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EXECUTIVE SUMMARY



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1 INTRODUCTION

This report presents an Executive Summary of the national quarterly reports submitted by the SYSDem correspondents of the European Employment Observatory from 29 European countries to the European Commission in September and December 2009.

The purpose of this Executive Summary, prepared by the EEO Core Team, is to provide an overview of country-level developments in the key employment policy areas. The Summary covers two quarters, from July to December 2009.

2 FULL EMPLOYMENT, QUALITY AND SOCIAL INCLUSION

Guideline No.17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion

In **Austria**, the regulation governing the possibility of early retirement due to an individual's long insurance record (*Hacklerregelung*) was extended to 2013. The Federal Ministry for Financial Affairs had originally envisaged bringing the measures to a premature end because of budgetary constraints. However, this was rejected by the Social Democrats and employee representatives.

In **Belgium**, several different measures have been implemented at different levels of the government: Federal, Wallonia and Brussels.

At Federal level, a number of different initiatives have been launched to increase labour demand and to provide social protection:

- Within the framework for the 2010 Budget, VAT for the horeca sector has been reduced from 21% to 12%, in return for job creation guarantees. The VAT reduction will be introduced from 1 January 2010 onwards and has been estimated to cost EUR 200 million.
- Employer contributions to the Work Injuries Fund (FAT) will be increased by 0.02% in order to help finance the cost of workplace accidents.
- Employer security contributions for individuals taking early retirement will be increased.
- EUR 6 million has been allocated for an allowance for self-employed individuals who have been negatively affected by the economic crisis. Self-employed people who meet certain eligibility criteria (such as a reduction in their income) can access the allowance for a maximum of six months. The amount they receive is dependent on their personal situation.
- The government has allowed for a budgetary allocation for the potential extension of the crisis measures in order to tackle unemployment.



In Brussels and Wallonia, the '*Marshall Plan 2 – Green*' has been put in place to continue the existing '*Marshall Plan*', but with a particular emphasis on the 'green' sector. Although the plan is not an employment policy plan, it nevertheless has some important measures, which affect the labour market:

- EUR 280 million and EUR 600 million have been allocated from alternative financing to '*Axis 5 / Alliance employment-environment*';
- EUR 297 million and EUR 125 million of alternative financing have been allocated to '*Axis 6 / Employment and Social well-being*'. This will help to create 500 jobs in childcare and will facilitate the insertion of young people through the creation of a further 250 jobs;
- Support to help establish micro, small and medium-sized enterprises (SMEs); and
- EUR 142 million has been allocated to '*Axis 3*', which seeks to make research attractive in order to limit 'brain-drain'.

In addition, there are plans to create 10 000 new jobs in the construction sector.

In Wallonia, the government agreement of July 2009 has reinforced the commitment to support SMEs, self-employed individuals and professionals. In addition, the government will also encourage job-seekers to start their own businesses and will support companies engaging young people (seen as a priority in the green sector). Companies facing economic difficulties will also be more intensively supported.

In Brussels, several measures have been put in place to increase labour demand and to offer social protection:

- EUR 20 000 has been allocated to help support the project '*Labelle*', which subsidises exhibitions of young inventors' work in order to help them to develop their business.
- The crisis measures will continue to be implemented. Estimates suggest that 805 jobs were maintained or created over the first nine months of 2009 as a result of the existing measures.
- The Brussels government will conduct a study into the feasibility of implementing an insurance fund, which will cover rent in the case of loss of income for Brussels residents (the measure already exists in Flanders and in Wallonia).

In **Bulgaria**, the unemployment benefit (UB) rate has been increased to address the recent difficulties in the labour market. The UB can now be received as differentiated UB, whereby unemployed persons can receive 130% of the UB amount for the first half of the entitlement period, and 70% of the amount during the second half of the entitlement period. The measure came into force after the amendment of the Social Insurance Code of Bulgaria. The measure is not intended to be a long-term measure.

In **Cyprus**, a number of measures are being promoted to stimulate aggregate demand and productivity, especially in the tourism and construction sectors. These include an increase in the budget of the Cyprus Tourism Organisation and the reduction of various taxes and charges for the hotel sector, initiated in February 2009. Both measures aimed to increase the number of tourists. There was also a substantial package aiming



to help finance the acquisition of first housing by young couples of modest means (with a family income of up to EUR 40 000 annually). Funding for houses up to 200 square meters will be supplied at zero interest for the first two years. This measure will run from 2009 to 2013 and is expected to cost EUR 200 million, or 1.2% of Cyprus' GDP, over the life of the programme. An additional EUR 54 million was budgeted for refugee housing, school construction/repairs, and social support and local government needs. Moreover, attempts are being made to speed up a number of infrastructure projects. These include energy-saving initiatives for buildings, the upgrading of airports and ports, road-improvement projects, public transport initiatives, schools and other government building construction and improvements, irrigation systems, environmental projects and broadband network infrastructure.

In **Denmark**, a "growth package" of public investments and credit measures was agreed between the Government and the Danish People's Party in the autumn of 2009. The package is an increase in public investment of about DKK 5 billion (approximately EUR 672 million) over the period 2010 to 2013. It includes intensified maintenance of state roads and hospitals, renovation of harbours and modernisation of state buildings. Furthermore, municipalities will be allowed to borrow DKK 3 billion (approximately EUR 403 million) more for investments in 2010. Also, the credit period for payment of taxes by private firms was extended and permission was given to withdraw amounts from a special pension saving scheme.

In **Estonia**, in November 2009 the Government approved the Estonian Strategy for Competitiveness 2009-2011. The new strategy puts forward initiatives to support exit from the economic crisis in three areas: macroeconomic policy; a competitive business environment; and education and labour market policies. Four priority objectives have been defined: conservative macroeconomic policy; raising the export potential of enterprises, primarily by improving the general business environment in order to increase investment and productivity; skills development by increasing the financing of life-long learning, ensuring more resources for continuing education and retraining activities and using the period of lower employment to raise the skills of 50 000 people by at least one level; and maintaining employment levels by improving the business environment and stimulating job creation, increasing public investments and providing additional subsidies with the aim of preventing long-term unemployment.

Also in Estonia, the Ministry of Social Affairs, in cooperation with the Estonian Unemployment Insurance Fund, has introduced a new national action plan for 2009–2010 to reduce unemployment and support a return to employment. The action plan is scheduled to be implemented in the second half of 2009, and in 2010, with over 700 million kroons (about EUR 45 million) directed to the employment programme, planning to create over 5 000 new jobs.

The **Finnish** government's actions to stem the impact of the economic crisis during the summer and autumn of 2009 involved several types of measure. A new schedule of investments got under way in the fourth quarter of 2009. In addition to employment-boosting measures, the budget included proposals regarding the improvement of unemployment security by postponing retirement. Stimulus measures in the form of state-subsidised social housing construction were also enhanced, boosting employment in this sector. Several new highway projects, included in the first supplementary budget, were implemented during the autumn, to be completed during 2009-2011. According to the government, highway, infrastructure and energy projects have, alone, employed some 1 500 people during the summer and autumn.



Most of the state aid to companies undergoing sudden structural change has been granted. Additional funds for investments based on employment grounds are dispersed via Employment and Economic Development Centres. Applications for additional funds for investments based on employment grounds, in regions hit by structural change, have been received and additional payments were approved in October 2009.

In **France**, the government has announced a 'Plan for preventing stress at work', to improve health at work and the productivity of workers. Companies with over 1 000 employees must engage in negotiations with social partners on the issue of stress at work. Other measures target other categories of companies using incentive measures. The first results of this initiative are expected from February 2010.

In **Germany**, after an extension of the support period for short-time working to 24 months (implemented in spring 2009), the Federal Government has decided not to revert, at the end of 2009, to the original six months support period. Instead, support for up to 18 months will be provided in 2010 and this is valid only for cyclical short-time work. Seasonal and transfer short-time work have not been extended.

