



# Recovering from the crisis

27 ways of tackling  
the employment challenge



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# Recovering from the crisis

## 27 ways of tackling the employment challenge

**European Commission**

Directorate-General for Employment, Social Affairs and Equal Opportunities

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# Foreword



Dear Reader,

Even though it seems that we are approaching the end of the recession in many parts of Europe, many challenges for our labour markets and social security systems still lie ahead of us. The focus is now on mitigating short and long-term negative effects on employment while remaining committed to our long term goals.

At the Informal Meeting of Employment and Social Affairs Ministers in Jönköping in July we had the idea of collecting examples of labour market measures that have been implemented or modified by Member States in response to the crisis. Thanks to contributions from all Member States, we can now present 27 different responses, which may be of use and inspiration to other Member States.

Many of the measures focus on retaining workers in firms that temporarily face low demand for their products and services. The measures put forward demonstrate a diversity of approaches by Member States to reach this objective. They range from short-time work – with varying degrees of flexibility and different subsidies – to suspending contracts and on-the-job-training, sometimes co-financed by the European Social Fund.

Other Member States have introduced hiring subsidies, as well as other measures facilitating labour market entry or re-entry, to help those who are most affected by the economic downturn, i.e. long-term unemployed and young people. Further innovative examples include work experience programmes for graduates or more active job-searching, combined with higher unemployment benefits.

In the light of the diversity of the contributions, it is a pleasure and a privilege to be able to present a brief description of the 27 measures aimed at tackling the negative effects of the crisis on employment. These examples provide an excellent opportunity for all to share and learn from the most successful methods – in the best European tradition.

We hope that you will be inspired!

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# Table of Contents

Introducing the booklet.....	6
27 ways of tackling the employment challenge.....	8
BELGIUM.....	8
BULGARIA.....	10
CZECH REPUBLIC.....	12
DENMARK.....	14
GERMANY.....	16
ESTONIA.....	18
IRELAND.....	20
GREECE.....	22
SPAIN.....	24
FRANCE.....	26
ITALY.....	28
CYPRUS.....	30
LATVIA.....	32
LITHUANIA.....	34
LUXEMBOURG.....	36
HUNGARY.....	38
MALTA.....	40
NETHERLANDS.....	42
AUSTRIA.....	44
POLAND.....	46
PORTUGAL.....	48
ROMANIA.....	50
SLOVENIA.....	52
SLOVAKIA.....	54
FINLAND.....	56
SWEDEN.....	58
UNITED KINGDOM.....	60
Useful links.....	62

# Introducing the booklet

The current economic crisis, which is not only unprecedented in gravity but also truly global in scale, is without doubt the most serious the European Union has come up against in half a century. The consequences of the crisis are being felt across Europe, where the labour market situation is expected to deteriorate further in 2010. More profoundly, the crisis threatens to undermine two mainstays of Europeans' future wellbeing: employment, the very basis for the prosperity of the individual and of society, and social cohesion, which may suffer from wider income and wealth disparities between groups of people and between Member States. Yet this crisis has also taught us important lessons for the future and has given us reasons to be cautiously optimistic.

Throughout Europe, jobs are people's top priority. In such a global crisis, no individual nation's response can succeed without a coordinated EU approach to back it up. Last year the Commission acted swiftly by putting forward a European Economic Recovery Plan to deal with the employment and social consequences of the crisis. In June the Commission published a communication entitled 'A Shared Commitment for Employment', which set out three priorities endorsed by the European Council: maintaining employment, creating jobs and promoting mobility; upgrading skills and matching labour market needs; and increasing access to employment. The EU has also adapted its financial instruments to support action by the Member States.

This autumn the EU was united in supporting its shared values on the international stage. The September European Council prepared a common position for the G20 Pittsburgh summit, where the EU led in promoting a model for financial supervision and smart regulation and in pushing for faster structural reform to secure a sustainable recovery, sound public finances and a quick return to employment. At the October European Council meeting, the Heads of State and Governments confirmed that labour market participation is a prerequisite for economic growth, the individual's social and economic wellbeing and a more socially cohesive Europe.

The EU will therefore continue to act to maintain a connection to the labour markets through active labour market policies. It will also step up its efforts to achieve full, sustainable recovery by continuing to tackle climate change and cooperating more closely in international development. The advent of a low-carbon economy may lead to new job opportunities and herald a new market for a workforce more adaptable to change and with the right skills: hence the need to invest in education and training.



Europe now stands strong on the international stage because the crisis has demonstrated the resilience of the European social model, where growth, employment and social protection go hand in hand. It enabled the rise in unemployment to be curbed, mainly as a result of short-time working arrangements, cuts in non-wage labour costs and the automatic stabilising role of our social protection systems. The solidarity on which the European social model is founded and coordination of national responses have been vital to avoiding short-term protectionist measures in the Member States.

While it is natural for the crisis and its social consequences to occupy the centre of attention, they should not be allowed to overshadow the longer-term challenges facing Europe and the need to press ahead with the necessary structural reforms. Back in 2007, well before the crisis broke, approximately one third of the EU's adult population were neither working nor looking for a job.

That percentage is likely to increase as a result of the current crisis. This trend is worrying, given the demographic challenge and the fact that everyone will soon be needed on the European labour market. Our responses to the crisis are part and parcel of continuously on-going structural change. Properly handled, such responses can turn the crisis into an opportunity for future growth and welfare. That is why we need to ensure that the recently unemployed are prevented from drifting into inactivity and labour market exclusion. While this can be achieved in various ways, the important thing is that the unemployed people are activated, not how this is achieved

The situation is undoubtedly bleak, but dark clouds may also have a silver lining: despite what we were led to expect as recently as six months ago, we are seeing signs of recovery, though labour markets will need time to recover. We therefore need to continue our search for methods to prevent this and future crises from bringing persistent unemployment, labour market exclusion, declining growth and a reduction in welfare. The following pages provide an opportunity to explore different methods and ideas in this respect.

# Temporary lay-offs of white-collar workers

## Background

Since the crisis broke, Belgium has succeeded in limiting the repercussions for the labour market by temporarily laying-off blue-collar workers. From July 2008 to July 2009, the unemployment rate went up by only +0.7 percentage points (against +2.0 percentage points for the EU and the euro area). In March, when the crisis was at its peak, up to 313 000 persons were involved, a rise of +75% over the year.

In July the number of fully unemployed persons in receipt of unemployment benefit was 38 500 higher than in July 2008 (+9.9%). Yet the National Bank of Belgium's most recent economic projections published in June forecast an increase of 67 900 this year, which means that the full impact of the crisis on the labour market is still to be felt.

It became apparent, meanwhile, that this measure, which targets blue-collar workers, was no longer sufficient to stem job losses and there were many calls for it to be extended to white-collar workers.

## Description

The measure suspending the execution of employment contracts for white-collar workers, also known as 'temporary laying-off of white-collar workers' (*chômage économique pour les employés*), was worked out in consultation with the social partners to ensure it was timely, targeted and temporary.

It entails the total or partial suspension of execution of employment contracts (triggering a short-time working arrangement involving at least two days' work a week), the duration of which cannot exceed 16 weeks in the case of total suspension and 26 weeks in the case of partial suspension in each calendar year.

The collective bargaining agreement (*convention collective de travail* – CCT) or business plan (*plan d'entreprise*) must mention the amount of compensation paid by the employer (or industry fund) on top of benefit paid by the national employment agency (*Office National de l'Emploi* – ONEM), which is 70% or 75% of the beneficiary's salary, subject to a ceiling. This supplement must be at least equivalent to that granted to other blue-collar workers working for the same employer making use of the arrangement.

Contracts can only be suspended once the employer has granted the white-collar worker all days of compensatory leave to which he or she is entitled.

The measure came into force on 25 June and will apply until 31 December 2009. It can be extended once up to 30 June 2010, after the opinion of the social partners has been sought, depending on the economic situation. Before being able to apply the arrangement, the firm must be bound by a sector-wide or business-wide collective bargaining agreement or, in the case of businesses with no trade-union delegation, by a business plan approved by the tripartite committee.

Lastly, the measures are applicable only to businesses experiencing:

- a fall of 20% in quarterly turnover or production over one year; or
- temporary layoffs among wage-earning employees equal to 20% of total hours (worked by blue-collar workers and white-collar workers) on which contributions have been paid to the national social security agency (*Office National de Sécurité Sociale – ONSS*); or
- a 20% fall in orders.



At the same time, the social partners are invited to use the time freed in this way to provide the blue- and white-collar workers concerned with training to prepare them for the recovery.

## Impact

At the end of October 2009, 760 business plans had been submitted to the authorities. A 'business plan committee' (which has met six times since the measure came into force in late June) was given the task of drawing up a standard model business plan (see useful links) to assess their admissibility. 682 applications have been processed: of these, 643 have been approved, 18 rejected, 16 declared non-applicable and further information has been requested in respect of the other 5.

The main criterion cited by 80% of firms is a fall in turnover, while 15% quote temporary layoffs and the remainder refer to a fall in production.

In addition, two sector-wide agreements have been concluded in the textile and metal manufacturing sectors, potentially covering 5 700 and 6 800 white-collar workers respectively. The sectors have submitted 55 and 285 applications respectively. Lastly, 177 enterprises bound by a collective bargaining agreement but not covered by a sector-wide agreement have also submitted applications. At the time of writing (mid-October), a total number 9 255 white-collar workers were served notifications between July and September.

## Useful links

Standard model business plan available at:

<http://www.emploi.belgique.be/defaultTab.aspx?id=23948>

<http://www.emploi.belgique.be/WorkArea/showcontent.aspx?id=24050>

# Compensation for working short-time

## Background

Over the period 2005 to 2009, Bulgaria experienced steady, stable economic and employment growth. The employment rate was 8.2 percentage points up on 2005 and rose to 64.0% in 2008. In the fourth quarter of 2008, the first signs of the world financial and economic crisis became apparent in Bulgaria as the business climate deteriorated and production and exports declined. Unemployment increased and the average monthly rate for the country in the first seven months of 2009 rose to 7%, 0.43 percentage points higher than for the same period in 2008. In July the unemployment rate hit 7.62%, with 282 211 unemployed registered with employment offices. This situation made it necessary to introduce measures focusing on a new group on the labour market: employed persons at risk of losing their jobs.

## Description

A measure designed to preserve employment was implemented in Bulgaria this year for the first time since the Law on Employment Promotion was amended. Council of Ministers Decree N° 44/2009 of February 2009 lays down the terms and procedures for the payment of compensation to workers and employees working short-time in the industry and services sectors. The measure is tailored, on the one hand, to limit mass layoffs and dismissals of wage- and white-collar workers who are unable to earn full wages or salaries for economic reasons, and on the other, to create new opportunities for employers to retain the staff they will need once the crisis is over and give the market a boost.

Pursuant to the Labour Code, wage- and salary-earners are to be paid compensation where they work half the normal working hours laid down by law as a result of a reduction in work. The maximum compensation paid to wage- or salary-earners is €61 (BGN 120) per person per month for a period of up to three consecutive months.

Payment of compensation is administered by the Employment Agency and its local offices.



The social partners' involvement is of paramount importance. Decisions are taken at local level (Cooperation Councils at the labour office directorates concerned) or regional level (Employment Committees at the Regional Development Councils) to ensure transparency, control and publicity in implementing the measure. The Cooperation Councils assess applications received, while an overall assessment is made by the Employment Committees in terms of the financial resources available. Assessment is based on a system of weighted criteria, such as slower sales, a fall in turnover, the economic sector concerned, giving priority to production over the services sector, the percentage of personnel receiving the short-time working allowance, and penalties imposed on the employer for breaches of the Labour Code and the Law on Employment Promotion.

