



# **EUROPEAN EMPLOYMENT OBSERVATORY**

## **QUARTERLY REPORTS**

**MARCH 2010**

## **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 32 European countries (EU-27, Croatia, FYROM, Turkey, Serbia and Iceland) to the European Commission in March 2010.

The purpose of the executive summary is to provide an overview following three themes of the Employment Communication 'A Shared Commitment for Employment', June 2009<sup>1</sup>

- (a) *Maintaining employment, creating jobs, promoting mobility;*
- (b) *Upgrading skills, matching labour market needs and*
- (c) *Increasing access to employment.*

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<sup>1</sup> See: <http://ec.europa.eu/social/main.jsp?catId=101&langId=en&moreDocuments=yes>



## 2 MAINTAINING EMPLOYMENT, CREATING JOBS, PROMOTING MOBILITY

In **Austria**, the 'third labour market package' presented by the Austrian Chancellor, the Ministry of Labour and the Ministry for Women has a total budget of EUR 69 million. The package includes few new measures and instead continues or extends existing (crisis-) measures. Measures within the package in relation to the area of maintaining employment, creating jobs and promoting mobility focus mainly on young people and the long-term unemployed.

Firstly, career orientation for pupils will be intensified and all 7th or 8th form pupils will now spend one day at a career orientation centre. For this, the number of employees at these centres has been increased by 30.

Secondly, the initiative 'Action 10 000', which allocates a PES subsidy of wage and non-labour costs, is targeting 4 000 long-term unemployed persons working at municipalities, the Church and in the non-profit sector and 6 000 young people who have just completed their education.

'Action Future Youth', which commenced in April 2009, will continue throughout 2010, with a budget of EUR 120 million. Through this programme, the government guarantees young people aged 19-24 a job offer, a targeted training or state-aided employment within six months.

Finally, the Combi-Wage, which came into force in July 2009, is now being continued throughout the year 2010 and will support 6 000 people this year.

In **Belgium**, the following measures have been implemented at the Federal level:

- The crisis measures (suspension and reduction of work time) introduced by the law of 19 June 2009 have been extended to 30 June 2010, with some adaptations;
- The Win-Win Plan, which concerns the activation of unemployment benefit for young people (aged under 26), older people (aged over 50) and long-term (from one to two years of unemployment) job seekers, will continue into 2011;
- A new reduction of employers' social security contributions has been created for young people aged under 19;
- The structural reduction of contributions has been reinforced for the next two years;
- The reduction of contributions in the non-profit sector (Maribel social) has been intensified;
- The exemption of the payment to the fiscal administration of part of the income tax levied on employees has been set at 1 % since 1 January 2010. The sum collected by this exemption is paid to the Maribel Social Fund in the private non-profit sector for job creation. For the public non profit sector, an equivalent amount is progressively allocated to make up the difference;



- There is no longer an obligation for older job seekers (aged over 50) to justify 20 years of professional experience in order to benefit from activation;
- Older workers who demonstrate five years of experience and who have lost their job as a result of restructuring may be engaged as trainer or guide. They then receive an activation of the unemployment benefit and a reduction of the social contribution. This measure is valid for the years 2010 and 2011;
- ALE (local agency for employment) workers may work up to 70 hours a month (instead of 45 hours) since 1 March 2010;
- Since 1 January 2010, private sector workers must have worked for two years (instead of one) in the same firm in order to take a time credit. Meanwhile, increased allowances are allocated from the age of 51 years (rather than 50 years).

At regional level, the following measures can be found in Brussels:

- The Brussels government has decided to allocate EUR 7.5 million to the Greenfield project, which will support environmental projects which also create employment. Funding from the European Regional Development Fund (ERDF) of EUR 7.5 million will also be used;
- The Brussels government has increased the budget allocated to activities of cooperatives by 10 %.

In **Bulgaria**, negotiations over the start of the JEREMIE2 initiative are now in their final stage, before the programme is submitted for approval by the Cabinet and ratification by the Parliament, leading to the absorption of approximately EUR 200 million. Three funds are planned to start in 2010: for venture capital, for growth capital and for mezzanine finance. The venture capital fund will have EUR 30 million capital, including 70 % European funding and will invest up to EUR 1.5 million per company, per year. The other two funds will each amount to some EUR 60 million and subcontractors will have to provide about 50 % of the capital. Once this stage is over, procedures will be opened for other types of instruments to be supported, such as guarantee funds, credit lines to banks, business networks, etc.

In Bulgaria, the constant increase of unemployment has mobilised the Employment Agency to establish more active relations with businesses. Thus, during 2009, the Agency was able to increase its efficiency, by finding employment for 10 000 more unemployed persons compared to 2008. Moreover, the programmes 'From Social Benefit to Employment', 'Social Assistant' and several measures for hiring unemployed young people, for hiring to part-time jobs and for promoting territorial mobility of the unemployed started in January 2010. However, these programmes, which are already known from the past, can only have limited impact since the funds available for them are restricted, due to Bulgaria's need to maintain discipline in its public finances due to the economic crisis.

In **Cyprus**, the temporary measures designed to counter the crisis introduced in late 2009 were largely targeted at the tourism and construction sectors and at maintaining and restoring employment and constituted a major fiscal commitment. Other measures

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<sup>2</sup> See <http://www.eif.org/jeremie/>



involved the building up of the tertiary education and training sectors. The measures may have helped prevent greater increases in unemployment. However, the focus of recent government thinking has been on reversing these previously expansionary fiscal initiatives. Ideas on ways to do this mainly focus on reducing the cost of the civil service. The Ministry of Finance has suggested a number of possible options, many of which require legislative approval and must, therefore, have the necessary political support. These measures have been discussed in the daily press and the mass media.

In the **Czech Republic**, the two key anti-crisis OP-funded programmes 'Educate Yourself!' and 'Education is a chance' are ongoing. Both programmes provide subsidies in the form of grants to employers to co-finance education and training activities.

According to a recent report by the consultancy company Deloitte, the Czech Republic and Slovakia are the two EU countries where laying off staff is most complicated in terms of regulatory procedures. However, in terms of the length of the layoff notice period, the Czech Republic's level of employment protection is not as high as that in many EU-15 economies. Indeed, the apparent ability of the Czech labour market to 'produce' massive labour shedding in recent months suggest that inefficient labour protection is probably confined to certain types of employment contracts.

In **Denmark**, the Minister of Employment announced four new initiatives in January 2010 to assist employers that are restructuring and employees that are about to be dismissed. These are:

- The existing support for the education and training of employees who are being made redundant can now be extended beyond the date when dismissed persons leave the firm. The total duration of education and training can be up to eight weeks and the reform will allow more employees with short notice periods to benefit from such programmes.
- Jobcentres are now obliged to assist persons under notice to draft an individual action plan that spells out the steps to be taken for them to return to employment. Until now such action plans could only be prepared for persons already in unemployment.
- Persons that are not covered by a collective agreement will have the same rights as persons working under such agreements, when it comes to access to temporary reduced working time with support from supplementary unemployment (the so-called work-sharing scheme).
- The more flexible rules for applying temporary work-sharing that went into force in March 2009 will be prolonged until April 2011.

In **Estonia**, in December 2009, the Minister of Social Affairs confirmed the employment programme for 2010 with a total of EEK 422.5 million (EUR 27 million) allocated to creating new jobs and maintaining employment. Compared to 2009, this represents an increase of about 20 %, while 84 % of the budget is financed by the European Social Fund. The programme will be implemented by the Unemployment Insurance Fund. The focus is on measures such as wage subsidies, professional traineeships and business start-ups. With these measures, 5 000 new jobs are expected to be created. The Ministry of Social Affairs has also made efforts to increase the take up of the measures by employers. In January 2010, an e-mail was sent to all employers giving information on the measures provided by the Unemployment Insurance Fund to employers.