Companies can apply for short-time work at the Federal Labour Agency if at least one employee has 10% less work and would earn 10% less due to a temporary decrease in orders. The Federal Labour Agency pays for between 60% and 67% of the difference between regular gross salary and the reduced salary. In addition social security contributions are paid by the Federal Labour Agency from the seventh month onwards. Short-time work is seen as a key instrument in counteracting the effects of the financial crisis on the labour market. It enables companies to retain their employees and to enable them to plan effectively until the end of 2010. Currently, around 60 000 companies have applied for short-time work and about 1 million employees are affected.

In **Greece**, the past six months have been characterised by the absence of concrete new measures and political initiatives, mainly because of elections held in October 2009. Relevant policy developments from the new government include the abolition of the Stage programme (aimed at recent graduates), one-off taxation of companies to finance benefits to be handed to low income earners, and the launching of a public debate on the future of the social insurance system. The government has promised to open-up access to the so called 'closed' professions (one such profession in Greece is, for example, the transportation of liquid fuel) and to link employment subsidies with 'green' jobs. Recently, a lump-sum 'extraordinary social cohesion subsidy' has been announced by the government, targeting various low-income groups (including pensioners receiving minimum pensions and the unemployed), that will affect approximately 2 million persons. The measure is intended to strengthen the purchasing power and consumption expenditure of the low paid and to strengthen social cohesion in the face of the current economic crisis.

In **Hungary**, a number of measures have been adopted or further implemented:

- Availability of programmes to support short-time working and training in large enterprises have been implemented, with 10 programmes introduced gradually from August 2009 to February 2010. The total budget allocated to the programmes is HUF 10 billion (EUR 37.7 million). A similar scheme for micro-enterprises is being prepared.



- A HUF 500 million (EUR 1.8 million) grant to preserve workplaces was made available by the National Employment Foundation.
- Collecting data on workplaces and employees taking jobs with a high risk of cancer development.
- Public work programmes were offered to the Roma, to those living in the least developed small regions and to those on availability benefit (with the budget of HUF 13 billion, EUR 50 million).

In **Italy**, with the reform of the old age pension regime of public employees, starting from January 2010, a gradual increase of the retirement requirements will be launched with the aim of reaching 65 years old for all by 2018. Such an increase will lead to savings worth EUR 2.3 billion in the next 10 years, to be used for the funding of national social and family policies. In addition, almost 20% of this amount will be allocated annually to the improvement of public childcare services.

In **Latvia**, 'community jobs' is a major emergency policy measure, developed over the summer of 2009 by the Latvian authorities with the help of the World Bank. It is aimed at dealing with the large numbers of unemployed persons coming off unemployment benefit from the autumn of 2009 onwards. Each community job is meant to represent a 'new job' and must last for at least two weeks and not more than six months. The programme started in September 2009 and is implemented jointly by local authorities and the State Employment Agency (SEA). The local authorities have the obligation of providing jobs that are worthwhile to society, while the agency will provide funds to cover the stipend received by the workers, their transportation costs incurred in getting to the workplace, and the equipment and infrastructure necessary for the job. The current programme is due to run until December 2010 and is expected to involve 17 500 unemployed people in 2009 and 24 800 in 2010.

In **Lithuania**, the following measures have been adopted:

- Reduction of remuneration levels for the highest grades of public sector employees.
- Substantial financial support (up to 40 minimal monthly wages) to people establishing new jobs. The creation of jobs will be subsidised when: a workplace is created and adjusted for a disabled person; a job seeker creates a job for himself or other unemployed people; and when jobs are created within the framework of local employment initiatives (LEI) projects.
- The government approved an extension to the possibility of using resources of the European Globalisation Adjustment Fund.

In **Luxembourg**, three initiatives have been launched to improve quality and productivity at work:

- The association '*Perspective 45*' has launched a mentoring project, which will include workers aged 45 years and over, seeking to increase their employment rate.
- The project SCIPRISC ('*Système de coaching innovant pour la prévention des risques professionnels dans le secteur de la construction*', '*Coaching system for*



the prevention of professional risks in the construction sector) has been launched as a coaching system for the prevention of risks relating to work in the construction sector. The project helps to coach company managers in how to correctly evaluate risks in the workplace. This should in turn help to improve the employment rate of older workers and to reduce workplace accidents.

- An inter-professional convention on violence in the workplace has been signed by the social partners. The convention aims to implement the April 2007 European framework convention and seeks to reinforce the awareness, prevention and management of violence at work.

In **Malta**, several measures have been included in the 2010 Budget in order to support entrepreneurship. These include:

- An increase of the Malta Enterprise budget by EUR 0.7 million to EUR 5.6 million. This aims to transform Malta Enterprise into an agency for wider economic development.
- Extension of the EUR 20 million scheme supporting research and development and e-business oriented enterprises by allocating an additional EUR 7 million. It is thought that the measure will help increase the competitiveness of existing enterprises whilst attracting new foreign investment to Malta.
- The government doubled the Research and Innovation Fund, raising it to EUR 700 000.
- A 40% tax credit is offered to those self-employed people and enterprises which employ up to a maximum of 10 persons. This measure should provide enterprises with some liquidity and allow the creation of new jobs in small enterprises in the near future.

In the **Netherlands**, the Cabinet has decided to increase the retirement age from 65 to 67 years. This will be done in two steps: firstly, in 2020, the retirement age will increase from 65 to 66 years and then, in 2025, from 66 to 67 years. This will mean that individuals, who are 55 years old before 1 January 2010, will not be affected by the increase. The increase in the retirement age aims to combat the negative effects of an ageing population (the labour force is expected to shrink by 400 000 individuals from 2010 to 2040) and to counterbalance the fact that life expectancy is likely to increase by two years over the same period.

In **Poland**, a Commissioner for equal treatment was appointed in April 2008, who, in the name of the Prime Minister, monitors, coordinates and supervises anti-discrimination actions taken up by departments and expresses opinions on legal acts and other governmental documents, as far as equal treatment is concerned. During the fourth quarter of 2009, the Commissioner will initiate the implementation of a countrywide project entitled 'Equal Treatment – the Standard of Good Management'. The main objective of the project will be the strengthening and support of government bodies in upholding equal treatment to fight gender discrimination, political discrimination, age discrimination, sexual orientation discrimination, civil state discrimination and family discrimination. The Ministry of Regional Development has



also developed a project entitled 'Agenda of Actions for Equal Opportunities for Women and Men', within the framework of the Human Capital Operational Programme.

In **Slovakia**, state aid to individuals unable to repay mortgage loans has been provided in the form of co-financing of a debtor's repayment schedule by a commercial bank. It will be provided for a six to 12 month period to individuals who became unemployed after 1 January 2009 as a result of the economic crisis. The key aim of the measure is to provide financial support to citizens who became unable to repay mortgage loans or other housing loans due to the crisis.

In **Portugal**, the qualifying period for receipt of unemployment insurance decreased from 450 days to 365 days of contributions to social security. The Inov-Social Programme, as presented by the government in December 2009, aims to provide 1 000 work placements per year for young graduates in private non-profit organisations. The '*Work Placements in Public Administration Programme*' has also been initiated to provide 5 000 work placements in public administration for young graduates under the age of 35 seeking for their first job, and for those that are employed with a temporary contract or overqualified for their current job.

In **Romania**, the Unitary Salary Law for the Public Sector has been finally adopted by the government. The law aims to drastically reduce public spending, and in particular public spending on salaries, so as to contribute to a general reduction of salaries as a share of GDP from the equivalent of 9% in 2009, to roughly 6% in 2015. The law will apply from 1 January 2010.

In **Slovenia**, it appears that short-term measures taken by the government to alleviate the effects of the global economic crisis have been relatively successful. According to the Ministry of Labour, Family and Social Affairs (MLFSA), such measures helped preserve approximately 22 000 jobs and kept registered unemployment below 100 000 people. On the other hand, more proactive measures and legislation oriented towards long-term improvements in the labour market, such as the new Labour Code, are mostly still on the drawing board. The Slovenian government transformed its 'Anti-crisis task-force' to the 'Task-force for preparing a strategy to exit the crisis'. According to the Prime Minister, the main goals of the Government and the "Task-force" for the year 2010 will be 1% GDP growth and maintaining the number of registered unemployed people below 120 000.

