



# EUROPEAN EMPLOYMENT OBSERVATORY

## QUARTERLY REPORTS

FEBRUARY 2009

## EXECUTIVE SUMMARY



## 1 INTRODUCTION

This report presents an executive summary of the national quarterly reports submitted by the SYSDem correspondents of the European Employment Observatory from 30 European countries to the European Commission in February 2009. The reports cover employment and labour market policy developments occurring in late 2008.

The purpose of the executive summary is to provide an overview of:

- General employment policies across the Member States;
- Employment policies aimed at attracting more people to enter and remain in the labour market;
- Employment policies aimed at increasing adaptability of workers and enterprises; and
- Employment policies aimed at investing more, and more efficiently, in human capital.

## 2 GENERAL EMPLOYMENT POLICIES

### 2.1 Introduction

The following section presents an overview of selected general and cross-cutting employment policies as reported by SYSDem correspondents. In particular, major policy programmes, strategies and key debates taking place in the Member States are described.

### 2.2 Major Policy Developments

In Austria, the new coalition government has presented its programme, significantly influenced by the current financial and economic crisis. Its central focus is on measures boosting the economy and preventing unemployment. In the context of labour market policies, agreed priorities are to ensure a rapid entry or re-entry into the labour market, measures to raise the skills levels of jobseekers, the improvement of job opportunities for those affected and the provision of more career information and target group based support for jobseekers.

The so-called 'Labour market package' includes a series of activities aiming to mitigate the impact of the economic crisis. Its main aspects are the intensification of training of employees affected by short-time work, of training of unemployed and of apprenticeship training of young people in special training institutions. Also, the regulations for further training leave were made more attractive. These measures should help to avoid dismissals and to support companies in keeping employees by upgrading their skills.

In Belgium, on 11 December 2008 the federal government announced a plan to recover general confidence and mitigate the consequences of the financial and economic crisis. Efforts are concentrated in the areas of tackling the financial and banking crisis, promoting sustainable investments, supporting competitiveness and



employment, and budget policy. The economic recovery plan also integrated the conclusions of the Inter-Professional Agreement 2009-2010. The cost of the recovery plan is estimated at EUR 2 billion in 2009 and EUR 1.3 billion in 2010. On 16 January 2009, the Council of Ministers announced a number of measures implementing the employment policy of the economic recovery plan and the Inter-Professional Agreement. The major measures concern:

- The reinforcement of the re-employment cells and guidance for dismissed employees;
- An increase in unemployment benefits; and
- The reinforcement of the system of temporary unemployment.

In Bulgaria, the 2009 Plan for Employment was approved and included measures to overcome the anticipated employment slowdown due to the economic crisis. It was integrated with the infrastructure projects in the Government's Plan for Economic Development and the resources coming from EU funds and other international donor organisations. In addition, the Plan includes: the already implemented programmes and measures of subsidised employment for disadvantaged groups in the labour market; and targeted measures for some municipalities with particular problems and for several sectors such as culture, education, health, social services. The young and elderly people are also prioritised in the plan.

In Denmark, the long-awaited report from the Tax Commission was published on 2 February 2009. Its proposals implied a broad range of cuts in taxation of earned income financed through higher 'green taxes' and reduced deductions for interest payments, etc.

In France, a draft law allowing work on Sundays has been submitted to Parliament in November 2008. This draft law had been formerly announced as an anti-crisis measure by the French President Nicolas Sarkozy. The Act includes the possibility for shops to remain open on Sundays in 'exceptionally attractive commercial areas' within urban areas with more than one million inhabitants (namely, Aix-Marseille, Lyon, Paris and its suburbs, and Lille). According to this new Act, shops will be allowed to open on Sundays, with the agreement of the prefect and social partners. This document, which has led to vigorous debate in France, also includes two measures aimed at safeguarding employees' protection: the remuneration of employees working on Sundays must be doubled and they should benefit from a compensation rest. The document allows for workers to refuse to work on Sundays.

In Germany, the federal government prepared economic stimuli with a total volume of EUR 100 billion for investments and preferential tax treatments. State guarantees were given to the financial sector, which is protected by a rescue programme amounting to EUR 480 billion, and up to EUR 100 billion for the 'real economy' in the case of bankruptcies.

In Hungary, the operation of a wide-ranging set of measures known as the Pathway to Work programme started on 1 January 2009, requiring registered long-term unemployed on unemployment benefit to participate in public works, among others. Secondly, a set of crisis-related measures were launched, aiming to help employers to keep their employees either through providing direct subsidies, subsidised loans and



guarantees or through grants to help the employees participate in training programmes. Thirdly, the prime minister has announced a set of changes to the tax and benefit system, aimed at increasing incentives to work and lowering incentives to be on benefit.

In Ireland, 'Building Ireland's Smart Economy: A Framework for Sustainable Economic Renewal' was launched by the Taoiseach (Prime Minister) in December 2008. It sets out an ambitious set of actions to reorganise the economy over the next five years by providing a framework designed to address the current economic challenges and to build a 'Smart Economy' with a thriving enterprise sector, high-quality employment, secure energy supplies, an attractive environment, and enhanced infrastructure. This Framework does not seek to outline all the reforms or measures which will be required across the economy. Instead, it sets out a clear direction which the government intends to pursue and some of the specific actions that will be taken in the short-term.

The Action Areas and issues within this Framework are a combination of existing policies on which the Government will build and new actions that will drive the restructuring of the economy. This combination is important because a principal objective of this Framework is to reprioritise the business of Government and to re-focus resources in a manner that will hasten economic renewal.

The Action Areas in question are:

- Securing the enterprise economy and restoring competitiveness;
- Building the ideas economy – creating the 'innovation island';
- Enhancing the environment and securing energy supplies;
- Investing in critical infrastructure; and
- Efficient and effective public services and enhanced regulation.

The Council of Ministers in Italy approved the anti-crisis decree, which sets out the government's economic policy measures aimed at restoring consumer and business confidence and at re-launching the Italian economy. Furthermore, the law on 'Urgent measures to support families, work, employment and business, and to restructure the National Strategic Framework to combat the crisis' consists of 35 articles and provides for an economic recovery package amounting to EUR 5.6 billion for 2009, to EUR 3.2 billion for 2010 and EUR 3.9 billion for 2011.

In Latvia, conflict between coalition partners, government and the President over a variety of issues has persisted and on 20 February 2009 the ruling coalition fell apart. Regarding policy developments, any new government will have to implement the Stabilisation Programme agreed with the International Monetary Fund and the European Commission. Under this programme, the new government will have to negotiate any changes that may be necessary as the economic situation deviates from the assumptions made in the conception of the programme in December 2008.

