



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

SUMMARY NOTE

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Introduction

This is a summary of a report that aimed to identify and map innovative practices for the adjustment and implementation of Active Labour Market Policies (ALMPs) during the COVID-19 crisis. Looking at the European Union, the EU Neighbourhood and Central Asia, it analysed solutions for design and delivery, emerging challenges, new target groups and skill sets, and building resilience among jobseekers and workers. The report also investigated how Public Employment Services (PESs) can deal with pandemic-related increases in the demand for services and new delivery methods. It is part of a wider study commissioned by the ETF and led by Fondazione Giacomo Brodolini on ALMPs, labour market transitions, and skills development in ETF partner countries during the crisis. The report was written in March 2021 by Eamonn Davern, with support from Gabriel Currie-Clark.

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Labour market

Mega trends such as climate change and digitalisation are bringing profound changes to the labour market. Skills mismatches and shortages are likely to intensify as the labour market evolves. Among other things, PESs will need to improve the design and delivery of ALMPs. Automation can help boost efficiency, convenience and accessibility, but the most vulnerable people will continue to require intensive and personalised support. PESs will be called upon to work more intensely with the long-term unemployed and school leavers to help them make transitions into the workplace. To do so, they will need to forge partnerships, notably with non-governmental organisations.

There is consensus among scholars that the COVID-19 crisis has considerably disrupted the labour market. This will likely exacerbate the pre-existing trends like the ones noted above. These were already putting pressure on PESs and other employment service providers. Lifelong employment is increasingly uncommon, thereby shifting demand for services from worker-employer job matching to the management of career transitions for a wider range of individuals. Meanwhile, the most vulnerable may be at risk of chronic exclusion from the labour market. People who are behind the curve on technology will need reskilling, upskilling and retraining.

The report aimed to answer the following questions:

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

These questions correspond to three dimensions of labour market policy: support, measures and services. They are defined as:

- **Supports** – They provide financial assistance, directly or indirectly, to individuals.
- **Measures** – Most aim to help the unemployed move from involuntary inactivity into employment or help currently employed people maintain their jobs.
- **Services** – These are focused on job-searches. This category includes services such as placement, counselling, guidance, administration, and more.

A. Supporting businesses and individuals



Key findings:

- Short-time work schemes have gained wider acceptance.
- During the crisis, unemployment benefits increased and came with fewer requirements.
- Cash transfers expanded to support workers not covered by unemployment benefits. To reach beneficiaries, countries used novel tools such as healthcare databases and digital payments.
- Several interventions targeted the self-employed and atypical workers, including people in the informal sector.

To counter the effects of the crisis, many governments focused on maintaining jobs with support for individuals and companies, including via short-time work (STW) programmes. The amounts dispersed and coverage of traditional schemes have been expanded, in part by targeting new groups such as informal and atypical workers. Displaced individuals and others received help to make transitions. This often included online training.

The report examined four types of support for businesses and individuals: STW, unemployment benefits, minimum income schemes and cash transfers, and support for the self-employed and atypical workers.

Short-time work schemes

STW schemes are the main instruments to keep businesses afloat and avoid job losses. Where such programmes already existed, they have been expanded significantly. Elsewhere, including in several ETF partner countries, they were introduced for the first time in response to the COVID-19 crisis.

North Macedonia provided financial support to private firms. Egypt established an emergency fund for workers at companies threatened with closure, covering up to 100% of the basic salary. Turkey guaranteed three to six months of earnings for those receiving the minimum wage. Russia offered subsidies to part-time workers and those at risk of dismissal. Uzbekistan provided interest-free loans to help temporarily shuttered businesses pay wages.

Unemployment benefits

Unemployment benefits changed in several ways. Often, they became more generous, with either higher benefits or shorter qualifying periods. In France and Spain, atypical workers received coverage. Payment procedures were simplified and entitlement requirements loosened in many places. In Spain and Greece, people can now apply online. In Croatia, they can register by phone and provide documentation by email. In Greece, Cyprus, Spain and Estonia, the PESs simply renewed all benefits automatically. ETF partner countries such as Azerbaijan, Morocco, Tunisia, and Uzbekistan simplified filing procedures and relaxed conditions. In Ukraine, the State Employment Service introduced online registration.