### Impact

From the Decree's entry into force to the end of April 2009 there have been two application procedures for short-time working benefit. As of 31 July 2009, 19 482 wage- and white-collar workers employed by 496 employers have benefited under the measure, and €2.7 million (BGN 5.3 million) has been spent. The employers were given assistance in exchange for keeping their workers on, although some refused to make use of it after negotiating new deals. The measure can be supported by the Adaptation scheme under the Human Resources Development Operational Programme under the European Social Fund. This scheme provides that persons who have worked short-time be granted monthly scholarships of up to €68 (BGN 132) to enrol for five months' vocational training. The financial resources for the scheme amount to €38.8 million (BGN 72 million) and 42 000 persons are expected to benefit.

### Useful link

<http://www.az.government.bg/eng/>

# ESF 'Get Trained!' project

## Background

During an economic crisis, falling demand and cuts in production bring a higher risk of mass layoffs. As a result, companies lose their skilled human resources, while unemployment impacts negatively on the work habits and competencies of the workers laid off.

Crises are periods of structural change in the economy, which the workforce needs to prepare for. The lower demand for labour they bring may also offer a time-limited window of opportunity for workers to improve their skills.

## Description

'Get Trained!' is pilot project co-financed by the European Social Fund and implemented under the new Active Employment Policy with the aim of supporting and retaining employees in companies affected by short-term production cuts due to the economic crisis and encouraging employees to improve their qualifications. The total budget for the project is CZK 3 billion (approximately €115.4 million), CZK 500 million (approximately €19.2 million) of which is earmarked for the first phase and CZK 2.5 billion (approximately €96.2 million) for the second. Due to exceptionally favourable response from target groups, further money amounting to CZK 1.5 billion (approximately €57.7 million) is planned to be set aside for next year.

Employers submit their applications to their local labour office for review and approval. The project provides financial resources for training for employees and compensation for wages lost while they are attending the course. It contributes to employees' career and skills development while supporting job sustainability by reducing the financial burden on the employers.

Up to 100% of amounts paid by way of compensation for wages lost is reimbursed, subject to a ceiling of three times the minimum monthly wage. Up to 100% of the cost of training can be reimbursed. However, certain limits have been set for the second round of the project, depending on the type of training (specialised training activities which require an individualised approach are reimbursed at a higher rate, while less personalised training activities are reimbursed at a lower rate). Furthermore, maximum support of monthly benefits for one company cannot exceed CZK 500 000 (approximately € 19 000). In the case of a block exemption from State aid rules concerning education, the support also depends on the size of the company and the unemployment risk to employees receiving the support.



Closely related to the 'Get Trained!' project are two other ESF co-funded initiatives, 'Training Is a Chance' and 'Restart'. The former supports comprehensive projects for the vocational training of employees and focuses on other areas relating to human resources management within companies, while the latter focuses on assisting employees who have already received a layoff notice. The programmes are complementary and cover various situations frequently affecting employers and employees during the current downturn.

## Impact

So far, CZK 336 million (approximately €12.9 million) of the above-mentioned budget (CZK 500 million or approximately €19.2 million) for the first phase of 'Get Trained!' has been spent. According to the latest data, during the first phase the labour offices, which are in charge of implementing the project, have approved and granted support to a total of 3 247 applications from 933 companies. Training activities organised with ESF support have involved 56 676 persons. Employees have mostly been trained in professional skills (1 286 applications), ICT (673 applications), and managerial skills (592 applications).

## Useful links

[http://portal.mpsv.cz/sz/zahr\\_zam](http://portal.mpsv.cz/sz/zahr_zam)

<http://portal.mpsv.cz/eures>

[http://portal.mpsv.cz/sz/zahr\\_zam/zelka](http://portal.mpsv.cz/sz/zahr_zam/zelka)

# Initiatives for Young People

## Background

Education and training are key to finding a job. Young people who have completed a study or training programme fare better on the labour market than those with no qualifications. They keep their jobs longer, earn more throughout their lives, and where they lose their jobs, they find a new one more quickly.

The Danish Government has adopted a number of new initiatives to help more young people gain access to education, employment and training. They are intended to help prevent unemployment among young people thanks to quick action on the part of the authorities. Measures relating to the young unemployed with no formal qualifications are to be stepped up while young people whose studies or careers are progressing well must not be penalised just because they lose their jobs or have difficulty in finding a work placement or a job during the recession. Nonetheless, these youth initiatives should not primarily be seen as a cyclical initiative.

## Description

The new Danish Government has proposed a number of initiatives at a total cost of DKK 1.4 billion (€190 million) work placement scheme, they include the following measures costing approximately DKK 380 million (€51 million) and falling within the area of responsibility of the Ministry of Employment:

- Funds for job centres to address issues relating to young people under 30 with no formal qualification or job and those in the 18-19 age group for a two-year period: the local authorities will need to consider the situation of each individual closely, actively targeting young people with special needs at an early stage and putting business-related offers to them. Young people must be offered a fresh chance if they are not to lose confidence in their abilities. Job centres must meet 18-to-19 year-olds at the door and put offers to them immediately so they can be activated within a week.
- Young people with no formal qualifications will have their reading and writing skills tested, where appropriate, on their arrival at the job centre, and where they need it, they will be offered training there. The Government will set aside funds in 2010-13 to defray local authorities' expenditure on testing and training courses.
- To address the drop-out rate in education, the Government intends to invest in expanding the scheme to provide mentoring for those who are experiencing difficulty in getting started on a course of study or a training programme or who are at risk of dropping out.





- Education, employment and training for young people leaving prison: young people released from prison must lead an active daily life from day one of their release if they are not to become dependent on welfare benefit. The Government wants to continue the High Five project, which focuses on this area.
- In order to gather more information on measures targeting youth, the Government will set in motion a pilot project called 'Young people – well underway' at selected job centres. Once the results become available, thought will be given to seeing how measures for young people throughout the country can reflect the new information.
- Local authorities need to have guidance on how to make the best use of the new measures for youth and be informed of best practice. The Government will therefore set up a task force with specialist knowledge of young people to advise job centres and provide guidance on the new measures.
- Graduates must be employed as quickly as possible after they complete their studies. The Government will therefore launch an initiative to ensure they are offered jobs in areas with good employment opportunities. Businesses that may not have thought about recruiting graduates must be made aware of the possibility.
- Young people with after-school jobs are more likely to find a job later in life. The Government will accordingly help more young people take an after-school job. To make it easier to find such jobs, they will be put on a national website, together with advice for young people and businesses.
- The Government will also make an all-in proposal addressing young people in the 15-17 age group who are not enrolled in upper secondary education or training and who have no regular attachment to the labour market.

## Impact

The initiatives are expected to be launched in 2010.

## Useful link

[www.bm.dk](http://www.bm.dk)

# Short-time working allowance programme

## Background

The world is facing the greatest economic upheaval since the 1930s, a truly global crisis and one that comes at tremendous human cost. Last year world unemployment rose 11 million to 190 million, and the International Labour Organisation estimates it could rise by a further 30 to 60 million by the end of 2009. Governments around the world are looking for policies to protect their citizens and companies now and to prepare them for the upturn.

Like many others, the German Government is responding to these challenges by providing fiscal stimulus for the economy and expanding its active labour market policies, but the rapid, large-scale expansion of its short-time work allowance programme (*Kurzarbeitergeld*) marks out its approach from that of many other countries.

## Description

*Kurzarbeitergeld* allows the Government to help companies retain their employees in temporary periods of low demand for their products or services. The idea behind the measure is for the employer to refrain from making employees redundant: where employees agree to work and be paid for fewer hours, the Government will compensate them for around two thirds of net earnings forgone (67% for those with children and 60% for those without), as well as covering some or all of the employer's related social insurance contributions. The employer must still pay the wages due for public holidays, paid leave and some sick leave.

From January 2009 the German Government has introduced four main changes to the programme in response to the labour market implications of the world economic crisis. These involve:

- easier eligibility criteria for companies under the programme: instead of needing to demonstrate that one third of their employees have suffered a reduction in wages of more than 10% as a result of a fall in demand, employers need only demonstrate that this is the case of the employee(s) affected;
- extending the period for which employees can receive short-time work allowances from the previous six months to 18 months (initially) and 24 months (currently);
- paying 50% of companies' social insurance contributions in respect of employees receiving short-time work allowances for the first six months and 100% thereafter, or 100% from the start where training opportunities are taken up; and
- offering extra financial support to companies that offer their employees training opportunities for the period when they are working short-time/reduced hours. Support ranges from full funding (plus support for transport and childcare costs) of training that leads to a recognised vocational



qualification for those without such a qualification to part-funding (of between 25 and 80%) of training for those with a qualification. A federal programme co-financed by the ESF to fund measures for qualified workers on short-time work to gain a qualification came into force on 1 January 2009.

## Impact

The successful expansion of the short-time work allowance programme has depended on a strong, constructive partnership between the employees, the employers and the Government. By June 2009 the programme was supporting 1.4 million employees in 64 000 companies<sup>1</sup>. Independent experts have suggested that German unemployment would have been several hundred thousand higher had the programme not been expanded<sup>2</sup>. While the OECD average rose 2.4 percentage points to 8.5% in the year to August 2009, unemployment in Germany increased by only 0.6 percentage points to 7.7% over the same period<sup>3</sup>, despite the fact that the German Government – even in its current, somewhat more optimistic forecast – expects a GDP growth of -5.0% in 2009<sup>4</sup>. Employers ranging from small local shops to companies with several thousand employees are now participating in the programme.

No single policy measure alone will help governments meet the labour market challenges triggered by the current global economic crisis. However, rapidly expanding and modifying the short-time work allowance programme has already helped protect hundreds of thousands of jobs and thousands of companies in Germany, as well as stemming unemployment growth significantly. Its effectiveness lies in the quick policy response to the sharp falls in demand during the current crisis, the fact that it is tied in closely with existing labour market and social security policy frameworks, and the strong, constructive partnership between the employees, the employers and the Government.

## Useful link

[www.bmas.de](http://www.bmas.de)

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<sup>1</sup> German Federal Employment Agency.

<sup>2</sup> *Projektgruppe Gemeinschaftsdiagnose*, a group of analysts from Germany's principal economic research institutes commissioned by the German Federal Ministry for Economic Affairs and Technology, Spring 2009.

<sup>3</sup> OECD, *Harmonised Unemployment Rates*, October 2009.

<sup>4</sup> German Federal Ministry for Industry and Technology, *Autumn 2009 forecasts*.

# Training voucher pilot scheme

## Background

While there were 18 775 registered unemployed, or 2.9% of the workforce (between 16 and retirement age), in Estonia only one year ago, that number had climbed to 73 018 (11.1% of the workforce) at the end of August this year. This marks a dramatic change in the labour market situation. In early 2009 the Minister for Social Affairs had a series of consultations with representatives of the social partners and other ministries to agree on additional measures to tackle the labour market situation. The parties involved decided to focus on measures that could be implemented immediately. A total of 14 measures were approved by the social partners and other shareholders in March. The training voucher pilot scheme is one of these.

## Description

There are cases where a jobseeker's training needs are unique or the jobseeker needs to take up training immediately in order to accept a job offer. In such cases the centralised system of training offered by the Estonian Unemployment Insurance Fund (UIF) may not be flexible or fast-reacting enough. The training voucher scheme is therefore being introduced to overcome such hurdles.