In Malta, the government announced a series of measures in the 2009 budget. These include EUR 47 million on incentives in favour of enterprises, including SMEs, tourism and other economic sectors, and EUR 124 million on infrastructure works which include the construction of factories.

In Poland, during the last quarter of 2008, the government passed the National Reform Programme (NRP) 2008-2011 for the implementation of the Lisbon Strategy. The main objectives of the NRP are the creation of the best conditions for business activity in



Poland, the provision of possibilities for development and a high living standard for citizens. The NRP reforms aim mainly at the creation of a foundation for stable socio-economic development and improvement of living standards.

In Portugal, the Initiative for Investment and Employment (IIE) was presented in the last quarter of 2008. Nearly EUR 580 million will be allocated to temporary measures to support employment. In order to reduce the negative effects of the downturn on employment and economic growth, the IIE articulates measures to support national firms, mainly through credit lines and specific training programmes for their employees and employment policies that expand incentives to firms to hire new workers, and increase the number of internships for young people.

In Romania, the outgoing government announced during its last months in office a series of measures to tackle the first symptoms of the crisis through the lowering of taxes, providing a financial stimulus to households and enterprises, and supporting high value-added job generating investment. Throughout the electoral campaign, the former government has resisted the growing demands of unions, especially the education unions, to implement a 50 % salary rise.

In Slovakia, the second package to address the recession was approved by the government in a special session on 2 February 2009 and ratified by the parliament on 12 February 2009. It contains eight measures in the field of labour market policy, which aim to support retention of (threatened) jobs and creation of (new) jobs by way of financial allowances, co-payment of labour costs, and flexible work arrangements (flexi-accounts). The measures involve an amendment to the Employment Services Act and the Labour Code, which stipulate the new tools for a limited period from 1 March 2009 until 31 December 2010.

In Sweden, in December 2008, the Autumn Budget Bill has been approved by the Swedish Parliament. In order to counteract the effects of the weaker economic environment, the impact of the financial crisis and to sustain employment a package of measures amounting to SEK 32 billion (EUR 2.9 billion) will be implemented. It includes a number of reforms aimed at further enhancement of work incentives and strengthening of the labour market integration of vulnerable groups:

- A third step in the already implemented in-work tax credit and a reduction of state income tax took effect in January 2009.
- The Government proposal to further reduce corporate taxation and improve conditions for small and growing enterprises has also been adopted (the tax reduction for businesses amounts to SEK 16 billion – EUR 1.45 billion).
- Further measures to strengthen integration for non-natives have been launched, allocating SEK 900 million (EUR 81 million) to help newly arrived immigrants to become established in Sweden.
- As far as measures targeted at young people are concerned, the employers' social security contribution for young people has been lowered to 15.49 % and the age group has been broadened to cover everyone under the age of 26 at the beginning of 2009.



- As far as education policy is concerned, measures are introduced for increasing the educational component in preschool by an expansion of universal preschool to include three-year-olds, a childcare voucher system, a clarification of the preschool curriculum and enhanced further training for preschool teachers and childcare workers.
- Furthermore, the government will take measures to reinforce basic skills, such as reading, writing and arithmetic as well as to expand apprenticeship programmes at high school level and vocational training.
- As far research and development is concerned, extra resources have been allocated (around SEK 15 billion – EUR 1.36 billion) over a four year period with a special focus on research in medicine, technology and environmental sciences.

In the UK, The Prime Minister convened an Employment Summit in London on 12 January 2009 to bring together key stakeholders to underline the government's concern over the effect of the recession on the labour market and to set out extra support measures – as well as to encourage employers to help tackle joblessness. The emphasis was on reaffirming the government's commitment to helping the unemployed and young people entering the labour market and announcing some additional funding to the more general £10 billion (EUR 10.76 billion) fiscal stimulus announced in the November 2008 Pre-Budget Report.

More specifically, the extra funding of £500 million (EUR 537 million) would be spread over a two year period and focused on people out of work for over six months and includes measures such as 'Employer's Golden Hellos', whereby incentives of up to £2 500 (EUR 2 689) would be paid to employers who recruit and train unemployed persons. There would also be new training places created to help the unemployed match their skills to the half a million vacancies currently in the labour market. Other actions within the package include work-focused volunteering options and help with setting up a business.

#### *Candidate Country*

In Croatia the economic crisis is having increasing effects. Pilva, a large employer in the pharmaceuticals sector, has announced redundancies. It is speculated that up to 1 000 people will lose their jobs. Furthermore, GDP growth is expected to decrease by 2 %, which will lead to a 1 % increase in overall unemployment. If the predictions are true, this will push unemployment up to 16 %, the equivalent of 300 000 people.

## **3 ATTRACTING MORE PEOPLE TO ENTER AND REMAIN IN THE LABOUR MARKET**

### **3.1 Introduction**

The following section presents an overview of selected employment policies aimed at attracting more people to enter and remain in the labour market across the countries covered by the EEO. In particular, national policies are considered under the following Integrated Guidelines:



- Promoting a lifecycle approach to work, which calls for action in attracting to, and retaining in, the labour market young people, women, older workers, as well as reconciling work and private life, providing affordable childcare facilities and modernising social protection systems;
- Ensuring inclusive labour markets, and especially, implementing active labour market measures to help jobseekers and those furthest away from the labour market, reviewing incentives to work and developing new sources of jobs;
- Improving the matching of labour market needs, and especially modernising labour market institutions, encouraging geographical mobility and managing economic migration.

### **3.2 Promoting a Lifecycle Approach to Work (Integrated Guideline No.18)**

#### **3.2.1 *Build employment pathways for young people and reduce youth unemployment***

In Austria, it is expected that during the economic downturn the willingness of companies to offer apprenticeship training places will be reduced. This would lead to a lack of apprenticeship places in companies and thus increase the number of registered young unemployed people. Therefore, apprenticeship places are now provided in special training institutions, in which apprentices may serve their whole apprenticeship. For 2009, an increase in the number of apprenticeship places in these institutions is planned. At the moment, 10 256 places are offered. For the apprenticeship period 2009/2010, an increase in the number of places to 12 000 is envisaged, and, if necessary, a further increase to 15 000 would be possible.

In Luxembourg, on 3 February 2009 the government presented the conclusions of a pilot scheme for professional orientation, which has been carried out in four grammar schools. The scheme was implemented to support better career orientation for students in grammar schools during their school career and at the point of leaving school. Following the scheme's positive results, the project will be renewed.

In Romania, in order to attract young people into public administration and limit salary expenditures and thus contribute to the budgetary consolidation, the new government has placed severe limitations on the right of old age pensioners to seek and/or maintain jobs in the public sector.