New delivery channels were developed in many places. As government agencies shut their offices, countries such as Romania and Spain set up call centres. Norway established an automated system to handle cases and allow people to use digital applications. North Macedonia introduced online registration.

Minimum income schemes and cash transfers

Minimum income schemes and cash transfers were introduced to support workers not covered by unemployment benefits, for example, people in the informal sector. To identify beneficiaries, countries used new methods such tapping into healthcare databases or developing digital disbursement options.





Takaful in Jordan

Jordan's National Aid Fund launched a cash transfer programme called Takaful to support the most vulnerable families, notably people in the informal sector. During the initial phase, the programme aimed to reach 200,000 families, partly using public funds and partly through private donations. A second phase aimed to help 250,000 families. Takaful is considered the most comprehensive social protection programme in Jordanian history.

Support for the self-employed and atypical workers

Traditionally not covered by unemployment benefits, the self-employed and atypical workers, including those in the informal sector, often received benefits during the Covid-19 crisis. Some countries set up special funds for the self-employed. Informal workers were targeted for cash transfers in places such as Georgia, North Macedonia and Morocco. Lithuania offered to help people purchase equipment to launch new careers as independent contractors or small business owners.

Egypt: Cash transfers for informal workers

In Egypt, cash transfer amounts increased by 157% due to disbursements to informal workers who registered with the Ministry of Labour and Manpower. The programme was expected to cover almost two million people in sectors such as construction, ports, agriculture, fishing, plumbing, electricity, etc. Some 5,700 post offices, banks and schools served as payment sites. Beneficiaries received text messages on their mobile phones telling them when and where to pick up their first payments. They also received free ATM cards.



B. Measures to foster employment

Early responses to the pandemic-induced crisis were mainly dedicated to supporting businesses and individuals. In addition, some countries introduced new measures in terms of training, wage subsidies, matching and placement, mobility, and public works.

Key findings:

- Short-time work is increasingly combined with vocational training to foster reallocation of workers to sectors in demand.
- Some countries have introduced digital delivery for training and are offering training in digital competences.
- PESs are playing more important roles in identifying and assessing skills mismatches.
- Wage subsidies are uncommon but, in some cases, can help by targeting informal workers.
- Some PESs have introduced innovative online platforms and digital services to improve matching and placement.
- In order to overcome labour shortages, some countries are allowing a combination of unemployment benefits or STW with taking up employment.
- In some countries, public works programmes provide financial support for people while addressing issues such as environmental problems.

Vocational training, reskilling and upskilling

Several trends have emerged in terms of vocational training. The first is the combination of STW with vocational training. For instance, Germany introduced new measures to reinforce the role of training in short-time work. PESs had to adapt to provide vocational training. Slovakia and Croatia even suspended training due to Covid-19 restrictions. Others tried digital delivery, though success has been sometimes limited by low digital skills on the part of participants and the inability of training providers to respond quickly and prepare adequately for online delivery.

New forms of training have emerged in response to the crisis. PESs are playing more important roles in identifying and assessing skills mismatches. Short training programmes have been developed to facilitate reallocation to jobs in demand. Finally, countries such as Bulgaria, Croatia and Italy introduced training programmes to provide workers and jobseekers with basic digital skills.



Portugal: Training for employees of hard-hit firms

Small and medium-sized enterprises (SMEs) represent approximately 99% of Portuguese businesses. To support them, the PES launched an Extraordinary Vocational Training Plan designed to support private sector employees, keep people on the job, and increase the professional qualifications of employees. Applicants had to have experienced total or partial closure due to pandemic-induced lockdowns, total or partial activity stop as a result of supply interruptions or cancelled orders, and a 40% billing break. Financial support covered up to half of the gross monthly wage bill. Training plans were prepared together with the employers and provided at the public vocational centre.

