



MAPPING INNOVATIVE PRACTICES IN THE FIELD OF ACTIVE LABOUR MARKET POLICIES DURING THE COVID-19 CRISIS

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PREFACE

The present report is part of a wider study commissioned by the European Training Foundation (ETF) and led by Fondazione Giacomo Brodolini on the topic of active labour market policies (ALMPs), labour market transition and skills development in ETF partner countries during the Covid-19 crisis.

Since the Covid-19 outbreak, the ETF has launched several new work strands to capture immediate developments and provide targeted advice or the sharing of innovative solutions in response to the impact of the pandemic. One strand covers socio-economic dynamics and the impact of Covid-19 on the labour market and policy responses in terms of the crisis, post-crisis and recovery phases, with a focus on the role of ALMPs including skills development programmes.

The working assumptions are that (i) the economic downturn and pandemic induce sectoral changes requiring a change in career paths, reskilling and upskilling for people at risk of losing, or without, jobs; and (ii) approaches to ALMPs may need adjustments to fit current and foreseeable socio-economic conditions and technological advancement.

In this regard, this report is dedicated to identifying and mapping innovative practices for the adjustment and implementation of ALMPs in the context of the Covid-19 pandemic, such as innovative solutions in ALMP design, new modalities of delivery, emerging challenges, new target groups and new skill sets, including for building resilience of jobseekers and workers. The analysis also investigates solutions for boosting the capacity of public employment services to deal with increased demand for services and new formats of delivery given the Covid-19 restrictions.

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EXECUTIVE SUMMARY

This report aims to map the new trends and innovations related to labour market interventions during the recent Covid-19 crisis, in both the short and medium term, in the European Union (EU), the EU Neighbourhood and Central Asia and other regions. The review covers both active and passive support measures deployed to cushion the socio-economic impact of the pandemic. In addition, continuity of service delivery of specific public employment services (PESs) under pandemic limitations and adaptation of delivery methods have been examined.

Mega trends, especially including the greening of the economy to combat climate change and the profound labour market changes being driven by digitalisation, mean that PESs will need to increase their capacity and enhance their competences in order to assist their clients to deal with an increasingly uncertain situation. Both the design and delivery of active labour market policies (ALMPs) will need to be more flexible to reflect a more dynamic and fluid situation with more frequent transitions.

While increasing automation can provide significant opportunities for increased efficiency and provision of more convenient and accessible services for more self-sufficient and job-ready PES customers, some of the most vulnerable will continue to require more intensive, longer-term, and often face-to-face personalised support. The PESs therefore face a particular challenge in meeting an increasing demand to prioritise services for those clients most at risk of being placed in more precarious situations by socio-economic developments.

Changes in the nature of employment and the structure of the labour market are likely to amplify problems of skills mismatches and shortages. To address such issues, PESs will increasingly need to work with long-term unemployed people and school leavers to facilitate more effective transitions. This will introduce a requirement to assist new client groups, and in the case of integration programmes for previously inactive people, to engage in more intensive partnerships with specialist service providers, especially non-governmental organisations, in order to develop integration trajectories. These will need to be increasingly personalised, incorporating steps towards increasing employability, with systematic interventions necessary to address particular barriers to integration.

An outstanding feature of the current Covid-19 crisis has been a strong focus on maintaining employment through specific income support measures for individuals and compensation for companies, including through short-time work (STW) schemes. In addition, traditional schemes have been expanded in terms of the amount paid in benefits and coverage, also targeting new groups, such as people in informal employment or in atypical employment. PESs are also focusing on supporting job transitions of displaced workers and groups most at risk of unemployment, including through targeted and innovative training delivery, e.g. reskilling and upskilling provided online.

These changes have profound implications for the European Training Foundation (ETF) partner countries. ALMPs and specifically employment training will need to be increasingly aligned with employability outcomes and focused on growth sectors. Support services, especially PESs, will need to explicitly state priorities to assist the most vulnerable citizens. In order to deliver on this objective, it will be necessary to secure investment for the introduction of more user-friendly self-service infrastructure and identify opportunities to enhance cooperation with other actors including private employment agencies. Greater policy cohesion will be needed between different labour market

stakeholders, and at the various levels of public administration. Greater flexibility in the management and operation of funding streams at both the inter-agency level and within the internal resource mechanisms of PESs can provide an important enabler to facilitate necessary changes. Mutual learning exchanges should be encouraged between countries with particular expertise in specific aspects of employment policy delivery and ETF partner countries that could benefit from an expertise and knowledge transfer. Further to this, the establishment of more systemic learning clusters of ETF partner countries at similar stages of service enhancement could provide a powerful frame within which to foster increased capacity and capability.

Four types of support to businesses and individuals are examined: STW schemes; unemployment benefits; minimum income schemes and cash transfers; and support for the self-employed and atypical workers. STW schemes are the main instrument used to keep businesses afloat and avoid job losses. In countries where such schemes already existed, they have been implemented on a much wider scale than previously. For others, including several ETF partner countries, the Covid-19 crisis has led to the first introduction of STW schemes.

A series of new effects can be noted when it comes to unemployment benefits. The first of these is an increased level of generosity in unemployment benefits, increasing the amount of the benefit or shortening the qualifying period. A second effect is a simplification of payment procedures and a loosening of entitlement requirements. A third effect is the development of new channels to deliver unemployment benefits. As most offices administering unemployment benefits (either PESs or other agencies) had to shut, online applications or phone applications have become the norm. Finally, unemployment benefit conditionality has been suspended in several countries.

Minimum income schemes and cash transfers have been introduced to support workers in cases when they cannot be covered by unemployment benefits due to the high percentage of the workforce in the informal sector or the low capacity of the PESs. Cash transfers have therefore been expanded significantly in both coverage and amounts transferred. Countries have also introduced innovative ways of reaching people in need of support, by accessing healthcare databases or developing digital payments.

Several interventions are also targeted at supporting the self-employed and other atypical workers who are traditionally not covered by unemployment benefits, including informal workers. Some countries have also set up special funds to support the self-employed and atypical workers, including widening access to unemployment benefits. Informal workers are being targeted through cash transfers in countries such as Georgia, North Macedonia and Morocco.

Several trends should be noted in terms of vocational training. The first is the attempt to combine STW with vocational training. As the crisis continued and STW schemes were renewed, several countries such as Germany have introduced new measures reinforcing the role of training in STW. Take-up remains low, however, as companies do not have plans ready to implement training for large numbers of staff. This is due to the difficulties in planning investment in staff in a very uncertain economic climate, a lack of current resources due to reductions in business volumes, and some companies currently reviewing their longer-term strategic direction and still considering a range of future options.

A second major trend to be underlined is the way PESs have adapted to provide vocational training. In some cases, training has simply been suspended altogether (Slovakia and Croatia). In other cases, countries have adapted to a digital delivery model of training, though this has its limits in many cases due to a lack of digital skills among participants, a lack of infrastructure, bandwidth and equipment, as

well as the low capacity of training providers to respond quickly and prepare adequately for an online form of delivery.

A third trend – which predates the pandemic but has seen a notable acceleration – concerns new forms of training introduced to respond to the consequences of the crisis. PESs are taking an increasingly important role in identifying and assessing skills mismatches. Short training programmes are also being developed to allow reallocation to jobs in demand.

The final trend to be mentioned here is a shift towards training in digital competences, with countries such as Bulgaria, Croatia and Italy introducing training programmes to provide workers and jobseekers with basic digital skills.

Wage subsidies have only been pursued in rare cases such as the healthcare industry in Portugal. One particularly innovative practice which should be underlined has been introduced in Montenegro, where a subsidy for new employment has been introduced to support informal workers and foster the transition towards formal employment.

As a general trend, matching and placement services have witnessed reduced activity, due to the lack of job openings, except in certain sectors such as agriculture, healthcare, logistics, and information and communications technology (ICT). Nonetheless, some European PESs have introduced some highly innovative online platforms and digital services. Mobility schemes have also been introduced in many countries to address labour shortages created by the crisis. Such schemes can be used to support intra-country mobility as well as employment abroad; to foster labour market integration for incoming migrants; and to support mobility between companies and sectors. In order to overcome these labour shortages, some countries have changed rules to allow a combination of unemployment benefits or STW with taking up employment.

Azerbaijan, Uzbekistan and Armenia have also introduced or amended public works programmes to provide financial support to the population while addressing wider structural problems such as environmental issues.

Beyond introducing new measures and new forms of support, PESs have also had to rise to the challenge of adapting to an unprecedented situation. The main challenges in this regard were keeping clients informed of changes in rules, allowing staff to continue working while complying with new health regulations, addressing capacity needs, setting up crisis teams and adapting delivery models.

Beyond traditional print media, television and radio, PESs have been using social networks such as Facebook and Twitter, but also LinkedIn and YouTube. In order to reallocate staff to administering increased volumes of benefit claims and STW programmes, many PESs have substantially reduced their counselling services or converted to digital support.

Crisis management teams were also set up in several countries to help address the crisis and to handle institutional fragmentation. In a situation where face-to-face meetings have not been possible, PESs have reviewed and amended their service models to not only maintain but wherever possible improve support for clients through digital contact.

The report also provides detailed insights into how several countries – Germany, Norway, Spain, the Netherlands, Moldova and North Macedonia – adapted their service delivery in the short to medium term. One important lesson learned is that the current trend towards digitalisation and dematerialisation of services has been reinforced by Covid-19 and is expected to continue.

However, it must also be noted that many clients continue to prefer face-to-face contact. In this regard, PESs need to be aware of the need for continuing face-to-face counselling for those groups with poor digital skills or specific needs which require face-to-face contact, and to develop the correct balance of digital and physical services in the coming years.

Finally, the report examines some examples of innovative practices being implemented in Europe and ETF partner countries to address the long-term structural changes which are being accelerated by the Covid-19 pandemic. These practices aim to help adjust to and support the ongoing digital transition as well as the move towards a greener economy.

INTRODUCTION

This report aims to provide insights into new trends and innovations related to labour market interventions during the Covid-19 crisis. The report results from a mapping exercise in the European Union (EU), and European Training Foundation (ETF) partner countries, as well as other countries, including the United Kingdom and Norway, looking at novelties and innovations in terms of labour market policy (LMP) support, measures and services. Data was collected from a number of sources, including the European Network of Public Employment Services (PES) events and publications, reports from the International Labour Organisation (ILO), the Eurofound's Covid-19 EU PolicyWatch, the World Bank database on social protection and job responses to Covid-19, and ETF's mappings of Covid-19 responses in the policy areas of education, training, employment and social protection.

The report starts by examining the impact of the crisis on labour markets, both in the short term and medium to long term. We then introduce the taxonomy of support, measures and services used.

The body of the report is structured according to three main questions:

- What has been done to financially support businesses and individuals?
- What measures have been introduced or adapted to foster employment and skills development in the crisis?
- How have PESs adapted their services?

These three thematic questions reflect the different ways in which countries have adapted to address the crisis. After assessing the impact of the crisis on support, measures and services, the report then focuses in detail on how countries have combined these different approaches, through a series of case studies in several countries: Germany, Norway, Spain, the Netherlands, Moldova and North Macedonia. These countries were selected based on the availability of detailed information and the innovative nature of their approaches to the crisis.

We then take a look at prospects and challenges for labour markets before offering some key conclusions.

1. THE LABOUR MARKET IMPACT

1.1. Supply and demand shocks for economies

The Covid-19 pandemic has caused unprecedented disruption to global supply chains with profound consequences for consumers, businesses, governments and communities. Companies are being destabilised through fundamental changes in customer behaviour. In response, companies will need to increase the rate at which they adopt more agile working methods. The pandemic requires both short-term tactical responses and the development of longer-term strategic plans to cope with the extent and accelerated pace of change. New ways of working will need to be supported by increased utilisation of data, a reappraisal of customer segments, and enhanced application of modelling techniques to assess the potential impact of future trends.

