services in a coordinated way. NGOs may lend additional support in serving vulnerable groups in several ways: increasing outreach, providing flexible and personalised support (e.g. mentoring) to enable vulnerable jobseekers to participate in mainstream programmes, or broadening the range of specialised services.

A joint survey of the OECD and the European Commission conducted in 2020 found that two in five countries (or regions) use subcontracted external providers in their active labour market policies. For example, subcontracting is used on a larger scale in Belgium, Denmark, Ireland, the Netherlands and Sweden (OECD, 2022).

## The strengths of NGOs

NGOs have an edge in outreach as they often have closer contacts in the field and specialised knowledge of particular target groups. NGOs are often more trusted than public agencies: this is usually the case for groups that have low trust in public authorities, such as school dropouts, youth with a criminal record or immigrants and refugees fleeing authoritarian regimes. The EU Youth Guarantee Programme has prompted several Member States to strengthen outreach activities, and many have involved NGOs, especially in reaching disadvantaged youth. The Finnish approach is particularly comprehensive and effective: the PES established a low-threshold one-stop-shop for youth to ensure easy access and a broad range of services.

The Finish [one-stop shop Guidance Centres](#) (Ohjaamo) was launched by the PES in 2014. The centres provide guidance and support to young people across all aspects of life and can be used anonymously, which greatly facilitates take-up by disadvantaged youth. Ohjaamo brings different service providers from the private, public and third sectors onto a single platform. There are around 70 such Guidance Centres across the country, employing around 1,000 professionals from different sectors on a part-time or full-time basis.

Many NGOs have in-depth experience and skills in specialised services for disadvantaged groups, such as people with impaired vision or other disabilities. The more individualised and flexible approach of NGOs can make their mentoring more effective. In a survey conducted by the EU PES Network in 2021, eight PES reported referring jobseekers with disabilities to external providers of employment rehabilitation services (EC, 2022b). For example, Actiris, the PES of the Brussels region, regularly contracts NGOs specialised in various disabilities to provide counselling and support in workplace adaptation.

One of the current subcontractors of Actiris is The Ligue Braille, who support jobseekers with a visual impairment by providing vocational integration services leading to reemployment and educational support services enabling them to participate in training individually adapted to their needs. They also maintain an information service for technical adaptations that help blind and partially sighted people looking for equipment to support independent living and working, as well as general support by social workers to maintain or acquire as much autonomy as possible and integration into social, professional and cultural life.

The Dutch PES (UWV) uses a voucher system to provide specialised services for jobseekers with disabilities. External providers can be individual experts, for-profit firms and non-profit organisations. Though these services are more expensive than the standard in-house services of UWV, there is [evidence](#) that for this target group, the subcontracted services are cost-effective: costs-per-placement are lower than in traditional services by a factor of 0.7–0.9 (OECD, 2023b).

Less bound by administrative constraints, NGOs are often more flexible and innovative than public agencies, which increases their ability to adapt quickly to external challenges and changing needs. NGOs may face fewer organisational constraints, e.g. in using social media, working outside office hours or outside office premises, and in diverting from protocols when justified by the needs of the clients. This helps them to reach potential clients who are not on the radar of public agencies, either due to social exclusion or because they have no prior experience of unemployment and are unaware of the services they may receive, such as older workers who lose their jobs after a long career or skilled workers who lose their jobs due to an unexpected sectoral shock, as happened during the Covid-19 pandemic.

The National Adult Literacy Agency (NALA), an independent charity organisation in Ireland cooperates with the national training agency (SOLAS) on a regular basis. In a recent project, NALA received funding from the Building Bridges Fund of SOLAS to promote basic skills education in prisons. Their [programme](#) involves recruiting so-called Literacy Ambassadors from among prisoners who are asked to start conversations with their peers about learning in the prison and to try to reduce the embarrassment around struggles with basic skills and refer them to the teachers in the Education Centre located in the prison. One of the difficulties they faced during implementation was that each of the ten prisons covered by the programme had a different environment. This required a lot of flexibility and creativity on their part to adapt programme activities to the specific environment of each location.

NGOs can bring additional capacity for intensive counselling that the PES may lack due to the size of caseloads. This can be particularly useful in times of unexpected crises, as happened during the COVID-19 pandemic when PES were faced with a very sudden upsurge in unemployment. Some NGO services may also be cheaper, especially if they rely on the work of volunteers.