Also in Estonia, the finances allocated to support enterprises by the Ministry of Economic Affairs and Communications with the support of EU funds have been increased to EEK 1.9 billion (EUR 120 million). An action plan has been developed for Estonian business policy, which is divided into four parts: development of knowledge and skills, supporting investments and access to capital for businesses, supporting internationalisation and developing a legal environment conducive to business.

For **Finland** the most relevant strategic goals are increasing productivity and extending working life careers. This is because Finland is facing an imminent shortage of labour due to ageing, despite the present rise in unemployment. Finland needs to increase productivity in order to secure competitiveness and employment, and needs to keep people longer in working life.

The National Government and social partners agreed in 2009 on preparations for extending working life careers and raising the pension age from 63 to 65. Two committees were set up, the so-called Rantala-committee, addressing pension age, and the Ahtela-committee, making mostly suggestions on the quality of working life (enhancing workability, occupational health, early interventions in disabilities, but also transitions in, and accessibility of, education). Both committees were due to report their proposals in January 2010. The Rantala committee failed to reach unanimous recommendations, and was discontinued, while the Ahtela committee was more successful and submitted its proposals on 1 February 2010. The National Government is to continue working on a tripartite basis to find solutions to prolonging working-life careers and raising the pension age.

In **France**, President Sarkozy has proposed some changes to industrial policy, in order to counter de-industrialisation. The tools proposed mainly consist of enhancing enterprises' competitiveness and innovative capacities, through the implementation of 'green loans' or the targeting of households' savings towards industry.

Many measures to encourage entrepreneurship have been adopted, implemented or foreseen:

- Four measures to facilitate access to micro credit have been announced, for people in difficulty, who want to create or to maintain their job;
- A first statement on the 'self entrepreneurship' regime<sup>3</sup> has been released, indicating positive results;
- The Government has announced the launch of 75 new projects in fields such as health, agriculture, industry or ecology, in the framework of 52 competitiveness clusters, for a global amount of EUR 91 million.

In January 2010, the **Greek** government submitted an ambitious Revised Stability and Growth Programme (SGP) to the European Commission. This is a four-year plan, which during 2010 aims to cut the shortfall from 12.7 % of output, more than four times the EU threshold, to 8.7 %. Although the policies and new measures described in the revised SGP are clear and well articulated in the area of fiscal consolidation and macroeconomic adjustment, in other policy areas, including employment and education the text provides only a rough sketch of the actions and policy initiatives which will be undertaken in the coming months. In the area of employment, the revised SGP

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<sup>3</sup> This new fiscal and social status is conceived to help employees, students and retired persons to supplement their income (with maximum amounts of EUR 80 000 for commercial affairs and EUR 32 000 for service activities).



mentions the introduction of mutual obligations, the participation of all unemployed young people in job-search training programmes (after a period of independent search), the conversion of benefits into employment subsidies, the introduction of a new scheme to subsidise social insurance contributions, the development of modern apprenticeship schemes, the introduction of Social and Community Work Plans, the development and execution of Regional and Local Integrated Employment programmes, and finally the redirection of ESF funds towards the training of threatened employed workers.

In **Hungary**, the government anti-crisis measures emphasised measures aimed at preserving employment. There are multiple vehicles for this policy, including grants provided through the National Employment Foundation (OFA), the Social Renewal Operational Programme and through the central budget of the Ministry of Social Affairs and Labour (HUF 500 million, EUR 1.9 million) to support short-term working arrangements and full-time jobs. Despite the presence of these measures, they are being phased out and the budgets allocated to them are much lower than in the past year. In addition to job preservation, the Ministry of Social Affairs and Labour allocated a HUF 1.5 billion (EUR 5.7 million) grant for job creation, estimated to help the creation of 1 400 jobs, HUF 200 million (EUR 0.8 million) for creating jobs with high added value (creating 250 jobs) and HUF 440 million (EUR 1.6 million) to create tele-working jobs (around 600).

In **Ireland**, an Employer Job Incentive Scheme was launched on 1 January 2010. Under this measure, employers who create new jobs and employ persons who have been on the Unemployment Register for six months or more will be exempt from the employers' Pay Related Social Insurance (PRSI) contributions for the first 12 months of that employment.

Some revisions have been made to the Temporary Employment Subsidy, which is the largest measure in the series of recovery programmes introduced by the Irish Government over the past year, including a reduction in the budget for this measure (the original budget was EUR 250 million but the total financial allocation for August 2009 to the end of 2010 is now EUR 135 million). This scheme involves paying a subsidy to firms to retain a person in employment for a period not exceeding 15 months or to the end of 2010, whichever is earlier. The first call for applications (in August 2009) was restricted to enterprises in manufacturing and /or internationally traded services which were considered currently viable, but were facing substantial problems as a result of the economic crisis. A second call issued in early December 2009, was extended to enterprises in all sectors, but with the same viability conditions. Some reservations have been expressed concerning the effectiveness of the latter decision.

In **Latvia**, in March 2010 the government approved the Welfare Ministry's initiative to offer practical training with an employer to young unemployed people aged between 18 and 24 who have finished primary, secondary or higher education but have been unable to find a job. The length of the training may be from six to 12 months, and the participant receives a monthly stipend of 120 LVL (EUR 170). This is an additional programme in the context of the State Employment Agency's measures for specific target groups.

The State Employment Agency (SEA, Public Employment Service in Latvia) has also supplemented its complex support measures with an additional measure. Unemployed



people with a pre-school child will now be guaranteed child minding services for up to six months while they participate in one of the agency's active employment measures. In total, it is planned that the complex support measures will help about 14 000 people in the period to 2013, and the programme's budget is 12 million LVL (EUR 17 million), partly funded through the ESF monies.

Also in Latvia there have been changes in the rules for existing labour market policies. Firstly, there have been changes to prevent labour market players from abusing the opportunities provided by the SEA. Any employer who receives an SEA subsidy for training a worker will have to hire that worker within three months after the training is completed (formerly, the period was six months). Otherwise, the employer has to repay training costs to the SEA. Additionally, it will not be possible to receive subsidies for training employees that have worked in the firm during the previous 12 months – subsidies will only be provided for training related to newly created jobs.

In **Lithuania**, a working group formed by the government to review employment regulations has concluded that the regulation of employment relations in Lithuania is too detailed, strict and confusing. The existing regulation does not meet the current economic situation, impedes enterprises in rapid and effective adaptation to the changing market conditions, hinders the creation of new jobs and impairs Lithuania's attractiveness for investors. Two trends are priorities for the working group: increasing flexibility of employment relations and strengthening of the role of trade unions. The group is due to submit its final proposals shortly.

A project 'Temporary Works', funded by the European Social Fund (ESF) and the national budget, commenced in Lithuania in November 2009. The project is aimed at providing support to enterprises undergoing economic difficulties which organise public works for their employees. Employees participating in the project are reimbursed with 100 % of their wage and compulsory state social insurance contribution from ESF and public budget funds. Within the framework of the project, employment in public works is to be provided for at least 13 000 persons. Participation of enterprises in this project surpassed all expectations already during the first month of 2010.

There have been no relevant developments in **Luxembourg** as regards the policy to maintain employment. Employment in general figures on the tripartite agenda and a plan to implement an active employment policy as well as measures to help those affected by the crisis has been revealed. Although policies to maintain people in employment, complementing the body of part-time unemployment legislation, have had a substantial role in keeping unemployment at its current level, some criticism of company reluctance (116 companies have offered 190 positions) to resort more systematically to the new temporary CIE-EP contracts (introduced by the 2009 law) was voiced by the minister of work and employment.

In January 2010 the government adopted the national gender equality action plan, with 97 measures including actions in the fields of poverty, education and training, decision-making or violence. These measures complement well the ongoing debate about the Lisbon objective of achieving an increase in the female employment rate.