In **Spain**, responding to a demand for skilled workers in education, the government is promoting the recognition of competences acquired through work experience in these sectors. The measure, adopted in late 2009 is expected to increase the offer of skilled workers in childcare sectors, thus addressing labour market needs.

In **Sweden**, in the 2010 autumn budget bill, the Government has announced extra resources to be spent on labour market and educational policies. Extra resources take the form of matching measures (job search assistance), labour supply oriented measures (labour market training and trainee schemes), as well as increased resources for labour demand oriented measures (work practices and wage subsidies). The Government has instructed the Swedish Public Employment Service to expand its matching services and provide early and individual support to people who have lost their job. Coaching support is no longer restricted to dismissed workers but is also available to young people. The Government has also increased the number of places in work placement schemes and introduced new practical skill development schemes.



The number of participants in labour market training will be increased, a further 1 000 places have been announced for 2010 in the Autumn Budget Bill. According to the Government, an increase in the volume of participants in the job and development guarantee, and the job guarantee for young people, is also expected. Between 2009 and 2010 the Government anticipates that the number of participants in these schemes will increase from 66 000 to 130 000 persons. Furthermore the activities performed within the framework of the job guarantee have been extended to include the so-called Lift (Lyft) scheme, which includes support for starting a business and for vocational rehabilitation. In 2011, there are expected to be three times more participants in ALMP than in 2008.

In the **UK**, the Venture Capital Fund for Technology has been set up as part of the UK Innovation Investment Fund to help develop technology-based businesses with strong growth potential. Three government departments are involved –Business, Innovation and Skills (DBIS), Energy and Climate Change (DECC) and Health (DH) – which will, collectively, invest about EUR 167.7 million to be matched by the private sector. The Fund is currently in force and is likely to remain in place for a 10 year period.

Furthermore, the DBIS has recently published the *Jobs of the Future* report, which sets out the Department's vision of where future jobs will come from and will be used to stimulate debate in and outside government circles about the future jobs scenario. HM Treasury has also published a report on the future of UK international financial services, which affirms the importance of the financial services sector to the UK economy and sets out some recommendations to help ensure its contribution is maintained and enhanced in the future.

Candidate countries

In **Croatia**, the government reached an agreement that fixed-term contracts can be as long as three years for the same or different jobs with the same employer. It was also decided that the rights of the employees possessing a contract of determinate duration cannot vary from those in a possession of a contract of indeterminate duration.

In **Turkey**, two policies have been implemented:

- The Ministry for Industry and Trade has allocated EUR 1.14 billion to new support loans in November 2009. Women applicants are prioritised and over 8 000 female entrepreneurs have applied for the loan. In addition, over 100 000 SMEs have also applied for a loan. Each company can apply for a maximum of EUR 11 400; the loans do not have to be re-paid in the first three months, but need to be paid within the following 15 months.
- The Ministry of Finance has issued a proposal to modify public procurement procedures to ban companies from public procurement for five years, if they employ unregistered employees. The proposals falls within the framework of the Action Plan to combat informal work.

In addition, a law allowing temporary employment agencies to employ temporary workers, dependent on demand in the labour market, has again been proposed in the parliamentary assembly, amid strong criticism from the social partners.



3 LABOUR SUPPLY AND MAKING WORK PAY

3.1 Guideline No.18: Promote a lifecycle approach to work

In **Austria**, several measures have been introduced.

- Firstly, new childcare benefits have been introduced to improve the reconciliation of work and family life and to tackle gender segregation by encouraging more men to take on care responsibilities. The new regulation will come into effect on January 2010, when parents will be able to choose from several options. Recipients of childcare benefits can earn a maximum of EUR 16 200 per annum, or 60% of their earlier taxable income, as additional income from gainful employment. In the case of the income-related model, benefit recipients can earn a maximum of EUR 357.70 per month as additional income from gainful employment. Lone-parents households can receive childcare benefits for two extra months.
- Secondly, during the summer of 2009, the Council of Ministers decided to introduce a new 'needs-tested minimum social protection benefit' by September 2010. In contrast to the original plans set out by the government, the benefit will now be paid 12, instead of 14, times a year. Employee representatives have demanded that the original plan be implemented, but employer organisations support the new model. In particular, they argue that 14 payments a year would reduce the incentive to work, especially in low-wage sectors.
- Thirdly, the presentation of a new Action Plan on Gender Equality has been announced for the end of 2009, or the beginning of 2010. Social partners have been closely involved in the policy-making process. In addition, the Federal Ministry for Women has requested obligatory wage transparency for all companies with 25 or more employees, based on the Swedish model. A new initiative, 'equal=fair' (*gleich=fair*) has also been launched to raise awareness of the issues of equal pay and wage transparency.

In **Cyprus**, there are two crisis measures (for high school and tertiary graduates) that promote transition in the labour market, early in the lifecycle. The first measure is a programme that has been re-activated to provide initial skills to high school graduates in areas that are deemed to be experiencing labour shortages. The training includes placement in participating organisations and businesses. The programme covers the direct costs of training, as well as a weekly supplement for the trainees, their transportation costs, social insurance contributions and the employer-equivalent accident insurance. In areas where the system of professional qualifications has laid out the required skills, the programme aims to provide these specific skills. At the end of the training, the individuals are awarded the appropriate certification, thus making their skills portable beyond the units where their experience was acquired. The scheme will be in effect between 2009 and 2014 and is expected to involve 400 individuals annually. The cost of this programme is EUR 2 million over its lifetime.

The second measure is a programme that subsidises firms to employ and make better use of tertiary education graduates; it will also run from 2009 to 2014. Individual programmes must be approved by the HRDA (Human Resources Development Authority), after an application is made from an enterprise which has already employed a tertiary education graduate. The programme lasts for either 6 or 12 months,



depending on whether a graduate is placed in the same area of expertise as that acquired during his or her studies. After completion of the training, the graduate must be placed in a pre-approved position. The total cost over the life of this programme is estimated to be EUR 1 million annually.

In the **Czech Republic**, in mid December 2009, the Interior Ministry terminated its ad hoc temporary project of subsidies for return migration of legal immigrants, launched in January 2009, which offered financial subsidy to foreigners who voluntarily returned to their home country in distant regions. The programme was aimed at fighting off a potential increase in illegal activities among jobless immigrants and to avoid other social costs of a large group of unemployed foreigners. The subsidy covered the flight and some pocket money, but the program did not guarantee a visa for return to the Czech Republic in the future.

In addition, in September 2009, the Interior Ministry launched another ad hoc temporary project for illegal immigrants in the Czech Republic (*'Voluntary Return of Illegal Migrants'*). Immigrants without valid visas who report themselves and leave the Czech Republic are offered somewhat better treatment in terms of the length of time they will not be allowed to re-enter the country, compared to illegal immigrants apprehended by the police.

In **Denmark**, the autumn of 2009 saw political negotiations on the 2010 budget which lead to a number of political agreements involving almost all political parties and covering a wide range of subjects. Among the most highly profiled settlements was an agreement between the Government, the Social Democrats, the Danish People's Party and the Social Liberal Party (Radikale Venstre), on initiatives to combat youth unemployment. These included a number of initiatives targeted at the education of young persons aged 15 to 17 years (under the auspices of the Ministry of Education). One initiative relevant to the Ministry of Employment is the decision to open the services of jobcentres to young people aged 15-17 years who are not in employment or education. The instant activation of all unemployed aged 18-19 years has also been agreed, as well as intensified assistance to all unemployed people under 30 years of age, in the form of employment with wage subsidy, traineeships, and support to improve reading and writing skills. Other initiatives are support for mentor schemes and a national 'youth unit' that will advise jobcentres about activities to support young unemployed people and intensified efforts to get unemployed young academics (aged less than 30 years) into employment, by offering them assistance from private service providers.

In **France**, a reform of the pension structure for mothers forms part of the Act on Social Security Finances for 2010. Female employees who have children from 2010 onwards will benefit from an increase of two years in their retirement insurance; the new arrangement will not affect the mothers of children who were born before 2010. The two years of additional allowance will be divided into one year for the mother and a further one year for either the mother or the father. The Act aims to promote equality between men and women in their parental responsibilities and to encourage women to share parental leave with men. This in turn should help to strengthen the female employment rate.

