



European Network of Public Employment Services

Service delivery by Public Employment Services in the wake of the COVID-19 crisis March 2022

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by Public Employment Services
in the wake of the
COVID-19 crisis**

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ACRONYMS

ALMP	Active labour market policy measures
COVID-19	contagious viral disease (a coronavirus)
EC	European Commission
EU	European Union
GDP	Gross Domestic Product
LMP	Labour Market Policy (database)
LFS	Labour Force Survey
LTU	Long-term unemployed
NEET	neither in employment, education or training
OECD	Organisation for Economic Co-operation and Development
PES	Public Employment Service
RRF	Recovery and Resilience Facility
SME	Small and medium enterprises
STW	Short-Time Work scheme
UB	unemployment benefit
VET	Vocational education and training

COUNTRY ACRONYMS

AT	Austria	IE	Ireland
BE	Belgium	IS	Iceland
BG	Bulgaria	IT	Italy
CY	Cyprus	LT	Lithuania
CZ	Czech Republic	LU	Luxembourg
DE	Germany	LV	Latvia
DK	Denmark	MT	Malta
EE	Estonia	NL	The Netherlands
EL	Greece	NO	Norway
ES	Spain	PL	Poland
FI	Finland	PT	Portugal
LI	Liechtenstein	RO	Romania
FR	France	SE	Sweden
HR	Croatia	SK	Slovakia
HU	Hungary	SI	Slovenia

EXECUTIVE SUMMARY

The study reviews the responses of Public Employment Services to the COVID-19 pandemic, during the various phases of the crisis and the period of economic recovery from the crisis, up to the end of 2021. It seeks to map measures that were put in place to tackle the immediate effects of the pandemic and to prepare for a post-COVID-19 labour market. The study also aims to provide an initial assessment of the effects of measures and strategies implemented so far: (i) on labour market outcomes and (ii) on the internal organisation of PES and their service delivery models¹.

Meanwhile the Russian invasion of Ukraine has engendered new serious challenges on PES, mainly related to giving labour market access to refugees, which is not the topic of this study. The current crisis is also affecting the economy of EU Member States –to different degrees, depending on their economic structure and global value chains. To tackle these challenges job retention schemes, discussed in this paper, may be a relevant measure.

Labour market impact of COVID-19

Labour markets have become dynamic after the first lockdown

The COVID-19 pandemic hit the European economy heavily, with a sharp fall in GDP in the second quarter of 2020. By the fourth quarter of 2021, EU-27 GDP had recovered to its pre-pandemic level in the fourth quarter of 2019. However, the speed of recovery has varied across EU Member States. While in the fourth Quarter 2021 the GDP level has been close to equal or above its level of the fourth quarter 2019 in many EU Member States, it was still below the pre-pandemic level in the Czech Republic, Italy, Spain, and Portugal². By Autumn 2021 there were signs that in some countries a strong recovery predicted earlier in 2021 could be hampered by continued disruptions in global supply chains and labour shortages (EC 2021a).

From standstill to shifts in labour demand and bottlenecks

The development of vacancies shows a 'V' shape. In the first phase of the pandemic, the number of open vacancies was relatively low. Once the economy started to recover, vacancies first increased in specific sectors, and later more generally, depending on economic growth. Vacancies stagnated or even decreased again in some sectors and countries as a result of interruptions of global value chains (e.g. manufacturing), or national containment measures (e.g. in the hospitality sector).

Patterns of labour shortages have arisen as GDP continues to grow. It makes previous shortages in bottleneck occupations visible once again and shows new labour market tensions linked to shifts in demand caused by the pandemic and related policy measures. For different reasons, there have been particular difficulties with recruitment into the health and care sectors, IT, logistics, education, financial services, and agriculture in all phases since the start of the pandemic. Recently, shortages were also evident in the hospitality sector, as many workers had left the sector and found employment elsewhere.

¹ This study is based on surveys, desk research and interviews conducted until the end of 2021. It was completed in February 2022, in a rapidly changing and uncertain context. The further developments of the pandemic and consequences of the war in Ukraine are therefore beyond its scope.

² No GDP quarterly forecasts are reported for CY, EL, IE and MT.