Recent data on the measure introducing social welfare money vouchers point to a general success of the measure. Beyond facilitating an increase in female employment, the measure enabled families to save money and create new jobs.





In **Malta**, a number of policies adopted by government in the sectors of tourism, R&D and manufacturing industry, have proved beneficial in minimising the impact of the economic crisis.

Firstly, in the tourism sector, an agreement was reached with the low cost airline Ryanair to use Malta as a base whilst adding a further six destinations to the existing ones. This initiative is expected to bring an investment of over USD 70 million (EUR 52.25 million) at the airport and to create about 800 new jobs. Airlines operating from Malta are expected to add a total of 16 new destinations which will increase seat capacity to Malta by 7.5 %. While this is a mostly welcome initiative, it could negatively affect the national airline company Airmalt, which suffered a EUR 31 million loss in its last financial year. An important part of the solution rests in the ability of the company and the respective trade unions to negotiate better working practices in order to improve efficiency. Moreover, during the past few months, the government continued supporting hotels in their expansion, upgrading and refurbishment through Malta Enterprise schemes.

Secondly, the development of a Life Sciences Centre is a EUR 20 million project which is set to start later in 2010. This new centre aims to create a life sciences cluster that unites university students, researchers, lecturers, hospital professional staff and industry, whilst promoting interaction between them. The centre is expected to increase the chances of success of spin-offs and start-ups due to the collaborative environment it is to create between universities and SMEs. The centre is set to form part of a larger proposed biotechnology park and will host a range of activities such as clinical trials, pharmaceutical process development, lab services, and activities related to bio-informatics, medical imaging and bio electronics and bio-sensors. The creation of the centre should prove to be an important asset in attracting more foreign direct investment and is also expected to increase the number of Maltese scientists in these fields.

Thirdly, the government's assistance to manufacturing firms, in dealing with the international crisis, is bearing fruit. The Prime Minister announced that the government has so far provided EUR 80 million under various investment schemes to 2 194 companies, factories or individuals. Companies that had to resort to a four-day week working schedule have now returned to full production and are increasing investments.

In the **Netherlands**, the arrangements for part-time unemployment benefits have been extended. Employers who did not file a request for the use of short-time working arrangements or part-time unemployment benefits will also be allowed to do so after 1 April 2010, until 1 July 2011. This arrangement is intended mainly to support sectors with long term orders such as the marine engineering and construction sectors.

In **Poland**, a draft law on 'limiting the administrative barriers to citizens and entrepreneurs' aims to overcome administrative barriers and limitations, diminish the regulatory function of the state (number of concessions, permissions, registers of activity, licences and approvals required from enterprises). The draft proposes a change in 85 acts. The need to lower the administrative burden in Poland has been constantly recommended in entrepreneurship research. The law is expected to encourage economic activity, enterprise and job creation.

The Ministry of Labour and Social Policy in Poland intends to grant additional resources from the Labour Fund amounting to PLN 300 million (EUR 78.2 million) for the realisation of a programme aimed at the vocational activation of persons aged up to 30 years old, to support their labour market integration. The programme will be implemented by district labour offices on the basis of individual action plans for each



young person (searching for work or unemployed), covering apprenticeships, vocational preparation or subsidies for job creation.

In **Portugal**, measures preventing job loss amongst individuals with lower employability have been the main priority. The key measures developed include:

- Supporting employment in micro and small firms. For these firms, the employer contributions to Social Security (SS) associated with employees aged over 44 were reduced by three percentage points, on condition of maintaining the level of employment.
- Supporting employment of workers with low wages. In 2010, the employer's mandatory contributions to SS associated with workers that earned the minimum wage in 2009, or at most EUR 475, were reduced by 1 percentage point.
- Support to reduce the number of precarious jobs held by young workers. Firms hiring workers aged under 36 with open-ended contracts benefit from an exemption from the payment of contributions to SS for three years; or an exemption from the payment of the contributions to SS for two years and a benefit of EUR 2 500. These incentives are granted if the firm expands its labour force over the following three years.
- A training and Employment Programme. Viable firms experiencing a temporary fall in demand can use this programme to update the skills of their workers, taking advantage of unused production hours; on the condition that the level of employment is maintained.

In **Romania**, the government is attempting to maintain employment in the private sector by helping companies through the so-called technical unemployment scheme. Under this scheme, companies facing difficulties benefit from a subsidy of 25 % for the payment of the salaries of workers kept on stand-by, plus full coverage by the state budget of contributions to mandatory state social protection schemes. Originally the measure was only designed to last one year (to the end of 2009). However, pressure from both unions and employers means that it will be maintained in 2010.

At the end of February 2010, the Romanian government issued an emergency order to provide a six-month exemption from all payments under the mandatory, publicly administered social protection schemes (pensions, unemployment, health, labour related risks and accidents, salary guarantee fund) for companies hiring from the ranks of the unemployed. This is conditional upon a minimum of 12 months' employment with the respective enterprise/employer.

In **Slovakia**, the government approved a report on measures to mitigate the impacts of the global economic and financial crisis in 2009. The report states that adopted measures have fulfilled and continue to fulfil their main objective, i.e. to eliminate partially the negative impacts of the crisis. As for measures focused on labour market stimulation, which have been allocated the bulk of recovery funds, the report highlights measures that have attracted the highest interest from recipients (short term financial support provided to employers for the retention of threatened jobs and for the creation of new jobs).

A set of measures was agreed by the Slovakian government on 3 March 2010, which should improve the efficiency of use of European funds for maintaining employment



and creation of new jobs. Identification of reserves in the utilisation of different funds should be employed to maximise effects for labour market recovery. Based on the review of the Operational Programmes (OP) of the Structural Funds, the following set of measures was drafted:

- Re-assessment of programme priorities and financial allocations (in favour of promoting employment);
- Speeding up the process of preparing and implementing large projects from OP Transportation and OP Environment;
- Re-assessment of project selection criteria (e.g. introduction of criteria considering the number of jobs created and/or maintained);
- Increased support for small and medium-sized enterprises (through JEREMIE mechanisms);
- Use of advance payments also for private sector recipients (which is currently not fully utilised); and
- Introduction of a system to monitor information on the number of created jobs.

In **Slovenia**, the Ministry of Labour, Family and Social Affairs is introducing a new Labour Market Management Act and has introduced amendments to the Employment Relationship Act. The new act is expected to offer the possibility of introducing the concept of flexicurity into the Slovenian labour market. Among the proposed changes are: reducing the periods of notice and severance payments; increasing the levels of unemployment benefits and the unemployment benefit (UB) coverage rate; introducing the possibility for unemployed persons to receive a proportion of the UB in case of short-time employment and to receive UB when performing work with payment up to EUR 200; as well as introducing mini jobs. The Mini Jobs Act was proposed in order to regulate, on a new basis, student work and all other occasional and temporary forms of work. Mini jobs are defined as occasional and temporary work to the extent of a maximum of 14 hours per week which could be performed by students as well as unemployed and retired persons and other inactive persons. Student organisations are strongly against such a proposal, fearing that it may reduce the social security of the student population.

In **Spain**, the Law 27/2009 on urgent measures to maintain and encourage employment and the protection of unemployed people was passed in December 2009. The Law supports a wide range of measures aimed at maintaining employment and improving the social protection of unemployed people. Additionally, after more than one month of dialogue between the government and other political parties, a set of economy recovery measures is about to be passed. Most measures are related to the energy sector as well as to small and medium enterprises, with the purpose of promoting their capacity to create jobs.

In **Sweden**, in order to secure the Swedish welfare system by maintaining the level of employment in the public sector, the further counter-cyclical expansive fiscal measures announced in the 2010 Autumn Budget Bill (September 2009) were adopted by the Parliament during the last quarter of 2009. In order to further sustain consumption and aggregate demand, the reduction of pensioners' taxes and the increase of the housing



supplement for people with sickness and activity compensation have been adopted and took effect on 1 January 2010.