In Spain, the government aims to bring back to the education system young people between 18 and 24 years old (having, as the highest qualification, a secondary education degree). It has therefore recently announced the imminent approval of a new grants scheme that will allow young people to combine enrolment in official professional training with part-time work. Approval of the scheme is pending the outcome of further negotiations with social partners.

#### **3.2.2 *Increase female participation and reduce gender gaps in employment, unemployment and pay***

In Austria, in January 2009 the coalition parties agreed on a tax reform, which will allow childcare costs to be tax deductible. These costs will be deductible up to an amount of EUR 2 300 per year and child (up to the age of 10). In the case of employer's



contributions to childcare costs, an amount of up to EUR 500 per year will be exempt from income tax.

The liberalisation of the public transport system in Malta should support female participation in the labour market. An improved transport system would ensure working parents can transport their children to a childcare centre or to a carer and still make it to work on time. Another initiative aimed at attracting and retaining more women in the labour market is the income tax break for mothers. Those who had a child after 2007 and have since returned to work have been granted a one-year income tax refund. Mothers resuming work within five years of having a child will also benefit from a one-year income tax refund for each child under 16.

In Luxembourg, after an announcement by the Prime Minister in May 2008, service cheques will be introduced on 1 March 2009, meaning that a number of childcare hours per week will be free or at reduced cost.

In Slovenia, on 29 November 2008 the government, together with the Ekvilib institute, awarded 'Family friendly enterprise' certificates to 11 Slovenian enterprises, which joined the 32 enterprises that received the certificate in 2007. The goals of introducing the certificate were:

- To raise the awareness of businesses about the negative business impact of discriminating (potential) parents in the workplace as well as in the labour market;
- To provide businesses with tools for implementation of HR policies that enable better balancing of work and family commitments; and
- To publicly recognise those businesses which have a positive attitude to providing options for their employees to balance work and family life.

#### *Candidate Country*

In Turkey, in December 2008, the Turkish Quality Association KALDER published an agreement between businesses and NGOs, entitled 'Management is a right for women, too.' KALDER has already signed up Türkonfed (Confederation of Industrialist and Businessmen (sic) Associations) and some large corporations to its cause. At the time of the news article, KALDER was aiming to secure the signatures of influential businesswomen in Turkey.

#### *EEA Country*

Norway's first Equal Wage Commission was established in June 2006. In February 2009 the results of its work were presented as the Official Report 'Gender and wage. Facts, analyses and measures for equal wages'. The Commission found that, controlling for the working hours, the average wage of women is about 85 % of that for men. The majority of the members of the commission proposed a special wage rise in selected female-dominated occupations in the public sector. In the negotiations covering the private sector, it was recommended that funds should be allocated to increase low wage and wages in typical female jobs. The Commission proposed changes in the law so that father and mother share parental leave more equally. It also



recommended to the negotiating organisations that parents on such leave receive a right to a minimum wage rise when they return to work.

### **3.2.3 *Better reconciliation of work and private life and the provision of accessible and affordable childcare facilities and care for other dependants***

In Bulgaria, according to recent amendments in legislation, the fathers of newborns are allowed to use a paid 15 day leave after the baby and mother are released from hospital. Also, the mother can transfer part of her maternity leave to the father after the baby reaches six months.

In Poland, the amendment of the Labour Code (the so-called 'Family Act') has introduced wider rights for employees in relation to parenthood. In particular, maternity leave has been lengthened and will be divided into two parts from 2010: basic and optional. The optional part is to be extended in the coming years. The Act, among other provisions, introduces: paternity leave; the possibility of financing childcare from the Company Social Benefits Fund resources; and lengthens (to 270 days) the period of receiving the benefits for pregnant women who are on sick leave.

### **3.2.4 *Support for active ageing, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discouragement of early retirement***

The European Court of Justice condemned Italy for the difference in retirement ages for male and female public employees. The Court judged that the gender difference in retirement age (65 years for men and 60 for women) violates the EU principle of equal treatment. Subsequently, it was proposed to increase the retirement age of female public employees from 60 to 65 years. The government presented a bill in Parliament to gradually raise the retirement age of female public employees to 62 and to introduce a future flexible time range (62-67 years) for men and women, who can decide when to retire, also considering the incentives linked to any postponement.

In Poland, the government has approved a programme entitled 'Solidarity between the generations – actions enhancing the economic activity of people aged 50+'. This is a package of activities undertaken by the government to increase the employment level of people aged 50+. The aim of the programme is to achieve a 50 % employment rate in the 55-64 age group until 2020, in line with the goals of the Lisbon strategy. The programme supports the introduction of incentives for entrepreneurs to employ people aged 50+ and the improvement of the qualifications, skills and productivity of older people.

#### *EEA Country*

In February 2008, the Norwegian government proposed to establish by law that employees above 62 years of age have a right to reduced working hours. The idea is that this will increase the possibility of combining work and retirement, and lead to a later exit from working life.



### **3.2.5 Modern social protection systems, including pensions and healthcare, ensuring their social adequacy, financial sustainability and responsiveness to changing needs, so as to support participation and better retention in employment and longer working lives**

In Greece, successive governments have introduced reforms with a view to strengthening the safety net role of the system, curtail generous benefits and exploit efficiency gains through the merger of funds. The current government introduced new legislation in 2008, aimed mainly at exploiting economies of scale through the merger of funds and curtailing some paths to early retirement. Just one year after the latest reform, there is public concern that Greece's social insurance system will require yet another round of reforms before long, because of a projected fiscal imbalance.

In Latvia, the State Employment Agency promoted measures for unemployed people to become self-employed or to start their own business. In 2008 the SEA evaluated approximately 70 business plans and the 20 best business plans were given subsidies of up to LVL 4 000 (EUR 5 700). For the first three months the new businesses will receive a subsidy equivalent to the minimum wage, and in the first year of the business, consultancy advice will also be provided.

In Poland, the government ratified a National Strategy Report on Social Protection and Social Inclusion 2008-2010. The document was prepared as part of Poland's involvement in the EU open method of coordination in social security and social integration. It concerns the areas of social integration, the retirement system, health care and long-term care. The aim of the report is to strengthen interaction between the open method of coordination used in social policy and the Lisbon Strategy for Growth and Jobs.

### **3.3 Ensuring inclusive labour markets (Integrated Guideline No.19)**

#### **3.3.1 Active and preventive labour market measures including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty**

In Italy a government decree has extended the coverage of unemployment benefits 'on derogation' (*in deroga*) to categories of workers actually not covered by these arrangements, like fixed-term employees, temporary agency workers and apprentices.

In Latvia in 2008 the government accepted Regulations of the Cabinet of Ministers regarding an ERDF project to enhance social rehabilitation and training opportunities for disabled people, so that they can obtain necessary skills for the labour market.