The scheme involves a number of steps. First, the person's training needs are identified in his or her individual action plan. Then the UIF consultant provides a recommended list of schools (that meet the quality conditions) to the person, who decides which training course to follow, registers for it and informs the UIF consultant. The UIF guarantees payment for the training to the training institution (subject to a ceiling of EEK 15 000). During the course, the unemployed person receives a grant and transport allowance.



The training voucher pilot scheme started in August 2009 and will last until the end of 2010. The labour market benefit system has recently been simplified and the rate of grant doubled.

### Impact

This new scheme should be more effective in motivating unemployed persons to take part in labour market measures. It should improve the flexibility of training services and shorten the waiting period for labour market training. It should also widen the choice of training available and put more onus on the unemployed to take part in labour market training.

A report on the results of the pilot project will be drawn up in the second half of 2010.

### Useful link

<http://www.sm.ee/eng.html>

# Work Placement Programme

## Background

The Work Placement Programme (WPP) was established in the light of Ireland's high unemployment over the past 12 months in order to ensure that the unemployed are job-ready, are still attached to the labour market and will therefore be in a better position to take advantage of any new job opportunities arising.

## Description

The Department of Enterprise, Trade and Employment in cooperation with the Department of Social and Family Affairs and FÁS, the National Training Body, have designed and implemented a work experience programme that will provide six months' work experience to 2 000 unemployed persons, including graduates, while maintaining their social welfare entitlements.

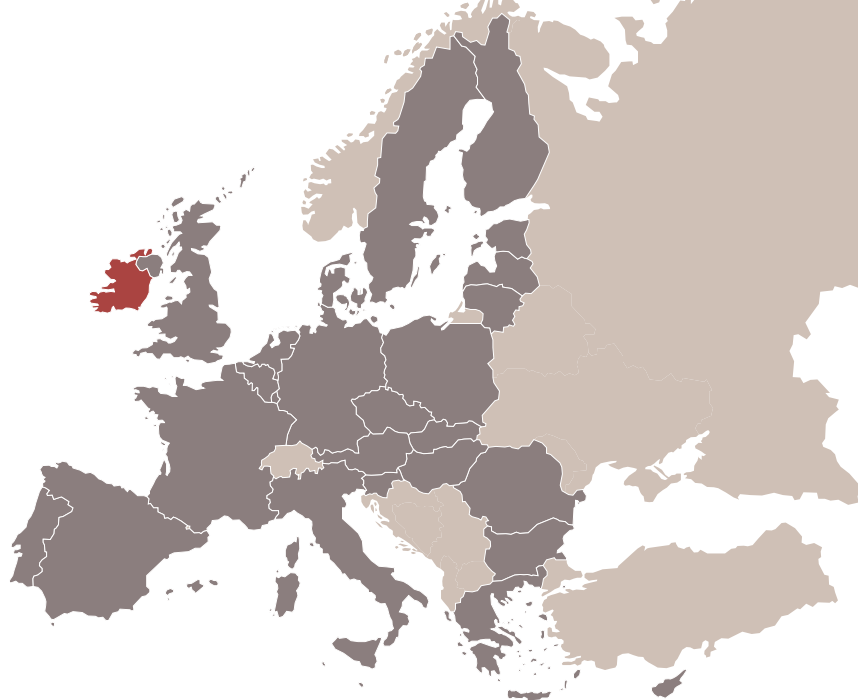
Social welfare payments for jobseekers have traditionally been conditional on the recipient's actively seeking work. By waiving this requirement, the WPP marks a shift from welfare for unemployment to welfare for work.

Stream 1 of the WPP is for 1 000 unemployed graduates who had attained a full award at level 7 or above on the National Framework of Qualifications prior to this year and who have been receiving a job-seeker's allowance for the last six months.

Stream 2 is for 1 000 unemployed persons and is open to all other individuals who have received a job-seeker's allowance for the last six months. 250 places are ring-fenced under Stream 2 for those under 25 years of age.

The WPP is open to public and private-sector employers. The maximum number of placements with a single provider is 10 or 10% of their workforce, whichever is the smaller. There is no obligation on the provider to employ participants after they have completed their six months' work experience. Placement cannot be provided to fill existing vacancies or to displace existing employees.

It is anticipated that numbers of programme participants will be expanded in the future.



## Impact

The Work Experience Programme has been implemented to provide transferable skills through realistic work experience in a range of areas that will increase participants' employability throughout all sectors of industry. Participants will have the knowledge and the confidence to become job ready for future employment opportunities across a wide range of sectors.

To date there are 52 starters on the programme, 38 for Stream 1 and 14 for Stream 2. There are currently 309 active WPP opportunities advertised on the FÁS IT Systems. Due to the fact that some of these offer more than one placement opportunity, there are in fact a total of 403 posts available, 283 for Stream 1 and 120 for Stream 2.

In terms of expression of interest (eligible clients) recorded by FÁS, there are 937 for Stream 1, and 747 for Stream 2 with a total of 1 684 to date.

## Useful links

[www.fas.ie](http://www.fas.ie)

[www.entemp.ie](http://www.entemp.ie)

# Integrated employment programme for persons made redundant

## Background

Greece's economy and labour market have been severely affected by the global economic and financial crisis. Developments in the global economy have led to a fall in income/revenue deriving from such major national industries as shipping and tourism, and have reduced demand, production, exports, trade and construction activity. The financial situation of businesses, be they large, small or medium-sized enterprises, and families, both middle-class and working-class, has inevitably suffered as a result.

In Greece the crisis has affected certain sectors of the economy in particular, such as the textile and manufacturing industry. The consequences in terms of development, employment and unemployment are therefore greater in the areas in Northern Greece that are traditionally most dependent on these sectors.

## Description

The objectives of the measure are to respond first, to the consequences of the crisis at local and sector levels, and secondly, to the special needs of employees who have lost their jobs in such enterprises, for example by replacement income, retraining and assistance in re-entering the labour market (rehabilitation).

The Greek Manpower Organisation (OAED) has launched an Integrated Employment Programme for unemployed persons from enterprises based in areas such as Naoussa, Drama, Ferres, Xanthi and Larisa with the aim of assisting persons made redundant. Measures under the programme include the following:

- Support for private companies to hire workers aged 18-24 laid off

To qualify under the programme, companies must not have laid off personnel without replacing them, at least during the six months prior to the date of application. The total duration of funding is 36 months. Once funding ends, the companies are required to keep on their personnel, both former and new employees, for a further 12 months. The programme will therefore last for four years.





- Programme to assist new self-employed persons

This measure assists newly self-employed, aged 18-64, formerly employed by enterprises in which the Integrated Employment Programme has been applied. The objective is to provide support to such unemployed persons to help them enter the labour market by granting financial aid to start up in business. To qualify, applicants need to have received personalised counselling from an OAED employment counsellor and have attended counselling programmes at an OAED employment promotion centre. Two beneficiaries may work together to start up a joint business. In this case, they are both entitled to receive full funding. The duration of the grant is 12 months, during which period the business must not cease to operate.

- Income support for older workers made redundant

The measure involves a special index-linked monthly unemployment grant which varies annually in line with changes in the consumer price index. While they receive the grant, beneficiaries continue to enjoy the same social protection insurance as when they were employed. Under the measure, “programming agreements” are concluded with local authorities to hire personnel on temporary posts (position ad personam) until they retire.

## Impact

The implementation of the integrated employment programme for persons made redundant following a business closure has had a positive effect in areas affected by unemployment on account of their dependence on particular sectors and closed local markets. To date about 2 500 former employees of large enterprises have benefited under the programmes.

While the individuals assisted benefit directly, the measure provides multiple benefits to the local economy and society. Keeping employees made redundant active within the labour market sustains demand in the local economy and preserves the social cohesion of the local community. Furthermore, the wide range of measures covered by the programme responds more effectively to the different needs of groups of varying age and educational backgrounds.

## Useful links

<http://www.ypakp.gr>

<http://portal.oaed.gr/portal/page/portal/OAED>

# State Fund for Local Investment

## Background

The State Fund for Local Investment is a new public investment fund under the November 2008 Spanish Economy and Employment Stimulation Plan, otherwise known as "Plan E". It has been allocated €8 billion with the target of creating around 400 000 jobs including 280 000 direct jobs. The Fund is managed by the Civil Service Ministry and is overseen by IGAE (*Intervención General de la Administración del Estado*), the body responsible for internal economic and financial audits of management in the public sector.

The Fund finances public works and investments in job creation carried out by local corporations with a view to giving a short-term boost to the economy and alleviating unemployment. The projects involve the construction sector, environmental improvements, the refurbishment of the cultural and historical heritage and tourism.

## Description

Projects funded involve works planned recently by municipalities for immediate execution. They must have been started between 11 January and 13 April 2009 and be completed by the end of 2009 at a maximum cost of €5 million per project, financed entirely by the Fund in the following areas:

- renovation or improvement of public urban environments and industrial promotion;
- equipment and infrastructure for road and railway networks, sewerage, street lighting and telecommunications;
- construction, refurbishment and improvement of social, health, education, cultural and sports facilities;
- air-pollution abatement and control and promotion of energy efficiency;
- elimination of architectural barriers;
- preservation of municipal and historical heritage;
- construction and improvement of water supply management and waste-water treatment infrastructure;
- improved road safety and promotion of sustainable urban mobility;
- fire-prevention services;
- promotion of tourism.



## Impact

30 772 projects put forward by 8 108 municipalities and costing a total of close to €8 billion have been approved.

A year after its launch, the results have exceeded initial forecasts: to date, 30 176 out of 30 772 projects approved have been paid, concerning 7 944 municipalities for a total of €5.2 billion. This investment has helped maintain or increase the economic activity of more than 14 000 companies and 421 732 jobs have been created.

Next year, a new fund, the 'State Fund for Employment and Local Sustainability', will be set up with a view to transforming the Spanish growth model and promoting a sustainable economy. The fund will be allocated €5 billion to encourage large and medium-sized localities to invest in environmentally and technologically sustainable projects and care services for dependent people and the disabled. Projects funded must contribute to improving the Spanish economy's long-term productivity.

## Useful links

<http://welcome.plane.gob.es/>

<http://www.mpt.es/prensa/actualidad/noticias/2008/12/20081210.html>

[http://www.map.es/publicaciones/centro\\_de\\_publicaciones\\_de\\_la\\_sgt/Otras\\_Publicaciones/parrafo/011111111117/text\\_es\\_files/file/State-Fund-for-Local-Investment-INTERNET.pdf](http://www.map.es/publicaciones/centro_de_publicaciones_de_la_sgt/Otras_Publicaciones/parrafo/011111111117/text_es_files/file/State-Fund-for-Local-Investment-INTERNET.pdf)

[http://www.mpt.es/prensa/actualidad/noticias/2008/12/20081210/text\\_es\\_files/file16/09-03-25%20Dossier-resumen\\_FEIL\\_v1%20EN%20\\_2\\_%20revisado%20.pdf](http://www.mpt.es/prensa/actualidad/noticias/2008/12/20081210/text_es_files/file16/09-03-25%20Dossier-resumen_FEIL_v1%20EN%20_2_%20revisado%20.pdf)

# Occupational transition contract

## Background

Certain trades and sectors are in long-term decline as a result of industrial restructuring. This brings huge problems for certain employment areas where one activity or industry predominates.

The consequences of such restructuring operations are exacerbated in times of crisis, when economic redundancies rise sharply.

The idea behind the occupational transition contract (contrat de transition professionnelle – CTP) is to offer workers made redundant as soon as possible a pathway back to work, even if they need to change occupation, trade or sector, or even locality.

## Description

Occupational transition contracts are offered to workers laid off for economic reasons in firms with fewer than 1 000 employees or those involved in legal proceedings in regions of France most affected by economic redundancies (the number of employment areas falling within this category is currently 21 and will soon rise to 40). Each employee is given 21 days to consider whether to accept or refuse the contract offered.