In **Greece**, the Stage programme, one of the three main ALMPs in Greece aimed at recent graduates, has recently been abolished and is currently being re-designed with a view to increasing its transparency and effectiveness. The Stage programme was



offering secondary and tertiary education graduates the chance to familiarise themselves with the world of work and to ease the transition from education to employment. Stages were taking place in the private, semi-public and public sector for a duration of 18 months, which in some cases had been further extended by Ministerial decision. The new government has decided to abolish the programme in the public sector, both because of the high costs entailed and the need to curtail deficits and for reasons of fairness to stagiaires in the private sector. The new Stage programme is intended to be implemented exclusively in the private sector, under strict conditions and in combination with another ALMP currently being designed, envisaging the subsidisation of social security contributions for newly hired young unemployed workers. The abolition of the current Stage programme is already in force, but the full details of the new Stage programme are yet to be defined.

In **Hungary**, the Parliament has adopted a number of measures to support female labour market participation:

- Shortening the availability of maternity benefit to two years, and tightening its eligibility conditions.
- Comprehensive kindergarten-creche groups can be set up in places where a separate creche group is unfeasible.
- Employees returning to public employment from childcare leave must be offered a part-time job if requested, until the child is three.

In **Ireland**, the Early Childhood Care and Education Scheme (ECCE) provides an opportunity for parents with young children to enter or re-enter the labour market. The measure, which is the responsibility of the Minister of State for Children, involves the introduction of a new, free Pre-School Year, to be introduced in January 2010. It is estimated that 60,000 children will be eligible for it in 2010. Over EUR 170 million will be allocated annually to the scheme as a result of savings made from the withdrawal of the universal Early Childcare Payment. The funds have been sanctioned through the 2010 Budget.

In **Luxembourg**, the Ministry for Equal Opportunities has introduced a free software package, 'Logib', which can be used to identify differences in wages between men and women. The principle of wage equality has been in force since 1975, but currently the pay gap between men and women is around 11% in the private sector and 15% in the public sector. The use of the 'Logib' software is based on voluntary participation by companies and would be used internally by companies to detect pay discrimination between genders.

In **Slovakia**, the opening of the private pension initiative was intended to give citizens a chance, because of weaker pension fund performance, to reassess their involvement in pension saving schemes. The temporary measure was in place from 15 November 2008 to 30 June 2009 but it did not produce the anticipated results.

In **Slovenia**, the government presented a document '*Starting Points for the Modernization of the Pension System*' and thus opened a public debate on pension reform in the country. The main goals of pension reform will be to ensure decent and adequate pensions, while safeguarding the financial sustainability of the pension system. This will be done through new measures for increasing the activity and



employment rates of older people. One example is the introduction of a system of 'bonuses' whereby, for example, an additional bonus of a 2% increase is offered on the pension for each additional year in employment after reaching full retirement age. The proposal is still being debated, while the reform is intended to start at the beginning of 2011.

In **Spain**, the government is promoting the use of the sign 'equality in the company', for enterprises that adopt equal opportunity policies. The aim of the measure, which came into force by Royal Decree in 2009, is to increase equal opportunities in enterprises, particularly between men and women.

3.2 **Guideline No.19: Ensure inclusive labour market, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive**

In **Austria**, three measures have been introduced.

- Firstly, a new '*Combi-Wage*' was introduced in July 2009 for older workers (50+), people re-entering the labour market and people with disabilities. The measure improves the eligibility conditions and therefore encourages the members of the target group to accept lower-paid jobs. The benefit received depends on an individual's gross monthly wage and working time. Benefits can be claimed for a maximum of one year and employers can receive an inclusion allowance.
- Secondly, a 'third labour market package' to minimise the negative effects of the economic crisis on the labour market is currently under discussion at government level, with input from the social partners. According to the Federal Chancellor and the Federal Minister of Labour, the package will focus on qualification measures, in particular those aimed at low skilled unemployed individuals, and will prioritise sectors which are suffering from a shortage of skilled personnel (particularly health care professions). The package is planned for 2010 and the total funding will amount to EUR 70 million. To date, several aspects have been earmarked for discussion, including: the extension of the qualification bonus; extension of the inclusion allowance; extension of '*Action 4000*'; a new qualification initiative for low skilled workers; further development of language classes by the PES for people with a migrant background; and strengthening of career orientation, in particular for young people in the 7th or 8th form at school.
- Thirdly, the Federal Ministry for Finance and the People's Party have called for the introduction of a transfer account at household level, to act in parallel with the 'needs-tested minimum social protection benefit'. The transfer account would bring together all public transfer payments (local, regional and federal authorities) and would therefore ensure greater transparency in terms of the distribution of social benefits and transfers and would help to prevent misuse. Although employer representatives have welcomed the measure, the Social Democrats (the coalition partners) are against the measure, as are employee representatives. The latter argue that, amongst other things, the transfer account could potentially be a first step in reducing social transfers and would damage social cohesion in society. As a result they have



promoted the issue of flexible income limits with regard to receiving social transfers.

In **Bulgaria**, a project entitled '*Increasing labour market flexibility and effectiveness by activating the social partners*' was approved in September 2009, under the HRD Operational Programme of Bulgaria. The project aims to shed light on the informal economy in 10 pilot industries, and to help reduce it. This will be achieved through training courses and information campaigns at national and regional level, as well as through the creation of an '*Index for the diagnosis and prevention of the informal economy*'. Other measures to be promoted by the project include the publication of annual monitoring reports on the informal economy and advances made in minimising it, and a telephone hot-line which will open in order to help prevent informal economic activity.

In the **Czech Republic**, a potentially important change, from 1 January 2010, will affect disability pensions. Instead of partial and full disability benefits, there will be three disability levels, with the aim of better tailoring the benefits conditions to specific disabilities and the degree of incapacity to work productively. While there will be no cancellation of current disability pensions, a third low-disability level will be defined in addition to the current two (full and partial). It is expected that in the longer term, these changes will improve partial employability of the largely heterogeneous group of disabled people.

In **Estonia**, unemployment insurance premiums increased in August 2009, from 2% to 2.8% of wages for employees, and from 1% to 1.4% of the payroll for employers. The increase was explained as necessary for the Unemployment Insurance Fund to be able to cover the increasing expenses caused by the continuing economic recession and new redundancy regulation that has increased unemployment and the number of benefit recipients. This is the third time during 2009 that the government has decided to increase unemployment insurance premiums. Compared to the situation at the beginning of the year, premiums have been increased almost five-fold.

In **France**, the 'active solidarity benefit' (*RSA*) for 16-25 year olds has been extended within the framework of the '*Acting for Youth*' plan announced in September 2009. Currently, the RSA is only available to young people with children. It will now be extended to cover young people under the age of 25, who do not have children, on condition that they have worked for two out of the preceding three years. The measure aims to provide social protection to young people without creating any disincentives in accessing the RSA.

In **Hungary**, to address the problem of insufficient labour market integration of disabled people, a four-fold increase of rehabilitation contribution has been introduced (to a yearly HUF 1 million, EUR 3773). The contribution is payable if no disabled person is working at an employer with 20+ workers.

In **Ireland**, the New Temporary Employment Subsidy Scheme aims to assist employers in retaining the labour, knowledge and skills of the workforce and to help employees to retain their jobs. The scheme is managed by Enterprise Ireland and will involve a subsidy to firms in order to retain an individual in work for a period not exceeding 15 months, or up to the end of 2010. Eligibility for the subsidy is based on the following criteria: (i) the enterprises should be involved in exporting manufactured goods and/or internationally traded services; and (ii) they must be financially viable and



not have current financial difficulties, but must be assessed as facing significant problems as a result of the economic crisis. EUR 21 million has been allocated in 2009 and EUR 114 million in 2010.