In Luxembourg, the law concerning the re-establishment of full employment (formerly known as the draft bill on social unemployment, no. 5144) was approved on 21 January 2009 after a long period of preparation. It creates a legal framework for social initiatives whose objective will be to improve the employability of unemployed people through training and supported work

Around 2 000 employees in Malta participated in SAFE (Substance Abuse Free Employees) programme. A number of companies participated in the programme targeting employees having alcohol, drug abuse or gambling problems. This initiative



was part of a series of programmes that supported companies in formulating professional policies to be able to deal better with such cases.

In the Netherlands, extra funds were made available to curb a new surge in unemployment caused by the financial crisis:

- Thirty employment service centres were opened and the number of job coaches was increased (with an extra EUR 13 million). In these centres, the UWV (the Social Insurance Institute), employers and vocational instructors work together to guide people from job to job or to arrange (re-) training.
- In one region in the south of the Netherlands a first declaration of intent was signed as part of the programme 'Work in line with capabilities'. Through this declaration, employers have committed themselves to offer 400 workplaces to young disabled workers.
- Municipalities aim at getting 10 000 extra jobseekers without social welfare entitlement back to employment. In return these municipalities are allowed to use a part of the participation budget at their own discretion.
- An experimental scheme has started that gives single parents who currently receive social welfare entitlements a premium when they start working.
- Extra money is made available to reinforce the role of training centres in stemming the consequences of the financial crisis. The idea is that cyclically redundant workers use their spare time to get additional schooling and training so as to improve the match between supplied and required skills.

In Portugal, the Support Plan to the Automobile Sector was adopted. This Plan integrates short-term and long-term measures to help enterprises in this sector in the short-term, including a subsidised line of credit with EUR 200 million along with a programme to provide specific training for workers in the sector.

In Slovenia, as a measure for alleviating the consequences of the economic crisis, in January 2009 the government adopted and the parliament passed the Act on partial subsidising of full-time jobs. The Act introduces the measure of subsidising full-time work as a new instrument in active employment policy. The Act defines the conditions under which an employer can apply for a subsidy, which include a commitment not to lay off employees and not to pay bonuses and rewards to management and supervisory boards. Should an employer breach the terms or fail to pay the subsidised social security benefits, it will have to return the funds provided in full or in the appropriate amount. On the basis of this act, an employer who shortens the working week to 36 hours to retain employees can be granted a subsidy of EUR 60 per employee per month. An additional EUR 60 will be allocated for shortening the working week to 32 hours – this is possible only with explicit agreement of trade union representatives. EUR 230.4 million have been allocated to this measure and it will expire after six months.

In Spain, set of measures was adopted to alleviate the economic burden for households, especially for those making mortgage payments and for unemployed people:



- Employers will receive a reduction for their corporate contribution to social security for each new hired worker with certain family burdens (EUR 1 500 per year, for the next two years).
- Unemployed workers who establish themselves as self-employed workers will be allowed to receive 60 % of the unemployment benefit at once in order to cover initial investments (instead of the current 40 %).
- The government, through the Institute of Official Credit, will agree with major financial entities a moratorium of mortgage payments under certain requirements for unemployed workers, self-employed workers in inactivity or with low income, and widowed pensioners.
- Reduction in income tax deductions for workers with mortgage burdens.

In the UK, more specific support for the unemployed was covered in a package of measures costing in total £1.3 billion (EUR 1.4 billion) and firmly focused on the provision of job search and related activities mainly delivered through Jobcentre Plus. There was also mention of the need to tackle redundancies early and here the main in-employment training support programme – Train to Gain – would be refocused to help those faced with losing their jobs retrain for another opening. Similarly, the Rapid Response Service would have extra resources to help firms tackle redundancies. There was also mention of relaxing the rules on the Local Employment Partnerships initiative to allow the short-term unemployed to take advantage of vacancies under it.

#### *Candidate country*

In Croatia a recently published PHARE 2005 project showed that ALMP measures in the country are considered good and useful by their customers. At the same time they are necessary as they promote better employment and economic development opportunities, possibilities for acquiring work experience and new skills. Participants became more confident about their employment status; and improved self-esteem contributes to reducing unemployment.

#### ***3.3.2 Continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably for those with low incomes, whilst ensuring adequate levels of social protection***

In Germany under the new regulation of financial investments of workers in their company or a special staff participation fund, the Federal Government will provide the following extended support:

- The public wage earners saving benefit is extended from 18 to 20 % of annual savings that are invested into the employer's company or a fund.
- The income limit for savings benefits is raised from EUR 17 900 to EUR 20 000 annually for single people and from EUR 35 800 to EUR 40 000 for married workers.
- Tax-free investments are generally limited to EUR 360 per year (EUR 135 until recently).



In Greece, the newly appointed Economy and Finance Minister unveiled tax measures aimed at increasing budget revenues and providing relief to small businesses, along with initiatives to improve the management of government finances. More specifically, the tax-free limit of EUR 10 500 per year for incomes earned by self-employed professionals, which was abolished by the previous Economy Minister in autumn 2008, is to be reinstated. The reinstatement also applies to 2008 incomes. Taxes on tobacco and alcoholic drinks will be increased by about 20 % to cover the shortfall, earning the government EUR 350 million.

In Latvia, increased tax exemptions were introduced on 1 January 2009 for disabled people and for people politically repressed under the former Soviet regime. The amendments concern 20 000 people and should positively affect their involvement in the labour market.

In Lithuania, basic pension and insurable income were increased for the second time in 2008 with effect from 1 August 2008. As a result, all state social insurance pensions increased by about 10 % on average. In addition, state supported incomes were increased by 23 % with effect from 1 August 2008. This increase was most important for people on low incomes in Lithuania: more families acquired the right to compensation of heating costs, social benefits and free catering for schoolchildren. These measures are to increase the state's expenditure for social security to a considerable degree.

In Sweden, the third step in the in-work tax credit took effect in January 2009. This means a reduction in marginal tax of about 1 to 1.5 percentage points for low- and middle-income wage earners. The lower threshold for withdrawal of central Government income tax has been raised. The proposal means a reduction in the marginal tax of about 20 percentage points on taxable earned incomes between SEK 349 500 and 367 600 per year (EUR 31 650 and 33 300). The Government proposal to lower the taxes for pensioners (aged 65 years or more) and whose income is below SEK 363 000 (EUR 32 900) has also been adopted by the Swedish Parliament.

In order to strengthen the incentives for investment and recruitment of new employees a corporate tax package with a tax reduction of almost SEK 16 billion (EUR 1.45 billion) in 2009 has also been adopted. The corporate tax has been reduced from 28 % to just over 26 % and social security contributions have been lowered by one percentage point. As far as the financing of the unemployment insurance system is concerned, the individual unemployment contribution will be reduced about SEK 50 a month per employed person as of 1 July 2009. The membership requirements have been modified so that members in an unemployment insurance fund in 2009 will be able to count one month extra for each month of membership in 2009. In order to further encourage membership of an unemployment insurance fund, the Government has also simplified the admission requirements. The requirement for having worked a certain time in order to join a fund will be abolished as of July 1, 2009.