According to ILO (ILO, 2021), 8.8% of global working hours were lost in 2020 relative to the fourth quarter of 2019, equivalent to 255 million full time jobs. Working hour losses in 2020 were approximately four times greater than during the global financial crisis in 2009. Globally, the decline in working hours in 2020 translated into both employment losses and a reduction in working hours for those who remained employed, with significant variation across regions. In total there were unprecedented global employment losses in 2020 of 114 million jobs relative to 2019. In relative terms, employment losses were higher for women (5.0%) than for men, and for young workers (8.7%) than for older workers. Employment losses in 2020 translated mainly into rising inactivity rather than unemployment. Global unemployment increased by 33 million in 2020. Global labour income (before taking into account income support measures) is estimated to have declined by 8.3% in 2020, which amounts to 4.4% of the gross domestic product (GDP).

The OECD Economic Outlook estimated a global economic growth of 5.8% in 2021, while 2020 saw the largest ever recorded fall in GDP which declined by 4.9% (OECD, GDP growth, fourth quarter of 2020). The forecast also describes a continued level of uncertainty about the global economy due to a health crisis without precedent in living memory. It concludes that the global economy is experiencing the deepest recession since the Great Depression of the 1930s.

In October 2020, the International Monetary Fund (IMF, 2020) projected partial recovery for 2021 with above-trend growth rates, while the GDP remains below the pre-virus trend, with considerable uncertainty about the strength of the rebound with much worse growth outcomes possible and even likely. An extended pandemic and continuing containment measures could have a particularly severe impact on emerging and developing economies such as ETF partner countries. These countries may be disproportionately affected by tight financial conditions and the widespread scarring effects of firm closures and long-term unemployment. Lingering uncertainty about possible contagion, lack of confidence, permanent closure of businesses and shifts in the behaviour of firms and households could result in weaker recovery than predicted on current trends. Mühleisen et al. (2020) have noted that a prolonged health crisis could push developing economies to introduce price controls, export restrictions, and unorthodox measures to ease credit and financial regulation.

1.2. Post-Covid-19 impact

A Cedefop study from May 2020 concluded that the pandemic is expected to result in an overall structural adjustment and protracted disruption in industries and occupations even greater than that which followed the financial crisis of 2008 (Pouliakas and Branka, 2020). It noted that Covid-19 has

had an unequal impact on different economic sectors and occupations given their marked variation in digital maturity preceding the shutdown of the economy. This may have affected their ability to sustain continued operation via remote meetings, ICT-based work and online customer interaction. There has been an asymmetric impact on different groups of workers as well as different sectors. Existing inequalities have been exacerbated by the crisis; the impact on vulnerable unprotected groups, notably gig workers, has been noted by Stephany et al. (2020). Covid-19 restrictions are accelerating pre-existing trends towards job automation reported by Nedelkoska and Quintini (2018) and Pouliakas (2018). Eurofound (2021) and Dingel and Neiman (2020) also report significant increases in remote working.

Fana et al. (2020) identified a number of other factors influencing the extent of Covid-19 on future employment, especially how essential services are adapting to meet basic needs, the extent to which jobs involve working on the move and attendance at different workplaces, and their pre-existing employment and institutional structure. Carvalho et al. (2020) noted that changing consumer preferences post-Covid-19 will also have a significant impact on the future labour market, while stressing the inherent uncertainty of the situation.

In response to the pandemic and to assist in repairing the socio-economic damage and labour market disruption caused by Covid-19, the EU, in its 2021–2027 budget, has agreed its largest ever stimulus package¹. A total of EUR 1.8 trillion has been committed to boost the economic recovery. The aim is to rebuild post-Covid-19 Europe to be greener, more digital, and better able to withstand future shocks. An important feature is a more flexible resource allocation and distribution mechanism adapted to an increasingly uncertain environment. This mechanism can also be adjusted to meet currently unforeseen contingencies.

Immediate economic and social damage will be addressed through the Next Generation EU recovery instrument. Demand will be stimulated through a number of measures. A Recovery and Resilience Facility will provide loans and grants to support reforms and investments in Member States and promote a sustainable recovery. The Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU) programme will continue and extend crisis response and crisis repair measures. Delivered through the Coronavirus Response Investment Initiatives, this will enable unutilised support from European Structural and Investment Funds to be mobilised to support jobs. Almost EUR 100 billion has been allocated from the EU's Recovery Plan to support recovery in Neighbourhood countries and beyond.

1.3. The Fourth Industrial Revolution: The future of work

The post-Covid-19 impact on businesses may include increased production costs, lower availability of migrant workers, less travel, and a greater need for social distancing. All of these trends are likely to increase the rate of adoption of automation and digitalisation. While remote/homeworking has increased the use of technologies that were already available, this is not feasible for all industries. Many jobs in financial, professional and scientific services can be performed from home, but this is not possible for jobs in agriculture, hospitality and retail. Dingel and Neiman (2020) identified workers in occupations that can be performed at home as typically earning more. Keller et al. (2020) identified a significant difference in the number of jobs which can be undertaken through remote working in

¹ For additional information, see [Long-term EU budget 2021–2027 and recovery package](#) (last accessed September 2021).

developed economies and emerging market countries. They concluded that developing economies will face a greater challenge to switch their workforces to a working from home model and that this can further exacerbate inequalities between high and low earners and developed and developing economies.

An increase in new forms of employment, including platform work, due to the Covid-19 pandemic could also exacerbate and accelerate pre-existing labour market trends towards flexibility of employment relations. Woodcock (2019) found that the 'gig economy' increasingly involves a way of working which was breaking up rather than accommodating existing standard employment relationships. He characterised these using a definition from Bosch (2004) of 'workers having a stable, socially protected, dependent full-time job, subject to protections from the state and influenced by collective agreements'. Huws et al. (2016) identified platform work not only as growing fast but spreading into diverse occupational areas including health services, teaching, legal services, and a wide variety of manufacturing and maintenance tasks. Woodcock and Graham (2020) concluded that platform employment is creating important qualitative changes for both workers and society more broadly, with negative outcomes for many people with an increase in precarious employment, particularly in developed economies. These outcomes are likely to be broadened and exacerbated by the crisis.

An ETF/Cedefop/ILO guide (2016) on foresights scenarios and forecasts and analysing the impact of global developments on skills demand in ETF partner countries stressed the importance of these countries developing future-oriented mindsets and practices. A World Development Report identified a modern economy as requiring three types of skills: cognitive, social and behavioural (World Bank, 2016). Of particular relevance to ETF partner countries, it concluded that as changes in training take a generation to have an effect, reforms should start early to avoid skills becoming a bottleneck to digital transformation. A Nesta study cited anticipation of new occupations as a key issue in developing anticipatory analysis of new occupations and associated skills needs (Bakhshi et al., 2017). The ETF (2016) advised that skills anticipation and the development of skills measurement tools should be high on the agenda of ETF partner countries. An ETF paper (2019) notes that this is especially important as many ETF partner countries have very low levels of GDP per capita, are locked into existing industrial structures, and have extensive informal economic sectors as well as low foreign direct investment rates. Globalisation can have a particular effect on these conditions, leading to low investment in education and skills development programmes. The 2019 report advises that to deal with the challenges these changes might bring, ETF partner countries must introduce well-coordinated employment and skills strategies and policies and monitor the impacts of these to assess progress towards set objectives.

1.4. Transitional labour markets

The literature on the macro labour market consequences of the Covid-19 pandemic points towards significant disruption. This is likely to increase the rate of pre-existing trends which require significant policy and operational adjustments from PESs and other employment service providers. It will be especially important that the design of active labour market programme measures is reviewed to ensure these meet the changing needs of jobseekers and employers in a rapidly transforming labour market. People in the most vulnerable situations can be at risk of increased labour market and social exclusion. As employment in one job during a working life becomes rarer, employment support services mandates will increasingly shift from matching clients with jobs to managing their career transitions. The PES customer base is likely to broaden, as citizens in previously secure well-paid

employment may find themselves in need of support including re/upskilling and retraining as a consequence of technology-driven changes.

The following sections of the report aim to give an overview of how PESs in Europe and the ETF partner countries have been adapting to the crisis. In particular, the report aims to answer three main questions:

- What has been done to financially support businesses and individuals?
- What measures have been introduced or adapted to foster employment and skills development in the crisis?
- How have PESs adapted their services?

These three questions correspond to three dimensions of LMP: support, measures and services. Three types of interventions are recognised, namely:

- **Support** – interventions that provide financial assistance, directly or indirectly, to individuals for labour market reasons or which compensate individuals for disadvantage caused by labour market circumstance.
- **Measures** – interventions where the main activity of participants is other than job search related and where participation usually results in a change in labour market status. This category covers, primarily, government interventions that provide temporary support for groups that are disadvantaged in the labour market. Most *measures* are aimed at activating the unemployed, helping people move from involuntary inactivity into employment, or maintaining the jobs of persons threatened by unemployment.
- **Services** – interventions where the main activity of participants is job search related and where participation usually does not result in a change in labour market status. This category includes PESs, such as placement and other services for employers, administrative functions and other activities depending on the responsibilities of the given PES.

In the European Commission statistics, all LMP interventions are classified by type of action, which refers to how an intervention acts to achieve its objectives (e.g. training or employment incentives). The classification scheme identifies one category of LMP *services*, five categories of LMP *measures* and two categories of LMP *support*, most of which have two or more sub-categories (see [Box 1.1](#)).

The taxonomy used in the analysis of Covid-19 LMP responses is widely based on that of the European Commission. However, we only discuss here those aspects of policy that are relevant to the Covid-19 context. We start by examining innovations in LMP support, including wider forms of economic support measures, before moving on to measures and services.

The information in the following sections has been drawn mainly from a core body of work developed by the ILO, the ETF, the World Bank and the European Network of Public Employment Services. To avoid burdening the reader with repetitive references to the same sources, the precise reference has often been omitted. A full list of references may be found at the end of the report.

BOX 1.1 EUROPEAN COMMISSION CLASSIFICATION OF INTERVENTIONS BY TYPE OF ACTION

Labour market policy services

1. Labour market services

Labour market policy measures

2. Training
3. Job rotation and job sharing
4. Employment incentives
5. Sheltered and supported employment and rehabilitation
6. Direct job creation
7. Start-up incentives

Labour market policy support

8. Out-of-work income maintenance and support
9. Early retirement

Source: European Commission (2018)

2. SUPPORTING BUSINESSES AND INDIVIDUALS

Key findings

- STW schemes have been implemented on a much wider scale than ever before and have been introduced for the first time in several ETF partner countries.
- The crisis has led to increased levels of unemployment benefits, along with a simplification of payment procedures, a loosening of entitlement requirements, and new channels to deliver benefits. Conditionality has also been suspended in several countries.
- Cash transfers have been expanded significantly to support workers who are not covered by unemployment benefits. Countries have also introduced innovative ways of reaching people in need of support by accessing healthcare databases or developing digital payments.
- Several interventions are also targeted at supporting the self-employed and other atypical workers, including informal workers.

2.1. Short-time work schemes

Though the crisis is expected to have important long-term consequences, the main objective of LMPs in immediate reaction to the crisis has been to keep businesses afloat and to avoid job losses. The main instrument for this has been STW schemes, i.e. financially supporting the reduction in the number of hours worked.

STW schemes have been in place in some EU countries for many years and became popular in many others during the post-2008 crisis. They can take several forms, whether the 'Kurzarbeit' used in **Germany, Austria** and several countries in Central Europe (**Hungary, Poland, Czechia** and **Slovakia**), or the partial unemployment model favoured in Western European countries such as **Belgium, France, Luxembourg, Spain** and **Ireland**. In some countries, it is the worker who must apply for partial unemployment benefits; in others, the company receives compensation for paying the wages. In the former case, the PES or unemployment benefit administration is directly involved in managing benefit claims and registering workers.

The rationale behind these approaches remains essentially the same: the worker remains employed by their company and financial losses are compensated by the state. This supports workers and companies through a temporary reduction in demand. These schemes therefore only work if the company can be expected to scale up their activities in the future. There is hence some concern at artificially propping up companies that will not be able to survive in the future.