Occupational transition contracts have four main features:

- a substantial allowance equal to 80% of gross or 100% of net earnings;
- a fairly long duration (12 months), during which the beneficiary has the status of vocational trainee;
- high redeployment incentive: beneficiaries receive allowances corresponding to three months if they manage to find a job within six months, a differential allowance if they find a job paid at a lower rate, and the option of returning to the scheme if they find a short-term job only;
- greater supervision with a view to professional reorientation, with a single contact in the public employment service with responsibility for not more than 30 beneficiaries, and who identifies and manages training that corresponds to the individual's aptitudes and the trades or sectors recruiting.



## Impact

This scheme is a trial that has involved 10 700 persons to date. Since the beginning of the year, the number of employment areas has risen from seven to 21 and beneficiaries numbered 5 500 at the end of June.

In the midst of this crisis the scheme has enabled 60% of beneficiaries to find a new job lasting more than six months within an average of 7.5 months.

This is a remarkable performance: figures available show that, under normal conditions in late 2006, 61.2% of unemployment insurance beneficiaries found a new job 18 months after registering (47% after six months), a significantly slower return to work than achieved under the occupational transition contract scheme during a crisis period.

## Useful link

<http://www.temps.travail.gouv.fr/informations-pratiques/fiches-pratiques/licenciement/contrat-transition-professionnelle.html>

# Maintaining and adapting existing jobs

## Background

Measures designed to avoid dismissals or make the outplacement process less painful are traditionally very important in Italy. Since 1947, *cash benefits* are provided as *shock absorbers* to workers laid off temporarily or working short time in factories undergoing temporary difficulties.

The Italian response to the current crisis involves making jobs secure in order to prevent redundancies. Both employees and companies are given support; in most cases, companies manage to maintain their human capital only by reducing working hours or the number of workers working each day.

The Italian system is known as the Redundancy Fund (*Cassa Integrazione Guadagni, CIG*). The CIG intervenes, upon request, when the enterprise reduces or suspends the activity of workers because of 'transitory events' or 'temporary market strains'. The CIG pays 80% of the workers' wage for hours non workers and maintains social security coverage for the entire period. The CIG is managed by INPS (National Social Security Institute) and is financed from contributions paid by companies amounting to about 2% of total gross wages.

The CIG played an important role in supporting Italian industrial development at some critical times, in particular in the 1980's and between 1992 and 1995. In response to the current crisis, the CIG contributes towards maintaining employment levels to avoiding massive lay-offs.

## Description

Law N° 2/2009 was adopted in January 2009 to extend the coverage of existing instruments. It provides for extraordinary measures to tackle the crisis, including benefits for apprentices, employees on fixed-term contracts and other atypical workers (*parasubordinati*). Furthermore, other measures have been adopted to make CIG simpler and more flexible. The new measures place emphasis on an integrated approach combining passive and active labour market measures. An agreement adopted jointly by the Italian Government and Regions in February emphasises the need for training in connection with unemployment benefit and Redundancy Fund measures.

In this recent example of active/passive measures linked up with a welfare-to-work approach, Italy's objective is to strengthen the welfare system by providing opportunities, together with the protection needed, and fostering a sense of responsibility in the beneficiaries. In particular, benefits will be conditional on attendance of training or back-to-work programmes or the acceptance of suitable job offers. Linking training activities and wage support contributes to preserving human capital and fostering economic recovery in a sustainable way. Policies to upgrade skills should ensure that future labour market needs are met.



The White Paper on the new welfare system issued by the Italian Ministry of Labour last summer clearly has the same aim. In any case, passive and active measures should be applied in combination as from now, thereby anticipating the overall reform of the welfare system planned for the recovery phase.

As the Lisbon Strategy underlines, the network of employment services, which may be public or private in Italy, has an important role to play in linking up passive and active measures. While most training takes place at the workplace, government-supported programmes and the employment services also cooperate closely with firms, the social partners and other stakeholders when carrying out training and qualification measures. Lastly, cooperation between public and private job centres has proved effective in shortening spells of unemployment.

## Impact

The measures adopted succeeded in curbing the adverse impact on the Italian labour market of the worsening recession and falling GDP at the beginning of this year. Greater use of the extended Redundancy Fund and of flexible/reduced hours in companies has contributed to alleviating the potential effects of the crisis on employment, particularly in terms of numbers of economically active persons and of persons in employment. At the end of July, workers benefiting under measures to maintain jobs were estimated at around 700 000 to 800 000. Furthermore, combined retraining and on-the-job activities to enhance human capital and workers' skills help persons laid off temporarily both to remain attached to the labour market and to maintain an active attitude.

## Useful links

<http://www.lavoro.gov.it/lavoro/>

<http://www.lavoro.gov.it/lavoro/Europalavoro>

<http://www.lavoro.gov.it/Lavoro/md/AreaLavoro/AmmortizzatoriSociali/>

<http://www.inps.it/newportal/default.aspx>

<http://www.regioni.it/>

# In-company/ on-the-job training programmes

## Background

The effects of the global economic crisis have been evident since October 2008 in Cyprus, where the sectors most affected are construction, tourism and retail trade industries. With a view to mitigating the effects of the global economic recession on the labour market and especially to curbing rising unemployment levels, a special Prevention Action Plan was implemented by the Human Resource Development Authority of Cyprus (HRDA), in close cooperation with the Ministry of Labour and Social Insurance.

One measure in the Plan involves in-company/on-the-job training programmes for employees at risk of redundancy with the aim of preventing unemployment and helping the beneficiaries to acquire vocational qualifications. The measure was supported by a targeted promotional campaign utilising all mass communication media.

## Description

The measure involves helping employers to retain their employees instead of making them redundant by using time spent not working for training. In particular, the Human Resource Development Authority helps employers to design and implement training programmes that meet their specific needs and subsidises employers' eligible costs, including the wages of the participants for the duration of training.

Such in-house training programmes have been adjusted to focus on the sectors of the economy that have been worst affected by the economic recession and where there is an imminent risk of employee layoffs, such as the hotel and catering trade, the retail trade and the construction sector. The HRDA has held information seminars for employers in all districts and visited many individual employers to explain how they could take advantage of HRDA training schemes. It has also explained to employers how they can link training programmes to the achievement of vocational qualifications through the System of Vocational Qualifications which HRDA is implementing.





## Impact

These efforts have enabled many employers facing difficulties related to the effects of the world economic recession to organise in-company/on-the-job training programmes and submit them to HRDA for approval and grants. In the period February to October 2009, 51 businesses submitted 540 programmes to the HRDA for training a total of 4 608 employees.

## Useful link

<http://www.hrdauth.org.cy/>

# Work practice in municipalities

## Background

This measure seeks to strengthen the social safety net with a view to mitigating the severe social consequences of the economic crisis. It is also an activation measure offering work opportunities to unemployed persons.

The target group is registered unemployed who are not entitled to any social insurance unemployment benefit or whose entitlement has expired.

## Description

The measure involves low-skilled non-commercial community work such as cleaning, development and maintenance of public infrastructure (parks and other public areas) and local social services (e.g. assisting elderly people).

Municipalities are requested to conclude an agreement with the regional office of the State Employment Agency. The agreement specifies rules for the selection of participants and requirements relating to safety at work, reporting, payment, etc. When the agreement is concluded, the municipality arranges work-experience places within their area, local institutions, etc.

Unemployed persons can participate in the measure for a period of two weeks to six months, but not for more than six months per year. Participants receive an allowance of LVL 100 (€142) per month and are also insured against the risk of accidents at work.

The measure is co-financed by the European Social Fund. The total amount set aside for the measure is LVL 24 million (€34 million) for the period September 2009 to December 2010.



### Impact

It is estimated that the total number of participants (including short-term participants) may exceed 50 000 unemployed in the period September 2009 to December 2010.

### Useful link

[http://www.nva.lv/index.php?cid=3&mid=290&new\\_lang=en](http://www.nva.lv/index.php?cid=3&mid=290&new_lang=en)

# Encouraging companies to retain workers and adapt to change

## Background

The economic recession in Lithuania, like in many other countries in the world, has had a major negative economic and social impact. The recession has resulted in employment reduction and income loss which, in turn, have resulted in long-term unemployment growth and increasing social exclusion. Rapid unemployment growth poses new challenges to labour market policy, i.e. increasing employment opportunities to mitigate the adverse consequences of the crisis. In that connection, amendments to the Law on Employment Promotion came into effect on 1 August 2009. It aims to increase employment opportunities by implementing active labour market policies, including vocational training, acquisition of new work skills at the workplace, work in the public interest in companies experiencing economic difficulties.

## Description

### **More favourable conditions for finding suitable employees with new qualifications (vocational training)**

The Law seeks to make it easier for employers reorganising company production or management to find suitable employees by providing opportunities for part-time employees and employees served dismissal notices to acquire qualifications needed for new jobs. In order to encourage employees to take part in vocational training so they can keep their jobs/positions in the company or to acquire qualifications needed by another employer, the Law also provides for training grants (up to 70% of the minimum monthly wage, depending on the duration of training per month) for time spent on vocational training by employees.

### **Acquisition of new work skills at the workplace**

In cases where the reorganisation of production or management requires employees to spend a certain period acquiring new work skills in order to carry out new tasks rather than acquiring new qualifications, the Law provides that local labour exchanges may pay wage subsidies to employees served dismissal notices where the company implements a measure to support the acquisition of new work skills by employees.

The employer receives 50% of the remuneration stipulated in the employment contract of each person participating in the measure and a subsidy equivalent to the compulsory monthly State social insurance contributions of the person insured corresponding to that remuneration from the territorial labour exchange for up to three months. Employers may be partially reimbursed the cost of organising courses for the acquisition of work skills.



### **Organisation of work in the public interest in companies in economic difficulty**

As defined in the Law on Employment Promotion, work in the public interest shall be organised in companies, institutions, organisations or other organisational structures to carry out temporary work which aim to support and / or develop local community social infrastructure, and to retain workers in companies facing economic difficulties.

In such cases, local labour exchanges may pay up to 100% of employees' remuneration for work in the public interest (at the minimum hourly wage) and reimburse compulsory State social insurance contributions of the person insured calculated on such remuneration. Furthermore, part-time employees of companies experiencing temporary economic difficulties may additionally earn a living by taking part in work in the public interest organised outside their companies. Thus, companies may retain their employees during the period of temporary disruption in their operation, whereas employees may earn additional income.

### Impact

Over the last 6 months there have been 385 companies in which idle time has been registered. In these companies, 12 013 workers have been in idle time, accounting for 32% of all workers. With reference to territorial labour exchanges, there are 104 companies, in which 1 585 workers work on a short-time basis. The Lithuanian Labour Exchange is currently implementing a European Social Fund project on work in the public interest. This project will create temporary employment for 5 500 workers working in companies experiencing economic difficulties.

### Useful links

[www.socmin.lt](http://www.socmin.lt)

[www.ldb.lt](http://www.ldb.lt)

[www.esf.lt](http://www.esf.lt)

# Short-time working

## Background

Provisions on short-time working solely for reasons connected with the business cycle were introduced into Luxembourg labour law in 1975 and extended to short-time working for structural reasons in 1977. Since then, the arrangements have been applied regularly by various enterprises, and in particular industrial firms, but never to the same extent as in late 2008 and especially in early 2009, even taking the early 1980s into account.