In the UK, the Welfare Reform White Paper 'Raising expectations and increasing support: Reforming welfare for the future' was presented to Parliament in December 2008. The main thrust of the bill is get people off benefits and back into work and the challenge is to achieve this for the majority of those on incapacity benefits.

At the core of the bill is a simpler benefits system with just two benefit types available. The Employment and Support Allowance will take in many of those currently on



Income Support, while the existing Jobseeker's Allowance will continue but encompass those considered job ready who are currently on other benefits. This simplification of the system is to be accompanied by other new ideas – one of which is the 'Invest to Save' approach to support delivery. In this approach, the private and voluntary sector providers invest up front in getting their clients back into work and are then paid back from the savings in benefits that accrue. Other provisions in the bill include greater cohesion between support emanating from other government agencies and the devolution of control of the resources and their delivery to the local level.

### ***3.3.3 Development of new sources of jobs in services for individuals and businesses, notably at local level***

In Spain, the approval in 2008 of the Statute of Self-Employed Workers has led to an important advance in the recognition of rights and social protection of this group of workers. In November 2008, the Government endorsed the regulatory implementation of the statute in relation to the contract for self-employed workers, including the creation of a registry of professional associations of self-employed workers.

## **3.4 Improving matching of labour market needs (Integrated Guideline No.20)**

### ***3.4.1 The modernisation and strengthening of labour market institutions, notably employment services, also with a view to ensuring greater transparency of employment and training opportunities at national and European level***

In Denmark, the government launched ambitious plans for labour market reform in August 2008, but was unable to achieve sufficient support. Following the failure of the plans, the Government reached an agreement with the Danish People's Party on the reorganisation of local jobcentres. The jobcentres will now be fully integrated into the municipalities and the state-run PES will be abolished from 1 August 2009. From 2010, the municipalities will take full responsibility for all unemployed people, supported by a refund from the central government. However, the benefits for the insured unemployed people will still be administered by the private unemployment insurance funds.

The Estonian Labour Market Board and the Estonian Unemployment Insurance Fund will be merged by 1 May 2009. A new public institution named the Estonian Unemployment Insurance Fund will be formed with representatives of both the state and the social partners on its board. The aim of the new institution is to improve the provision of services through tighter links between benefit payment and active labour market policies.

An evaluation of decentralised employment services in Germany were presented by the Federal Government. These were introduced in January 2005 and allowed a limited number of 69 municipalities to take the responsibility for the consultation and job placement of Unemployment Benefit-II recipients. An evaluation assessed how these services performed in comparison to regular job centres of the Federal Labour Agency (ARGE). The evaluation revealed that ARGES performed significantly better than municipal services. Key findings included the ARGES were able to activate faster and were more target-oriented.

In Ireland, an OECD Report 'Activation Policies in Ireland' (OECD Social, Employment and Migration Working Papers No. 75) was published. This Report, which was carried out by OECD with the cooperation of the Irish government, is comprehensive and



covers all aspects of labour market activation in Ireland. It is critical of the institutional arrangements insofar as there are several agencies involved which, in an overall sense, do not appear to function at an optimal level. The Report concludes that, bearing in mind current economic circumstances, a critical issue for Ireland's social and economic future is whether, in a labour market context, a full cyclical recovery can be achieved, and to avoid a return to the persistently depressed conditions of the 1980s and early 1990s.

In Luxembourg, on 17 February 2009 the parliamentary committee for employment and labour presented its final report on the operating modes of the Employment Agency (ADEM). As a result of the criticisms, a 'co-operative management' (direction collégiale) will be put in place. Furthermore, there is a consensus in the committee to transform the ADEM into an 'établissement public' (public establishment). However, the latter could only be set up after the parliamentary elections in June 2009 because of the contractual linking of the actual coalition with the civil servants' trade union.

Also in Luxembourg, a new activation project, Indura, for unemployed people has been launched. It establishes cooperation between the Employment Agency and temporary work agencies.

In Spain, in November 2008 a new General Council of the National Employment System was created. It will gather social partner representatives as well as regional governments to take part in social dialogue negotiations. It is expected that this new instrument will contribute to a better coordination and joint reform of the regional Public Employment Services, as well as facilitate the participation of autonomous communities in the process of social dialogue.

### ***3.4.2 Removing obstacles to mobility for workers across Europe within the framework of the Treaties***

In Lithuania, in July 2008, the government approved the Programme for Promoting Labour Force Migration within the Country and the Programme Action Plan for 2008-2010. The main goal of this Programme was to facilitate territorial mobility of the national population with a view to increasing their employment, improving the match between labour supply and demand as well as satisfaction of employers' demand for adequate workers. Provisions for supporting territorial mobility were added to the Law on Support for Employment so that unemployed individuals would be financially supported to look for jobs not only near their place of residence. The Law on Support for Employment should also establish a mechanism to compensate travel-to-work costs. In particular, this is relevant for less paid employees, who are not interested in employment far from home due to high travel-to-work costs compared to their wages. Modernisation of the public transport system should also contribute and enhance mobility of the population. Accordingly, the Programme provides for a number of measures aimed at better use of public transport opportunities. Implementation of the Programme would also contribute to minimisation of the territorial mismatch between labour supply and labour demand. The Programme measures are to be funded from the national and municipal budgets, the Employment Fund and EU Structural Funds.

### ***3.4.3 Better anticipation of skill needs, labour market shortages and bottlenecks***

In Spain, the government has approved 18 new professional certificates, which represent the official accreditation of professional skills for certain labour market



activities. These certificates respond to the labour market needs of certain emerging professions such as microbiological and biotechnological trials, renewable energies and those related to environmental issues (ecological agriculture, management and assembly of wind and solar power plants). These certificates and their related training aim to cover new labour market needs stemming from the emerging 'knowledge society', and by the end of 2010 it is expected that the total number of official certificates will amount to 700.

#### **3.4.4 Appropriate management of economic migration**

In Poland, the government has prepared an information campaign entitled 'You have a plan for return' in order to support Poles who have emigrated, and who have already decided or are thinking about coming back to Poland. The main goal of the campaign is to provide precise and reliable information helpful in planning the homecoming and starting a 'new' life in Poland. This programme consists of information tools and knowledge resources including: an internet portal ([www.powroty.gov.pl](http://www.powroty.gov.pl)); a handbook for returning Poles including information on the labour market and becoming an entrepreneur; and an 'advisory body' which consists of a team of civil servants (EURES consultants) and other officials providing information and guidance to returning Poles.