The government has also amended membership requirements temporarily so that members in an unemployment insurance (UI) 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 UI fund, the government has also temporarily modified the eligibility requirement for individuals on long term sickness who have exhausted their right to sickness benefits. From January 2010, these individuals can receive unemployment benefits. These temporary changes in UI regulation will continue to January 2013. The fourth step in in-work tax credit was adopted in December 2009 by the Swedish Parliament and took effect on 1 January 2010.

The **UK** government issued a White Paper (*Building Britain's Recovery: Achieving Full Employment*) outlining how its target employment rate of 80 % might be achieved, taking into account the effects of the recession and the prospects for future economic growth. In particular, the document focuses on how the unemployed might benefit from the recovery and here the emphasis is on providing enhanced support and creating job opportunities in, for example, public procurement activities.

Two reports accompanying the White Paper focus on young people (*Investing in Potential*) and on welfare reform (*Learning from the Past*) and provide more detail about the key issues affecting these segments of the vulnerable labour force. The paper on young people reflects the growing concern over increasing numbers of those not in education, employment or training (NEET) and the difficulties of helping this group. The paper announces some additional measures such as extra funding (of around GBP 200 million / EUR 228 million) to extend the job guarantee and a subsidy to employers to encourage them to take on 16 and 17 year olds as apprentices. There is also recognition of the growing problem graduates face in finding work with a 'graduate guarantee' that offers those still unemployed after six months the option of an internship, training or help to become self employed. Underpinning all these measures is a requirement on young job seekers to take up one of the options at the point of 10 months on Jobseeker's Allowance – the implication being that benefits could cease if an option is not exercised.

#### *Candidate countries*

In **Croatia**, a subsidy for protecting job places has been introduced recently. An employer who reduces working time to 32 hours per week can use a state subsidy of 20 % of the previously paid amount for social contributions as well as receive some additional allowances for employed heads of a family with a child. However, take-up of the subsidy has been limited so far.

The Croatian government has also decided on the models for funding measures for economic recovery and development. There are two basic models of funding:

- Model A, in which the government actively co-finances bank loans to sustainable economic projects (via the Croatian Bank for Renovation and Development, HBOR). Loans under this model are meant to fund working capital. The resources necessary for model A will be provided by the coordinated actions of the Croatian National Bank, the commercial banks and the government.



- Model B, where the government, via a guarantee fund, assumes part of the risks of new bank loans, primarily for the generation of investment projects that should result in positive effects for the economy, but also partially for loans for the funding of working capital and for the rescheduling of loans contracted after 1 July 2008. The guarantees will be made available through the HBOR. The aim behind this is to channel funds to firms that were otherwise operating successfully but got into difficulties because of the downturn in global financial and economic trends.

Croatia has also made further steps to align its labour legislation with the EU's *acquis*. The amendment of the Labour Act in December 2009 was undertaken, aimed at completing legal alignment with a number of EU Directives, in particular, fixed term work, part-time work, working time, collective redundancies, transfers of undertakings, etc.

In **The former Yugoslav Republic of Macedonia**, three key policy areas were continued:

- The programme for supporting self-employment, targeting registered unemployed persons (young unemployed persons under 27, unemployed women, long-term unemployed).
- A support programme for formalisation of non-registered businesses,
- A public works programme aimed at the unemployed.

In **Iceland**, shortly after the collapse of the economy in 2008, an amendment to the laws on unemployment benefits was passed which allows employees to seek partial benefits when stepping down from full-time to part-time employment. The amendment was due to run out at the end of 2009 but has now been extended to mid-2010. According to the Directorate of Labour, many firms have taken advantage of these indirect subsidies, and unemployment would be considerably higher without this resort. Since the crisis, both local and central government have placed considerable emphasis on stimulating innovation, entrepreneurship and the creative arts. To this end, seven new innovation centres have been opened and various projects initiated. In a recent speech, the Minister of Industry, Energy and Tourism pointed out that according to figures compiled by Innovation Centre Iceland, up to 500 new jobs have been created in these sectors since autumn 2008.

In **Serbia**, the fall in total registered unemployment since mid 2009 is due to a sharp decline in youth unemployment, and this in turn coincided with the introduction of 'The First Chance', planned to subsidise the first-time employment of over 10 000 young people under the age of 30. It proved popular with both trainees and, unlike with previous schemes, employers, because there are no commitments to the trainees once the apprenticeship is completed. However, some of its features might be called into question: the target group is skilled youth only; the subsidy scheme is especially vulnerable to abuses; the quality of on-the-job training provided is questioned and sometimes does not exist; and finally, the scheme is expensive with growing total commitments as the time passes, despite the slower pace of new entries into the scheme.

Turkstat has published its tally of 'green' (environment related) jobs in the public sector. In 2008, there were 7 557 green jobs in the public sector, a small proportion of employment in **Turkey**. This number may rise if Turkey works towards adopting EU



regulations regarding the environment and with the recovery in sight, investment for sustainable energy resources such as wind farms may pick up. As per capita incomes rise again, one should also expect increasing expenditures on organic produce and building insulation. These will help green employment and may number around 50 000 jobs in Turkey.

The Turkish government has just published a decree to support seasonal migrant agricultural workers. The decree aims to address transportation, lodging, education, health, and labour market related problems of migrant workers and their families. This is not an anti-crisis or employment creation measure but seeks to ensure decent working conditions for these workers.



### 3 UPGRADING SKILLS, MATCHING LABOUR MARKET NEEDS

In **Austria**, the aforementioned 'third labour market package' includes a number of measures of relevance to this theme. These are:

- An extension of the qualification-bonus: In 2010 all unemployed who participate in courses lasting for three or six months will receive a payment of EUR 100 or EUR 200 respectively, in addition to their unemployment benefit. Approximately 50 000 persons will benefit from this extension. There is no specific target group.
- As already announced in February 2009, the third labour market package again confirms that the regional qualification of low skilled workers will be doubled to 10 000 in 2010. Low-skilled workers will be given the possibility to complete their training. Around 50 % of the participants will be women.
- The expansion of language classes, organised by the PES, for people with a migration background. 21 500 people in total can participate in these language courses, if they have been registered unemployed for at least two months or are seasonally unemployed.
- 6 000 people will be trained or higher qualified for jobs in the social and healthcare sector by the PES. These professions currently suffer from a lack of skilled personnel but in terms of job quality (income, working time, health risks, etc.) these occupations are less attractive than others.

In **Belgium**, at the Federal level measures are being taken to provide training for blue and white collar workers during temporary unemployment. The training is organised by the authorised public services. In addition, a federal support plan for training has been proposed by the Federal Minister of Employment, with an extension of traineeships and the start-up bonus to young people older than 18 years.

At regional level, the Brussels Minister of Employment has decided to launch the pilot of the anonymous CV in the first semester of 2010. This pilot will be carried out on a voluntary basis and aimed at public and private firms. The Brussels government has also agreed a subsidy of EUR 120 000 to IDEJI, a non profit making organisation which organises the Citizenjobs show, which brings together economic actors from the non-profit sector and unemployed or interested persons. Another subsidy of EUR 95 000 will be given to the non profit making organisation Axum, in order to organize the craft industry meeting, ArtisanArt, which sustains and promotes employment within this sector.

In Wallonia, the regional Minister of Employment wishes to improve coordination between the national authority and regional authorities and to introduce a single contract between the unemployed, the ONEM and the FOREM. The Minister also wishes to introduce a measure relating to self-employment.