By way of an urgent response to the crisis, the Luxembourg Government adopted a first draft law reforming the existing provisions in January this year and shortly thereafter a second draft law extending the crisis measures. The two draft laws were adopted by the Chamber of Deputies (*“Chambre des Députés”*) and the new provisions came into effect through laws adopted on 17 February and 29 May 2009, which were supplemented by a Grand-Ducal Regulation of 25 June 2009.

## Description

The main feature of short-time working introduced for business-cycle reasons (*“chômage partiel de source conjoncturelle”*) is that dismissals can only take place for reasons relating strictly to the person concerned while the arrangement is being applied. This is also true for short-time working for economic reasons (*“chômage partiel pour raisons de dépendance économique”*).

Only undertakings in a branch of the economy experiencing short-term difficulties that make a reduction in normal working hours inevitable may apply to benefit under the short-time working arrangements for business-cycle reasons. Determining which branches of the economy are concerned is the task of the Government acting in council, which takes the decision after hearing the opinion of a tripartite body, the *Comité de Conjoncture*.

The possibility of applying short-time working arrangements for economic reasons may be granted to enterprises which realise at least 50% of their turnover on work carried out for one or more undertakings benefiting under the short-time working arrangements for business-cycle reasons. In normal circumstances, the period of eligibility for short-time working for business-cycle reasons may not exceed six months a year and the hours involved per month cannot exceed 50% of the employee's normal working hours.

Under the above-mentioned Laws adopted in response to the crisis in early 2009, the maximum period of eligibility was extended to 24 months, i.e. the whole of 2009 and 2010, and the monthly minimum condition was eased to allow short-time working to cover more than 50% of the employee's normal working hours, provided the employee's average annual working hours do not exceed 50%.

Eligibility under the short-time working arrangements for structural reasons focuses on the individual employee, irrespective of the sector of activity, and the period of eligibility is determined by the undertaking under a restructuring plan, to be submitted to the *Comité de Conjoncture*, together, where applicable, with a job maintenance plan.

The employee generally receives an allowance equal to 80% of his or his salary for the hours not worked. However, under one of the Grand-Ducal Regulations adopted for the implementation of the anti-crisis Laws, employees receive 90% of the normal salary during hours not worked but spent attending training organised by the employer or by the State.



Under provisions laid down in the Labour Code, the State reimburses the employer for the allowance due as from the ninth hour under part-time work contracts of 20 hours a week or less or the 17<sup>th</sup> hour under full-time work contracts.

By way of an exception, for 2009 and 2010 the State is to begin reimbursing the employer as from the first hour in the event of short-time working for business-cycle reasons and for economic reasons and, where a job maintenance plan is approved by the Minister with responsibility for employment, in the event of short-time working for structural reasons too.

A job maintenance plan is a planning instrument which seeks to facilitate the employee's move, where restructuring operations have become unavoidable, either to another department within the firm or to another company within the same or another sector of the economy thanks to various measures, such as training, professional reorientation or voluntary short-time working, without going through the public employment service.

## Impact

It is still too early to draw definitive conclusions regarding the impact of these measures, but extensive contacts with company managers indicate that the short-time working arrangements as adjusted early this year have pre-empted the need for certain layoffs in such firms and have also allowed qualified personnel to be kept on with a view to the recovery.

It is too early to assess the effect of the continuing vocational training measure, which has only been in force since 1 July this year.

Since the beginning of the year, numbers of companies and employees benefiting under the various short-time working arrangements are as follows:

January 2009: 40 companies involving 3 169 employees;  
February 2009: 53 companies involving 5 846 employees;  
March 2009: 80 companies involving 7 222 employees;  
April 2009: 95 companies involving 7 959 employees;  
May 2009: 102 companies involving 7 523 employees.

The Minister, with responsibility for employment, approved 30 job maintenance plans in the first half of 2009.

Useful link  
[www.cdc.public.lu](http://www.cdc.public.lu)

# Job-retention package

## Background

One of Hungary's main crisis-management measures is the job-retention package adopted in January 2009 with the general aim of stabilising enterprises (mainly SMEs) and curbing the fall in the employment rate. By means of this set of measures, the Hungarian Government seeks to contribute to maintaining employment, in particular by promoting work-organisation measures to retain jobs, improving the labour market situation of workers made redundant, and supporting labour force mobility.

This set of measures makes innovations to existing job-retention programmes on account of the crisis. The Hungarian Government has also allocated significant State and EU resources to fund these modernised job-retention programmes.

The target group comprises: (a) workers made redundant because of the economic recession, those who are at risk of redundancy and those who have recently become job-seekers because of the crisis; and (b) employers (mainly SMEs with more than two workers) who are in difficulty as a result of the recession and cannot maintain their employment capacity or put their personnel (or part thereof) on short-time work to avoid making them redundant.

## Description

1. **Wage subsidy for job retention:** A wage subsidy can be paid for a minimum of three and a maximum of 12 months, provided that - after the subsidy expires - the employer keeps on the worker for a period equivalent to that of the subsidy. This measure provides State support for job retention by reducing the costs to the employer of employing someone. The rate of subsidy ranges from 25% to 75% of the total wages of the workers concerned and the related costs paid by the employer (depending on the total number of employees working for the employer).
2. **Shorter working hours combined with future-oriented training:** The employer has the option of easing the employment difficulties he faces as a result of the recession by introducing shorter working hours in order to avoid redundancies. In such cases, the employer may receive financial support to compensate the worker concerned for lost wages corresponding to working time during which he has not actually worked. The maximum rate of subsidy is 80% of the basic wage and corresponding contributions. The programme also offers the possibility of involving the worker on short-time work in training during working time that he has not actually worked. The maximum subsidy is 80% of the cost of the training, the duration of which cannot exceed 12 months.





3. **Wage subsidy and training subsidy for re-employment:** These subsidies can be used for workers who have lost their jobs owing to mass layoffs where the employer has notified the layoffs to the competent local employment office on 1 October 2008 at the earliest. Employers who intend to employ such workers can receive wage subsidies covering the workers concerned. The rate of subsidy is similar to that for wage subsidies for job retention. Employers can also apply for support for training new workers to acquire the skills needed for the job. The subsidy may not exceed 80% of the training costs.
4. **Subsidy to provide special service in the event of dismissals:** Employers can receive subsidies for calling on the services of an external organisation/service provider for professional help or human support in handling the difficult situation triggered by redundancies. The external organisation/service provider is there to help the employer prepare the redundancy process and to provide guidance to the workers made redundant in how to handle the psychological consequences of losing their jobs, restore their self-confidence and find new prospects. The subsidy ranges from 60% to 100% of the cost of the redundancy process.
5. **Commuting subsidy:** This subsidy supports travel between the place of residence/permanent address and the workplace for a maximum of 12 months. It may be used indirectly by employers employing people who have recently become job-seekers and directly by the new workers.

## Impact

Applications for the above-mentioned subsidies are processed on a continuous basis. At the end of July 2009, 1 200 applications had reached the competent authorities. Through the job-retention package as a whole, between 140 000 and 160 000 jobs may be saved.

## Useful links

[www.afsz.hu](http://www.afsz.hu)

[www.ofa.hu](http://www.ofa.hu)

[www.szmm.gov.hu](http://www.szmm.gov.hu)

# Training on fifth working day for employees

## Background

The significant improvement in labour market conditions observed in recent years started to lose pace in 2008. In late 2008 some undertakings resorted to redundancies while others reduced the number of hours worked and adopted more flexible working-time arrangements to avoid layoffs. The Maltese Government is providing financial assistance for crisis-affected companies that opt for alternatives to layoffs. A Rapid Reaction Unit has been set up specially to assist companies where mass layoffs have occurred or reduced working-time arrangements are in use. Services provided by the Maltese Public Employment Service include profiling, job-search services and the provision of training opportunities to help workers affected to upgrade their knowledge and skills. Training on the fifth working day for employees on flexible working-time arrangements is one of the Rapid Reaction Unit's initiatives.

## Description

Skills upgrading is necessary both to tackle the current crisis and to support the recovery in the longer term. It is all too often undertaken by the medium- and highly-skilled only, and not by the low-skilled: both the low-skilled and their employers need to be prompted to upgrade their skills. The Public Employment Service seeks to assist employees working a short working-week by providing training on the fifth day for companies referred by Malta Enterprise<sup>1</sup> and the Ministry of Finance, Economy and Investment. The assistance starts with an analysis of the training needs of the workers concerned. The training seeks to develop the skills required to assist the firm concerned to step up its productivity. This initiative is supported by the social partners as a way of maintaining both employment and the employability of the workers involved. The training is also undertaken in consultation with Malta Enterprise and the department responsible for employment and industrial relations, the latter being the department responsible for granting permission to work short-time following necessary analysis and consultation.

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<sup>1</sup> Malta Enterprise is the agency responsible for the promotion of foreign investment and industrial development in Malta. Its mission is to sustain Malta's overall competitiveness to create the right environment for successful enterprise in Malta. It offers assistance and advice to those who seek to learn more about the multitude of business and investment opportunities available on the island. Likewise, Malta Enterprise offers investors the best possible service before, during and after they decide to do business in Malta.



## Impact

The Public Employment Service provides constant support and encouragement for flexibility by offering various options to persons and/or undertakings to pursue/invest in further training. The training programmes organised by the Public Employment Service address both soft and hard skills required by companies in the light of the new challenges thrown up by the current crisis. This training initiative has assisted companies to survive during the crisis: a number have managed to return to a five-day week while continuing to upgrade the skills and knowledge of their workforce. Since the beginning of 2009, around 1 300 persons have received training from the Public Employment Service in generic transferable skills under this initiative.

## Useful links

<http://www.etc.gov.mt/>

<http://www.maltaenterprise.com/>

# Innovative labour market measures

## Background

The Government is responding to the crisis by implementing social policies that mitigate its consequences for the labour market. It is applying training policy measures to improve the skills and availability of workers for the labour market of tomorrow. The crisis has heightened the importance of maintaining human capital and skills, in particular with an eye to the recovery. Flexible employees will be needed on the labour market in the future and the crisis offers the opportunity to train them.

The following four measures show how the Government is preparing the workforce to meet labour market demand after the crisis:

- compulsory training for short-term unemployment beneficiaries;
- retraining premium;
- recognition of acquired competencies;
- knowledge workers.

## Description

- Compulsory training for short-term unemployment beneficiaries

The Netherlands has introduced short-term unemployment schemes to prevent job losses. Employers using such schemes are under an obligation to provide the employees with compulsory training. The time during which the workers are released from working must be spent on training or education. The schemes bolster workforce quality and availability for the labour market of the future.

- Retraining premium

In the Netherlands a 'retraining premium' has been introduced to improve mobility between sectors and facilitate job-to-job transitions. Employers hiring workers who have been laid off receive an allowance and a subsidy of 50% of the cost of retraining workers laid off (subject to a ceiling of €2 500).



- Recognition of acquired competencies

The Netherlands encourages workers without a starting qualification to apply for recognition of the competencies they have acquired. Such recognition takes the form of a certificate giving an overview of the worker's competencies and serving as an instrument for life-long learning and employability. Possession of such a certificate makes it easier for a worker to find a new job. Employers bear 50% of the cost of having acquired competencies recognised and the Government bears part of the cost.

- Knowledge workers

The Netherlands has implemented a special programme for the temporary employment of knowledge workers and young researchers at universities and knowledge institutions to ensure that they continue to be available for recruitment by innovative companies and the crisis does not force such companies to fire their highly skilled personnel. A total of 1 336 knowledge workers and 136 young researchers have been placed in public institutions.

## Impact

These measures help to ensure the availability of quality workers and the maintenance of human capital. When the economy recovers, quality workers will need to move from sectors in decline to new, more productive sectors in order to stimulate economic growth. The Government is making use of the crisis to retrain workers and invest in maintaining and improving human capital. An initial education is not sufficient: responding to demand on the labour market calls for life-long learning.