In Slovenia, on 29 January 2009, the government approved the work permit quota for 2009, which limits the number of illegal immigrants in the labour market. Following a proposal from the ministries, an agreement reached with social partners and considering trends in the European and Slovenian economy and the rise in unemployment expected in 2009, the approved quota is set at 24 000, and applies to foreigners without a residence permit in the Republic of Slovenia and foreigners who take up jobs at the end of seasonal work on the basis of a work permit.

In Spain, the government endorsed a new Royal Decree-Law (i.e. approved by urgent procedure) in September 2008 that encourages the voluntary return of immigrants to their country of origin through the provision of unemployment benefits as an anticipated lump sum payment. According to official data published by the Ministry of Labour and Immigration, there have been 767 applications during the first month of the programme.

## **4 INCREASING ADAPTABILITY OF WORKERS AND ENTERPRISES**

### **4.1 Introduction**

The following section presents a selection of national employment policies aimed at improving the adaptability of workers and enterprises, which is imperative in today's globalised economy faced with continuous technological change. The policies are considered under the following EU Integrated Guidelines:

- Promoting flexibility combined with employment security, and especially the adaptation of employment legislation to encourage flexible working, addressing the issue of undeclared work, positive management of economic restructuring and ensuing job losses, and promotion of adaptable forms of work organisation.



- Ensuring employment-friendly labour cost developments and wage-setting mechanisms.

## **4.2 Promoting Flexibility Combined With Employment Security and Reducing Labour Market Segmentation (Integrated Guideline No.21)**

### ***4.2.1 The adaptation of employment legislation, reviewing where necessary the different contractual and working time arrangements***

In the Czech Republic, the Ministry of Labour is preparing modifications to the Labour Code which should allow for a more liberal and flexible contractual arrangements of employment. These proposals focus on: making easier both firing and hiring and include shortening of the severance notice period to one month; making severance pay (worth two to four months' salary) a function of on-the-job tenure; extending the trial period with an easy layoff procedure from three to four months after hiring; allowing employees to 'buy' their way out of a contract by paying five months' salary to the employer when a better position with an alternative employer is offered; and extending the possibility of extending fixed-term contracts to three years. Most measures under consideration are fiercely opposed by the trade union representatives and strongly supported by the employer representatives.

In Estonia, after several intense disputes between the social partners and the government, the Parliament finally approved the new Employment Contracts Act in December 2008. Originally it was planned that the new act would come into force in January 2010, but, to respond to the current economic downturn, the parliament brought it forward to 1 July 2009, although those parts of the Act which require additional funding will come into force on 1 January 2010. The main changes in the new Act include a reduction of redundancy benefits and advance notice periods, increased payment for night shifts and the possibility of study leave, with training expenses incurred by employers being tax exempt.

In Latvia the government accepted a proposal by the Ministry of Welfare regarding pensions for employees working in EU institutions. Thus, people who work in EU institutions and are involved in an EU pension scheme can transfer pension capital accumulated in Latvia to the EU pension scheme and upon return to Latvia can transfer it to the Latvian pension scheme.

In Luxembourg, a single status in the private sector has been introduced on 1 January 2009 without major implementation problems. The fusion of the different professional chambers for blue and white collar workers led to the formation of a single professional chamber for all wage earners in the private sector.

### ***4.2.2 Addressing the issue of undeclared work***

#### *Candidate country*

In Turkey, the Social Security Institution announced that 2009 will be a campaign year against informal employment. The institution is targeting the so-called organised industry districts that are ubiquitous in all larger towns and cities in Turkey. The repair and maintenance services, as well as small manufacturing establishments, are perceived as hotbeds of informal employment by the general public in Turkey.



#### ***4.2.3 Better anticipation and positive management of change, including economic restructuring, notably changes linked to trade opening, so as to minimise their social costs and facilitate adaptation***

In Belgium, unemployment benefits have been increased as follows:

- The maximum wage level to calculate unemployment benefits (so far EUR 1 906.46 gross per month) is increased regressively with a surplus of EUR 300 per month during the first six months of unemployment, EUR 150 for the next six months, and 0.8 % after the twelfth month.
- During the first year of unemployment, the benefit for unemployed persons with a partner is increased from 58 % to 60 % of the previous wage.
- Dismissed employees aged 56 or 57 are entitled to a seniority supplement.

Following the economic recovery plan, the system of temporary unemployment for blue-collar workers is reinforced. This is a specific Belgian unemployment regulation in which the contract of a blue-collar worker is suspended temporarily, e.g. for economic reasons.

- The benefit for temporary unemployment is increased from 60 % to 70 % (persons with a partner) and from 65 % to 75 % (single people or heads of the family).
- The maximum wage level to calculate benefits is increased from EUR 1 906 to EUR 2 206.
- The system of temporary unemployment is (conditionally) extended to 'temporary workers'. One of the conditions for the temporary worker to be entitled is employment of at least three months in the company.

In Finland, the government decided in October 2008 to allocate a total of EUR 33.6 million in additional funds to regions suffering from sudden structural change (the regions are Kajaani, Imatra, Varkaus and Etelä-Pirkanmaa). The need for additional funding is based on the sizable structural change problems plaguing these regions. The regions have a total of over 1 500 persons becoming unemployed due to lay-offs and the shutting down of factories.

Significant funding has been provided for the fisheries sector in Malta. An allocation of EUR 8.3 million from the European Fisheries Fund, in addition to another EUR 3 million from the Maltese government, is considered to be the biggest investment so far in the fisheries sector of the country. Funding will be divided between the construction of a fish market in the Valletta seafront, and the modernisation of the fishing fleet, and the landing, storage and inspection facilities at seven port locations. Aquaculture projects will also be funded, including the development of a land-based hatchery.

In Romania, to help enterprises to maintain the workers laid-off temporarily as a result of the global economic downturn, the new government will exempt all payments made by enterprises under the so-called "technical unemployment" schemes from social insurance contributions for a period of three months.



In the UK, The Department of Innovation, Universities and Skills (DIUS) announced in October 2008 that extra funding would be made available to those facing redundancy as a result of the economic crisis. The focus is on helping them retrain and develop new skills so that a replacement job can be found as quickly as possible in the same enterprise or another one. Activities to be funded include gaining new qualifications or on-the-job training. The extra funding will come from ESF and the DIUS.

#### ***4.2.4 Support for transitions in occupational status, including training, self-employment, business creation and geographic mobility***

In Malta, workers in the country's shipyards have been given information about job mobility in Europe and its benefits to the workers. The event was organised by the European Employment Services, EURES, within the Employment and Training Corporation (ETC). A company in Holland expressed an interest in recruiting Maltese workers using their specialised skills and vast experience in the area of their respective trade.