[Duo for a Job](#), an international non-profit organisation with offices in Belgium, France and the Netherlands is an established partner of several PES (e.g. Actiris, VDAB and le Forem in Belgium) in supporting the labour market integration of young migrants. Their approach is based on connecting young immigrants to older professionals who are volunteers from the local community. Following a first interview, the jobseeker is matched with a mentor, based on the sector, interests, spoken languages, and personality. The volunteer mentors receive training in the methodology and continuous peer support. A counterfactual evaluation of the method commissioned by Actiris found that participants' employment rate was 28% higher and around 44% had a stable job (of more than 3 months) within 6 months after finishing the programme, which was twice the share reported for the comparison group.

## Managing cooperation with NGOs

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The flip side of the flexibility and individualised approach of NGOs is that they may have limited capacity, less formalised operations and less developed quality assurance, data protection and performance management practices compared to public agencies. The existing range, capacity and quality of NGO services may also vary greatly across countries and even across regions within a country. These constraints can be overcome by carefully designing the monitoring and funding techniques used in working with NGOs, and by providing support to build their management capacity.

Public agencies may also adjust their partnering strategies to the available capacity in NGO services as well as to their own management capacities (Hiebl and Hempel, 2019). In countries where the NGO sector is relatively small, cooperation may be developed gradually, starting with sharing information or small-scale pilots focused only on improving outreach to particular subgroups of vulnerable jobseekers. In countries where the NGO sector is large and strong, the PES may take a bold step and open a new quasi-market of a wide range of employment services covering all groups potentially needing specialised support. However, a gradual approach may always be wiser, as it allows public and private organisations to build trust, which is a prerequisite for closer cooperation.

The careful design of client referral rules, role division and funding can ensure that NGOs have clear incentives to provide high-quality services. The aim is to reward services that improve employability leading to sustainable employment, and to reduce the risks of „creaming“ easy-to-place clients and „parking“ difficult clients. While these risks are real, a lot of practical experience and empirical evidence has accumulated on how to design incentives appropriately. The evidence on contracted-out employment services is mixed (OECD 2022), which underlines the importance of carefully identifying the services where external providers may perform better than the public agency, and of carefully designing the framework for their engagement.

There are sophisticated statistical profiling tools that can reliably predict re-employment chances: these can be used to identify clients who need more intensive services, and also to estimate the effort needed to get them back to work (Desiere et al, 2019). To avoid creaming, PES caseworkers can use these predictions and estimates to decide who should be referred to NGOs for additional services, rather than allowing NGOs to pick their clients.

Service quality can be promoted by setting minimum standards and regularly monitoring implementation. For services where outcomes are easy to measure (e.g. re-employment in a stable and well-paid job), financing NGOs may be partly based on the outcomes (cf. EC, 2021; OECD, 2022; OECD, 2023c). In programmes for vulnerable groups, it is often difficult to predict what a reasonable expectation of outcomes might be, so fully results-based funding may be too risky for NGOs, but combining a flat rate with a result-based part may work well. This has the additional advantage of curbing the administrative burden. An alternative approach is to consider intermediate outcomes, e.g. by setting milestones on the journey to employment and paying the provider an instalment for each achievement (Ecorys et al., 2023) or defining soft outcomes to measure the 'distance travelled' towards sustainable employment (Barnes and Wright, 2019; Davern, 2022).

Monitoring should ensure that clients receive high-quality service, the risk of fraud is minimal, problems are detected in time, and that reporting rules are duly observed. While necessary, monitoring can overburden NGOs, especially small ones that do not have much administrative capacity. This burden can be reduced by standardising administration across projects, simplifying, and providing user-friendly digital monitoring tools for external contractors.

As NGOs are often small and have no reserves, effective, in-depth cooperation in service provision can only be built on a system that ensures stable and predictable funding. Rather than using ad hoc grants, public agencies need to develop transparent conditions applicable to all non-governmental providers, competitive tenders based on quality as well as pricing and contracts that span across several years.

In some EU countries, the PES have accumulated extensive experience in working with partnerships and subcontracted services from NGOs (and/or for-profit external service providers), for example in Belgium, Ireland, the Netherlands and Sweden. Other countries interested in developing their own systems may seek advice from front-runners and also request technical support, e.g. from the EIB, the OECD, or the Technical Support Instrument of the European Commission (see further resources below).

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