Employment incentives (including wage subsidies)

Portugal applied wage subsidy schemes to the healthcare industry. Montenegro introduced subsidies for informal workers to foster their transition towards formal jobs. A specific support package in Serbia included wage subsidies for micro, small, medium and large enterprises. In Moldova, the PES has introduced new measures to increase employment opportunities for the unemployed without work experience. They also subsidised the employment of the unemployed who need additional support in the labour market to reduce the effects of the pandemic crisis (COVID-19).



North Macedonia: SME job creation

To support the creation of jobs in micro, small and medium-sized enterprises affected by the crisis, North Macedonia targeted 600 jobseekers, mostly people laid off during the pandemic. At least 30% were under 30, at least half were women, and at least 2% were persons with disabilities. The scheme provided financial assistance to companies ready to create full-time jobs. The amount varied from 260,000 denars (about 4200 Euros) for one new position to 1,302,000 denars (about 21,000 Euros) for five new hires. Preference went to firms with 20 or fewer employees and those that suffered a drop in revenues of at least 20% during the crisis. The new employees must remain on the job for at least a year, and the company agreed to refrain from layoffs.

Matching and placement services

Matching and placement services have witnessed a downturn due to the lack of job openings, except in sectors such as agriculture, healthcare, logistics and information technology. Yet, some European PESs have introduced innovative online platforms and digital services.

Estonia developed Share Force One, an online platform allowing businesses to temporarily trade employees. It also launched a pilot programme to offer online job fairs with webinars, seminars and real-time job mediation. In France, a new online portal advertises vacancies in critical sectors such as seasonal employment. Germany created a platform to help farmers find workers, notably students, refugees and the temporarily unemployed. Sweden came up with a system for digital interviews, using video calls to connect jobseekers and employers.

Mobility schemes

Pandemic-related travel restrictions have reduced the ability of people to move to where the work is. The crisis has also engendered a shift in labour demand. In response, many countries have embraced mobility schemes to address crisis-related labour shortages. These can support intra-country mobility and employment abroad, foster labour market integration for immigrants, and facilitate movement among companies and sectors.

Some countries, for example Germany, have changed their rules to allow a combination of unemployment benefits or STW with taking up employment. In the European Union, cross-border workers were allowed to commute and seasonal employees were classified as critical workers. Restrictions on students and asylum seekers have been loosened, in Belgium for example. France and Estonia are allowing companies to transfer workers to other companies. In Sweden, healthcare students could work without losing their financial aid. In Spain, people on unemployment or STW were allowed to take farm jobs.

Direct job creation: public works

Azerbaijan, Uzbekistan, and Armenia have introduced or modified public works programmes to provide financial support to individuals while addressing wider issues such as environmental problems. Some countries have experimented with digital public works. Austria implemented a large-scale programme to digitalise its public archives, targeting people with disabilities.



C. Adapting services to the crisis

During the crisis, PESs have confronted several unprecedented challenges, notably keeping clients informed of rule changes, managing their own staff while complying with new health regulations, meeting the demand for services, setting up crisis teams, and adapting delivery models.

Key findings:

- PESs have introduced new channels to communicate with their target audiences.
- To handle the increase in benefit claims and short-time work programmes, many PESs reduced counselling services.
- Monitoring gained relevance, with a trend toward more qualitative approaches.
- Crisis management teams have helped to address pandemic-related problems and reduce institutional fragmentation.
- Since face-to-face meetings have not been possible, PESs resorted to telephones and digital communication.

Information services







Beyond traditional channels (print, television and radio), PESs have added social media, including LinkedIn and YouTube. Cyprus and Spain have established telephone hotlines. In response to drastically higher demand (fivefold in Slovenia and 20 times more in Germany), call centres were beefed up. Some countries introduced customer information resource centres, centralising all pandemic-related information. France created a free app to help hearing-impaired people use the relevant telephone services.

Changing delivery methods and service models

As face-to-face meetings became difficult, PESs encouraged more digital interaction. Several countries (e.g., Germany, Spain, the Netherlands, Moldova and North Macedonia) made serious adjustments. Pandemic-related developments further fuelled existing trends toward digitalisation and dematerialisation of employment and skills-development services. dematerialisation of employment and skills-development services.



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