### **4.3 Ensuring Employment-Friendly Labour Cost Developments and Wage-Setting Mechanisms (Integrated Guideline No.22)**

#### ***4.3.1 Encouraging social partners within their own areas of responsibility to set the right framework for wage bargaining in order to reflect productivity and labour market challenges at all relevant levels and to avoid gender pay gaps***

In Germany the chemical industry concluded a collective agreement on 'working life and demography', regulating working life accounts and old-age part-time working schemes. Similar agreements were signed in the metal industry and other sectors.

A framework agreement concerning collective bargaining rules among social partners in Italy was signed in January 2009, initiating a reform of the current system. The agreement maintains the current two-tier bargaining system (national level plus firm level), but national collective labour contracts will now last for three years. In relation to the second level bargaining, the framework agreement focuses on the identification of proper (fiscal) incentives to favour its diffusion among small-medium enterprises.

In Latvia, wage restraint is a central focus of the Stabilisation Programme. In the public sector, the government is in the process of imposing a 15 % wage cut. As a mechanism for maintaining wage restraint, the creation of a committee within the National Tripartite Council is envisaged. It will monitor the implementation of the wage-cutting measures in the public sector, and issue recommendations on compensation in the private sector.

In Lithuania, on 16 July 2008 an agreement was signed by the Ministry of Education and Science and the trade union organisation representing education sector workers. The agreement aims to create preconditions for social dialogue improvements in the education sector. The parties agreed to co-operate in tackling employment, economic and social problems of education workers.

In Romania, the government and the social partners have agreed on a moratorium on increases of both salaries and pensions. At most, given the current conditions, the Government has pledged itself to a 5 % increase of salaries in the public sector and a 5 % increase of pensions. For teachers, who, according to a law approved in 2008,



were entitled to a 50 % increase in salaries, any other type of bonus, apart from the general 5 % increase, will be granted only on a case by case basis and on condition of proven improved performance.

#### ***4.3.2 Reviewing the impact on employment of non-wage labour costs and where appropriate adjust their structure and level, especially to reduce the tax burden on the low-paid***

In Cyprus, direct taxation and the tax treatment of corporations remain favourable. Land transfer fees continue to be exceedingly high and property taxation has not been reformed. Calls have been made to waive land transfer fees from land transactions in an effort to stimulate the construction sector.

In France, a first official assessment of the zero-rating of overtime and its development since its implementation in October 2007 was published by the government in January 2009. According to the government, 5.5 million employees have so far worked overtime based on this measure for a total of 750 million supplementary hours. The average gain in income for each employee is estimated at EUR 150 per month. Beneficiary companies are mainly SMEs, but according to the report, the number of supplementary hours increases with the size of the company. The cost of the measure is estimated at EUR 4.4 billion, and the attributable increase in GDP is 0.15 %. The decrease in labour costs due to this measure is seen as favourable for investment. Yet, despite the good results underlined by the assessment, the measure is still criticised. It is argued that the reported increase in supplementary hours is due to the windfall effect and that, in a period of greater uncertainty, the ability to increase the use of supplementary hours is detrimental to recruitment of new staff. Moreover, in the sectors in which this measure was mainly used (such as the construction industry), the downturn in actual activity questions the relevance and the countercyclical effects of the zero rating measure.

In Slovakia, the Ministry of Labour, Social Affairs and Family announced legislative changes in social contributions for self-employed persons. The minimum wage as a minimum base for social insurance contributions will be replaced by a different parameter, most probably a percentage of the average wage in the economy.

## **5 INVESTING MORE, AND MORE EFFICIENTLY, IN HUMAN CAPITAL**

### **5.1 Introduction**

The following section presents selected national policies reported by SYSDM correspondents which are aimed at increasing investment in human capital through better education and skills. The national policies are considered in relation to the following EU Integrated Guidelines:

- Expanding and improving investment in human capital, especially improving access to vocational and higher education, and developing efficient lifelong strategies and structures to increase participation in training throughout the working life of the individual;



- Adapting education and training systems to respond to new competence requirements, and especially, improving the definition and transparency of qualifications, easing the access to education and training and raising the quality of provision to ensure flexibility in learning.

## **5.2 Expanding and Improving Investment in Human Capital (Integrated Guideline No.23)**

### ***5.2.1 Inclusive education and training policies and action to facilitate significantly access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training***

In Austria, to make existing further training leave more attractive, regulations were modified for a new model of 'Further training leave plus'. Employees can take leave of between three and 12 months and receive an allowance equal to the amount of the unemployment benefit to cover the cost of living. The new aspect of this model is company-based training. To comply with the regulations, companies have to organise training according to their particular skill needs and it has to be provided by external training institutions. Half of the training costs are funded by the provincial government. This model is intended to encourage companies to invest in the training of employees and give them an incentive to keep their employees during the economic crisis.

In Belgium, based on advice from social partners, changes to the financing of the system of paid educational leave have been introduced. The employer's contributions to the system have been reduced; reimbursement to employers has been limited to EUR 20 per hour; and the wage level for employees has been increased to EUR 2 500.

In Finland, in October 2008 the Ministry of Education decided on the regional breakdown of 1 000 extra student places in vocational schools. The extra places were assigned to Uudenmaa, the greater Helsinki area and growth centres where the lack of skilled labour is the greatest. The goal is that every young person completing their basic education continues to at least secondary education.

The task force formed in December 2008 by the Ministry of Education regarding adult education programmes in universities proposed the creation of apprenticeship-based supplementary education, starting in 2009. The trainees are in a normal employment relationship during the training, and the employer is responsible for on-the-job training in accordance with an agreement between the employer and the university. In addition, upon completion of their studies, the students are able to demonstrate the wide-ranging skills they have obtained via on-the-job training, which is worth 30-60 study credits.

In France, in relation to the reform of vocational training, trade unions and employer organisations agreed that lower-qualified workers and jobseekers should benefit from vocational training opportunities. A dedicated fund to secure professional paths will be established in 2010. Trade unions and employer organisations agreed that an additional 500 000 low qualified workers and 200 000 jobseekers should benefit from vocational training opportunities each year. However, the reform of high school education has been officially suspended, after opposition from students, teachers and parents.



The Meeting of State Secretaries in Latvia reviewed the attractiveness of the professional education, and the participation of social partners in ensuring the quality of professional education. The aim was to enhance the attractiveness of vocational education and promote cooperation between employers and the state in the development of vocational education and employment policies.

In Lithuania, on 3 July 2008, the Parliament approved draft amendments to the Law on Higher Education. The amendments, inter alia, define a notion of 'high performing student' as a student who has fulfilled all academic obligations after completion of a regular examination session. The draft amendments propose a legislative provision that free studies at universities/colleges should be guaranteed to the students who have fulfilled all academic obligations after completion of a regular examination session.