The first major change in terms of STW schemes created by the crisis is the unprecedented scale on which they have been implemented. To give an example, in 2009, the percentage of all employees in France covered by STW was 0.83%. At its peak in 2020, it was 45%. This huge surge has required major shifts in PES capacity which we will cover later on in the report.

STW schemes have been implemented by all EU states except **Malta** and **Finland**. In reaction to Covid-19, pre-existing schemes were adapted in several ways: softening eligibility rules and extending coverage to include atypical employment and the self-employed, as well as other sectors not previously covered. In Northern countries such as **Norway** and **Finland**, temporary lay-off schemes have been introduced, whereby instead of working part-time the worker is made temporarily unemployed. The company is then under the obligation of hiring them again when the financial environment improves.

The extent of the support varies mainly in terms of wage compensation. Globally, the most generous schemes are generally found in countries with the most well-established and solid social protection systems. The PESs are also typically well established in these developed economies, which tended to have low unemployment when the crisis started. **Austria, Germany, the Netherlands, France and Denmark** are thus particularly generous whereas **Poland and Ireland** are the least generous in the EU, surprisingly in the latter case as Ireland has both solid social protection and well-developed PESs. Countries such as **Poland, Serbia and Bulgaria** cover only 50% of the workers' gross wages compared to **Denmark** which covers 100% of gross wages.

Some countries have introduced strict conditionalities for receiving such support. In the **Netherlands**, for example, dismissals were prohibited, and companies receiving support were not allowed to pay dividends or pay bonuses for senior staff. Countries such as **Estonia, Germany and Slovenia** are also exempting companies from paying social security contributions when participating in STW schemes. To avoid misuse of the benefit, companies are often asked to contribute and to commit financially. They are prohibited from firing workers (see **Austria, Bulgaria, Estonia and the Netherlands**) both during and after the crisis. Employees may be asked to contribute through unused holiday pay.

STW schemes have also been introduced in several ETF partner countries, such as **Egypt, Kosovo², Serbia, Turkey, North Macedonia and Russia**. This in itself constitutes a major innovation, as these schemes have little to no precedent in such countries. In **North Macedonia**, the government passed a new decree to provide financial support to employers from the private sector affected by the health and economic crisis caused by Covid-19. In **Egypt**, an Emergency Fund was activated to provide financial aid and subsidies to employees of companies facing closure due to Covid-19, covering up to 100% of the basic salary per month. By the end of April 2020, 48 000 workers had been covered by the fund, totalling EGP 57 million.

In **Turkey**, workers who had been receiving minimum wages prior to the Covid-19 impact had their wages covered for three to six months. In **Russia**, special subsidies were announced for part-time workers and workers at risk of dismissal.

Countries such as **Uzbekistan** have provided interest-free loans for the payment of wages for businesses that have suspended their activities due to quarantines.

These schemes have been well received and are practical both for the company and for the worker, as the former avoid having to fire and re-hire workers. However, the downside is that during the reduced working time, the worker is not available to work in other sectors which may be experiencing higher demand. Some countries have therefore introduced some innovative changes in this regard, either by combining STW with training measures or by allowing beneficiaries to enter temporary employment in critical sectors or sectors with labour shortages. We will address this in further detail in the section dedicated to fostering employment.

² This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

2.2. Unemployment benefits

Unemployment benefits are a fundamental dimension of LMPs in EU countries, though this is not as prevalent in most ETF partner countries. The way unemployment benefit schemes are designed varies greatly as to the coverage, generosity and conditionality, usually in terms of job search requirements, but also participation in training schemes. Before the outbreak of the pandemic, many countries had been focusing their efforts on activating unemployed people and tightening the controls on the payment of unemployment benefits. As we shall see, however, this tendency was quickly reversed in order to reduce the most severe effects of the pandemic on jobs.

In reaction to the crisis, a series of new effects can be noted. The first of these is an increased level of generosity in unemployment benefits, namely increasing the amount of the benefit; shortening the qualifying period; removing the gradual reduction of the benefit level; extending the length of time one may receive unemployment benefits; widening coverage to workers in atypical employment (**France** and **Spain**); and easing access to benefits in the case of temporary lay-offs (**Norway** and **Finland**). In **Georgia**, a new measure has been introduced to support people who lost their jobs due to the crisis. Approximately 350 000 citizens are expected to receive GEL 1 200 each (about EUR 349.37) over six months.

A second effect is a simplification of payment procedures and a loosening of entitlement requirements. Procedures to access benefits have been simplified in many EU countries (**Italy**, **Spain**, **Cyprus**, **Greece**, **Estonia**, **Croatia** and **Romania**). This aims to lower the administrative burden and speed up the application process. In **Spain** and **Greece**, one can now apply online. In **Croatia**, people can register by phone, sending essential documents by email. In **Greece**, **Cyprus**, **Spain** and **Estonia**, the PESs simply renewed all benefits automatically.

Similar changes have also been introduced in ETF partner countries such as **Azerbaijan**, **Morocco**, **Tunisia** and **Uzbekistan**, where rules for filing claims were simplified and conditions for payment were significantly relaxed. In **Ukraine**, for example, the State Employment Service simplified administrative procedures by introducing deferred formal registration (online registration subject to verification within 10 working days after the quarantine restrictions are officially lifted) and online enrolment in unemployment and part-time employment benefit programmes.

A third effect is the development of new channels to deliver unemployment benefits. As most offices administering unemployment benefits (either PES or other agencies) had to shut, online applications or phone applications have become the norm. Call centres were set up in some countries, such as **Romania** and **Spain**. In **Estonia** and **Romania**, applications can be sent through the post. In **Norway**, the PES introduced a new ICT system to automate case handling and to allow people to apply digitally for an advance payment of unemployment benefits. In **Serbia**, the government enabled email and post applications for unemployment benefit and registering with the PES. In **North Macedonia**, registration of unemployed people was adapted and made available online – an option which was not previously available.

Finally, unemployment benefit conditionality has been suspended in several countries (France, Poland, Italy, Germany and Denmark). This can be explained by the low number of job vacancies available, leading to the low probability of jobseekers finding employment, regardless of their behaviour. This suspension of conditionality is not always openly announced to jobseekers, however.

In the **Netherlands**, for example, jobseekers are officially legally still required to look for employment, but internal instructions are for counsellors not to enforce the conditionality, due in part to the large capacity shift needed to deal with the rise in STW schemes in unemployment benefits.

2.3. Minimum income schemes and cash transfers

Crucially in most European countries, people are required to register with PESs in order to receive unemployment benefits or social assistance. This is also the case in ETF partner countries for the relatively small percentage of the population covered by unemployment benefits. In these countries, however, many workers are employed in the informal sector, there is much less welfare provision and the PESs have significantly less outreach. Due to the high percentage of informal workers who lie outside of the scope of the PESs, and these countries' weaker fiscal bases, it is difficult to support such workers through unemployment benefits. In this case, measures such as flat-rate minimum income schemes or direct cash transfers are more appropriate and are common in ETF partner countries.

Cash transfers have been introduced or expanded in many countries, with significant increases in both coverage and the amounts transferred. Coverage has more than tripled in **Tunisia** and **Jordan**, and has increased by almost a factor of eight in **Serbia**. Both Serbia and **Afghanistan** are now covering almost 90% of the population. The latter in particular has one of the most generous cash transfer programmes in the world, relative to GDP/person (approx. 111% of monthly GDP per capita). The amounts transferred have also increased by 50% in **Russia** and **Armenia** and by 100% in **Albania**. In **Kazakhstan**, monthly payments of USD 100 (the approximate minimum wage) were made to almost 3 million people who lost income due to Covid-19. In **Serbia**, all adults received EUR 100 as a one-off payment covering 5 million people.

BOX 2.1 TAKAFUL IN JORDAN

In Jordan, the National Aid Fund launched Takaful, a cash transfer programme to support the most vulnerable families and in particular workers in the informal sector. According to the programme's provisions, families in need should receive financial support ranging between JOD 50 and JOD 136 to be provided for one to six months. For the first phase, the programme aimed to reach 200 000 families with JOD 27 million; the fund was granted partly by direct government support and partly by the donation fund [Himmat Al Watan](#). The second phase of the project aimed to support 250 000 families through a total of JOD 29 million (*Jordan Times*, 2020). Takaful is considered the most comprehensive social protection programme in Jordan's history.

Source: [Jordan Emergency Cash Transfer Project – Takaful](#)

2.4. Support for the self-employed and other atypical workers

When the Covid-19 pandemic arrived in Europe, small and medium-sized enterprises (SMEs) and the self-employed were expected to be particularly affected by the crisis. They have experienced subsequent reductions in demand for their services, and a sudden loss of revenue which has severely affected their ability to function. Once initial lockdowns ended and even while several sectors were still

on hold, many employers started to look for new employees while having to adapt to new working conditions (e.g. rules related to hygiene, social distancing and smart working). SMEs comprise over 95% of employers in the EU; however, this is not reflected in the proportion of vacancies placed with PESs. In the post-Covid-19 period, it is especially important that PESs adapt their systems to the new situation, in order to deliver relevant services to SMEs and self-employed people. Many different national policies (e.g. STW schemes, loans, reallocation of EU funds, deferment of the payment of taxes, and dedicated PES staff) have been implemented across the EU to support SMEs, but considerable untapped potential remains for PESs to provide human resources and other support to assist these employers.

For example, the self-employed are rarely entitled to unemployment benefits. They are usually targeted by measures aiming to avoid bankruptcy, i.e. supporting the business rather than covering lost income to the individual. This is especially problematic in the case of workers in informal self-employment, who are not eligible for STW schemes. In response to the crisis, countries have generally eased access to unemployment benefits or minimum income schemes³. This reflects a trend which has already been building in recent years. **Denmark** for example has been strengthening the portability of entitlements across several forms of employment since before the crisis.

Amendments introducing greater flexibility to the design of unemployment benefit systems could provide enhanced protection to the self-employed who are particularly vulnerable to disruption from economic shocks. Increasing flexibility to broaden access and coverage can assist in protecting both micro entrepreneurs and the growing numbers of workers with changing employment patterns driven by growing digitalisation. Such reforms could further incorporate wider unemployment support with targeted skills development and access to incentives.

Some countries have also set up special funds to support the self-employed. In **France**, for example, a solidarity fund was set up to provide aid of up to EUR 1 500 to very small enterprises, freelancers and micro-entrepreneurs, with an additional EUR 2 000 to EUR 5 000 under certain conditions. Craftspeople and traders are also eligible for aid. A similar fund was set up for SMEs in **Luxembourg**, providing EUR 2 500 for self-employed workers. In countries such as **Belgium** and the **Netherlands**, support is provided through temporary bridging measures of EUR 1 500 net per month. In **Italy**, **Greece** and **Malta**, there have been lump sum payments made to support income.

In **Georgia**, a new initiative has been introduced to support the self-employed people who lost their job during the pandemic but were denied government assistance due to failing to provide the required documents. Out of 250 000 self-employed people who applied for such assistance, only 170 000 were accepted. The other 80 000 self-employed people will therefore now receive a benefit of GEL 300, to a total cost of GEL 24 million.

In **Uzbekistan**, labour market interventions under the Anti-Crisis Fund (allocated a total of UZS 10 trillion) include support for developing entrepreneurial activity and compensation for covering interest expenses on loans, as well as UZS 500 billion allocated to the state fund to support the development of entrepreneurship.

³ Minimum income schemes are essentially 'support schemes for people of working age (whether in or out of work) which provide a means-tested safety net for those not eligible for social insurance payments or those whose entitlement to these payments has expired. They are in effect last resort schemes, which are intended to prevent destitution and to ensure a decent minimum standard of living for individuals and their dependants when they have no other or insufficient means of financial support' (Frazer and Marlier, 2015).