In **Italy**, in December 2009, the Ministry of Labour, Health and Social Policies and the Minister of Equal Opportunities presented the *Action Plan ITALIA*, 2020 with the objective of increasing the labour market participation of women. The programme, which is worth EUR 40 million, will fund initiatives and measures in five domains: support for the development of micro-crèches (organised in houses or apartments); new professions, such as baby-sitters, taking care of children in their own home; the creation of registers for professional carers and baby-sitters; vouchers for care services; support for social cooperatives working in the field of inclusion in disadvantaged areas; support to home based working; and training for women returners to the labour market.

In **Lithuania**, the following measures have been adopted:

- The new Law on Support for Employment sets more favourable conditions for employers who hire previously unemployed individuals belonging to the groups of people additionally supported in the labour market.
- A measure designed to assist employment of individuals who did not participate in the labour market earlier due to family-related circumstances and to help them balance their work and family responsibilities. Persons registered with the labour exchange, who look after their sick or disabled family members for whom permanent care or nursing is established, shall be additionally supported in the labour market and employers of such persons shall receive subsidies for their wages. The measure is expected to create conditions for individuals who left work a long time ago, for compelling family reasons, to more quickly resume employment.

In **Malta**, a 2010 Budget proposal plans to support an information campaign on the benefits of declared work. The aim will be to encourage more people to engage in formal employment, thus reducing abuse of social benefits and increasing social protection of employees.

In the **Netherlands**, the government is planning to introduce fiscal measures to reduce the wage costs of older workers, in order to boost their employability. Specifically, the measures involve: a discount on social security contributions for employees aged over 62 and for newly recruited employees aged over 50, formerly unemployed people, or those who previously received disability benefits; and secondly, two additional earned income tax credits for workers aged over 56. The discount on social insurance contributions cannot exceed EUR 2 750 per year. Taken together, both fiscal measures can reduce wage costs by as much as EUR 10 000.

In **Slovakia**, the adoption of a new set of measures, approved by the government on 9 November 2009, was prompted by an analysis of the labour market situation and policies. The proposed changes enter into force on 1 January 2010 and include:

- The introduction of a new contribution in support of regional and local employment; this will be, temporary until 31 December 2011 (the contribution is granted to an employer who employs a disadvantaged job seeker for a



fixed period of at least nine months, in the sum of 90% (for first three months), 80% (for the next three months), and 70% (for the last three months), of the total labour cost, calculated as twice the minimum subsistence).

- Tightening of provisions concerning prevention and sanctioning of undeclared work (stricter rules for job seekers to notify the labour office when taking up gainful activities; putting labour offices in a stronger position, so that they may notify tradesmen of repeated breach of undeclared work prohibition and give penalties, stipulation of a minimum and maximum sum of penalties (minimum fine set at EUR 2 000, maximum fine increased from EUR 33 000 to EUR 200 000).

In **Slovenia**, the government is preparing new subsidies for employers with new and innovative projects in certain areas of the economy, who will employ long-term unemployed people for at least 18 months. Such employers will receive EUR 15 000 for each newly employed person in full time employment. At the same time, the government has introduced a new project in cooperation with the Student Organisation of Slovenia, entitled '*Absolvent – aktiviraj in zaposli se!*' ('*Graduates – become active and get employment!*'). The main aim of the project is to improve employment possibilities for university graduates. Employers offering on the job training to university graduates for up to six months, and who subsequently hire them for at least a further six months full-time, receive EUR 2 000 per person.

In **Sweden**, the individual unemployment contribution has been reduced by about SEK 50 (EUR 4.80) per month per employed person, from 1 July 2009. The Government has also amended membership requirements temporarily, 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 facilitate joining an unemployment insurance fund, the Government has simplified the admission requirements. The requirement to have worked for a certain time in order to join a fund has been abolished, from July, 2009. Another change is that the unemployment contribution is now tax deductible for employed members.

In the **UK**, the '*Flexible New Deal*' (FND) has been introduced within the framework of the existing New Deal programme. It aims to help long-term unemployed individuals to get back into employment or into viable education or training that can lead to a sustainable job. The FND brings together elements of the long-running New Deal programmes (such as New Deal for Young People and New Deal 25+) to offer a more customised and flexible support option for long-term unemployed people. The FND will initially operate in 14 areas of the country under a first phase, with a further 18 areas under Phase 2 – due to start in October 2010.



Candidate country

In **Croatia**, the government provided urgent financial aid to protect against lay-offs of 1 200 people working in the Varteks firm. Discussions are also underway with suppliers and other partners.

3.3 Guideline No.20: Improve matching of labour market needs

In **Austria**, as part of the 'new workplaces PES' measure, 200 jobs have been set up in the PES in 2009. A further 85 new jobs are planned for the beginning of 2010.

In **Belgium**, a number of measures have been implemented at federal levels, as well as in Flanders, Wallonia and Brussels. At federal level, within the Budget 2010 framework, four measures have been implemented:

- Subsidised jobs in the non-profit sector for young people and older people;
- The simplification of existing measures;
- The total exemption from employer social security contributions for unskilled individuals under the age of 19; and
- Intensification of unemployment benefits as a wage subsidy for employers.

In Flanders, the activation programme will be extended to all job-seekers under the age of 55. In Wallonia, the Walloon government will create a working group to better adapt education to the needs of the labour market. The group will include a range of representatives from the education system, including from secondary schools and technical schools.

In Brussels, five measures have been developed to improve the matching of labour market needs:

- The professional project contract (CPP) will be compulsory for job-seekers under the age of 25; it had previously been done on a voluntary basis;
- An estimated EUR 9 million of the regional budget had been allocated for language vouchers and a second reform is likely to limit any increases in the costs;
- A further 50 units to support and accompany young unemployed individuals will be created; and
- The extension of the decentralised services (Actiris) will be finalised.

In **Cyprus**, a new HRDA (Human Resources Development Authority) programme is directed at unemployed people and aims to provide them with training and certification of new skills with a view to helping them re-enter employment and avoid social exclusion. The scheme came into effect in March 2009 for one year. The scheme aims to offer training for up to 1 000 unemployed people in order to help them re-enter the labour market. The cost of the programme is estimated to be about EUR 1 million. Another programme reactivated by the Human Resources Development Authority (HRDA), aims to enhance the further training of employees. This aims to help firms



retain employees and to employ them on a full-time basis by enhancing their productivity. It is anticipated that about 5 000 individuals will participate in this programme annually, and that the total cost for the 2009-2014 period will be in the region of EUR 10 million.

In **Estonia**, a reform of labour market institutions took effect from 1 May 2009 merging the Estonian Labour Market Board and Estonian Unemployment Insurance Fund into a single public institution – the Unemployment Insurance Fund. The aim of the new institution is to improve the provision of services through tighter links between benefit payment and active labour market policies.

In **Hungary**, the programme 'Pathway to the World of Work' has been introduced to assist those long-term unemployed who are in the position of receiving job offers also in the open labour market. With the budget of HUF 7.5 billion (EUR 28.3 million), the programme modifies existing public works to help the long term unemployed enter open-market employment.

In **Latvia**, in 2009 one of the Public Employment Service's (SEA) priorities is a programme supporting self-employment. The programme offers consultations (a total of 20 over three months) and advice to programme participants as they develop their own business plans. The plans are evaluated afterwards, and each business plan that is approved and chosen to be implemented receives start-up financing of up to 4 000 LVL (EUR 5 700), coupled with a stipend to the entrepreneur equal to the minimum wage for the first three months of implementation

In 2008, 93 people from Riga and Latgale participated and received consultations and just 20 of them started their businesses. In 2009, the scheme was opened to people from all of Latvia and 266 people participated and received consultations; 80 of these were selected to start a business on the basis of their business plan.

In **Lithuania**, the Law on Support for Employment introduced a new measure promoting the territorial mobility of the unemployed. A mechanism was created to reimburse the costs of travelling to and from work and accommodation for unemployed people who find jobs further from home (when employment services have no job offers suitable for such people in their place of residence).

In **Luxembourg**, in October 2009, the Minister for Labour and Employment emphasised the urgency behind the reform of the National Employment Agency (ADEM) and urged social partners to put forward their ideas. A draft bill on the reform was approved by the State Council on 27 March 2009 and the final concept will be presented in June 2010. The reform will be guided by an expert and a follow-up working group will be set up.