In Malta the budget for 2009 included a substantial increase in the funds allocated to education in view of the government's goal to make the country a centre of learning excellence by 2015. At the primary and secondary level, greater funds were allocated to engage the required professionals to support teachers, children and their families. Private schools will be helped financially to employ facilitators to assist children with special needs. EUR 16 million is to be spent over several years on IT improvements for children. With regards to higher education, the government intends that by 2015, 85 % of young people aged 16, will further their studies. Furthermore, EUR 10 million will be invested in scholarships.

In Spain, on 14 November 2008 the Council of Ministers approved a 'roadmap' for the development of vocational education, aiming to attract an additional 200 000 students into the system and to adopt a lifelong approach to education through collaboration between the departments of education and employment, and social partners. In order to achieve these goals, the roadmap has been designed around four major pillars of the quality of vocational education, the recognition of prior experience, the extension of the supply of training and the implementation of the European charter on vocational education.

### ***5.2.2 Significantly reducing the number of early school leavers***

In Luxembourg, with several pilot school schemes still in the experimentation phase, the government presented a new measure in its fight against early school leaving. The Council of Government approved a draft bill on the creation of an "Ecole de la 2e chance" to open in 2010. The new draft bill sets up the legislative framework for a school designed to give early school leavers a second chance and to reintegrate them again into the school system through the learning of general social and practical competences that are needed on the job (i.e. practical training) or with a reintegration into the secondary or secondary technical system. The pedagogical concept of this school varies from the others inasmuch as the student will be continuously supervised and that there will only be individually-conceptualised projects based on individual pedagogical contracts signed by the applicant, the parents and the school management.

In Spain, the central government and the autonomous communities have endorsed a Plan for the reduction of early school leaving, containing twelve measures. Students will enjoy greater training opportunities through the diversification of programmes and new reintegration mechanisms will be developed for young people who have not



obtained any official degree. The Plan will reinforce orientation departments at schools and provide training programmes for teachers about the optimisation of student's skills. Parents' schools will be also promoted and there will be additional measures to encourage parents to participate in school meetings with teachers. The total budget of the Plan will amount to EUR 121 million. In addition, the government, together with the autonomous communities, has approved the creation of a new Permanent Board on Early School Leaving that will supervise and evaluate the fulfilment of the measures gathered in the Plan. The board will consist of representatives from the Ministry of Education, Social Policy and Sports and the autonomous communities.

***5.2.3 Efficient lifelong learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the life-cycle, especially for the low-skilled and older workers***

In Bulgaria, the Council of Ministers adopted the National Lifelong Learning Strategy on 30 October 2008. It defines the vision, purpose, principles, and measures for development of lifelong learning at different stages of the lifecycle, and priority directions and main indicators for progress evaluation. It could be assumed that the strategy will have an overall positive impact on adult learning development, the workforce and the recognition of experience skills and knowledge.

Fifteen inter-professional funds have been funded in Italy. They aim to finance training plans (at sectoral, territorial or firm level) presented by member companies, as well as individual plans for workers employed in those companies. In turn, companies are required to choose a fund for continuous training activities addressed to employees.

*Candidate country*

The Adult Learning Project in Croatia aims to improve adult participation rates in lifelong learning. The overall objective of the project is to provide a modern and flexible concept of adult learning for Croatia in line with the new labour market requirements, the lifelong learning approach and EU best practice examples. The project will focus on what can be achieved through improvements in structured adult education and training provision, adjustment and modernisation of the training programmes (with considerable emphasis on basic skills) and increasing public awareness of the importance of continuous training.

**5.3 Adapting Education and Training Systems (Integrated Guideline No.24)**

***5.3.1 Raising and ensuring the attractiveness, openness and quality standards of education and training, broadening the supply of education and training opportunities and ensuring flexible learning pathways and enlarging possibilities for mobility for students and trainees***

In Austria, in the context of schooling reforms, new initiatives were introduced, such as a plan to introduce a standardised competence oriented final examination for general secondary school, starting in the school year 2013/2014.



In Greece, the Prime Minister and the newly appointed Education Minister have called for the launch of a national debate on higher education, inviting all political parties to appoint a representative for a cross-party parliamentary committee.

Meanwhile, the evaluation of university departments, one of the main elements of the education reform plan passed during the government's previous term in power, is now being smoothly implemented. According to press reports, the president of the Hellenic Quality Assurance Agency recently presented the Education Ministry with the results of the evaluation of five departments at universities around the country. Teachers and students were asked to evaluate their departments, in terms of infrastructure, facilities and staff performance, before external assessors, including staff from foreign universities, examined the institution's performance. The completion of these assessments is thought to be an important step, as the evaluation of universities has encountered a great deal of opposition in the process. It is estimated that another 167 departments are currently undergoing assessment.

The Cabinet of Ministers in Latvia accepted regulations proposed by the Ministry of Economics on ESF support for business incubators implementation. The aim of the programme is to foster the development of new, competitive entrepreneurs. The support will be given to entrepreneurs whose business is less than two years old.

In Lithuania, in September 2008 first calls were issued in the sphere of education and science for applications for EU structural support in 2007-2013. LTL 4 billion (EUR 1.15 billion) will be used for the development of education and science by 2015, i.e., nearly seven times that in the previous period (2004-2006). More than LTL 2 billion (EUR 0.6 billion) will be earmarked for promotion of science, and collaboration of science and business. Five integrated science, research and industrial centres (valleys) are to be established along with implementation of seven complex programmes to develop science-intensive economic sectors. In addition, nearly LTL 2 billion (EUR 0.6 billion) will be invested to improve the quality of general education and vocational training and the education and research base will be improved in nearly all universities and colleges. Moreover, it is planned to establish sectoral practical vocational training centres, to modernise 49 adult education centres, upgrade 400 units in comprehensive (general education) schools, and continue development of vocational guidance and career training system.

In Slovakia, in January 2009 the government approved the draft Act on stimuli for research and development (scheduled to enter into force on 1 August 2009). Its main objective is to motivate the business community to integrate R&D into business plans. The stimuli will have the form of a financial subsidy and/or tax allowance.

***5.3.2 Responding to new occupational needs, key competences and future skill requirements by improving the definition and transparency of qualifications, their effective recognition and the validation of non-formal and informal learning***

In the Czech Republic, a key piece of legislation on R&D funding reform passed through the legislative process in the both chambers of the Parliament. The reform introduces simple measures, including R&D output, in an effort to do away with locally governed qualitative evaluation of science. However, there is still a danger that the lack of quality control, or benchmarking of scientific output against foreign high-quality institutions, might lead to the production of low-quality scientific output.