New challenges and activities for delivering employment and placement services

Digitalisation and hybridisation of employment service delivery

In the vast majority of countries, the first lockdown led to restrictions on in-person meetings and a reduction of PES office hours. PES have since re-opened offices in the subsequent phases of the pandemic. However, due to the social distancing rules, PES had to (further) develop or make greater use of pre-existing digital services. This increased digitalisation and brought forward the implementation of digitalisation plans. Online registration has become standard, and rules needed to be changed accordingly. Some PES mentioned that they introduced Apps to make accessing their services easier (e.g. Germany, Italy, and Greece). Services ranged from improving the accessibility and functionalities of online services (e.g. updating PES homepages), provision of information, promotion of online counselling, and promoting dialogue with jobseekers and employers. Many PES have used video-conferencing tools for counselling and recruitment, and some have implemented e-job fairs (e.g. in Belgium – Actiris, Estonia and France). Telephone counselling has also been an important channel offering easier access for people with low or no digital skills or access to devices. New job-search training courses or webinars were developed and provided online (e.g. in Sweden and Portugal). Despite the expansion of e-services, PES could not deliver the full range of services even in countries with an already advanced e-service offer before the crisis due to limits to the automatisisation of services and constraints on the availability of staff providing e-counselling because of the management of benefit claims (see below). A few PES are planning to evaluate and analyse which of the digital tools are adequate, which will eventually be used to improve future services delivery (e.g. in Belgium – Le Forem and VDAB, Luxembourg, Ireland).

Most PES have continued to use the digital tools more intensively, even after PES offices were re-opened and have been providing services in a hybrid manner. Some PES with less developed IT-supported processes are now developing or improving automated matching tools (e.g. Greece and Slovenia). The use of digital technologies for profiling and vocational guidance is being further developed in some PES, and more PES are likely to use digital technologies for analysing skills and competencies and their transferability from one job to the other. Overcoming the digital divide and the digital illiteracy of jobseekers and companies is a key challenge and some PES have set up additional specific activities to provide training.

PES activities to promote occupational and job-to-job mobility

Since the beginning of the pandemic, PES needed to adapt their strategies to support some workers in a situation of rapidly changed demand in some sectors. Activities have included support for self-employment, cooperation with sector associations to rapidly fill vacancies and overcome recruitment problems, and training in bottleneck occupations (e.g. in the health sector, agriculture, and the restaurant and hotel sector). In some countries, PES have become more proactive in contacting employers and following up on their recruitment problems (e.g. in Austria, France and Sweden). Several PES have implemented approaches for early intervention in the unemployment spell (e.g. in Belgium – Le Forem).

The pandemic has also affected migration flows, in particular during the closure of borders or restrictive quarantine rules affecting temporary and seasonal workers, and postponing immigration of skilled workers from third countries. This has led to unmet labour demand in some sectors. A few PES have implemented additional activities to support the recruitment of seasonal workers from abroad (e.g. France, Germany and Spain). Some PES extended and scaled up their vocational guidance.

Over the course of the pandemic, employment incentives to support specific sectors have been scaled up gradually

The use of active labour market programmes (ALMPs) since the start of the pandemic has varied. In general, during the first phase of the pandemic, ALMPs to support recruitment could not be implemented because of fewer job openings resulting from the social distancing rules. Likewise, training measures were reduced because in-person training courses were cancelled due to the imposed restrictions, although online training gained momentum thereafter. After the first and second lockdowns, labour demand increased and many short-term unemployed transitioned into work without the need for wage subsidies.

Over time, many PES have upscaled specific ALMPs or have introduced new measures and programmes. A number of new or scaled-up employment incentives have been directed towards small and micro enterprises, to specific groups of workers or specific sectors. The recovery has been uneven across sectors because of the different containment measures throughout the pandemic.

Training measures have become increasingly important

In several countries, a shift towards spending on training measures rather than on employment incentives is evident. For example, temporary extension of short-term and long-term training measures in Denmark; measures within France's Skills Investment Plan; Finland's new centre for continuous training; Ireland's extension of places for further education and the Skills to Compete programme to promote transversal skills, and Portugal's Re-skilling Lab pilots. Most PES have also extended their training measures to workers threatened by unemployment, as well as specific groups of employed persons (e.g. Croatia, Italy, Germany). Even before the crisis, awareness or the need for up-skilling, skills adaptation or re-skilling employed workers has been increasing in several countries. However, not all countries' measures for the employed can be implemented by PES.

Aiming to make workers fit for the future, the majority of PES have introduced specific programmes to upskill registered jobseekers for employment in green, IT, health and other sectors because of the COVID-19 pandemic. New partnerships with private companies and training institutions have been concluded to deliver training for improving digital skills at all levels (e.g. France, Portugal's Upskill – Digital Skills & Jobs programme). Delivery of PES supported training measures in an online format and later in hybrid forms, have significantly increased in several countries as a result of the pandemic.