In **Portugal**, the Choices Programme was renewed (its fourth implementation phase is 2010-2012). It is a social inclusion programme aimed at children and young people aged between 6 and 24, coming from most disadvantaged socio-economic backgrounds. The programme seeks to promote equality of opportunities and to reinforce social cohesion.

In **Slovakia**, the removal of the three months of unemployment clause is intended to improve the eligibility of dismissed people for certain employment services. The amendment abolishes the condition of three months' minimum registration by a job seeker with the labour office, when seeking a contribution for the creation of a new job,



provided the job seeker has been laid off due to organisational reasons and/or the job seeker is aged up to 25. Young people may also benefit from these preferential conditions when applying for the contribution for self-employment. The revision seeks to speed up access to supported jobs for people dismissed due to the crisis and for young people. The new provisions shall be in effect until end of 2010.

In the **UK**, the Education and Employers Task Force has been set up as a new and independent task force to ensure that all young people can benefit from effective partnerships between education and employers. Some funding is provided through the government, but the task force is essentially an independent body, which brings together leading figures from education and employment.

Candidate country

In Croatia, measures have been taken to strengthen the capacities of Public Employment Service employees. The training involved PES employees at national and regional level, who are responsible for application of measures and the grant management for the purpose of improving the measures. In addition, in all local CES services the counsellors have been appointed for employment mediation of disabled persons.

4 ADAPTABILITY OF WORKERS AND ENTERPRISES

4.1 **Guideline No.21: Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners**

In **Austria**, the Minister of Labour recently stated that the development of overtime will be closely assessed in order to ensure that the workload is shared by more employees. Currently, average weekly working time in Austria is amongst the highest (including overtime) in the EU. Evidence suggests that many industrial enterprises have extended overtime, rather than creating new jobs for new employees.

In **Belgium**, the Federal Minister for Employment has proposed that quotas should be introduced for women in public enterprises and in companies that have been floated on the stock exchange; she has proposed that a third of the board of management should be made up of women. The Minister has also supported the project '*Women on Board*' to promote women in high levels positions.

In the **Czech Republic**, spending on passive employment policies more than doubled during the first half of 2009, compared to the first half of 2008. The increase is not only due to the rapidly rising unemployment levels and unemployment benefit claims since the beginning of 2009, but also due to the higher replacement rates introduced in January 2009, the higher previous wages of newly registered unemployment benefit claimants, the high share of unemployed people who are over 50 years of age and whose previous wages are on average higher and whose entitlement period for unemployment benefit is longer.

On the other hand, expenditure on ALMPs during the first half of 2009 dropped by 25% compared to the same period in 2008. ESF funds continue to replace regular ALMP expenditures that used to be covered by the Czech state budget. In particular, two



major active labour market programmes, Publicly Useful Jobs and Socially Purposeful Jobs, are increasingly financed primarily from the ESF.

In **Estonia**, the adoption of the new Employment Contracts Act came into effect in July 2009. Following lengthy debates over the content and implementation of the new Act, the social partners reached a tripartite agreement on the implementation of new labour law in April 2008. Because the agreement was neglected in part upon implementation of the new Act, the flexicurity pathway in Estonian labour law is not evenly balanced across the four pillars; provisions to increase flexibility in the labour market have been implemented, while the social security of employees was not raised.

In **Greece**, the government has commissioned a study from a committee of experts, with a view to strengthening employment protection legislation for temporary workers. The committee has submitted its proposals to the Minister of Employment, who announced that new legislation will be made public within the first semester of 2010 with a view to reducing temporary employment. The establishment of stricter criteria for employment under flexible conditions will help the least competitive segment of the labour force, such as low skilled workers.

Also in Greece, the new government has launched another public debate on the future of the social security system, a year and a half after the last reform. A committee of experts has been formed with the task of presenting the latest figures and options for social security reform. Among the issues that are certain to be discussed in the dialogue are the so-called 'heavy professions' and the rules for the granting of invalidity pensions. The Minister of Employment has been committed to bring new legislation to the Parliament concerning social security reforms in the coming months. Efficiency gains can be achieved through the merging of the plethora of social insurance funds to just three or four, and also through the limiting of social security contribution evasion.

In **Lithuania**, the following measures have been put in place:

- Extending the scope for using public works. The new version of the Law on Support for Employment, in force from 1 August 2009, includes the possibility for part-time employees of enterprises undergoing economic difficulties (lay-offs, disturbed sales of products) to participate in public works organised within the company and thus to maintain jobs and recover, to a certain extent, the income they will have lost due to shortened working time.
- Amendments for the Labour Code were adopted creating preconditions for more flexible regulation of labour relations during the period of the economic crisis.
- The possibility of extending for two months the payment of unemployment insurance benefits to unemployed people in municipalities demonstrating the highest unemployment rates.

In **Luxembourg**, the government has implemented a bill on two employment initiation contracts for young people with an academic degree: CIE and CIE-EP. The contracts cover a 24 period and the income offered varies from 120% to 150% of the current minimum wage. Companies receive up to 30% of the final income of the future employee through the Employment Fund. The contracts aim to prevent a rise in the unemployment rate of skilled young people, to provide companies with access to a



skilled workforce and financial incentives to recruit and to provide young people with work experience.

In addition, in Luxembourg, a new law stipulating the criteria for accessing financial grants has been introduced. There are nine different grants available to companies that are planning to invest in innovation, research and development, or in other measures (i.e. training) to boost their competitiveness, to create new products or to establish new clusters of economic activity. Although it was approved in June 2009, the law was presented to businesses in November 2009 by the Minister for the Economy and Foreign Trade. The law will also help to strengthen the third Action Plan to reinvigorate Luxembourg's small and medium sized enterprises (SMEs), which was launched in 2008 by the Ministry of Small and Medium Sized Businesses.

In **Poland**, a new project is underway in order to disseminate the flexicurity approach in the country. The objective of the project is to carry out an assessment of the implementation of the flexicurity model in the Polish labour market and to formulate recommendations for further actions contributing to the achievement of the objectives specified in the Lisbon Strategy, the European Employment Strategy and national documents defining labour market policy directions in Poland, including the National Reform Programme for 2008-2011.

In **Romania**, a law was passed aimed at the reorganisation of public administration. Its key aims are to streamline public administration and reduce the number of agencies, government bodies and thus contribute to the creation of a more flexible public administration. It aims to reduce the overall number of agencies and other governmental bodies from around 265 to 109.

In **Slovakia**, an amendment to the Labour Code was passed. It was prompted by the need to harmonise national legislation with the Council Directive 97/81/EC concerning the framework agreement on part-time work, the Council Directive 1999/70/EC concerning the framework agreement on fixed-term work, and the Directive 2008/104/EC of the European Parliament and of the Council on temporary agency work. The essence of the changes was to enact equal treatment for employees with reduced working time contracts with employees with full-time contracts (referring mainly to a tightening of dismissals of employees with reduced time contracts). Another aim was to provide for equal conditions for fixed-term employment and the abolition of exceptions to renewal of such contracts. The amendment was ratified by the parliament on 2 December 2009 and will enter into force in March 2010.

In the **UK**, the government's '*Panel for Fair Access to the Professions*' published its final report, '*Unleashing Aspiration*', in July 2009. The remit of the panel was to examine the barriers to a more socially equitable entry to professional jobs – through research and leading to a set of actionable findings. The report outlined a list of 88 recommendations for government and all the other stakeholders.

Candidate Country

In **Turkey**, a reduction in a special consumption tax in the automotive, consumer durables and housing sector was extended until 30 September 2009, in an attempt to promote labour demand by stimulating consumption.



4.2 Guideline No.22: Ensure employment-friendly labour cost developments and wage-setting mechanisms

In **Belgium**, two tax exemptions have been adopted at federal level in order to stimulate labour demand:

- The exemption of the payment to the fiscal administration of part of the income tax levied on employees for all the sectors is now set at 0.75 % of the wage bill (on June 1 2009), instead of 0.25 %. This will cost EUR 412 million (2009).
- The exemption of the payment to the fiscal administration of part of the income tax levied on employees on wage and bonuses for night workers and shift workers is set at 15.6 % (on June 1 2009), instead of 10.7 %. This will cost EUR 674 million (2009).