In **Bulgaria**, Phase 2 of the scheme 'Qualification services and training of employed persons' and 'Qualification services and promoting employment' continued during the first quarter of 2010. The voucher system is a new approach in vocational training in Bulgaria and is being introduced through two programmes: the voucher system for training the employed under the 'I Can' programme was introduced in December 2009 and will continue in 2010, while the 'Adaptation' programme allows for part-time





employed people to receive vouchers for vocational training during the period of their employment.

The **Czech** Ministry of Labour (MoL) recently announced stricter conditions to be applied by District Labour Offices (DLOs) when issuing work permits to foreign workers, in particular low-skilled foreign workers from Ukraine, Mongolia, Moldavia and Vietnam. This will affect foreign workers currently in the country whose work permits will expire, because employers will be forced to post their job as open for potential applicants from Czech citizens. The Green Card project, which was launched in January 2009, has so far attracted only 71 foreigners, of whom 21 had higher education degrees. (There are over 300 000 foreign workers in the country.) A new programme for attracting skilled foreign workers is in preparation: the Blue Card project. This programme has been introduced in other EU countries. Blue Cards, similar to Green Cards, are intended to make it easier for foreign workers to obtain permanent residency (together with work permit). Unlike the Green Card, the Blue Card ought to give permanent residency for the entire EU, not just the Czech Republic. The new Card is meant only for individuals with higher education, such as IT experts and medical doctors. While the Green Cards are being issued in the jurisdiction of the MoL, Blue Cards will be issued under the umbrella of the Ministry of the Interior. The introduction of Blue Cards should be made possible thanks to an amendment of the current Immigration Code, which is being prepared and should be submitted to the new Lower House after elections in May 2010. It is therefore likely that this much needed new programme will be implemented some time in 2011.

In terms of upgrading the skills of the Czech labour force, anecdotal evidence supported by a growing number of ad hoc employer surveys reveals a steadily growing role of foreign language skills and an increasing demand for such skills by employers. Foreign language skills are now needed not only in high-skill jobs, but increasingly also in lower-level occupations. In this light, it is important to note the findings presented by the Czech School Inspection, in its Annual Report for 2008/2009, on the situation in teaching foreign languages in primary and secondary schools in the Czech Republic. In particular, native speakers are apparently no longer available in these schools to teach foreign languages and the teachers replacing them are often not qualified for this role.

In **Estonia**, the implementation of a new vocational programme was signed by the Minister of Education and Research in February 2010. According to the programme, a total of 400 students who have dropped out of vocational education can finish their studies, providing they have previously passed at least half of their curriculum. The programme is co-financed by the ESF and the government. Through the programme, state-commissioned places will be allocated to such students in vocational education institutions, including vocational higher education institutions. According to the Ministry, this programme will allow a number of persons to increase their qualifications more quickly and at lower cost than is usually the case.

In the first quarter of 2010 VATT, the **Finnish** Government Institute of Economic Research, commissioned by four ministries, made an assessment of demand for labour in Finland over the period 2010-2025, based on the so-called VATTAGE model<sup>4</sup>. The report, published on 6 April 2010, points out that Finland will need 120 000 new workers in the social and health sector in that period, with a demand for 35 000 in the next four years. This will have major implications particularly for the municipalities in Finland,

<sup>4</sup> [www.vatt.fi/julkaisut/uusimmatJulkaisut/julkaisu/Publication\\_6093\\_id/832](http://www.vatt.fi/julkaisut/uusimmatJulkaisut/julkaisu/Publication_6093_id/832)





themselves facing major restructuring at the same time. It will also have major implications for the employment of women.

In **Germany**, actual labour market policy was not revised during the first quarter of 2010. Participation in vocational training and job creation programmes reduced significantly while support of job placements increased.

Vocational training and preparatory measures for vocational training had an important share among labour market policy measures. In line with the vocational training report 2010 (*Berufsbildungsbericht*) a rising mismatch can be discerned in dual training markets. The report therefore urges for principal changes to support policies. There is still a high share of disadvantaged young people in preparatory measures among the applicants for dual training places (450 000 or 45 % in 2009). Moreover about 10 % of the applicants must be assumed to disappear from training markets without starting vocational training. The integration of migrant youth appears to be particularly important.

In **Hungary**, a performance-based scholarship was introduced for students of vocational education. Also, a HUF 2.5 billion grant was given to the Kecskemét college to support its infrastructure development. This is an important example of cooperation between vocational education providers and employers in the industry (in this case, Mercedes).

A significant part of the crisis-related job-preservation policy in Hungary is tied to the provision of training in various forms. A number of programmes were made available to large enterprises during December 2009 and January 2010. Another form of crisis-related training is provided through the PES offices as part of a complex ALMP package. This is an ongoing programme, normally focussed on disadvantaged groups in need of extra assistance.

In **Ireland**, in the 2010 Budget (presented to the Parliament on 9 December 2009) the Government announced an allocation of EUR 20 million to be assigned to a new 'Activation Fund', which will be for innovative proposals over and above mainstream provision for the unemployed. The objective is that the Fund will provide about 3 500 training places targeted at the low skilled, those under 35 and persons formerly employed in the construction, retail and manufacturing sectors. It will focus on upskilling and reskilling programmes.

In **Italy**, the Budget Law for 2010 introduced a set of incentives to hire unemployed workers aged over 50 by granting a reduction of social contributions to employers. EUR 120 million has been earmarked for this measure in 2010, but the spending volume as a ratio to GDP is relatively low.

The Budget Law also provides for the compulsory inclusion of information regarding beneficiaries of unemployment benefits within the online labour exchange (*Borsa Continua Nazionale del Lavoro*) managed by the Ministry of Labour (through regional nodes) so as to improve matching between labour demand and supply.

In **Latvia**, the SEA (State Employment Agency, Public Employment Service) has announced that unemployed persons who have fully or partially completed a programme of higher education will be eligible for a 1 000 LVL (EUR 1 400) voucher to pay for a study programme at a higher professional level of up to 18 months duration. Preference will be given to those people who are in prolonged spells of unemployment, in particular, people who had not been employed in the subject area in which they have



an (incomplete) higher education degree, or people who have been unemployed for more than one year. It is expected that 350 unemployed people will be able to receive this type of support in 2010, and 550 in 2011.

Other changes involve the rules for participants in SEA training programmes. One change concerns persons who do not take the final examination without adequate justification. From now on, they will have to finance the examination themselves and the SEA will have the right to review the status of their unemployment benefits. At the same time, the stipend for participants in Training with an Employer has been increased from 90 to 120 LVL (EUR 170). Furthermore, the maximum length of time that disabled persons can participate in Measures for Specific Target Groups has been increased from 24 to 36 months, and further support will be provided for firms that employ such people.

In **Lithuania**, a working group formed by the government has recommended transferring a part of employment intermediation functions of the Lithuanian Labour Exchange (LLE, Public Employment Service), and reallocating funding accordingly, to private labour exchanges. This is expected to improve the efficiency of employment services in the country. Likewise, some proposals relate to the transfer of the implementation of active labour market policy from the LLE to the Ministry of Economy. It is expected that business information centres and business incubators functioning within the remit of the Ministry of Economy could implement active labour market policy measures.

Recently, efforts have been made to strengthen the links between education and the labour market in Lithuania:

- At the end of December 2009, agreements were signed concerning the establishment of eight sectoral practical training centres within the Lithuanian vocational education and training system. The main objective of such centres is to ensure the acquisition of practical skills matching labour market needs.
- In 2010, with support from EU structural funds, universities and colleges started introducing virtual simulations of realistic work environments, for example simulation banks and food technology companies. Such simulation centres will enable students to upgrade their practical skills and knowledge in order to better adapt to the labour market.
- In order to improve matching between vocational training and labour market needs, in January 2010 the Methodological Centre for Vocational Education and Training was transformed into the Qualifications and Vocational Education and Training Development Centre. The main objective of the Centre is to ensure that the Lithuanian qualifications system corresponds to the needs of the economy as well as to national and international initiatives.