Targeted ALMPs to jobseekers with employment barriers

The youth unemployment rate is usually more sensitive to the business cycle, which has been the case since the start of the pandemic. The rate of those young people neither in employment, education or training (NEET) increased in almost all Member States, particularly at the beginning of the pandemic. The situation improved by Q4 of 2020. This suggests that youth employment policies launched in several countries have had a positive effect, and young people may also have had easier access to VET training and employment after the summer break in 2020. Nevertheless, the NEET rate was still higher at the end of 2020 as compared to the previous year. Several PES have intensified efforts to bring young NEETs into employment or education (e.g. Slovakia). A few countries have promoted apprenticeships or dual vocational traineeship schemes (e.g. Germany's and Ireland's support to their apprenticeship schemes, extending traineeship schemes such as in Denmark, Italy and Portugal). Other PES have provided new employment incentives for young people (e.g. France '1 young person, 1 solution' plan). Several PES scaled up measures under the Youth Guarantee (e.g. in Belgium – Le Forem, Portugal, Spain).

Other groups that have been particularly affected by the pandemic include long-term unemployed (LTU) who have faced increased difficulties to access the labour market.

Several PES noted that employment prospects have worsened for older workers. People with disabilities have faced additional limitations to access the labour market during the pandemic. One reason for this is that people with disabilities were less likely to telework because they had limited access to equipment or because of the nature of the tasks. Migrants have been more strongly affected by rising unemployment.

Some PES have therefore implemented additional measures for LTU and vulnerable unemployed not receiving unemployment benefits (e.g. Austria's Springboard programme, sectoral plans implemented in Belgium by Le Forem, new Work Placement Experience Programme in Ireland). Some PES have improved cooperation between social and employment services (e.g. Slovakia). Several PES have targeted additional measures and resources on older jobseekers (e.g. in Denmark, Finland, Greece, Romania). In several EU Member States, employers could receive extra support for the job retention of people with disabilities or were provided with additional incentives for hiring people with disabilities.

Support in case of reducing work and of joblessness

Job retention schemes have contained the rise in joblessness

At the start of the pandemic, job retention schemes have played a major role in preventing significant increases in unemployment and job insecurity. Job retention schemes have also helped employers to reduce costs linked to the fluctuation in labour demand. New short-time work (STW) schemes and other job retention schemes (e.g. partial unemployment schemes and job protection wage subsidy schemes) were introduced, in some cases limited to specific sectors. Existing schemes were amended to adjust to the specificities of the COVID-19 pandemic and in many cases several changes to the scheme were made, including during the recovery phase. In Finland and Norway, temporary lay-off schemes were introduced giving the employee a right to remain with the same employer after the unemployment period, which have shown similar effects as other job retention schemes. Those PES implementing job retention schemes were required to operate under high workloads and the delivery of employment services needed to be curtailed in several cases.

In most countries, the uptake of job retention schemes in April 2020 was very high but has declined significantly since. Due to new containment measures imposed during winter 2020/21, the number of countries using job retention schemes increased again but remained, on average, well below the level in April 2020. By October 2021, some job retention schemes started to be phased out. In a few countries, payments have already been terminated, while in others the plan is to phase out schemes or specific COVID-19 rulings by the end of 2021 or during 2022. Depending on the economic structure in the different countries, the sectoral composition of employed covered by the different job retention schemes differed widely. Furthermore, there have been changes in the sectoral composition due to the fluctuations in economic recovery. Labour market adjustments during the pandemic, particularly in the early stage, have mainly happened through the variation of working hours rather than the number of jobs. Overall, job retention schemes have permitted an increase in flexibility within companies and administrative data show that workers often reduced working for just a few hours or stopped working for a couple of days. However, it is not possible to assess how work would have been organised in the absence of job retention schemes. In addition, other policy measures have permitted a reduction of working hours, including extended sick leave or quarantine leave. Workers have also voluntarily reduced working time or taken their holidays or extra holidays. There is little evidence that job retention schemes have prevented the labour market mobility.

Mitigating the effects of unemployment

At the beginning of the pandemic, most countries introduced temporary changes to their existing unemployment benefit scheme to assist the unemployed with temporary more

generous support and to cover a wider range of persons (e.g. self-employed in some countries). A range of PES reported that measures in the field of social assistance and minimum income were newly implemented, amended, scaled-up or extended to cushion the effects of the pandemic.

Since not all persons are covered by unemployment benefit schemes (for example self-employed), multiple countries temporarily introduced new social assistance and minimum income schemes. In other countries, eligibility criteria for receiving unemployment benefits were changed to also cover the self-employed hit by the pandemic. In addition, or instead of PES support, other agencies and ministries have set up aid programmes for the self-employed and other businesses.

The different measures put in place to compensate for the loss of jobs or reduced hours appear to have worked well and prevented a strong increase in poverty. Nevertheless, some groups of persons have been financially hit hard by the pandemic.