Moreover, the existing general reduction of employer's social security contributions has been increased by 11 %, from EUR 400 to EUR 444 per three months. This is in line with a set of measures increasing the financial support to firms hiring young unskilled unemployed. The social security contribution cuts in the non-profit sector will be translated in the creation of 700 new job places in this sector.

In the **Czech Republic**, social insurance contribution rates in 2010 stay the same as in 2009, despite earlier plans to lower them by 0.9 percentage points. The social security contribution ceiling is being raised from 48 times the average wage to 72 times. Furthermore, the contribution rate discounts available for employers during 2009 are no longer available in 2010. All three changes are driven by the deteriorating fiscal position of the government. The higher social security contribution ceiling reverses some of the dramatic lowering of labour taxation of high-wage workers introduced earlier.

In **Luxembourg**, the government has announced a new evaluation of the law of 26 June 2006 governing the automatic wage indexation system.

In **Poland**, the Act on Lessening the Effects of the Economic Crisis for Employees and Enterprises was passed in August 2009. It aims to reduce employers' costs during the economic crisis, through partial subsidisation of employment, as an alternative to dismissals. This subsidy is available to entrepreneurs who are in temporary financial difficulties because of the economic crisis. For employers who are in temporary financial difficulties and who reduce production (or enter some other form of 'economic stoppage'), a subsidy can be paid to employees on shortened working time. Employers are required to maintain the affected jobs for six-months following the end of the subsidy and the amount of pay that employees receive during stoppage periods allows for the stabilisation of income at a level higher than unemployment benefit.

In **Slovakia**, the binding character of higher-level collective agreements has been extended (to enter into effect in January 2010). The main objectives of this measure are to increase the coverage of employees by higher-collective agreements, provide for equal employment and wage standards in particular branches, and thus prevent social dumping. The extended coverage should be obligatory for all employers in a given sector. Also, the statutory minimum wage has been increased by 4.1% (EUR 307.70 monthly). The annual indexation of the minimum wage is intended to reflect the development of the average wage in the economy in the preceding year. The new sum is stipulated for the year 2010. Finally, income tax allowances for individuals are to



remain at the 2009 level next year. The associated higher tax revenues (estimated as an extra EUR 33 million) will compensate partially for the shortfall in budgets of local governments.

5 INVESTMENT IN HUMAN RESOURCES AND LIFELONG LEARNING

5.1 Guideline No.23: Expand and improve investment in human capital

In **Belgium**, in Brussels and Wallonia, EUR 337 million has been allocated under the 'Marshall Plan 2 – Green' for 'Axis 1 / Support for training'. Emphasis will be placed on language training and a partnership with the Flemish region and the German Community to promote the mobility of workers. In Wallonia, 275 000 language vouchers and 500 scholarships will be made available under the 'Axis 1 / Languages Plan' of the 'Marshall Plan 2 – Green'. In Flanders, the Flemish government has committed to investing 3% of GDP to research.

In the **Czech Republic**, up to 800 000 people aged 25-64 living outside the region of Prague will be eligible to receive up to 5 000 CZK (EUR 190) of government support for computer training courses in the second half of 2010. This is a large programme (800 000 participants out of a labour force of about 4.3 million) is to be financed from Structural Funds sources, as well as from the local state budget.

In **Estonia**, a new Adult Education Development Plan 2009-2013 was adopted by the government in September 2009. This includes several measures targeted specifically at tackling the recession in the labour market, while more long-term developments aim to raise participation in lifelong learning. It aims for greater inclusion of adults in training and improvements in the quality of learning. An indication of this is that the focus has moved from overcoming institutional barriers to overcoming dispositional barriers. This is an important qualitative move as dispositional barriers have turned out to be an important obstacle to participation for many groups (including men, older persons, low skilled people, etc.).

Also in **Estonia**, a system of training vouchers was launched in September 2009. Training vouchers enable the unemployed to find a suitable additional training course quickly and tailored to individual needs. This enables a speeding-up of the provision of training for unemployed people as they do not have to wait for a course to be offered by public agencies, but can choose from all available courses.

In **France**, a new plan, 'Acting for Youth', was announced in September 2009 and has been implemented progressively. It seeks to provide social protection for young people most affected by the worsening conditions and segmentation of the labour market. The plan addresses the problem of youth unemployment and completes the youth unemployment plan launched in April 2009. It is principally focussed on orientation, vocational training and social aid and allowances.

In **Ireland**, an additional EUR 70 million is to be made available to FÁS (the National Training and Employment Authority) in 2010 from the National Training Fund, for a range of activation measures including 10 or 20 week training courses or work



placements, and an Activation Fund which will involve an open call for proposals targeted at construction and low skill workers.

In **Latvia**, the government has introduced more flexibility in various training programmes, removing bureaucratic obstacles to participating in them and making them more accessible. Also, a new voucher system has been adopted for three new programmes, expected to introduce more flexibility and competition in the provision of education and training for the unemployed.

The first of the voucher linked programmes is a training measure for people at risk of becoming unemployed because of the recession, but who are still in work, but are not working full-time. This programme started in September 2009 and is expected to last until December 2013. It has a budget of 10 million LVL (15 million EUR) and is implemented by the State Employment Agency (SEA), together with educational institutions around the country. It is expected to accommodate 11 000 participants, who will be provided with stipends and training vouchers of up to 500 LVL (750 EUR). In October 2009, the programme was extended to include people in full time work, with the difference that only vouchers (but no stipend) are available for such participants.

The second programme is a new lifelong learning initiative for workers over 25 and due to run from 2010 to 2013 with a budget of 5.4 million LVL. It is expected to involve 25 000 people. The third is an initiative to promote the professional education of people who already have higher education. This programme will start in 2010 with the start of the second semester of the 2009/2010 academic year. The programme is expected to involve 350 unemployed people in 2010, and 550 in 2011.

In **Lithuania**, the Ministry of Education and Science initiated the promotion of college courses important for national (public) needs. Colleges were invited to submit projects on the study courses, which are less popular but are necessary for the state, and promise good employment prospects and support for students in evaluating their skills and choosing study courses.

In **Luxembourg**, a new bill has been adopted on the certificate of the Luxembourgish language and culture, which will complement the law outlining the legal framework behind the National Institute of Languages (INSL).

In **Malta**, several initiatives have been launched promoting lifelong learning. These include: (a) new Malta College of Arts, Science and Technology (MCAST), with courses leading to degree level qualifications that will enhance vocational education at tertiary level; (b) new Employment and Training Corporation (ETC) schemes for the integration of people with disabilities, over 16 years old, in the labour market; (c) the creation of local centres for lifelong learning in various localities in Malta which aim to make lifelong learning more accessible to adults; and (d) courses at MCAST providing learning opportunities to those over 21 years of age who lack formal qualifications. Other measures in the 2010 Budget proposal are a full-time training programme to improve the employability of young persons and training schemes for health service employees.

In the **Netherlands**, the government wishes to increase the mobility and the employability of older workers through continual schooling and re-schooling (lifelong learning). Currently, there are relatively low levels of participation in schooling programmes by older workers, especially when seen in the context of the Nordic



countries. As a result, the government is preparing legislation establishing the right and the duty for employees to undertake education and training during their careers, as well as a mutual responsibility for companies to offer education and training.

In **Poland**, the Act on Lessening the Effects of the Economic Crisis for Employees and Enterprises, passed in August 2009, envisages the possibility of co-financing the costs of training and post-graduate studies of employees from the resources of the Labour Fund. The support is up to 80% of the costs of training or post-graduate studies (with a maximum, however, of three times average pay in the previous quarter) for periods of six to twelve months. Employers cannot terminate employment contracts up to six months after the end of the scholarship. The measure lowers the cost of training for businesses while encouraging employees to participate in training and post-graduate studies.