BOX 2.2 COVID-19 MEASURES TO SUPPORT SELF-EMPLOYED PEOPLE CHANGING CAREER

A particularly innovative measure introduced in Lithuania concerns a fund dedicated to supporting the self-employed people in changing career during or after the Covid-19 crisis, by supporting the purchase of equipment needed to start a new economic activity. Candidates were invited to apply on the website through the Electronic Government Gateway portal. A maximum of EUR 6 980.5 could be allocated to support the purchase of new material which can help the transition. Applicants must establish a workplace six months after signing their contract and must operate the workplace for at least 12 months. By November 2020, out of 2 070 applications, 1 603 were funded for a total of EUR 10.4 million.

Source: [PES practice – Measure to support self-employment for those changing their economic activity](#)

Further information at:

<https://ec.europa.eu/social/main.jsp?langId=en&catId=1163&newsId=9927&furtherNews=yes>

Other clients who are not usually targeted by PESs have also been granted access. Temporary agency workers in **Austria**, **Germany** and **Italy** have been granted access to STW schemes. In **Spain**, seasonal workers are now covered by unemployment benefits, as are workers fired during their probation or trial period. Workers in the cultural industry are also being covered through extraordinary benefits.

In **Moldova**, the value of minimum unemployment benefit was increased to LEI 2 775/month, and eligibility rules were changed to cover returned migrant workers and other potentially ineligible categories of people who are eligible for the emergency period.

Several measures have also been introduced in ETF partner countries to support informal workers. In **Georgia**, people employed in the informal sector or some self-employed people received one-time assistance if they can prove they have lost work.

In **North Macedonia**, unemployed people and informal sector workers received an average of MKD 7 000 per household. The estimated coverage is about 20 000 new households from the informal economy and 30 000 existing beneficiaries.

In **Tunisia**, two cash transfers were introduced for households working in the informal sector, the first for TND 200, the second for TND 50. Households were targeted here by checking the social security system for households registered for low-cost or free healthcare.

A particularly innovative measure was introduced in **Morocco**, where a mobile payment device was used to transfer cash to workers in the informal sector. This electronic cash transfer programme was expected to reach 3 million workers in the informal sector. The speed and scale of the programme were greatly facilitated by using a simple payment mechanism and data from the health insurance registry.

BOX 2.3 CASH TRANSFERS FOR INFORMAL WORKERS

In Egypt, cash transfer amounts increased by 157% through a monetary compensation offered to informal workers registering with the Ministry of Labour and Manpower. The payments were made through post offices and banks, and were expected to cover almost 2 million people working in sectors such as construction, ports, agriculture, fishing, plumbing and electricity. A total of 5 700 post offices, banks and schools were used as payment sites. The beneficiaries were notified via SMS with the location and time to collect their first payment, as well as given a free ATM card. This helps to avoid overcrowding and ensure the safety of beneficiaries.

Source: [Gentilini, Almenfi, Orton and Dale \(2020\)](#)

3. MEASURES TO FOSTER EMPLOYMENT

As we have seen, the first stage of the response to the pandemic was mainly dedicated to supporting businesses and individuals during the crisis. However, some interesting practices have since been introduced in terms of training measures, wage subsidies, matching and placement, mobility schemes, and public works, the latter in the case of ETF partner countries.

Key findings

- STW is increasingly being combined with vocational training to help the reallocation of workers to sectors in demand.
- Some countries have introduced a digital delivery model of training and are offering training in digital competences.
- PESs are taking an increasingly important role in identifying and assessing skills mismatches.
- Wage subsidies have been pursued in rare cases but can offer scope for innovation by targeting informal workers.
- Some PESs have introduced highly innovative online platforms and digital services to improve matching and placement.
- To overcome labour shortages, some countries are allowing a combination of unemployment benefits or STW with taking up employment.
- Public works programmes are being introduced in some countries to provide financial support to the population while addressing wider structural problems such as environmental issues.

3.1. Vocational training/reskilling and upskilling measures

Several trends should be noted in terms of vocational training. The first is the attempt to combine STW with vocational training. Combining STW schemes with training measures is a well-established element of some STW schemes (**Austria, Croatia, France, Germany and Luxembourg**), notably by providing financial incentives for companies to offer training or for individuals to take part. However, experience from previous recessions shows that take-up is low at under 10%. During Covid-19, several other countries have introduced either the option of workers taking part in training (**Belgium, Spain and Italy**) or obliging employers to at least make an effort to educate or upskill employees in order to benefit from STW support (the **Netherlands**). In **Italy**, EUR 230 million has been dedicated to introducing training measures with STW.

As the crisis continued and STW schemes were renewed, several countries such as **Germany** introduced new measures reinforcing the role of training in STW. In **Norway**, unemployed people are now allowed to pursue education while receiving unemployment benefits. In the **Netherlands**, the latest extension of the STW, called NOW 3.0, foresees that 10% of the support to businesses should be used for training or fostering work-to-work pathways. This percentage is withheld by the PES to assist in effective targeting of training resources. In **Slovenia**, access to training measures was widened to include STW workers, and not just the unemployed, as previously.

In **Germany**, the PES pays for all training during STW, yet take-up remains low. This can be explained by several factors: companies do not have plans ready to implement training for large numbers of staff, workers need to be available for work as soon as it restarts, and training would need to be online. Social partners have a crucial role in defining and helping to organise such measures.

A second major trend to be underlined is the way PESs have adapted to provide vocational training. In some cases, training has simply been suspended altogether (**Slovakia** and **Croatia**). In this case, those who are registered are still entitled to unemployment benefits. In other cases, countries have adapted to a digital delivery model of training, though this has its limits in many cases due to a lack of digital skills among participants, a lack of equipment, infrastructure and bandwidth, as well as the low capacity of training providers to respond quickly and prepare adequately for an online form of delivery.

The Bulgarian Employment Agency launched a campaign called Back to work? Get ready from home! This campaign offered free access to more than 20 e-learning courses in various fields, aiming to help individuals acquire or develop personal competences when returning to work after isolation. The platform also includes tests, allowing participants to self-assess.

Several countries such as **Egypt**, **Ukraine**, **Uzbekistan** and **Kazakhstan** were pioneers in the Coursera Workforce Recovery Initiative, in which governments teamed up with Coursera, a platform for online learning. This initiative provides unemployed workers with free access to 3 800 online courses, in order to help impacted workers develop the knowledge and skills required to become re-employed.

In **France**, the PES has given jobseekers access to 150 free online training courses, and jobseekers are entitled to benefits when studying them. These courses cover 20 sectors and occupations with high employment opportunities, and 100% of the training costs are reimbursed for companies that offer training to employees during STW. Online platforms such as Office 365 are also being used to provide training in countries such as **Portugal**.

A third major trend concerns new forms of training introduced to respond to the consequences of the crisis. As we have mentioned, in the medium and long term, Covid-19 is expected to considerably accelerate a shift in skills needs which has been predicted for several years. In this sense, PESs are taking an increasingly important role in identifying and assessing skills mismatches, and using the results for skills forecasts, as well as AI-based approaches to identify changing, including task-based, skills needs. The Excelsior information system in **Italy**, for example, provides forecasting data on labour market trends, occupations and training needs of companies at the national level.

Short training programmes are also being developed to allow reallocation to jobs in demand. In **Sweden**, in response to the fall in demand for air travel, a consortium of private and public organisations ensured the retraining of as many cabin crews as possible to sectors experiencing extraordinary demand such as health and social care. The Swedish PES is also collaborating with training providers to develop short courses of five days' distance training and five days' internship, to answer the growing demand in the agricultural and forestry sectors. In **Denmark**, the PES is collaborating with local authorities, trade associations and trade unions to develop short, 30-day training schemes allowing workers from the hotel industry to reallocate to logistics, for example. Companies across the country can enrol their employees in the course instead of laying them off.

Ireland has promised EUR 200 million for training, education, skills development, work placement schemes, recruitment subsidies, and job search and assistance measures to help those who have lost their jobs retrain or develop new skills, in particular for emerging growth sectors. **Portugal** has implemented both intern and vocational education and training (VET) programmes. The government covers 50% of gross monthly salary to help fund these programmes, and e-learning and national qualification standards have been implemented to improve quality.

BOX 3.1 TRAINING INITIATIVES FOR EMPLOYEES OF ENTERPRISES IN CRISIS AND EXTRAORDINARY FINANCIAL SUPPORT TO NORMALISE THEIR BUSINESS ACTIVITY IN PORTUGAL

SMEs represent approximately 99% of Portuguese businesses. Recently, the PES launched an extraordinary vocational training plan which aims to (i) support private sector employees including in the social sector; (ii) support maintenance of employment contracts; and (iii) increase the professional qualification of employees.

Applicants need to have experienced total or partial closure due to quarantine rules, a total or partial break in activity due to supply interruption, cancelled orders or reduction in income. The financial support provided is up to 50% of gross monthly salary, cumulative with other support. The training plan is designed with the employers and provided by the vocational centres – which are also run by the Portuguese PES – for one month, up to 50% of daily working time, during ordinary working hours.

Source: [PES Network webinar on PES support to SMEs and the self-employed \(October 2020\)](#)

Further information at:

<https://ec.europa.eu/social/main.jsp?langId=en&catId=88&eventsId=1740&furtherEvents=yes>

Some ETF partner countries have also been introducing training measures. For instance, in **Bosnia and Herzegovina**, the government allocated EUR 33 million for 2020 for activation programmes which could be reallocated for immediate assistance to the unemployed.

In **Russia**, funds have also been allocated to provide access to advanced vocational training or apprenticeship/internship programmes. **Uzbekistan** has reorganised the employment and vocational training centres, and has introduced support for labour migrants by organising their vocational and language training.

In neighbouring **Azerbaijan**, the Ministry of Labour and Social Protection plans to establish vocational training centres in the Guba, Barda and Sheki regions in the near future.

A rapid skills gap assessment has been enacted in **Palestine**⁴ to identify the skills needed to recover from the crisis. The aim is to launch a rapid development of skilling and reskilling with e-learning programmes to prepare the workforce for emerging jobs. In **Egypt**, the Ministry of Education and Technical Education has responded to the crisis by setting up digital and online learning systems. **Kazakhstan** has developed a number of upskilling and reskilling initiatives alongside the development of a digital Skills Bank of the electronic labour exchange ([Enbek.kz](https://enbek.kz)), which includes a focus on standards for several professions and free online training accessible through the platform. It was forecast that by the end of 2020, more than 50 000 unemployed citizens will have joined the platform. To aid the PES response, a specific programme for training PES personnel was launched and included more than 1 500 employees during the months of lockdown.

⁴ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual position of the Member States on this issue.

In **Moldova**, the PES, in collaboration with educational institutions and employers, has implemented training programmes and on-the-job training, including for those who have lost their jobs as a result of the Covid-19 crisis.

The final trend to be mentioned here is a shift towards training in digital competences. In **Bulgaria**, micro, small, and medium-sized enterprises (MSMEs) can apply for their employees to be trained in Digital Competence, with half of the cost financed from the state budget. There is also a growing variety of programmes in **Croatia** aiming to train and upskill unemployed people to work in the ICT sector. These programmes focus on basic digital skills as well as complex skills such as web design, 3D design, database administration, and application development. Through the Crescere in Digitale programme in **Italy**, several projects are aiming to promote digital skills among workers and jobseekers.

3.2. Employment incentives (including wage subsidies)

Wage subsidies are mostly not being actively pursued at present, except in certain sectors such as the healthcare industry in **Portugal**, where a temporary scheme has been introduced to ensure responsiveness in the social and health sectors during the pandemic. The measure introduces a temporary increase in the monthly grants for integration contracts (a form of subsidised employment) carried out in the sector. Eligible recipients include all unemployed people, workers on part-time contracts, workers on STW schemes or with suspended contracts, and people receiving the minimum wage. Students and trainees over 18 may also participate in the project. Recipients receive incentive payments to support their participation in the form of monthly grants, meal vouchers, insurance and transport expenses. The Portuguese PES funds 90% of the grant allowance.