In 2009, **Luxembourg's** education system was subjected to a major reform process and the minister of education presented a reform of professional training. The government has also presented the first elements of a reform to be introduced in 2013 (draft bill to be completed by 2012) of the secondary education system. These reforms are part of a long-term strategy to adapt the educational system to employment needs.



More specific developments relate to the validation of knowledge acquired through experience, the education strategy for sustainable development and efforts to support the Research and Development sector:

- the government officially launched the VKE (Validation of knowledge acquired through experience) with a two-step procedure to be established for more than 100 candidates;
- measures that should ensure the implementation of the education strategy for sustainable development were approved in March 2010;
- Efforts are pursued to boost the R&D sector as a future engine for job creation: there has been an increase in investments in the biotechnology sector and the University of Luxembourg signed a contract with the government on the universities' financial budget of EUR 113 million.

The reform of the National employment agency (ADEM) is ongoing. The ministry has set up a recruitment committee: in addition to the delocalisation of service structures from Luxembourg to Dudelange, Differdange and Wasserbillig, 30 new 'professional counsellors' will be recruited, whose mission will be to increase the quality of the reception of jobseekers.

In **Malta**, the public sector has launched a skills survey exercise among its employees in order to identify possible mismatches and improve mobility within the sector. Currently, it is very difficult for an employee to switch departments due to an existing rigid procedure, in which such an employee is required to find his own replacement. If successful, this exercise should help enhance employee motivation, while improving efficiency in the public service and in public companies.

In **Poland**, the Ministry of Labour and Social Policy has recently prepared the implementation document for the Solidarity of the Generations Programme: Actions for the improvement of vocational activity of persons over 50. The main indicator being used to assess the realisation of the programme is that it will achieve 50 % employment amongst persons, aged 55-64 or more, by 2020.

In **Portugal**, the relevant policies are mainly focused on work placement programmes. These provide work-based experience which increases the employability of the unemployed. Short term measures strengthened some of the existing programmes (e.g. INOV-JOVEM) but also created new programmes, most of which combined incentives for firms hiring the unemployed participating in these initiatives. The key developments include:

- In 2010, more resources will be allocated to INOV-JOVEM Programme, with more focus on graduates in socio-cultural mediation, environment, civil protection, and renewable energies.
- A new work placement programme will be developed for young people concluding a vocational or technological course leading to a Level 3 or 4 qualification. Incentives will be created for firms hiring those finishing the placements.
- A new work placement programme will be created for the unemployed aged over 35 that finished a basic or secondary education course through the New Opportunities Initiative or a higher education course. This programme will be



combined with incentives to firms that hire those finishing these placements on open-ended contracts.

- **Training-Employment Placements.** This Programme aims to facilitate the integration of the unemployed aged over 35, who concluded an education level or training course in the last three years, by providing work-based opportunities to complement school-based education or vocational training.
- **New developments of the Integrated Information System on Training Supply (SIGO)** in order to provide better guidance and counselling to the unemployed.
- **Retraining for young graduates in areas with low employability.** This measure provides a retraining opportunity to 5 000 young graduates seeking to improve their employability.

In **Romania**, the government has revitalised the measure aimed at supporting enterprises in training their own staff by offering a subsidy of 50 % of the training costs for 20 % of the staff once per year, under the condition of keeping the staff. However, this measure has seen meagre intake both in 2007 as well as in 2008.

The **Swedish** Public Employment Service has received additional resources to expand its matching services and provide early and individual support to people who have lost their jobs. The coaching support has also been extended to young people. To enable the rapid implementation of the measures for jobs and adaptation, the administrative funds to the Swedish Public Employment Service has been raised both for 2009 and 2010.

Also in Sweden, in December 2009 the Parliament adopted a proposal to temporarily increase the number of places in post-secondary vocational training in the local authority upper secondary education for adults as well as in Universities. These measures imply an increase of 10 000 more university and college places, 3 000 more places in post-secondary vocational training and 10 000 more places per year in adult vocational training during the period 2010-2011.

To encourage more people to apply to secondary adult vocational education programmes, the Swedish government proposal for 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 during the last quarter of 2009. As far as youth educational measures are concerned, early school leavers now have the opportunity, within the framework of the Job Guarantee, to complete their studies. The announced increase of 1 000 places in adult colleges has also been approved by the Swedish Parliament. The government has also increased the number of places in work placement schemes and introduced a new practical skill development scheme. The number of participants in labour market training will be increased and the further 1 000 places announced for 2010 in the Autumn Budget Bill has been approved by the Parliament.

In the **UK**, *Train to Gain*, the main support programme for adult training for those in work came under the critical scrutiny of the House of Commons Public Accounts Committee, which found that many employers claimed they would have done the training in any case without the subsidy which, in total, amounts to around GBP 900 million (EUR 1 billion) per year. The report also claimed that around three quarters of



employers felt that the training had only a marginal effect on the quality of service, sales and profits. Part of the problem is that the eligibility criteria for the programme have been relaxed, making it more likely that the subsidy will not be changing employer actions to the extent originally envisaged.

In March, the UK Commission for Employment and Skills (UKCES) published its first National Strategic Skills Audit for England. The report was primarily aimed at providing a more rigorous perspective on current and future skills pressures, drawing on labour market information from a wide range of sources. It reaffirms the importance of skills to the economic prosperity of the country and how there is still significant progress to be made, given the UK's position with higher level skills in particular in relation to some other countries.

#### *Candidate countries*

In **Croatia**, a National Committee for the Croatian Qualifications Framework was established, as a government body in which representatives of all stakeholders and social partners will participate. The Qualifications Framework is a vital factor in the organisation of the system of lifelong learning. It is a reference tool designed to facilitate employability and the personal development of individuals, in order to build up social networks, which is particularly important for societies in which economic and technological changes, along with the ageing of the population, lead to lifelong learning becoming a necessity in educational and economic policies.

The Croatian Employment Service (CES) organised mobile teams to respond to the needs of workers in the times of the economic crisis. The mobile teams support workers who lose their jobs and offer assistance in preparing for job search while they are still employed. They also provide assistance to employers in the case of reduced economic activity and/or the economic restructuring process.

In **The Former Yugoslav Republic of Macedonia**, different training programmes, re-qualification or additional training, as well as counselling, continued to be offered to unemployed persons.

In **Iceland**, in late 2009 the government introduced new measures to reduce unemployment, targeting young people and the long-term unemployed. The programme aims to offer every individual that becomes unemployed another job within three months, or the opportunity to further his or her education or other kind of activity. While the emphasis is on encouraging the unemployed to invest in their human capital, it is hoped that up to 450 new trainee positions will be created, as well as 400 volunteer jobs and 400 vacancies in workshops and rehabilitation centres. The government hopes that up to 2 400 unemployed persons will be able to take advantage of these policies.

Public works programmes in **Serbia** have been designed with the aim of providing immediate income relief for the most disadvantaged workers, typically in underdeveloped regions, by securing them a temporary subsidised formal job and hopefully improving their chances for non-subsidised employment after the expiry of the temporary job. Most recent assessments, however, find that the scheme, as it is designed and implemented in Serbia, is much more successful in achieving the former than the latter.



## 4 INCREASING ACCESS TO EMPLOYMENT

In **Austria**, the 'third labour market package' states that the advancement of women in labour market policy will be increased in 2010, although it does not offer a specific targeted policy or programme for unemployed women.

In **Belgium**, the following measures have been implemented at Federal level:

- To promote insertion and training of young people, employers are encouraged to offer more traineeships. In compensation, their compulsory quota of young employees has decreased by one third and employers who have an employee in charge of the organisation of training benefit from a reduction of the social security contribution of EUR 400 per quarter.
- In the framework of ACTIVA, disabled people have become a new target group for activation measures. Since April 2010, ONEM will cover EUR 500 of the monthly salary when hiring disabled persons.
- On 22 March, the new plan relating to accompaniment for unemployed people proposed by the Federal Minister of Employment was adopted by the Ministers Council. It must now be negotiated with the regions.