The labour market will need flexible workers who are easy to retrain and able to work in new, innovative markets. The obligation on employers to provide compulsory training and the retraining premium improve mobility between sectors and job-to-job transitions. In addition, the recognition of acquired competencies gives workers without a starting qualification more job opportunities. These measures help to reduce short spells of unemployment and prepare workers for the labour market of tomorrow.

## Useful link

<http://www.minszw.nl>

# Labour Market Packages

## Background

Austria has adopted a comprehensive approach to countering the effects of the economic crisis that takes the multifaceted nature of the problem into account. In 2009 the Austrian Government launched two Labour Market Packages that adapt and improve several active labour market policy instruments. A third set of measures is being prepared.

## Description

- **The short-time working scheme** is the most important measure in terms of budget and number of participants. It involves a fixed-term reduction in normal working time based on a social partner agreement to maintain employment in times of temporary, non-seasonal economic difficulties. It has been reformed recently (in March and July 2009) to widen the eligibility criteria (to include temporary workers), gradually extend its maximum duration (from 12 to 24 months), increase the financial support and include an option combining short-time work with qualification measures.
- **A 'youth foundation'** targeted at young people aged 19 to 24 has been set up alongside the labour foundations, which were first introduced in the 1980s to support adjustment processes due to structural change and offer a combination of tailor-made measures for a duration of up to three years. Under the scheme, young people who have lost their jobs in SMEs or temporary work agencies are given individually tailored assistance and training to open up new career opportunities.
- **Supra-company apprenticeship training** (i.e. practical training provided by vocational training institutions, which are not companies, in the context of so-called "apprenticeship workshops") has been developed as part of the set of youth employment measures with the aim of providing supra-company places for young people who have not found suitable apprenticeship places with a company since they left compulsory school. The reformed system put in place in the 2008/09 training year introduces supra-company training programmes as equivalent components of the dual system to enable participants to complete their training and obtain standard apprenticeship certificates. Supra-company apprenticeship training programmes will now increasingly target education dropouts and 'older' youths as well as socially disadvantaged young people and slow learners. Under an agreement concluded between the Austrian federal authorities and the social partners, training capacities will be increased to 12 300 places in the 2009/10 training year.
- From 1 July this year the new **combined wages scheme** involves an in-work benefit : a wage top-up of €300 (full-time) or €150 (part-time) as an incentive to persons over 50, those returning to the labour market and persons with disabilities to take up low-paid employment (between €650 and €1 700).



- Under the amended **solidarity bonus scheme**, from 1 August this year the public employment service provides support to the employer and to the employee where the latter's working hours are reduced in order to offer a chance of employment to apprentices from supra-company apprenticeship training programmes as well as to unemployed persons.
- From 1 August this year, the **educational leave** arrangements have been amended to facilitate take-up by making it easier to meet the requirements (by reducing the minimum duration of employment from one year to six months) and make use of the arrangements (by reducing the minimum duration of educational leave from three to two months).
- **Subsidies for single-person businesses** (adopted in September 2009): the public employment service will pay a lump sum of 25% of the gross wage covering the employer's social insurance contributions for one year when single-person businesses hire an employee (who must be a young job-seeker aged between 19 and 30) for the first time.
- **'Aktion 4000'** promotes employment opportunities for the long-term unemployed in municipalities or charitable organisations. A wage subsidy equal to two thirds of the cost is borne by the public employment service.
- Reform of **part-time allowance scheme for older workers**.

## Impact

At this early stage of implementation, the impact of Austria's economic stimulus and employment measures on employment is estimated at a total of 97 000 jobs. This means that public measures to maintain and create employment are having a significant effect in terms of helping to curb unemployment. Approximately 45 000 jobs are expected to be preserved or created thanks to Labour Market Packages I and II.

In addition, more than 4 800 persons will benefit under 'Aktion 4000'. Socio-economic enterprises and job schemes in the non-profit sector were expanded by more than a quarter over the last year and currently offer 7 600 subsidised jobs. The number of supra-company apprenticeship places will be increased by 3 000 to 12 300 in autumn 2009.

## Useful link

<http://www.bmask.gv.at/>

# Mitigating the negative impact of the crisis on employees and entrepreneurs

## Background

Despite relatively healthy economic results in Poland, where 1% GDP growth was recorded in the first half of 2009, the crisis is having a negative impact on the Polish economy and labour market. The unemployment rate in the second quarter of 2009 rose to 7.9%, up 0.8 percentage points on the same period last year and just 0.4 percentage points down on the first quarter of 2009.

Active labour market policy measures are therefore needed to mitigate the impact of the crisis. In cooperation with the social partners, the measure described below was introduced to counter the negative effects of the crisis.

## Description

With the overall goal of preserving jobs during the crisis, the measure provides for subsidies to companies:

- whose turnover has fallen by at least 25%;
- who have drawn up a company reform programme;
- who are not in arrears of tax or meet the conditions for bankruptcy; and
- who have not received any State aid for a similar purpose under active labour market policies.

The measures comprise:

- State assistance, in the event of a temporary shutdown lasting no longer than six months, covering a percentage of the employee's wages equal to up to 100% of the unemployment benefit (the remainder of the remuneration subject to a ceiling of the minimum wage being paid by the employer);
- a reduction in working time (of up to 50% of the number of hours corresponding to full-time employment) and a corresponding proportional reduction in wages (compensated for by the State in respect of up to 70% of unemployment benefit); this form of assistance may be introduced by a collective agreement or an agreement with the enterprise's trade unions;





- a reimbursement of 80% of the cost of training and postgraduate studies of an employee affected by temporary shutdown or a reduction in working time.

The measure below applies to all companies regardless their economic situation:

- changes to the working time regulations, which can be introduced by a collective agreement or an agreement with the enterprise's trade unions. They involve:
  - extending the period for calculating working-time limits (reference period) to 12 months (from four months) for objective or technical reasons or reasons concerning the organisation of work: within that period, employees may work longer/shorter hours than usual for a certain period, to be compensated by periods when they work shorter/longer hours, so that the total hours worked during the reference period is equal to the standard number of hours;
  - introducing a 'variable' working-time schedule: the employer may introduce different starting and finishing hours on consecutive days; however, subject to the compulsory 11-hour break between finishing and starting times, where a person starts work again within one 24-hour period, hours worked in excess will not count as overtime.

The measure will be in force until 31 December 2011.

## Impact

The estimated cost of the measure to the Labour Fund is approximately PLN 1 460 million (or €344.1 million). About PLN 960 million (or €226.3 million) of that amount will be transferred to the Employees' Guaranteed Benefits Fund to provide financial aid to almost 200 000 employees. The remaining resources in the Labour Fund (PLN 500 million or €117.8 million) can be used for training and postgraduate courses for more than 55 000 employees.

## Useful link

<http://www.mg.gov.pl/English/Economic+analyses++forecasts/Polnads+economic+performance/>

# New Opportunities Initiative

## Background

Over the last few decades, Portugal has made a significant effort to improve people's educational qualifications and catch up with other developed countries. In 2003 only 20% of the adult population (25-64 years) had completed upper secondary school, as compared with the OECD average of 70%. Furthermore, 50% of Portugal's 5 million active workers have not completed their nine years' compulsory schooling, while the adult population's average of 8.2 years' school attendance is the lowest in the EU.

Further to these efforts, the situation regarding early school-leaving and take-up of life-long learning slightly improved. However, in the face of a weak and sluggish recovery, the Portuguese Government decided to go further in terms of improving the population's low average qualifications. It announced the New Opportunities Initiative in 2005, a national strategy in line with the renewed Lisbon Strategy for Growth and Jobs involving stepping up qualifications and developing skills. The importance of investing in human capital stems from its widely acknowledged contribution to raising economic growth, strengthening social development and cohesion and improving the individual's employability and quality of life.

The basis for the Initiative is clear: the reference objective for the educational qualifications of young people and adults is upper secondary school level. The goals are for over 650 000 young people to be enrolled in dual vocational education-training certification courses at upper secondary school level and those at risk of leaving school without a qualification to be brought into occupational pathways by 2010, and to involve 350 000 adults in vocational education and training courses and ensure that more than 650 000 obtain a competency certificate.

## Description

The New Opportunities Initiative, which seeks to make an upper secondary qualification the minimum reference for lifelong learning, has two main goals:

- firstly, to encourage young people to obtain an upper secondary academic or vocational certification and ensure that the education and training systems combat failure and drop-outs. Over 650 000 young people, or half the total number of pupils enrolled in upper secondary education, will be involved in vocational education and training courses by 2010;
- secondly, to improve access by the economically active population, and in particular by adults with low or no qualifications, and step up their attendance in vocational training and education courses in order to refresh, complete and improve their qualifications. It is anticipated that one million active workers will obtain a qualification by 2010.

Meeting those goals implies in particular:

- increasing the supply of dual vocational education-training certification courses and the number of places for young people;
- increasing the supply of dual vocational education-training certification courses and after-work training pathways for adults;
- expanding the network of New Opportunities centres and making them the main access avenue to acquiring a qualification for active workers;
- developing the National Qualifications Catalogue for managing qualifications other than higher qualifications and regulating dual vocational education-training certification;
- administering an integrated vocational education-training course management system.



Central management is entrusted jointly to the Ministry of Education and the Ministry of Labour and Social Solidarity with the National Qualifications Agency responsible for coordination. The local and regional departments of the two Ministries play an important role in terms of local body attendance, making it easier for people to access information and to attend the courses through the New Opportunities' Centres. Management of the New Opportunities Initiative is decentralised and carried out by a network of public and private teaching and training providers.

A panel of national and international experts has been appointed with responsibility for monitoring and external evaluation of the Initiative.

## Impact

In terms of impact on young people, efforts to modify education and training pathways at upper secondary level have already succeeded in reducing school failures and preventing early drop-outs. Young people enrolled in dual vocational education-training courses at upper secondary level accounted for 40% of the total enrolled at that level in 2007/08, whereas the average for OECD countries is 50%, which is the New Opportunities Initiative target for 2010.

There were 113 727 young people enrolled in dual vocational education-training courses at upper secondary level in 2006/07 and 115 250 in 2007/08. In terms of impact on adults, expanding and bolstering the network of New Opportunities centres and adult education and training courses and applying decentralised management have helped improve the ability of the education and training system to respond to the situation.

The recognition, validation and certification of competencies and adult education and training courses are based on the Key Competences Framework of Reference for Adult Education and Training for obtaining formal certificates for 4, 6, 9 and 12 years' schooling and on the specific occupational standards for acquiring a Level I, II and III professional qualification. The Quality Charter of the New Opportunities centres, which was drawn up, presented and published in October 2007, aims to improve quality assurance in the validation of non-formal and informal learning and activities performed by the network.

The network started up with six centres in November 2000, growing steadily to 98 in 2005, before climbing to 270 in 2006 and 459 in 2008. By the end of 2009 the number of centres should reach 500. Since 2006 the New Opportunities Initiative has involved 818 534 adults, 378 056 of whom sought an upper secondary level qualification.

## Useful links

<http://www.novasoportunidades.gov.pt/>

<http://www.anq.gov.pt/default.aspx>

# Temporary cuts in labour costs

## Background

Romania has adopted a set of integrated measures to counter and mitigate the effects of the economic crisis on the labour market and companies and to maintain adequate social protection during this difficult period. The anti-crisis and economic recovery measures were negotiated with the social partners at the beginning of 2009 and are reflected in the State and social insurance budgets. In addition, State aid schemes with support from the European Social Fund have been introduced to assist companies provide employment and vocational training.