Another practice introduced in **Portugal** aims to tackle the high level of youth unemployment through internships. Interns are entitled to a monthly internship grant, meals or meal allowance, and insurance against accidents at work. If the employer offers an open-ended employment contract to the trainee, within 20 working days from the end of the internship, the employer is entitled to a job-creation award. This policy is new and has not yet been evaluated.

A new package of support in **Serbia** also includes support for large enterprises, to the level of 50% of the minimum wage for all employees whose contracts ended, and three months of wages for employees of MSMEs, again for 50%.

In **Moldova**, the PES has introduced new measures to increase employment opportunities for the unemployed without work experience through their involvement in professional internships; subsidise the employment of unemployed people who need additional support in the labour market; and subsidise employers to create or adapt jobs for unemployed people with disabilities to reduce the effects of the pandemic crisis.

Finally, a particularly innovative practice which should be underlined has been introduced in **Montenegro**, where a subsidy for new employment was introduced for a minimum of six months for entrepreneurs and MSMEs who registered new employees. This type of scheme is highly innovative in finding new ways to support informal workers and incentivise the formalisation of informal workers in formal firms, an important challenge when transitioning to the next phase of the crisis.

BOX 3.2 EMPLOYMENT AND GROWTH OF LEGAL ENTITIES THAT CREATE NEW JOBS IN COVID-19 CONDITIONS IN NORTH MACEDONIA

This practice aims to support the creation of jobs in MSMEs affected by Covid-19. The measure targeted 600 jobseekers, particularly those who have lost their job due to Covid-19. At least 30% of them are young people up to 29 years old, at least 50% are women, and indicatively 2% are people with disabilities. The practice works by providing financial support to companies which create employment. The amount varies from MKD 260 000 (about EUR 4 200) to MKD 1 302 000 (about EUR 21 000) depending on the number of new employees (from one to five).

Grants will be provided to support business development through job creation and employment of new workers. The company may use the grant to pay the salary or to purchase equipment/materials relevant to the business.

The companies must be registered legal entities, with no unpaid taxes or contributions, and must not be in the process of bankruptcy or liquidation. Preference is given to MSMEs that employ up to 20 people, as well as companies with at least 20% lower revenues due to Covid-19. Companies that have used wage subsidies, subsidised compulsory social security contributions or government tax exemptions during the state of emergency and which fired workers during the retention period or after September 2020 are not eligible to participate in the measure.

In return, companies are obliged to employ the person full-time and keep them in employment for at least 12 months. If the person for whom financial support is provided terminates his/her employment on any grounds, except in the case of death, retirement or incapacity for work, the employer is obliged to employ another registered unemployed person in their place within 30 days; otherwise, the company should return a certain amount of the funds.

The company is also obliged not to reduce the total number of full-time employees with permanent contracts which it had on the day of the application, except in the case of death, pension or incapacity for work; otherwise, it is obliged within 30 days to hire another person or to return a proportion of the funds.

Source: Own research

3.3. Matching and placement services

As a general trend, matching and placement services have witnessed reduced activity, due to the lack of job openings, except in certain sectors such as agriculture, healthcare, logistics and ICT. Nonetheless, some European PESs have introduced some highly innovative online platforms and digital services. **Estonia** has developed an online platform called Share Force One, allowing businesses to temporarily trade employees. In **France**, an online portal was set up to advertise vacancies in critical sectors such as seasonal employment, i.e. hospitality, to some extent, but mainly agriculture. In May 2020, over 10 000 vacancies were available. This portal has the advantage of

giving easier access to vacancies but it does not allow the individualised preselection which PES usually provides. In **Germany**, a platform was created to help businesses in the agricultural sector find local workers (usually students, refugees and temporarily unemployed people).

In terms of digitalised services, **Sweden** is now using a system of digital interviews, whereby jobseekers and employers are linked directly to one another for video calls through the PES system. **Estonia** has piloted online job fairs, including online webinars and seminars as well as real-time job mediation.

3.4. Mobility schemes

Mobility schemes can be defined in several ways: schemes to support intra-country mobility as well as employment abroad; schemes to foster labour market integration for incoming migrants; and schemes to support mobility between companies and sectors.

Covid-19 has led to two sets of challenges in terms of mobility: the first is geographical, as many citizens (including cross-border workers) have not been able to travel as freely as previously; the second relates to the shifts in labour demand created by the crisis. The former has exacerbated the latter. Free movement of workers is an essential part of EU labour markets which was severely undermined by the crisis. This obstacle was addressed by allowing cross-border workers to commute and considering seasonal workers as critical workers. Nonetheless, there were still distinct shortages which were left unaddressed by these measures.

To overcome these labour shortages, some countries have changed rules to allow a combination of unemployment benefits or STW with taking up employment. In **Germany**, people under STW are allowed to work as long as earnings are not higher than their previous income. Restrictions on students and asylum seekers have also been loosened, as in **Belgium** for example, where asylum seekers were allowed to work in horticulture and forestry. Some countries such as **France** and **Estonia** are allowing companies to transfer workers to other companies. In **Sweden**, students in healthcare are now entitled to work without losing student aid. In **Spain**, beneficiaries of unemployment benefits as well as STW are also allowed to work in agriculture.

An interesting measure in **Bulgaria** allows firms to directly hire workers that are currently on unpaid leave in other firms. This provides support to household income and facilitates labour mobility when some firms are suffering but others are experiencing labour shortages. In **Italy**, the Relaunch decree allows beneficiaries of social assistance measures to sign STW contracts in agriculture for up to 30 days. These contracts can be renewed once, and up to EUR 2 000 is excluded from income tax calculations. Anpal, the Italian PES, has also developed a new application called RestoinCampo in order to match labour supply and demand in the agricultural sector.

Another interesting practice in this regard is Manchester UK Retrofit Get-in, which was founded alongside Red Co-op (a worker cooperative and limited company registered in England and Wales), to address the skills shortage in green retrofitting by employing creative industry and live events workers made redundant by Covid-19 on domestic retrofit projects, utilising their construction skills to level up homes and tackle the climate crisis. The aim is to widen this scheme to enable the retrofitting industry to be a default for arts workers in-between contracts.

3.5. Direct job creation: Public works

Some ETF partner countries have also introduced or amended public works programmes to address the crisis. **Azerbaijan** is aiming to ensure public works participation for 50 000 new beneficiaries, and **Uzbekistan** is expanding its public works programme. In **Armenia**, a new programme aims to create temporary jobs in the agricultural sector for vulnerable groups. The programme also aims to tackle environmental problems through a reforestation programme protecting riverbeds from erosion and floods.

Some countries have also been experimenting with digital public works. In **Austria**, for example, a large-scale programme of digitalisation of public archives was implemented, targeting workers with disabilities. This innovative idea has been championed recently by both the ILO (2020b) and the World Bank (Carranza et al., 2020), and data from the International Telecommunications Union suggests that in many ETF partner countries, it is feasible. Examples include activities like digitalisation of records of physical assets and printed public health records, tracking contacts with Covid-19 patients and classifying digital (health) records. Such jobs require computer equipment and some knowledge of digital technologies. They can potentially give home-based work opportunities to the unemployed during the recovery period that meet physical distancing requirements. These jobs are also especially attractive to women, who might face gender-based constraints to working outside the home.

4. ADAPTING SERVICES TO THE CRISIS

Beyond introducing new measures and new forms of support, PESs have also had to rise to the challenge of adapting to an unprecedented situation. The main challenges in this regard were keeping clients informed of changes in rules, allowing staff to continue working while complying with new health regulations, addressing capacity needs, setting up crisis teams and adapting delivery models.

Key findings

- PESs have introduced new channels to communicate with their target audiences.
- In order to reallocate staff to administering increased volumes of benefit claims and STW programmes, many PESs have substantially reduced their counselling services.
- There has been increased relevance of regular monitoring and the combination of different approaches/sources, e.g. standard surveys plus more qualitative approaches, such as interviews/feedback from employers.
- Crisis management teams have been set up in several countries to help address the crisis and to reduce institutional fragmentation.
- In a situation where face-to-face meetings have not been possible, PESs have reviewed their service models to maintain and improve support for clients through other contact methods including through telephony and especially digital channels.

4.1. Information services

Another strong area of innovation has been in new services to provide the latest information in relation to the Covid-19 crisis. Beyond traditional print media, television and radio, PESs have been using social networks such as Facebook and Twitter, but also LinkedIn and YouTube. Phone hotlines have also been set up in several countries such as **Cyprus** and **Spain**. As a general trend, call centre capacity had to be increased drastically, with five times more capacity in **Slovenia** and 20 times more in **Germany**, with demand increasing from 100 000 to 2 million calls a day.

Some countries introduced customer information resource centres, centralising all available information on the impact of Covid-19 on labour markets. This reduced staff workload related to the provision of information and critical updates on new operational rules or channels. Various approaches were piloted, including static lists of frequently asked questions including advice and updates on new rules and policies, to more dynamic online chat services as in **France**, for example. These new centres also helped to clarify what type and level of services clients could expect from the PES, thus lowering the risk of frustration and disappointment.

A particularly innovative approach, also in **France**, involved the creation of the Rogervoice app, aiming to give individuals with reduced hearing access to its phone services. The app does so by creating subtitles through automatic speech recognition or prompts a video interface with an interpreter communicating in French sign language. The app and service are both entirely free.

4.2. Organising PES continuity and upscaling capacity

In order to reallocate staff to administering increased volumes of benefit claims and STW programmes, many PESs have substantially reduced their career guidance and counselling services, while maintaining short digital support in many countries. Face-to-face contacts are limited to

appointments and services which cannot be delivered digitally or by phone. Group workshops have been cancelled in **Croatia** for example.

Albania temporarily closed all direct access points to the public during partial or full lockdowns, with only 30% of the staff working on-premises, on reduced schedules, to deal with operations requiring security protocols such as financial transactions. Other countries such as **Turkey** used appointments systems to control the flow of clients through their premises and avoid crowding. **Morocco** activated flexible work arrangements. In **North Macedonia**, the PES has been working for most of the period with a reduced on-site presence. About half of the employees have been working from home.

This trend towards teleworking has been much stronger in EU countries, especially those who already had a more developed digital infrastructure, where up to 100% of staff have been working from home (**Denmark** and **Estonia**). In others such as **Croatia**, only those at health risk were working from home. In general, homeworking has increased. Investments have been necessary to prepare for this situation, through ordering new computers for example. It is therefore expected that a higher percentage of employees will be working from home in the future. This in turn will save office space for face-to-face meetings.

To answer the huge increase in work for processing STW and unemployment benefits, some countries have employed large numbers of new personnel: 1 000 staff in **Spain** and 600 in the **Netherlands**, where working teams composed of existing staff and new hires were set up to process applications from employers. Extra funds were also allocated in **Finland** to hire new staff. In **Germany**, STW requests were initially dealt with by 700 staff, to which 11 300 new staff were reallocated, mostly internally but also from other public services such as the Federal Office for Migration and Refugees. Vocational trainees and students from the PES university were also drafted to provide temporary support in local offices.

In smaller PESs such as **Slovakia**, over 60% (2 500 out of 4 200) of staff capacity was absorbed by STW. In **Austria**, specific task-force teams were set up to handle STW applications. The increase in work has also required staff to work extra hours in some cases. In other countries which did not encounter such increases, staff were given time off or laid off, such as in **Slovenia** where up to a third of staff were laid off temporarily.

4.3. Crisis management planning and labour market monitoring

Crisis management teams were also set up in several countries to help address the crisis and to handle institutional fragmentation. In the **Netherlands**, the crisis team was made up of director generals and the executive board, meeting every day. In **Spain**, a support unit was made up at the federal level to coordinate responses between regional offices, through weekly conference calls.