In **Slovakia**, the Ministry of Education called on higher education institutions to enrol an additional 5 000 full-time students and 300 PhD students to reduce the growing unemployment rate of school leavers as a result of the economic crisis. The measure seeks to mitigate the growing unemployment rate among secondary school leavers and to improve the qualification structure of the population by way of a one-off increase in the number of students admitted to tertiary studies in the academic year 2009/2010. The government gave the green light to the measure on 30 September 2009, with the approval of extra funds to finance the increased number of students.

In **Sweden**, the government has announced its intention in the 2010 Budget Bill to temporarily increase the number of places in post-secondary vocational training (Yrkeshögskolan), local authority upper secondary education for adults (Konvux), as well as University and University Colleges. According to the autumn budget Bill, the Government will allocate SEK 2.3 billion (EUR 220 million) in 2010 and SEK 2.2 billion (EUR 211 million) in 2010, corresponding to an increase of 10 000 more places for university and colleges, 3 000 more places in post-secondary vocational training and 10 000 more places per year in adult vocational training (Yrkesvux and Konvux). To encourage more people to apply to secondary adult vocational education programmes, the government proposal of a temporary increase in opportunities for unemployed people over the age of 25, regardless of previous education, to obtain a higher level of post-secondary student aid in 2009 and 2010, has also been adopted.

In the **UK**, two key publications have been disseminated. First, the report '*Towards Ambition 2020: Skills, Jobs, Growth*', published in October 2009, follows the first 'state of the nation' report from the UK Commission for Employment and Skills (UKCES) published in the spring 2009. The report outlines a set of actions needed to ensure better progress towards skills targets. The emphasis is on making the employment and skills system more responsive to labour market needs. It responds directly to the three key elements set out in the Strategic Plan for 2009-2014: motivating people to develop their skills; building employer ambition and engagement with skills; and empowering learners and employers to drive the supply and performance of the employment and skills system.

Second, the White Paper, '*Skills for growth: The national skills strategy*', was presented to Parliament in November by the Department for Business, Innovation and Universities (DBIS) and sets out the government's thinking on its skills strategy – though essentially focused on England only. The bill reaffirms the familiar requirements of wider and more flexible access to training and greater focus on future needs,



although does not offer much in new funding, but more fine tuning using existing sources.

Candidate Country

In **Turkey**, the Turkish Informatics Industrialists Association (TÜBISAD) is offering ICT training to 4 000 unemployed college graduates to become ICT specialists. The initiative is supported by the Union of Chambers and Commodity Exchanges of Turkey (TOBB), the Turkish Informatics Society and the Turkish Employment Agency (ISKUR). In addition, ISKUR has allocated EUR 30.8 million to the initiative. Furthermore, ISKUR will provide training in key sectors experiencing labour shortages to a further 20 000 individuals in addition to those already specified in the employment package set out in May 2009. The sectors concerned will be identified by local employment boards.

5.2 **Guideline No.24: Adapt education and training systems in response to new competence requirements**

In **Belgium**, at federal level, the government has announced the creation of new measures to help develop workers' skills as part of the Budget 2010 framework. In Flanders, the July 2009 Flemish government agreement has stipulated that 20% of students must take part in the EU Erasmus programme. Particular attention has also been paid to the opportunity to undertake company internships in secondary education. In addition, the agreement emphasises the need for education to develop individuals' talents and a 10% increase in the budget for higher education is planned in five years. In Wallonia, the 'Marshall Plan 2' will support training, as well as professional and technical education. It also promotes the use of alternative training; school and company-based training. In Brussels, the project 'Junior Event' supports the training of young people (18-30 years) with low skills levels. In addition, the Marshall Plan 2 will increase the number of training course places in companies in both Brussels and Wallonia.

In the **Czech Republic**, the NUOV institute announced a new project which should involve facilities currently used for upper-secondary vocational education and use them for lifelong learning activities. The rapidly declining size of teenage cohorts (down to 104 000 from over 130 000 in the early 1990s) frees up capacity for provision of lifelong learning courses for the under-educated adult population (secondary schools are now used at two-thirds of their capacity). The project involves more than 300 schools from almost all regions of the country. Courses will be offered after agreement with the local administration. The primarily EU-funded project should run until 2012 and cost about EUR 12 million.

In **France**, a reform of upper secondary education (*lycée*) has been implemented to ensure a better connection with universities and the labour market. The reforms will create a better balance between subject areas and reassert the value of the *baccalauréat* 'literature stream' (upper secondary education leaving certificate), which has been given a greater focus in international studies (specifically, languages and foreign cultures). Other measures will be implemented to help students with their career and educational orientation, as well as measures to better link the last year of upper secondary education to universities. In addition, a public service for career and educational orientation will be created as part of the plan 'Acting for Youth', which will include a web-site and a telephone information hotline. The reforms will mostly come



into force in 2011, but some measures will be implemented from September 2010 onwards.

In **Hungary**, the following measures have been adopted by parliament:

- Easing the accreditation of public education institutions as adult education institutions.
- Mandatory inclusion of digital literacy curriculum into adult education courses of more than 240 hours.
- Create a new form of secondary vocational education - 'early vocational education'.

In **Italy**, the Ministry of Labour, Health and Social Policies and the Ministry of Education, University and Research presented the '*Action Plan ITALIA 2020 - Piano di azione per l'occupabilità dei giovani attraverso l'integrazione tra apprendimento e lavoro*' ('*Plan for the employability of young people integrating them through learning and work*'), to enhance the employability of young people through the integration between learning and working experiences. Several priorities have been identified: facilitate the transition from school to work; support the technical and vocational education and apprenticeship contracts; redesign the role of university education; strengthen the relations between researchers, the production system and the labour market. Social partners and employers' associations will be invited to discuss the Plan.

In **Lithuania**, the new version of the Law on Support for Employment, in force from 1 August 2009 sets out the possibility for part-time employees of enterprises undergoing economic difficulties to flexibly balance part-time work and re-skilling, in order to maintain jobs (either with their present employer or another).

In **Luxembourg**, the national budget for research and innovation has been increased to EUR 250 million and the National Research Fund (FNR) has offered 140 PhD grants, as part of the government programme for 2009-2014.

In **Portugal**, the National Qualifications Framework (Quadro Nacional de Qualificações, QNQ) was established. The QNQ adopts the principles of the European Qualifications Framework and defines the parameters for the description of national qualification levels (basic, secondary and higher education, vocational training and processes of recognition, validation and certification of competences obtained through formal and informal ways within SNQ). This framework increases the comparability of qualifications at national and European level.

In **Romania**, a new law on reform in Public Education was adopted, to further modernise the education system and improve its overall efficiency and effectiveness, thus contributing to a better trained, more productive and pro-active labour force. The baccalaureate exam will undergo major changes as some of its tests will become more practice-oriented. Moreover, pupils will be able to skip the tests if they bring proof that they have passed an equivalent test proving the acquisition of the same competences. Only 60% of the curricula will be now decided at national level, the rest will be the prerogative of schools, parents, local communities, etc..

In **Spain**, the requirements for 98 new professional certificates have been defined aiming to improve skills through improved specialisation and training. The measure is



expected to improve human capital and competitiveness while it will also facilitate mobility among European countries for education and for work purposes. Moreover, the vocational training system is being reformed, aiming to adapt the training offer to skills required by the productive system.

In the **UK**, the Department for Business, Innovation and Skills (DBIS) issued the positioning paper '*Higher Ambitions: The future of universities in a knowledge economy*' in November 2009. The paper sets out the progress made in increasing participation in higher education (maintaining the 50% of young people entering higher education – but now stating the expectation that not all young people will take up courses straight after school), but considers that there is still some way to go in raising the UK's achievements, compared to many other comparable countries. Significant parts of the paper are about ways of widening the social mix of students – such as by encouraging universities to make more use of contextual data at the applications stage and through more flexible study options.

Candidate country

In **Croatia**, Sector Councils have been established to contribute to needs analysis in specific vocational sectors, as well as to the development of occupational standards, qualifications and curricula, thus supporting the work of the Agency for VET, while facilitating the dialogue between employers and the education sector. Sector Councils comprise representatives of SMEs, crafts, larger enterprises, professional associations, trade unions and educational institutions (including tertiary education institutions). Thirteen sector councils were appointed to steer work on the national qualifications framework.