In Wallonia, the regional Minister of Employment introduced personalised assistance for the unemployed. Gradually, each unemployed person will be supported by a FOREM officer and, by June 2011, 600 FOREM officers will be assigned to this task.

In **Bulgaria**, an expansion of the opportunities for subsidised employment was planned during the first quarter of 2010. In the context of the OP HRD, 6 200 personal assistants will be hired under the project 'Social services for quality life'. These assistants will support children and older people who live alone. Out of these, 1 000 personal assistants will work an 8-hour working day, while the remainder will work 6-hour or 4-hour working days for no more than 12 months. The implementation of a pilot project on validation of informal knowledge has also been significant for the expansion of social service professions in Bulgaria, since the social assistant profession was one of the first professions included in the validation project.

In the **Czech Republic**, one of the key overdue policies necessary for containing the growing public budget deficits is pension reform. An expert committee, tasked with updating the quantified outlook of the implied fiscal burden of the pension system for future decades and to quantify the fiscal implications of reform strategies considered by political parties, released its analysis in March. It called for a higher statutory retirement age, indexing of pensions to inflation and not to wage growth, and a partial opt-out from the public PAYG system similar to that proposed by the former Minister of Labour and Social Affairs.

There are currently more than 2 000 employment agencies registered in the Czech Republic offering temporary flexible arrangements. Apparently, some of the workers laid off from their jobs during the crisis are being re-hired by their original employers through such employment agencies, to gain lay-off flexibility and to avoid high labour costs. Perhaps not coincidentally, the State Labour Inspection Office (Státní úřad inspekce práce) reports that the number of violations of Labour Code by employment





agencies increased while the average fine imposed on these agencies violating legal requirements is up ten-fold compared to last year. Still, the sum of the fines levied by the Office last year was negligible (CZK 1.8 million, EUR 71 398), such that without much higher legal limits on the fines, the inspections remain largely ineffective. The MoL is presently preparing an amendment of the Labour Code that would impose additional requirements on employment agencies, allow for higher fines, and impose an annual test of legal practice at the cost of about 1 000 Euro to the agencies with possible revocation of their licence if they fail the test. Not surprisingly, these intentions are welcomed by large agencies and opposed by smaller ones.

In January, the government considered a report on the shortages in provision of pre-school child care (nursery and maternity schools). The Czech Republic has not met its EU target, set eight years ago, to allow one third of children aged three years and younger to participate in child care - only 1 % of this age group is currently able to do so. Municipalities, which are supposed to sponsor pre-school care, are clearly not able to do so without central-government financial support. Similarly, the government is not sufficiently active in ensuring high quality curricula in pre-school care.

At the end of December 2009, the Czech government also approved its Strategy of Roma Inclusion for 2010-2013.<sup>5</sup> The strategy contains a proposal to condition the provision of some family welfare benefits on school attendance of children, in order to reduce the share of Roma pupils who are sent from public elementary schools to the so-called Special schools, which are in fact meant for pupils with learning disabilities. The goals of the Strategy are not different from those of earlier such documents, which had little success.

In **Estonia**, the ESF programme 'Social Welfare Measures Supporting Employment 2010-2013' was approved by the Minister of Social Affairs with the purpose of increasing the employment of disabled people and their family members. During 2010-2011 some of the planned measures include counselling on home and workplace alterations and on the necessary technical equipment, on coping with everyday life for disabled persons and their family members and to young persons from substitute homes on entering the labour market. Training on the use of technical aids will be provided to specialists from companies employing disabled persons. In addition, to support employers hiring disabled persons or persons with long-term health problems, the expenses for customising work spaces and equipment will be covered.

Moreover, the Ministry of Social Affairs has developed a draft regulation to support ESF co-funded measures for gender equality in the labour market, up to 2013. During 2010, the projects that will be financed will include information campaigns and raising the awareness of both employers and employees on gender equality regulations. Measures targeting vulnerable groups in the labour market (including women from minorities, victims of domestic violence, human trafficking and prostitution) are also supported. Last but not least, gender equality research will be undertaken.

In **Finland**, the most significant measure in the first quarter of 2010 is the supplementary budget by the government, which was agreed on 23 March. The increases in the supplementary budget are aimed at alleviating unemployment, and youth unemployment in particular. The supplementary budget proposal was submitted to Parliament on 30 March 2010.

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<sup>5</sup> <http://www.vlada.cz/cz/ppov/zalezitosti-romske-komuniti/dokumenty/default.htm>



The Government also outlined preparations for the 2011 Budget, which is the last budget planning year for the present Government. The framework for the years 2012-2014 is thus dependent upon the decisions which the new Government will take. The new Government, appointed after the Spring parliamentary elections, will decide on its political priorities on the basis of a new Government Programme.

The supplementary budget proposal allocates a total of around EUR 77 million to reducing unemployment among young people. According to the government estimate, all in all, approximately 15 000 young people will find employment, a place to study or take part in active labour market measures. The Government will also grant resources for shipbuilding and house renovation in order to improve employment in these sectors.

The Government proposes additional funds be set aside to curb youth unemployment by means of action involving job creation, student placements and special measures. These would make it possible to bring an average of 3 900 people to active labour market measures. Counselling services targeted at young persons are to be improved. Start-up funds, entrepreneurship education and targeted wage subsidies will be increased. An employment voucher will be introduced for young people and recent graduates. Further measures include increasing students in a Career Start programme and in apprenticeship training. Also liberal adult training is to receive some additional funds with a purpose of providing a place in further training for school-leavers who have not secured a place in upper secondary education or training.

From the unallocated proceeds of Veikkaus, the Finnish National Lottery, EUR 30 million will be entered as revenue for the purpose of promoting young people's employment prospects in the fields of research, art, sport and youth work. According to Government estimates, this will promote the employment prospects of some 4 700 young people.

The other set of measures in the supplementary budget is targeted to support the shipyard-industry. An additional EUR 10 million will be targeted to innovation support for shipbuilding. A one-off loan authorisation of EUR 500 million is proposed for the refunding of ship loans plus some other smaller measures. These measures aim to ensure the survival of the shipbuilding industry, employing 21 000 people in Finland, through the current economic situation and to combat unemployment in the sector. A EUR 15 million fund will be budgeted for new ship acquisitions.

In **France**, in relation to the 'action plan for seniors' a deadline for the signature of collective agreements or elaboration of action plans for seniors was set for 1 April 2010. A first list of the agreements has been published online.

In **Hungary**, actions have focussed on the activation of the long-term unemployed:

- This effort continued in the form of the Pathway to Work programme and is improved by introducing a path to open market employment ("Pathway to the World of Work", SROP 1.1.3 programme), in addition to the public works, with the contribution of the local PES office (the funding of HUF 500 million, EUR 1.9 million, moved from the local government offices to the PES). The Employment and Social Forum was formed to bring social partners into delivering and monitoring the Programme.
- A very recent bill proposed to make social benefit (the stand-by benefit) available on an individual basis (currently, only one family member is eligible).





- Other (than the Pathway to Work programme) public works received HUF 13 billion funding (as opposed to last year's 9 billion).
- Free legal action is available again in most matters of employment (after two years of different practice).
- The new personal income tax system (including a new set of tax rates) took effect as of January 2010.

In **Italy**, the Budget Law for 2010 provides for monetary incentives to job centres (both public and private, if accredited) for each 'disadvantaged' customer successfully intermediated to work. Different incentives are envisaged in the case of hiring through an open-ended contract and a fixed-term contract longer than two years or for successful intermediation of people with disabilities. The management and monitoring of these incentives are assigned to Italia Lavoro, a technical agency of the Ministry of Labour. The specific targeting of disadvantaged workers appears in line with the context of the current economic crisis, which affects these people more than others.