Another fundamental aspect of crisis reaction has been to keep a constant eye on how data is evolving, notably by collecting relevant information on all key indicators. Several countries are now providing daily monitoring of key indicators, such as unemployment, benefit claims, sick leave, lay-offs and customer relationship management data in **Norway**. In **Denmark**, job openings and unemployment by sector and occupation are monitored in order to finetune training policies. Labour market data is collected on the local level by the municipalities and unemployment insurance funds, who then share the data with the national PES for analysis. Labour market figures such as number of vacancies, newly unemployed, number of new job postings, number of people affected by notices of

dismissals are published on a daily basis on the PES website and public database⁵. A highly relevant example of how data analysis can be used to manage both the short- and medium-term consequences of the crisis can be found in **Ireland** (see [Box 4.1](#)).

BOX 4.1 DATA ANALYSIS AND CRISIS MANAGEMENT IN IRELAND

In Ireland, the PES is using three sources of data to build its response to the crisis: income support payments (weekly checks of impacts on sectors, regions, age and gender), the labour force survey (profile of skills by sector, occupation and region) and macro-economic forecasts from the Central Bank, the Economic and Social Research Institute and the Department of Finance, giving a broad direction as to the likely impact on employment and unemployment. This data collection makes up phase 1 – skills forecasting.

In phase 2, the PES is aiming to identify new skills demands. It is now clear that after the crisis, many people will have no job to return to. The education and training system is therefore tasked with assisting people to develop transversal skills to help employability, build digital skills required for almost every job, and identify courses which target growing sections and occupations.

In order to identify new skills demand, the analysis includes:

- data analysis of labour force surveys, vacancies and job announcements,
- new and existing government policies,
- feedback from employers.

The process is based on strong collaboration across government departments, including a number of agencies who engage directly with employers. All data gathered here is fed into skills needs analysis.

Source: [PES Network webinar on PES analysis of labour market needs in the recovery phase](#) (July 2020)

Further information at:

<https://ec.europa.eu/social/main.jsp?langId=en&catId=88&eventsId=1662&furtherEvents=yes>

4.4. Changing delivery methods and service models

One of the main challenges for PESs has been to continue delivering counselling without meeting face-to-face, and in many cases having to make first contact with clients, both jobseekers and employers, without being able to meet. Some PESs kept offices open (**Slovakia** for example) but for the majority, they were closed.

In situations where face-to-face meetings have not been possible, PESs have reviewed and amended their service models to not only maintain but wherever possible improve support for clients through digital contact. A fundamental question remains as to how the counselling needs of clients with low digital skills can be accommodated when physical contact is not possible. Through rapid and proactive

⁵ See www.jobindsats.dk.

responses, PESs have been able to transform aspects of their services, improving access and enhancing communication both within a PES and for customers. This can enable more efficient, customer-focused service delivery, encourage more autonomy for jobseekers able to self-serve, and identify more PES resources to provide vital in-depth support for those most in need. An important question remains however as to whether all relevant provisions can in fact be adapted to a fully digital or even hybrid setting. Current experience seems to suggest that full digitalisation is not an option, particularly for some groups such as vulnerable groups.

For PESs with already highly developed online systems, such as the **Netherlands**, **Estonia**, **Norway** and **Sweden**, the transition was relatively easy, though, in **Sweden**, where the majority of services were already provided digitally, 600 officers usually working face-to-face were retrained over a four- to five-day programme to deliver digital services.

An important lesson learned from the crisis is that some groups are more likely to use digital services than if the same service was offered face-to-face, while other groups still prefer the latter or simply lack the necessary skills, so a balance is required. Several PESs have therefore developed new models of delivery for the intermediary phase of Covid-19, following the lockdowns, using blended channels with a mix of face-to-face and digital delivery.

The challenges posed by the Covid-19 crisis have seen many PESs shift from a mostly office-based delivery (especially for first-time registrants) to a remote service using online and telephone/call centre approaches. While the reopening of PES offices has seen a significant return to face-to-face contact, this appears to be less than was previously the case. It suggests that many customers who were previously reluctant to use remote services did so and have continued to use them. However, more information (e.g. gathered through a targeted customer survey) is required to give more precise details of the experience of these customers and may show how any benefits can be capitalised on.

Data from **Slovenia** indicates that the proportion of online jobseeker registrations increased from 7% to 49%. However, this number fell to 12% when the offices reopened. This indicates that, though the proportion of jobseekers using digital services has increased, a significant number prefer to use traditional methods. This has also been the case in other countries such as **Bulgaria**, where the PES maintained a desk-based service in recognition that the majority of its clients have no digital skills, and a mixed approach is therefore necessary.

In **Ukraine**, the Help Nearby web platform was launched to coordinate the provision of targeted in-kind social assistance and delivery of services to elderly, poor and vulnerable people based on the applications submitted online. The **Moroccan** PES also took an innovative approach, using mobile units to reach clients in both remote rural and urban areas. These units were staffed by counsellors specifically trained to serve groups of the population not able to reach the PES remotely. The range of services provided included information on job offers, including international placement, and support to start a business or a cooperative.

In **Ukraine**, the State Employment Service also moved the key employment service operations to e-platforms, such as for outreach to and registration of newly unemployed cohorts, job search assistance, counselling, case management of vulnerable jobseekers, training, skilling, and reskilling activities.

5. CASE STUDIES

Having assessed how the different strands of LMP adapted to the crisis, we now look in detail at some examples of how PESs in several European countries have combined these innovative practices. Six case studies are included here: Germany, Spain, Norway, the Netherlands, North Macedonia and Moldova. These countries have been selected due to the availability of high-quality, relevant information on their responses, but also due to the innovative nature of their approaches.

Key findings

- PESs introduced emergency measures to vastly increase their capacity and develop a new service delivery model.
- Countries with highly developed digital systems were able to adapt relatively easily, whereas others had to rely on more traditional tools such as call centres.
- Data collection and analysis are crucial to react to the crisis and build towards recovery.
- PESs are increasingly moving towards a digital service delivery model, a trend which has been reinforced by the crisis.

5.1. Germany

The German PES needed to provide services to an increasing number of customers while frontline offices had to be closed to the public. Another important question was how to address health concerns among staff and towards clients. In a rapidly changing situation, the PES had to ensure that sufficient staff were available in the right locations to assist customers. This involved redeployment to cover temporary roles supporting local offices. Staff capacity was therefore increased to process STW compensation by more than 1 300%.

The German PES also had to consider several logistical issues arising from new ways of working, balancing customer need with ensuring the safety of staff. The PES is already considering what extra resources may be needed in the longer term to assist groups, such as young people, whose integration may be disrupted due to the impact of the crisis on future labour market transitions.

The German PES has developed a road map with short- to medium-, and longer-term implications for the labour market from the crisis. The road map uses a transitional model to structure the new regular operations in line with the principles that have been set. This involves moving from a model mostly based on face-to-face contact to a 100% digital model, then a transition period from May 2020 to mid-2021, during which face-to-face contact is only allowed when scheduled, in specially reserved entrance areas and counselling rooms and only when conditions for health protection are met, also involving the creation of specially equipped rooms to continue personalised customer contact while maintaining health protection. The final stage is the future model which will be based on more digital services than before the crisis.

5.2. Spain

Spain experienced one of the longest and most strict lockdowns. During this period, the PES used remote channels to provide basic services, including general information, processing of benefits, personal data updates and registration of job vacancies. Local employment offices relied heavily on a new online jobs portal, a toll-free number for jobseekers and the 'virtual office desk' that was activated to adapt service provision to Covid-19 circumstances. In addition to managing a virtual appointment

system, the PES also extended its telephone service business hours to run from 8.00 to 20.00. to cope with the large increase in enquiries from jobseekers and employers.

Following the outbreak of Covid-19, it is estimated that there has been a reduction of some 8 million visits to PES offices in Spain. To protect PES staff and maintain customer services, the following initiatives were introduced:

- RATEL, the national telephone advice service, worked extended hours (from 9.00 to 20.00 instead of 9.00 to 14.00).
- Applications for the Youth Guarantee were made exclusively online.
- An externally provided customer support centre was set up to offer information to businesses.
- Preliminary customer applications were made available, where managers contact applicants by telephone.
- Most PES staff (around 91%) worked remotely, resulting in significantly fewer office visits.
- Benefit recipients were allowed to take jobs in the food sector combining income with benefits.

5.3. Norway

The Norwegian PES – NAV – identified that changes to legislation were necessary so that their services could be rapidly adjusted to meet the needs arising from the emergency. Consequently, a rapid review enabled regulations to be amended, ensuring that NAV was able to implement contingencies providing the support required for citizens affected by the crisis. To implement these changes, NAV has had to systematically review its resource deployment, reviewing priorities and reallocating staff to meet them. In March 2020, there were 100 000 jobseekers in Norway. By May 2020 this had reached 500 000. The main reaction from NAV in terms of service delivery was to increase digitalisation in applications for unemployment benefits and offer advanced payment of unemployment benefits, social assistance and income support to self-employed people and freelancers. NAV also increased its use of information and statistics, through weekly (and when possible daily) updates of key indicators, and analysis of data. Communication was reinforced to make clear new measures to the public and how to apply. Finally, NAV launched staff recruitment and reallocation measures, reallocating hundreds of staff to urgent tasks and training new staff digitally. Recruitment to bottleneck jobs has continued through digital channels.

NAV's main task ahead will be to deal with the massive increase in unemployment. Services will be designed to meet labour market developments and respond to individual needs for assistance. In terms of job placement, this means assisting industries which are experiencing demand for labour, such as sectors which employ seasonal workers, recruitment for critical functions within society, and encouraging mobility. The next steps also include preventing long-term unemployment for young people, older workers and vulnerable groups, and furthering the digitalisation of the service delivery, focusing on self-service solutions and the digital follow-up of clients.

5.4. The Netherlands

The Dutch PES already had a blended system of delivery channels before the pandemic, with many services fully digitalised. Applying for unemployment benefits and registering as a jobseeker, for example, were already fully digitalised. Distance working for all PES employees had already been implemented in 2018, meaning that all employees were already in possession of company mobile phones and laptops. This meant that the PES was well equipped to adapt to the crisis. The immediate reaction when the pandemic hit was to close all front offices and to discontinue all face-to-face

services. All personal services were provided over the phone or internet, and more than 90% of employees worked from home. Dutch PES employees were designated as vital workers, so when needed PES employees were allowed to travel to work. All service processes were assessed and adapted to the new situation. Twice a week, all staff were informed about what changes were made to the service model and how PES staff should adapt to the new situation.

Due to the crisis, services previously delivered face-to-face had to be transferred to other channels with substantial adjustments for both customers and staff. The PES has already reviewed the implications of these changes, including using its capacity modelling to determine how resources need to be adjusted to meet revised needs. It is also drawing on this learning to consider how services will be delivered to meet the new labour market challenges presented as countries recover from the crisis.

In June 2020, the PES opened limited face-to-face services for specific groups, for instance jobseekers with low digital skills. Microsoft Teams was implemented as a new tool for video conversations with clients. In September 2020, a broader offer of (online) services was offered with a greater variety depending on the inflow of registered jobseekers. The so-called '1.5-metre society' created after lockdown makes it possible to have more face-to-face conversations.

The Dutch PES is currently adapting its service concept to foster recovery of the labour market. An extra 600 full-time equivalents were recruited, hired and trained in 2020. The service model is shifting to an online-only system, for those groups with the shortest distance to the labour market. Front offices are open only for the most vulnerable groups, and only by appointment. All training and personalised services have been shifted online, with training for PES counsellors to provide these services through video meetings. Obligations for beneficiaries remain: they are still obliged to stay active on the labour market and search for jobs. Counsellors are asked to motivate and activate jobseekers to apply for jobs, to inform them of their rights and duties, to discuss possibilities and opportunities, and take away barriers where possible. At this moment, obligations that are not met by beneficiaries are not enforced, but this information is not publicly available to the beneficiaries.

The Dutch PES is also actively reaching out to employers in vital sectors who have vacancies, for instance agrifood or healthcare. They then match on these vacancies and encourage jobseekers to make the transition to these sectors whenever possible. Together with social partners, sectors, municipalities and several ministries, the PES launched an online platform for vacancies in vital sectors.

In March 2021, depending on the restrictions and political decisions, the UWV (Institute for Employee Benefit Schemes) expected to have returned to their regular way of working or to have implemented a new, mostly digital service concept, i.e. the much-discussed new normal.