In brief, the anti-crisis measures involve:

- a three-month extension in the period during which unemployment benefit may be granted for 2009 and the introduction of a minimum social pension;
- avoiding redundancies and supporting companies by exempting them from the payment of certain taxes and contributions to the State and social insurance budgets for a limited period and by initiating ESF State aid schemes;
- adjusting public employment service assistance to avoid long-term unemployment and inactivity by stepping up monitoring of dismissals notified by employers and by improving pre-dismissal services.

## Description

In the light of Romania's recent experience of economic restructuring, the major aim of policies to mitigate the effects of the economic crisis is to avoid redundancies. The arguments concern the risk of a massive increase in unemployment, especially long-term unemployment, and the need to avoid laying off skilled workers in a situation where Romanian employers, in particular in industry and the services sector, are faced with a shortage of skilled labour.

The emphasis was therefore on preventive measures to avoid mass redundancies on the assumption that the current economic difficulties are temporary, and a return to economic growth, and therefore a rise in demand for labour, is forecast in the short-term, possibly even in 2010.

As from April 2009, employers in difficulty who are forced to halt production are exempted on application from paying State and social insurance contributions and taxes for a maximum of three months in 2009 on revenue during a temporary break in activity (work standstill). Employers therefore pay no social insurance contributions on compensation (equal to at least 75% of their wages in accordance with the Labour Code) paid to workers in respect of the work standstill period, and this income is not taxed. The workers retain their status as insured throughout this period. According to the latest data, as from 1 April this year, some 2000 companies took advantage of this facility in respect of over 140 000 workers.



In addition to reductions in the cost of labour, two State aid schemes financed by the European Social Fund are available to companies. These are the Sectoral Operational Programme for Human Resources Development (SOPHRD), which funds general and specific vocational training programmes for workers and the “Money for vocational training” scheme which subsidises the salaries of new employees who were previously unemployed or who belong to other vulnerable groups on the labour market.

## Impact

In terms of the economic crisis and its effects on the labour market, Romania has succeeded in keeping unemployment relatively low by comparison with the EU average and certain Member States that have recorded significant increases in unemployment rates. During the first quarter of 2009, the ILO unemployment rate for Romania was 6.9%, up on both the previous quarter (5.8%) and the corresponding quarter in the previous year (6.3%), according to NIS-LFS.

As pointed out above, initial results for the employer tax-exemption measure show that starting on 1 April this year, some 2 000 companies have taken advantage of this facility in respect of over some 140 000 workers.

Furthermore, during the first six months of 2009, 29 279 workers laid-off benefited from pre-dismissal services offered by the public employment service. Up to 31 July 2009 over 180 000 job-seekers had been reintegrated into work thanks to employment-stimulating measures.

Thanks to the European Social Fund, Romania has allocated significant resources to human resource development programmes to finance access for workers, the unemployed and other categories to vocational training, retraining and upgrading courses, and active employment measures. Up to the present, ESF-funded schemes have been launched under the SOPHRD at a cost of about €1.3 billion.

## Useful links

[www.mmuncii.ro](http://www.mmuncii.ro)

[www.anofm.ro](http://www.anofm.ro)

[www.fseromania.ro](http://www.fseromania.ro)

# Promoting full-time employment and supporting workers made redundant

## Background

To mitigate the effects of the economic and financial crisis on labour and employment, the Slovenian Government adopted two key measures in addition to strengthening and updating active employment policy programmes. The first (partial subsidies for full-time employment) was adopted to support companies whose orders have fallen by around 20%, while the second (partial refunding of wage compensation for workers temporarily laid off) was introduced because the crisis continued to escalate and aims to support employers whose orders and work are down 40%. The latter measure takes the former a step further: it helps to preserve jobs as well as providing for restructuring and investment in human capital. Both measures are based on the principle that economic measures and additional financial incentives are needed in a period of financial crisis to guarantee employment and preserve jobs. It is worth pointing out that all employees benefiting under either of the two measures continue to be employed and retain all their rights under the employment relationship. The two measures are temporary and are estimated to preserve up to 35 000 jobs.

## Description

Adopted in the beginning of the year, the first measure (partial subsidies for full-time employment) enables employers who decide to introduce short-time working on account of a shortage of orders to obtain subsidies.

Employers, who reduce working time to 36 or 32 hours, may be granted subsidies amounting to no more than €120 per worker, depending on the number of hours cut. To obtain the subsidy, employers must meet conditions laid down by law, such as complying with an obligation not to dismiss workers and not to pay bonuses to the board of directors and supervisory board. This measure also encourages social dialogue, since employers who wish to reduce full-time employment to 32 hours must obtain the consent of the representative trade union.

The second measure (partial refunding of wage compensation for workers temporarily laid off) was adopted in June 2009 and introduces temporary layoffs. The State refunds part of the wage compensation paid where an employer can no longer guarantee work for more than half the workforce on account of the adverse business situation triggered by the global economic crisis, and therefore decides to carry out temporary layoffs.



Workers who have been temporarily laid off by their employers are entitled to wage compensation amounting to 85% of their earnings over the past three months. The State contributes 50% and the employer 35%. Wage compensation must not be less than the minimum wage laid down by law. A worker may be laid off temporarily for a period not exceeding six months within any 12-month period.

During the period when they benefit under the measure, employers are not allowed to dismiss workers temporarily laid off for business reasons, order workers to work overtime, or pay bonuses to the board of directors or the supervisory board.

The measure also has an important development role: employers wishing to benefit under it must draw up a programme to preserve jobs, improve job quality and develop their human resources. Workers laid-off temporarily are also guaranteed training: they therefore have a right and an obligation to attend training. The State co-finances up to €500 of training per worker, a commitment co-financed by the European Social Fund.

## Impact

Both measures are implemented by the Slovenian public employment service and have met with considerable support among employers.

Applications for partial subsidies for full-time employment have been submitted by 856 enterprises. To date, contracts have been concluded with 701 employers and 60 939 workers benefit under the measure. Applications for partial refunding of wage compensation for workers laid off have been submitted by 395 companies. To date, 211 contracts involving 8 951 workers have been concluded.

The number of jobs preserved to date thanks to the two measures is estimated at 15 000.

## Useful links

<http://mddsz.gov.si/en/>

<http://kr-og.sta.si/?english=1>

<http://www.ess.gov.si/eng/index-ang.htm>

# Contributing to maintaining employment

## Background

The Slovak Republic has adopted several active labour market policy measures in response to the evolving global financial and economic crisis, which triggered a rise in unemployment and in the number of jobs at risk in the second half of 2008.

Their aim is to contribute towards maintaining employment and reducing the impact of the global financial and economic crisis on workers whose employers are considering redundancies or cutting jobs owing to operating difficulties caused by the crisis. As a priority, they seek to create conditions that enable jobs to be maintained and support employment for jobseekers at the workplaces supported.

The measures were adopted to reduce the impact of the crisis on employment, in particular by providing financial contributions to employers to cover part of the labour costs of their workers and to pay the social welfare contributions of workers and of employers experiencing serious operating problems and who cannot assign work to their personnel. They offer incentives to recipients in need to accept work at a lower wage and contribute to wages. They are also designed to support self-employment, including work involving the processing and marketing of agricultural products.

## Description

The measure entails a contribution to employers to maintain jobs in the face of serious operating problems that prevent them from assigning work to their employees and who reduce their activities temporarily, in agreement with the authorities, for at least 4% of the standard weekly working time.

The contribution towards maintaining employment is provided to the employer to cover:

- health insurance and social insurance premiums and old-age pension contributions paid in advance by employers and deducted from wages payable to employees pursuant to the special regulation. Such advances must not, however, exceed the average wages of workers in the Slovak Republic from the first to the third quarters of the calendar year prior to that in which the contribution is provided; and
- health and social insurance premiums paid in advance by workers and deducted from wages payable to them pursuant to the special regulation. Such advances must not, however, exceed the average wages of workers in the Slovak Republic from the first to the third quarters of the calendar year prior to that in which the contribution is provided.





The Offices for Labour, Social Affairs and Family pay the contribution towards maintaining employment to employers on the basis of a written agreement concluded for the days (which must not exceed 60 calendar days during the calendar year) for which the employee is paid wage compensation. Employers pay their workers the contribution using the advances on health and social insurance premiums paid by workers from the reimbursement of wages that belong to the employee one month later, together with the wages on the date specified for paying wages.

The instrument described contributes to preventing a threat of mass dismissals due to the current unfavourable economic situation facing employers and thus to maintaining employment.

### Impact

Under the anti-crisis active labour market policy measures adopted by the Slovak Republic, €29.5 million was provided to support 43 651 jobs, jobseekers or employees for the period March to July 2009. The contribution towards maintaining employment appears to be the most effective anti-crisis labour market measure in terms of resolving the difficult economic situation facing employers and their employees. It was agreed that €21.2 million would be provided to support 41 001 employees over the period concerned.

### Useful link

<http://www.employment.gov.sk/index.php?SMC=1&lg=en>

# Employment and change security

## Background

The scheme concerning employment and “change security” is intended to improve the position of employees under threat of dismissal or who have been dismissed for economic or production-related reasons. This scheme was introduced in 2005 and has lately been expanded to cater more effectively for the needs of employees on fixed-term employment contracts, those laid off for a minimum period of 180 days, and those laid off temporarily. Parties to the scheme include the employer, the employee and the Employment and Economic Development Office (TE Office). The model is based on an agreement between the social partners.

## Description

“Change security” involves:

- a right for the employee to benefit from an employment programme;
- paid time-off during the period of notice, for instance for job-seeking (5-20 working days depending on the duration of the employment relationship and the length of the period of notice);
- higher unemployment benefit;
- a stricter obligation on the employer to provide information and negotiate;
- more effective TE Office services.

The scheme for employment and “change security” increases the security of dismissed employees and long-term layoffs and helps them to find a new job as quickly as possible; it improves opportunities to take part in measures to foster employment; it improves jobseekers’ professional expertise; and it steps up cooperation between employees, employers and TE Offices.

The “change security” scheme is voluntary for employees. In order to qualify for the higher unemployment allowance linked to the “change security” scheme, employees must draw up an employment plan and implement it in practice. They must also register as jobseekers at the TE Office. However, employees have the right to decline to participate in the “change security” scheme without losing their right to daily unemployment allowance.

Under that scheme, the employer has a greater obligation to negotiate when reducing the workforce. He is required to inform employees of their right to join the employment programme and receive the higher unemployment allowance.

The employment programme is an individual job-search plan drawn up to improve the employee’s chances of finding a job, for example through training and traineeships. Employment programmes are drawn up in collaboration with a consultant from the TE Office. They include mapping the job-seeker’s situation and supporting the job-seeking process, for example through a job-search plan, alongside the use of public employment services to promote the job-seeker’s early recruitment in a new permanent job.



The statutory employment benefit is payable to employees:

- who have been made redundant for economic or production-related reasons and who have at least three years of service with one or more employers; or
- whose fixed-term employment contracts have ended and who have at least five years' service with one or more employers during the seven years preceding the date of termination of their employment contract.

Employees with long, fixed-term employment contracts with the same employer are also entitled to the benefit if, at the date of the termination of their employment contract, they have been employed by the same employer for at least three years without interruption or at least 36 of the previous 42 months.

In addition to employees made redundant or on fixed-term contracts that have ended as referred to above, employees are entitled to benefit under the “change security arrangement” if:

- they are currently laid off for at least 180 days and had at least three years' service when they received notice that they were being laid off;
- they have been laid off for at least 180 days without interruption and have at least three years' service with one or more employers;
- they resign after being laid off for at least 200 days without interruption and have at least three years' service.