The Budget Law for 2010 has also introduced an experimental incentive for all workers benefiting from income support measures not linked to layoffs. The measure is targeted at unemployed people who have paid social contributions for at least 35 years and who accept a job offer with a wage level 20 % lower than the previous one. The incentive allows workers to integrate the remaining social contributions until their retirement age, which must be reached by December 2010. The financial resources allocated to the measure are worth EUR 40 million. This measure is intended to counterbalance the negative effects of the economic crisis on this group of workers, although the time limit of December 2010 may be detrimental for its wide implementation.

In **Latvia**, in an effort to service and keep up with the growing ranks of the unemployed, the SEA announced in February 2010 that it would be offering internships to students who wish to work at the agency itself. Though initially the measure is aimed at graduates of social science programmes and only 144 placements are planned, unemployed persons with relevant experience will be preferred candidates if the demand for places exceeds supply. The interns will receive 140 LVL (EUR 200) per month and the total budget for the programme is 500 000 LVL (EUR 706 000) to 2012, made up of both ESF funding and financing from the national budget.

In **Lithuania**, in order to assist disabled employees to survive in the labour market during the economic downturn, a more active use of support from the European Social Fund (ESF) will be sought. To this effect, a project 'Support for employment of the disabled' was started in 2009. The contract provides for twice as much ESF funding to social enterprises compared to the previous year. Support from ESF funds is expected to help social enterprises to withstand recession challenges, gain competitiveness in the labour market and improve employment and social integration of disabled individuals. The support will be assigned to reimburse wages to disabled people employed in social enterprises, provision of training and free assistance help to disabled people.

In order to increase access to employment in Lithuania, certain incentives were launched in the first quarter of 2010 with a view to helping employed individuals or job seekers with dependants or persons under guardianship:



- In February 2010, the Ministry of Education and Science (MES) held a discussion meeting on taking preventive measures to address financial and organisational problems of pre-school education establishments. (Cutting of funding by municipal authorities as a result of the downturn in the economy made it very difficult to maintain kindergartens.)
- In March 2010, the MES approved the procedure for setting up Universal Multifunctional Centres in rural territories, which promote the creation and development of a modern system for the complex delivery of education, cultural and social services in rural areas. The multifunctional centres could provide a wide range of diversified services, such as pre-school and pre-primary education and the organisation of various out-of-class activities.

In **Luxembourg**, a new tailor-made measure adds to the existing number of sector-specific measures seeking to integrate people back into the labour market. The 'Fit4Job' initiative, supported by the Ministry of Work and Employment, the National employment agency (ADEM) and the Luxembourgish Bank Association (ABBL), aims to help to reintegrate back into the job market those people who lost their jobs in the financial sector. The pilot project is based on three steps: first, a series of tests assesses the personality of the 100 selected candidates and highlights their personal or technical skills. A second step consists of an interview with the candidate. Finally, a plan will be put forward to the ADEM. The initiative goes in tandem with current efforts to increase employability and match labour market needs in a constantly changing employment environment.

In **Portugal**, measures that aimed to improve access to employment included:

- Incentives to foster job creation for the unemployed. These incentives exist for hiring on open-ended or fixed term contracts unemployed persons registered in job centres for at least six months, or aged over 40.
- In September 2009, the programme for 'entrepreneurship and the creation of one's own job' was launched to foster entrepreneurship among those facing the greatest difficulties in labour market integration. This initiative included two programmes:
  - The Support Programme for Entrepreneurship provides aid for the start up of small companies for profit that create jobs and stimulate local economies. This programme created two credit lines (MICROINVEST and INVEST+) with reduced interest rates to support individuals that want to create their own firm. The total amounts foreseen for the credit lines (for a two year period or until it runs out) are: MICROINVEST with EUR 15 million for projects requiring an investment below EUR 15 000 and INVEST+ with EUR 85 million for projects requiring an investment between EUR 15 000 and EUR 200 000.
  - The Creation of One's Own Job by Unemployment Insurance Beneficiaries programme supports unemployed beneficiaries in creating their own full-time job. The support provided includes: (1) the amount of unemployment benefits that the beneficiary would receive during the maximum period of entitlement; (2) incentives associated with local employment initiatives; (3) access to a credit line with a reduced interest rate. The beneficiaries also receive technical support to develop their projects.



- Increase in the number of Employment Insertion Contracts and Employment Insertion Contracts +. The number of insertion contracts will be increased to 50 000. These contracts aim to integrate unemployment beneficiaries in non-profit organisations doing socially necessary work. Employment insertion contracts +, which are developed for beneficiaries of the Social Insertion Income, will affect 12 000 unemployed.

In **Slovakia**, on 1 January 2010 certain changes came into effect in the area of family policy. Parental benefit has been increased to EUR 256 per month for those parents (mothers) who paid sickness insurance at least nine months before birth; those who have not been on maternity leave (i.e. have not paid sickness insurance, long-term unemployed, etc.) will be entitled to a lower parental benefit (EUR 164.). Another important change concerns pension insurance of persons on paternal leave. Parents taking care of children up to the age of six, who at the same time have an income from work agreements, had to de-register from compulsory pension insurance by 8 January 2010, meaning that the State stops paying pension insurance on their behalf.

In **Sweden**, a new specific introduction programme administered by the public employment office, targeted toward persons on long-term sickness and aimed at assessing the possibility that they can return to the labour market, has also been adopted by the parliament and took effect on 1 January 2010.

In the **UK** the Department for Work and Pensions (DWP) announced extra support and money for lone parents moving off benefits and into jobs in February 2010. This *Progression to Work Pathfinders initiative* will be piloted in four areas of England from October 2010 and will apply to lone parents with children of three to six years of age, consisting of preparatory help such as training, work experience and CVs or assistance in finding work to fit in with nursery or school hours. However, there has also been some criticism of the Pathways to Work approach in a recent report for the DWP, relating to the scheme used to manage incapacity benefit.

Further help is also to be given to long-term unemployed benefit claimants located in areas of highest deprivation in the form of home visits from Jobcentre Plus advisers. The focus will be on those claimants who have lost touch with the labour market and where there is likely to be a concentration of joblessness among different generations in the same household.

#### *Candidate countries*

The **Croatian** Employment Service (CES) currently has no plans for special activities or additional measures for boosting employment and/or increased employment. CES will continue in 2010 with various measures proposed in the National Employment Incentive Plan 2009 and will also realise five programmes from EU instruments of pre-accession funds IPA 2007-2009, in total amounting to EUR 16.4 million.

In The former Yugoslav Republic of Macedonia a number of programmes to support access to employment have been continued:

- employment-support programme for the Roma population,
- employment subsidies for economic empowerment of different categories of the population,



- work experience programmes with a duration of three months for the young unemployed persons to prevent unemployment and ease school-to-work transition.

In **Turkey**, the World Bank Ankara Office has been implementing the *Civil Society Fund (CSF) Programme (formerly known as Small Grants Programme)* over the past nine years, with the funds received from the Development Grant Facility (DGF) budget. The World Bank Turkey Country Office will run the 10th round of grants in 2010. This year CSF will be distributing grants up to USD 5 000 (EUR 6 650) for projects submitted by Non Governmental Organizations active in social matters specifically on the topic of '*Empowerment of Youth*'. Grants will be given to small-scale activities in support of youth related issues, implemented by grass-roots level NGOs. This year's theme is: '*Civic Engagement for the Empowerment of Youth*': it is intended to support the empowerment of young people to have greater ownership of development processes and social responsibility, and making these processes more inclusive and equitable through their projects while interacting with public authorities.