5.5. North Macedonia

The North Macedonian government responded quickly to the Covid-19 pandemic, adjusting its delivery model. A particularly important protection measure was to reduce the number of physical contacts, both between employees and between employees and customers. This enabled significant reductions to be made in the density of office occupation. The increased pressure on certain positions was understood by the wider workforce and reflected in an overall spirit of cooperation. A large proportion of employees transferred to either partial or full-time homeworking. The state also agreed to provide special leave to PES staff at particular risk. While significantly reducing office capacity, the PES was able to maintain a face-to-face service for clients lacking either the skills or tools to connect digitally.

Notwithstanding the extremely difficult situation placing unprecedented demands on the organisation, the PES was able to keep all offices open in a safe environment to meet the urgent needs of vulnerable priority customers.

During the crisis the PES also increased communication with training providers and all business partners, often remotely through substantially increasing use of ICT platforms. This enabled more intensive and productive engagement with PES partners.

Regular registration of existing unemployed people, normally expected to present in person at offices, was suspended, though initial registrations were maintained for newly unemployed people. A pragmatic approach has been applied in regard to benefit sanctions. Able to maintain key core services such as mediation, profiling and motivational training, the PES managed to realise its 2020 Operational Plan, completing 94.5% of planned activities.

A PES bid for more staff has been accepted to assist in delivery of Covid-19 recovery measures and amendments to the social protection law which will introduce further responsibilities for the PES. While dealing with Covid-19 contingencies, the PES has also restructured its programme for delivery of the Youth Guarantee with a new unit established to coordinate youth counsellors.

5.6. Moldova

With the introduction of a state of emergency in Moldova, the presence of staff was considerably reduced in PES offices. Direct contact with customers was limited to an essential minimum for those who could not be contacted remotely. Remote contact has been maintained, primarily through telephone calls to staff working from home, as few PES customers have the digital skills or internet access necessary to engage with the PES digitally. A consequence of a transition to primarily telephone contact has been a considerable increase in the time taken to provide services while the PES experienced a sharp increase in workloads with increasing unemployment at the start of the Covid-19 crisis.

Despite the difficulties of dealing with the pandemic, the PES remains committed to longer-term reform. A number of international bodies continue to support this agenda, notably the ILO who are supporting the initiation of a programme to identify and provide outreach to those not in employment, education or training (NEET) on labour market opportunities. Another ILO-sponsored initiative, the Local Employment Partnership, is a social dialogue platform that brings together representatives of the PES, local authorities, trade unions and employers at the local level. This has provided a useful medium for considering the implications of the crisis, especially adjustment measures for the PES and core customers.

6. FUTURE OUTLOOK: CHALLENGES AND OPPORTUNITIES

Key findings

- After introducing emergency measures to increase capacity and adapt their services, PESs from the EU Member States, ETF partner countries and other countries are now building towards recovery.
- The main goals are to prevent long-term unemployment for young people, older workers and other vulnerable groups, and to help the workforce transition to the future model of work.

6.1. Medium-term strategies

As the short- and medium-term outcomes from the crisis are still highly uncertain, it remains a challenge for many PESs to plan adequately. Nonetheless, some countries have developed medium-term strategies to address the consequences.

In **Denmark**, EUR 1.35 million has been allocated for future measures such as job search courses and upskilling to address potential large-scale unemployment. In **Sweden**, the duration of start-up support and subsidised employment is to be extended. Proposals are also being introduced to develop extra grants at the local level to employ young people and to develop subsidised employment in the green sector. In **Spain**, funds dedicated specifically to vocational training have been reallocated to allow more flexible use of such funds in response to the crisis. In **Italy**, a fund called New Skills Fund has been introduced, financed by the European Social Fund to support companies reskilling or upskilling their workforce and financing the hiring of young NEETs.

In the **Netherlands**, regional labour market transition teams have been introduced as part of the recovery package. These specialised multidisciplinary teams consist of members from various stakeholders: employer and jobseeker counsellors from the PES, representatives of municipalities, and employment and educational advisors from trade unions. The teams are led by a coordinator from the PESs and have started work in the regions most affected by STW schemes. They will then be reallocated to other regions. Their main aim is to engage with employers who decide to cut staff to rapidly reallocate labour to other areas. Services are then provided to the employees affected to help their transition to another job.

Two **Belgian** PESs, Actiris (Brussels) and Le Forem (Wallonia), are also preparing for work post-Covid-19. Actiris is launching an exercise of ‘collective intelligence’ within all its departments to collect ideas for actions to tackle the expected upcoming economic crisis, such as asking questions on how to deal with a high number of incoming jobseekers, what innovative ways can be used to re-integrate jobseekers into the labour market, what are their training needs, and how can ALMPs be evaluated. It is also closely cooperating with the regional minister of employment to analyse the impact on the PES budget and government priorities.

In **Georgia**, following the creation of the new State Employment Support Agency in 2020, the medium-term strategy to foster recovery is being accompanied by wider development of the country’s PES. The main priorities will be to develop state employment services, to improve access across the country, to develop cooperation with representatives of the civil sector, local government and other

government agencies, and to implement a new model of cooperation with representatives of the business sector.

In **Kazakhstan**, from 2022, the number of jobs created is not expected to be sufficient to provide the entire working-age population with employment. An additional challenge is the entry on the labour market of a large number of students who often have difficulty finding their first job – an issue which has been further exacerbated by the crisis. In addition to the Employment Roadmap – a large-scale public works programme employing 190 000 people in 2020 – the country is working on facilitating the school-to-work transition through on-the-job skills training and online training.

In **North Macedonia**, a new Employment Strategy for 2020 and beyond is being prepared, defining medium- and longer-term reform policies that should contribute to job creation with a focus on vulnerable people. New labour forecasts will be developed, and an Action Plan including specific measures will be prepared to help with the Strategy.

In **Moldova**, the PES has reoriented its activities by expanding and diversifying active labour market measures. It has particularly reconsidered and revised its approach to offering vocational training and job subsidies, providing financial support for job creation or adaptation, and stimulating labour mobility. Vocational training for unemployed people is being enhanced through closer cooperation between PES and the education sector, and development of more on-the-job training schemes with employers. Subsidy programmes are being redesigned to particularly foster job creation for citizens most likely to suffer labour market disadvantage, including support for people with disabilities, encouragement for entrepreneurship, and local initiative projects.

Jordan has prioritised promoting stability and sustainability of employment post-Covid-19. There has been an extension of social security coverage, and in particular to support the most vulnerable groups in society, as well as informal and casual daily paid workers, a new cash transfer programme has been introduced. Further new programmes include an initiative to promote e-learning at higher education institutions, creation of Jordan Enterprise Development Corporation schemes to support SMEs contributing to the crisis response and recovery, and mentoring and financial support for young entrepreneurs, especially in the tourism sector.

6.2. Structural changes: The digital transition and the green economy

Unemployment prevention and adapting to structural changes are themes which PESs have already been addressing in recent years. However, Covid-19 has underlined the need to further accelerate such preparations. Below are some examples of practices which have been introduced, some well in advance of the Covid-19 crisis, to prepare workforces for the upcoming challenges.

Morocco Take IT Forward⁶: This brand-new project launched in October 2020 aims to empower Moroccan youths by developing digital skills and helping young people to find jobs in the ICT sector. The project aims to foster inclusive economic growth and reinforce the competitiveness of Morocco's digital economy by providing demand-driven digital skills training to young jobseekers, with the aim of increasing employment opportunities in the booming ICT sector. The programme includes a mix of online digital training and in-classroom soft skills and technical training in computer programming.

⁶ www.wehubit.be/en/node/69

SELFIE⁷, a tool developed by the European Commission to foster the use of technology and develop digital skills in VET, is undergoing a pilot phase in several countries including EU Member States but also **Montenegro, Serbia, Turkey and Georgia**. Most recently, the tool has been extended to include work-based training in order to improve the coordination between vocational schools and training companies, and to assess how they can jointly embed digital technology in their training and apprenticeship programmes. The tool is available in more than 30 languages.

Luxembourg Skills Bridge: Initiated in 2018, this project invests in upskilling and reskilling of already employed workers who have been identified by their employers as under threat of job loss. This is in the context of the talent shortage faced by companies, risks of automation and skills mismatches in Luxembourg. Ten companies have currently been selected by the inter-ministerial committee to participate in the programme. Upskilling of workers on this programme has led to 90% internal mobility into more technical roles.

Luxembourg FutureSkills: One of the major components of this initiative is a new path for jobseekers. This programme allows candidates to benefit from training aimed at strengthening their skills and acquiring new ones, as well as a practical internship allowing them to remain active during the period of unemployment. The training component is focused on the development of transversal skills: soft skills (communication, creativity, adaptability, etc.), digital skills (digital transformation, collaboration tools, etc.), project management skills, and training in office automation or data and coding. Following this intensive training, candidates put these new professional skills into practice by completing a six-month internship within the public sector.

Spain Free training in digital skills: Implemented in 2019, this programme is aimed at responding to new needs arising from the technological, digital and production transformation process, and to improve workers' employability. The programme is diverse (567 training units), free and to date has 23 private partners. One lesson learned is that the wide range and number of courses means interested people need to be guided through the websites, to identify the courses that better respond to their training needs. The practice is currently awaiting formal evaluation.

Estonia Work and Study: This was implemented in 2017 and targeted to employees at risk of unemployment (from technological change) and employers in need of skilled workers. The objectives include: to reduce unemployment by updating the skills of employees in line with future needs; to reduce structural unemployment and skills mismatch; and to tackle labour shortages. The practice involves a degree study allowance (EUR 180 per month; from 1 January 2021, this increased to EUR 292 per month), labour market training with training vouchers (up to EUR 2 500), and support for obtaining qualifications (up to EUR 500). In 2017, 312 people received a degree study allowance for obtaining a vocational or a professional higher education qualification or a bachelor's degree; 20 companies used a training grant; and 814 people who were at risk of unemployment took part in labour market training. According to the impact evaluation published in March 2020⁸, the measures were used by 6,400 individuals during the first two years. Six months after participation, the rate of employment amongst participants was over 90%. Comparing income before and six months after participating in a preventive measure, the increase in income was 14.5% on average, exceeding the average Estonian salary increase of 9.8% over the same period.

⁷ For more details, see https://ec.europa.eu/education/schools-go-digital_en

⁸ See www.tootukassa.ee/sites/tootukassa.ee/files/tootust_ennetavate_meetmete_analuus_loplik.pdf. A short abstract in English is included on p. 3.

The **UK Transform project** is run by British Gas, Accenture and the environmental charity Global Action Plan, in partnership with the PES in the UK. The project, founded in 2013, aims to train unemployed young people for new jobs in energy-efficiency retrofitting for UK homes. More specifically, the target group for the project is young people between the ages of 17 and 25 who are not in employment, education or training. These form part of the government's policy to provide energy-efficiency measures to low-income and vulnerable households. The role of the PES is largely as a recruitment partner, given they are the best means of gaining access to the types of young people the project wishes to target.

Basque region Green employment programme: This programme is based on a fund to support training/internships for companies offering sustainable development goods/services and is also available to employers' associations and social partners. 560 participants and around 400 'green' companies were involved. The programme includes a classroom training period of between 350 and 450 hours, followed by the practical application of new skills through an internship of 450 to 550 hours. The context of this programme is the decades-long transformation of the industrial Basque region into a high-skilled, coop-embedded green economy. No impact evaluation currently exists.

7. CONCLUSIONS

This report has focused on innovations in labour market support, measures and services in reaction to the Covid-19 crisis. We have seen a number of changes in the way countries have addressed this unprecedented labour market crisis. Though many of these changes are temporary in nature, designed to tackle the challenges brought about by lockdowns, others will be more long-lasting.

The Covid-19 pandemic has had particularly significant implications for ETF partner countries. Government responses, as illustrated in a study of Jordan, have been essentially aimed at short-term mitigation of the adverse effects on the labour market. In Jordan's case, this was limited to granting stability of employment in the private sector, protecting workers' rights and mitigating the consequences of closures.