## Impact

The “change security” scheme increases the security of the workers made redundant or laid off on a long-term basis. It helps them find a new job as quickly as possible. A person entitled to change security has the right to a higher unemployment allowance, i.e. an employment programme increase.

From the beginning of the “change security” scheme, there have been more than 50 000 persons entitled to an employment programme, covering cases where more than 10 persons have been made redundant.

## Useful links

[www.tem.fi](http://www.tem.fi)

[www.mol.fi](http://www.mol.fi)

# New Start Jobs

## Background

New Start Jobs (NSJ) is a general measure introduced in January 2007 under the Swedish Government's strategy to combat exclusion from the labour market. The scheme seeks to stimulate demand for groups regarded as furthest from the labour market and to make it easier for them to enter or re-enter the labour market after a relatively long period spent not working, regardless of the reason. The NSJ is a way of reducing the employer's wages bill by compensating the latter, without interfering in wage-setting, for taking the risk of employing someone who has not had a job at least during the last 12 months (or six months in the case of young people aged 20-26).

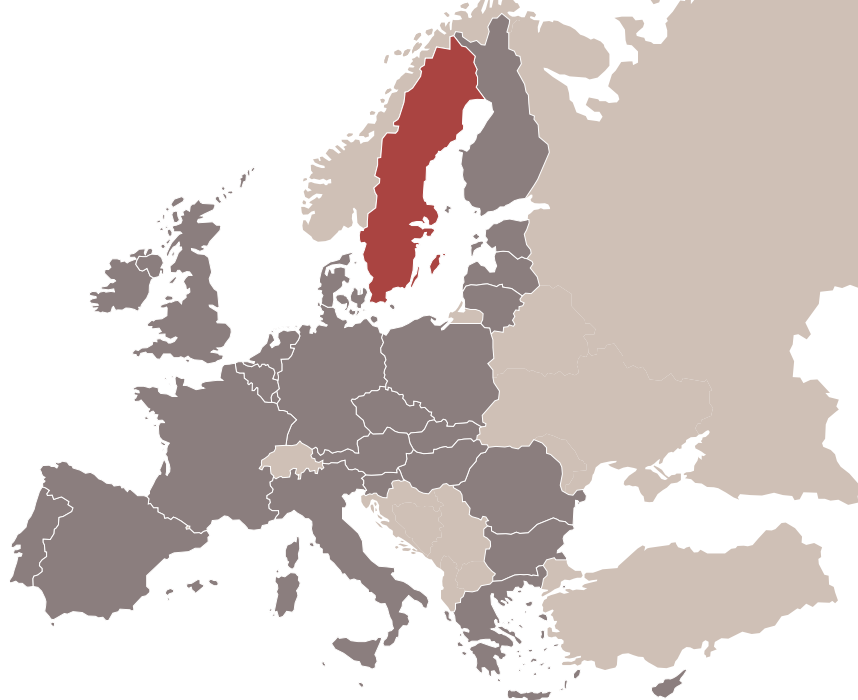
## Description

The aim of NSJ is to make it easier for people in a weak position on the labour market to find a job. The target groups are those furthest from the labour market, i.e. long-term unemployed, people on long-term sick-leave, long-term social aid recipients or those meeting a combination of these criteria, and ex-prisoners. Newly arrived immigrants also qualify under the NSJ scheme in the three years after they are granted a residence permit.

NSJ is not a standard active labour market measure: certain criteria must be met to qualify and once an individual meets one such criterion, the employer who hires her or him is entitled to financial compensation. An NSJ beneficiary is in normal employment. The compensation is payable to employers in the public or private sectors for employees on permanent or temporary employment contracts.

To encourage employers to employ people who have not had a job for more than a year, financial compensation equivalent to the employers' social security contributions (or twice that amount in certain cases) was made available in 2007. In response to the deterioration on the labour market, the compensation was doubled in January 2009, and amounts to almost half of the total cost of wages for all categories, except young people.

The financial compensation is payable to employers of NSJ employees less than 55 years old for a period equal to the time the employee has been without a job but not exceeding five years. If the employee is 55 years or older, the compensation is granted for twice the time he or she has been outside the labour market, subject to a ceiling of 10 years and/or until the employee turns 65, i.e. normal old-age-retirement age. Young people (20-26 years) qualify for the NSJ scheme as soon as they have been outside the labour market for six months, and compensation to cover their social security contributions is payable to their employers for a maximum of 12 months.



## Impact

In August 2009, approximately 20 500 persons had an NSJ, 40% of whom were women. About 35% were born outside Sweden and 25% had a disability that reduced their work capacity.

A questionnaire covering certain aspects of the NSJ scheme was sent to employers who hired NSJ employees in autumn 2008. The overall findings were positive and showed that employers who had employed people under the scheme were generally pleased with their performance. The survey also showed that almost all employers (95%) were willing to employ another person under the scheme in the future.

The evaluators also looked at the scheme's impact on the individual's chances of finding a job without support of any sort after having had an NSJ. The most positive outcome was found among those less than 25 years old, almost 70% of whom had found a job within 90 days of leaving the NSJ. Another group that stood out in this sense were those with at most an upper secondary school education, i.e. a group that traditionally experience difficulty on entering the labour market.

The NSJ has had a certain crowding-out effect in line with expectations, since the scheme primarily aims to encourage employers to hire people who would not have been first in line to the job without the reduced cost.

## Useful links

<http://www.arbetsformedlingen.se/>

<http://www.arbetsformedlingen.se/go.aspx?c=32619>

<http://www.nystartsjobb.se/>

# Future Jobs Fund

## Background

One of the most striking features of the global economic downturn has been the rise in unemployment among young people (aged 18-24). The latest ILO statistics show that the UK youth unemployment rate is 17.7%, which is much higher than the equivalent rates for the 25-49 age group, which is 6.3%, and those aged 50+, which is 4.4% (as of 1 November 2009).

Youth unemployment is largely caused by a lack of relevant skills and/or experience, which disadvantages young people in the labour market. Evidence from previous recessions also suggests that long-term unemployment, especially among young adults, can lead to a culture of dependency, resulting in long-term benefit dependency. This has a particular impact in unemployment hotspots.

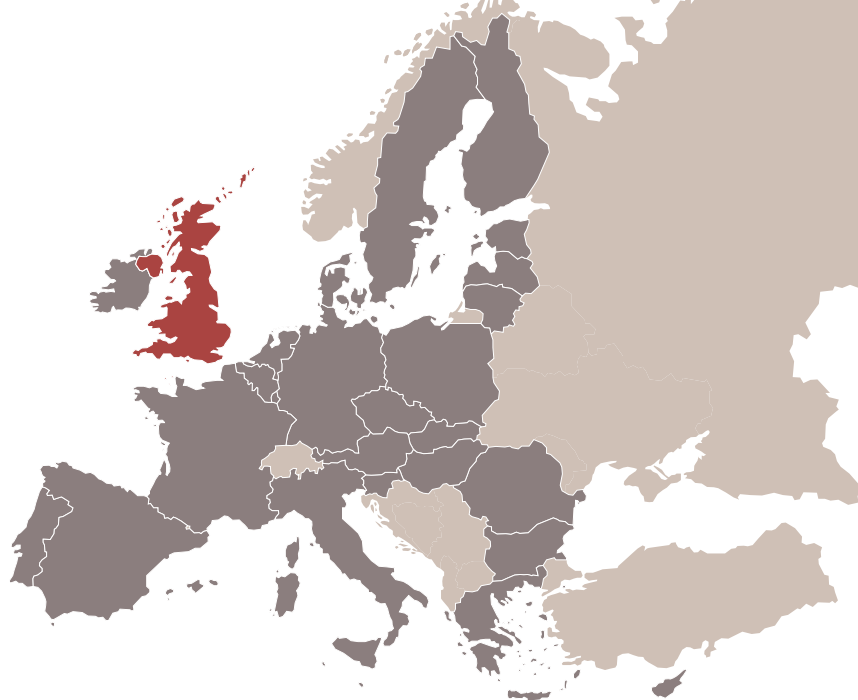
## Description

The UK Government has taken a number of bold, innovative, targeted initiatives to tackle unemployment. Of special note is the *Future Jobs Fund*, which creates new jobs for the long-term unemployed, particularly young adults and those in unemployment hotspots. This initiative will create 150 000 jobs, 100 000 of which will target young adults while 50 000 will be focused on unemployment hotspots. Jobs in such hotspots are available to all long-term unemployed, irrespective of age. The initiative is expected to cost around £1 billion.

The Future Jobs Fund offers grants of up to £6 500 per employee to employers who create suitable jobs. To ensure that these are created where they are needed and where there is demand for them, the Government is asking employers to submit bids to the Department for Work and Pensions (DWP). To ensure that the bids are for jobs delivering high-quality work experience, the DWP assess them against the following robust, objective criteria:

- the jobs must pay at least the national minimum wage, involve at least 25 hours' work a week, and last at least six months;
- they could not be created without assistance from the Future Jobs Fund;
- they are suitable for long-term unemployed people;
- the work undertaken must benefit the local community;
- employees will be provided with support to move into long-term sustained employment.

All employers who can create jobs that meet the criteria, including those in the private sector, charities, not-for-profit organisations and businesses, are eligible to submit bids to the Fund. Bids are assessed on a monthly basis, which means the Fund will create a steady stream of jobs.



## Impact

The Future Jobs Fund has been extremely successful in generating bids to create new jobs in the UK. It has been very well received, particularly by employers and charities.

In its first few months of operation bids were announced to create up to 59 000 jobs, around 40% of the total number of jobs that it is intended to create. It is anticipated that the Fund will create several thousand new jobs each month.

To date, jobs have been created in a number of sectors, including:

- **Construction:** these involve a wide range of schemes directly benefiting the community, including social housing renovation and public infrastructure works;
- **Health and social care:** jobs contribute to improving, and increasing the scale of, care facilities for children, the elderly, the disabled and vulnerable members of the community;
- **Green jobs:** these involve a wide range of green jobs to improve the housing and general environment in which people live, including park wardens and horticulture, street cleaning, recycling and energy efficiency;
- **Youth and community:** the focus here is on improving the provision of community services, such as citizens advice bureaus, youth centres, and engaging residents in a range of community activities;
- **Voluntary and community sector:** these jobs generate wide community benefits.

The Future Jobs Fund, which has been extremely well received, will generate thousands of new jobs and will deliver real benefits to local communities.

## Useful link

[www.dwp.gov.uk/campaigns/futurejobsfund](http://www.dwp.gov.uk/campaigns/futurejobsfund)

# Useful links

Swedish Presidency of the European Union:

<http://www.se2009.eu/>

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Driving the European recovery:

[http://ec.europa.eu/financial-crisis/index\\_en.htm](http://ec.europa.eu/financial-crisis/index_en.htm)

EU tackles social dimension of economic crisis:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=736>

ESF – European Social Fund:

[http://ec.europa.eu/employment\\_social/esf/](http://ec.europa.eu/employment_social/esf/)

EGF - European Globalisation Adjustment Fund:

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European Commission

**Recovering from the crisis - 27 ways of tackling the employment challenge**

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While it seems that the recession is coming to an end in many parts of Europe, challenges for the EU's labour markets and social security systems remain. Set against this background, this brochure presents 27 examples of effective and innovative labour market measures that have been implemented or modified by Member States in response to the economic crisis. They range from short-time work - with varying degrees of flexibility and different subsidies - to suspending contracts and on-the-job-training, sometimes co-financed by the European Social Fund. These examples provide an excellent opportunity for all to share and learn from the most successful methods - in the best European tradition.

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