The cases of Jordan and Moldova also illustrate some difficulties due to the lack of a comprehensive approach to ALMPs. This can lead to a plurality of lines of interventions and approaches, and frequently inefficient deployment of resources due to a lack of coordination. A scheme from Moldova with considerable potential to support entrepreneurship has made limited progress due to insufficiently coordinated funding streams.

In contrast, the development and reform of ALMPs in North Macedonia presents a generally promising picture. Short-term results from the Covid-19 response point towards consolidation being successful in maintaining employment. This has enabled the current consideration of a medium-term focus and priority on enhancing the employability of vulnerable jobseekers. The PES has adopted contingencies with some success to further mitigate negative impacts. North Macedonia reports its next challenge as improving targeting of measures towards particular client cohorts and employers and sectors. Within this positive perspective, North Macedonia has also recognised a need to increase the focus of ALMP design on employability criteria.

Overall, social dialogue mechanisms have been cited as very good instruments to bring social partners in ETF partner countries together in a shared endeavour to optimise the return on investment into employment programmes.

Communicating the availability of programmes to potential beneficiaries, especially in rural areas, remains a challenge. More effective communication can increase take-up of well-designed programmes such as the Moldova scheme to promote on-the-job training. As to promoting stronger links between PES and employers, the Moldovan PES reports a priority to challenge negative stereotypes held by some employers concerning the suitability of clients referred by the PES.

There is considerable potential to enhance the digital capacity of PESs in ETF partner countries, including the development of links between PES and VET delivery as identified in North Macedonia. Improving digital access can improve opportunities for citizens to participate in training and support development of the knowledge-based economy.

The particular areas for attention in ETF partner countries can be summarised as weak governance, consequent difficulty in mapping of provision thereby complicating strategic service planning, uncoordinated provision of intervention lines, the absence of comprehensive information systems for internal use and for communication to beneficiaries and third parties, and overall inadequacy of VET provision (notwithstanding progress reported from countries including Moldova).

Global action to address climate change is being increasingly reflected in programmes aimed at decoupling economic growth from environmental degradation and resource depletion, as well as strategies promoting sustainable consumption and production. This greening of the economy will, in tandem with the impact of increased automation and digitalisation on jobs, result in significant labour market disruption. PESs will therefore need to increase their capacity and capability to efficiently manage labour reallocation and provide support for citizens facing an increased volume of labour market transitions. ALMPs will need to be designed to reflect these changes to enhance the employability of jobseekers in an increasingly volatile and uncertain environment. It will be important that PESs are able to access support from EU Recovery Fund Programmes and similar support for Neighbourhood countries designed to assist them in supporting economic reform, including achievement of green goals as part of the post-crisis recovery.

In particular, the trend towards digitalisation and dematerialisation of services is expected to continue in the coming years. As we have seen, there is much variation between countries as to their current level of digitalisation, though all over the EU and ETF partner countries, PESs have shifted to a large percentage of digital service delivery. While this should be regarded as an opportunity to modernise services, increase efficiency and rationalise processes, as well as improve outreach to those jobseekers who prefer digital channels, it must also be noted that many clients continue and will continue to prefer or in certain circumstances require face-to-face contact. In this regard, PESs must be aware of the need for continuing face-to-face counselling for those groups with poor digital skills or who do not wish to engage in digital services, and thereby to develop the correct balance of digital and physical services, while focusing training delivery for PES clients on digital skills. This will necessitate more sophisticated approaches on the part of PESs to identify clients who will face further exclusion unless alternatives to digital services are available to them.

The potential longer-term post-crisis economic impact of the pandemic further emphasises the need for the most vulnerable jobseekers to be prioritised to prevent them from falling into long-term inactivity and social exclusion. The ILO 2020–2021 Global Wage Report (2020a) has highlighted the risk of increasing labour market vulnerability imperilling previous socio-economic progress and exacerbating inequalities. The report concludes that those in informal employment, migrants, youths, people with contracts offering little employment protection, and women are especially at risk. The ILO report therefore calls for adequate and balanced policies as well as strengthened social dialogue.

The mismatch between the skills profile of jobseekers and inactive people and changing labour market needs is a particular challenge in ETF partner countries and a number of EU Member States. More effective school-to-work transitions and actions to support people with obsolete skills and qualifications are particularly important in this regard. Suitably targeted investment in skills to enhance employability in greener and more digital labour markets will necessarily play a very significant role in increasing the pace of post-crisis recovery and supporting employment-to-employment transitions.

Consequently, in addition to reconfiguring delivery systems and administrative processes, ALMPs will need to be designed and targeted to reduce the risks of further labour market and social exclusion for the most vulnerable PES clients. This will require ALMPs to be focused on enhancing employability with, where possible, employer input to programme design. This will broaden the customer base of many PESs, introducing a broader mandate to integrate previously inactive citizens and those hitherto outside of the formal economy. In order to meet the demands of this expanded and more challenging role, it will be crucial that PESs develop and engage in deeper partnerships with stakeholder organisations, both to meet capacity demands and source necessary expertise to deal with clients with particularly complex needs. Effective strategies for identifying and meeting skills needs are an

essential component of developing social capital and fostering economic and social inclusion. PESs will need access to up-to-date labour market information to enable them to make a comprehensive assessment of future skills demands. Hogarth (2019) has emphasised the potential benefits from exploiting big data analyses to fully utilise available information, and the critical importance of ensuring that information on emerging skills demands is effectively communicated to all interlocutors involved in offering support. These include PES counsellors and careers officers who, with the appropriate tools, can ensure that targeted interventions – especially with the most vulnerable jobseekers – can address asymmetry in access to labour market information and enhance prospects for those furthest from integration. Further to this, increased investment in ICT can both facilitate joint initiatives to assist such clients and enhance the self-service offering for those clients able to self-serve. The latter will be involved in increasing numbers of career transitions as a consequence of Covid-19, ‘fast-forwarding’ pre-existing trends towards increased flexibility of employment relations and more frequent job changes, driven by the increasing rate of technological change and growth of transitional labour markets.

8. RECOMMENDATIONS

This study provides a number of potential recommendations for consideration by ETF partner countries for the review of their employment policies and service delivery to better deal with the labour market disruption caused by the Covid-19 pandemic and policy implications, in particular for upskilling and reskilling strategies. These strategies need to build on evidence, thus focus strongly on timely data collection towards enhanced labour market information systems, including skills needs anticipation.

The economic recovery poses several challenges and opportunities for PES interventions at the level of measures, support and services. The increased demand for PES intervention due to the aggravated labour market and social situation may incentivise actions towards efficiency gains through innovation in ALMP design and delivery methods in order to increase their effectiveness.

The design of ALMPs should be reviewed to ensure that training programmes include measures that meet the needs of the most vulnerable and furthest from the labour market. VET, skills and employability programmes should focus on assisting jobseekers to access jobs in growing sectors with labour demand. Including employers in discussions about ALMP provision can help ensure that measures meet labour market needs. As far as possible, ALMPs should be delivered flexibly, enabling clients to access courses digitally, and at times that suit their overall working patterns, when necessary. Modernising the training offer with the objective to provide skills to more innovative growing sectors should not be underestimated.

The profile of jobseekers in ETF partner countries means that Covid-19 has placed a particular premium on skills development for those jobseekers with the most significant employability barriers. To meet challenges arising from significant labour market disruption, PES reforms will be necessary, especially to ensure the social inclusion of the most vulnerable clients with significant skills deficits. Such reforms should include the active promotion of partnerships to increase delivery capacity based on meaningful dialogue between stakeholders. The latter should include employers, unions, skills providers and VET institutes. Policy cohesion will be needed from international, national, regional and local tiers. Reforms should be informed by a thorough understanding of local labour market needs, coordinated local service delivery strategies, effective management structures and clear ownership of support activities.

Provision of adequate resources will be necessary to deliver change which will be assisted in an environment encouraging innovation and sharing of experience and good practice. As a starting point, a full mapping exercise should be undertaken to identify existing supply chains for the delivery of skills enhancement and employability support. This can enable gaps and duplication to be identified and administrative structures to be clarified, facilitating the transparency of agency responsibilities and support capacity to be established between PES and other support agencies as a precursor to the formulation of proposals for service enhancement.

In order to avoid citizens with the most significant barriers to labour market inclusion falling into even more precarious situations, PESs should prioritise efforts to encourage people from these groups to register. This will enable support needs to be identified and PESs to enhance their function as a crucial source of up-to-date information on labour market activity. Encouraging registrations will need enhanced outreach activities and can ensure that vulnerable people are steered to support services which can assist their subsequent integration.

To meet the capacity challenges that come with delivering an expanded mandate – including increasing numbers of previously inactive people – PESs will need to develop both their customer contact strategies and stakeholder partnerships. Investing in ICT systems that can offer greater self-service opportunities for more autonomous jobseekers can enable resources to be identified to provide more intensive personalised support for those furthest from the labour market. Digital delivery systems can therefore enable PESs to meet the needs of increasing numbers of clients while enabling sufficient funds to be available to continue to provide face-to-face support for customers who will continue to require this. Developing service delivery partnerships with public, non-governmental and private sector organisations can enable specialist support to be provided for groups with particular needs, including young/older people, people with disabilities, migrants and the long-term unemployed.

Developing employer engagement strategies by targeting those with vacancies most suited to the skills and aspirations of registered jobseekers can encourage more enterprises to place jobs with the PESs. Providing further support such as assisting in the administration of recruitment exercises can further encourage employers to work in partnership, increasing placement of priority PES clients.

Well-designed and appropriately targeted STW, wage subsidy and public works schemes can offer further tools to maintain crucial labour market attachment, especially for citizens at risk of falling into long-term unemployment.

The needs of the self-employed and people working in the informal economy must also be considered. In addition to their needs being reflected in the ALMPs offered, the scope to include them in social assistance and direct cash transfer schemes should be investigated. This can form part of necessary wider reviews of programmes to alleviate the impact of the crisis of the most vulnerable citizens not covered by unemployment insurance.

As regards unemployment benefits, the coverage, design and payment levels should be reviewed to establish scope to better reflect the needs of jobseekers in a rapidly changing labour market. Opportunities to further automate, streamline and simplify administrative delivery systems should also be explored. Where practicable, ETF partner countries should review overall financial assistance programmes to investigate the potential for more flexible approaches, including enabling passive benefit payments to be combined with active support such as STW schemes where this can subsequently increase integration rates and reduce fiscal burdens.

Other opportunities could be to mainstream an integrated design and delivery of social protection and ALMPs, including STW and training; and to secure that (short term) training leads towards a qualification (or partial qualification) to boost motivation among participants.

The Covid-19 pandemic has increased the rate of labour market change and administrative reform and modernisation. Pre-existing trends have been fast-tracked, presenting significant challenges for governments and all employment service providers. However, responses to these reflect the innovation which has been applied to overcome the difficulties arising from the crisis and can illustrate how, with appropriate planning, there is potential to not only alleviate the labour market disruption but also realise opportunities to enhance the situation of PES clients.

LIST OF ABBREVIATIONS AND ACRONYMS

ALMPs	Active labour market policies
Cedefop	European Centre for the Development of Vocational Training
EGP	Egyptian pound (currency)
ETF	European Training Foundation
EU	European Union
EUR	Euro (currency)
GDP	Gross domestic product
GEL	Lari (currency, Georgia)
ICT	Information and communications technology
ILO	International Labour Organisation
JOD	Jordanian dinar (currency)
LMP	Labour market policy
MKD	Denar (currency, North Macedonia)
MSMEs	Micro, small and medium-sized enterprises
NEET	(Young people) not in employment, education or training
OECD	Organisation for Economic Cooperation and Development
PES	Public employment service
SMEs	Small and medium-sized enterprises
STW	Short-time work
USD	US dollar (currency)
UZS	Uzbekistan sum (currency)
VET	Vocational education and training

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