PES internal strategies for managing the crisis and preparing for recovery

The main challenges for managing the crisis have been linked to accelerating digitalisation and using other remote communication methods, changing the work organisation to deal with the high burden of benefit claims, implementing telework particularly in those PES with limited experience of teleworking options before the pandemic. Following the rollout of teleworking in Spring 2020, several PES introduced new rules for teleworking during the recovery phase. The main elements for reviewing future human resource management strategies consist of at least the partial continuation of telework, the reorganisation of work processes to enhance the efficiency of staff, and the expansion of staff and additional resources for staff in a third of PES.

In many cases, the digitalisation of services and the new balance between in-person and digital delivery of services to jobseekers (in particular those with low digital skills and specific vulnerable groups) and employers still need to be explored and will certainly drive the actions of PES in the future. The challenges ahead also concern the changes in culture in using digital tools, both from the users' perspective (jobseekers and employers) as well as from the staff perspective.

Since the start of the pandemic, PES have, in general, closely monitored labour market developments and made additional analyses on the impact of COVID-19. A few PES have reported amending their quantitative and/or qualitative skills predictive tools to improve their analytical capability post the pandemic. Identifying transversal skills and improving occupational and sector mobility accordingly remains a challenge.

1. INTRODUCTION

The pandemic has resulted in containment measures including travel restrictions that have affected GDP development across many different sectors. To date, there have been four waves of the pandemic resulting in lockdown and containment measures with global economic effects. For PES, there have been several phases: (i) the first lockdown; (ii) the subsequent reopening or alternate reopening/lockdowns or implementation of hybrid approaches to service delivery and preparing for post-COVID 19; (iii) in Q4 2020 and Q1 2021, the rebound of COVID-19 cases leading to restrictions being re-imposed. At the same time, PES preparation for recovery continued, with a shift to reskilling and reallocation of resources in response to structural changes (OECD 2021a, Chapter 1), (iv) the rollout of vaccines leading to restrictions gradually being lifted with high expectations for recovery in Q2/Q3 2021, (v) since November 2021 new restrictions have been imposed in some EU Member States alongside some economic recovery.

This report is a follow up to the PES Network study 'PES measures and activities responding to COVID-19'³ published in June 2020. The objective of the study is to review the responses of PES to the COVID-19 pandemic, during the various phases of the crisis and the period of economic recovery from the crisis up to the end of 2021. Fluctuations in quarterly GDP growth first affected the labour market in specific sectors and the variations in infection waves globally has affected some sectors more than others. Some sectors have also suffered from persistent disruptions of global supply chains, all resulting in fluctuations in the process of recovery since the end of the first lockdown.

This study seeks to map measures that were put in place to tackle the immediate effects of the pandemic and to prepare for a post-COVID-19 labour market. The study also aims to provide an initial assessment of the effects of measures and strategies implemented so far: (i) on labour market outcomes and (ii) on the internal organisation of PES and their service delivery models.

Key questions addressed include the following:

- What are the key labour market challenges since the start of the pandemic? What are the main challenges ahead?
- Which groups of people were particularly affected by the pandemic? Has their labour market situation improved after the first lockdown?
- How have PES adapted their employment services during the different phases of the pandemic? What impact will changes made, in particular through digitalisation, have on service delivery in the future?
- What measures have been implemented to promote the transition to jobs and to meet varying demand of companies?
- How have ALMPs been adapted to support an inclusive recovery at the labour market? Have specific measures been developed and implemented for specific groups such as the self-employed, seasonal workers, young people, and others?
- How have job retention schemes been used to prevent growing unemployment and support companies overcoming fluctuations in labour demand? What is the preliminary assessment of the effects of job retention schemes: Was it possible to prevent unemployment and to nevertheless promote also necessary job-to-job transition and labour market flexibility?
- What measures have been put in place to mitigate the effects of unemployment (unemployment benefit schemes, minimum income schemes)? What was their

³ <https://ec.europa.eu/social/BlobServlet?docId=22859&langId=en>

coverage (e.g. concerning the self-employed, seasonal workers)? Have all workers been protected in the same way?

- How has the COVID-19 pandemic impacted on the internal organisation of PES?
- What impact has the COVID-19 pandemic had on PES strategies for the future?

The main sources for this report are: (i) the survey 'PES service delivery in the wake of the crisis' prepared in the context of this study and distributed to all PES resulting in 24 responses received by September 2021 (referenced as 'PES Survey' in the following); and (ii) PES regular replies to the questionnaire 'Response to COVID-19- Monthly Overview' compiled by the PES Network Secretariat, with the latest information received in September 2021 from 28 PES (referenced as 'PES responses to COVID-19' overview); (iii) data received through the quantitative benchmark exercise of the PES Network Benchmarking; (iv) seven in-depth interviews conducted in October 2021 with PES from different geographical areas, including Bulgaria, France, Germany, Hungary, Lithuania, Norway and Portugal. In addition, Labour Force Survey (LFS) data have been used to complement the analysis, as well as studies carried out by the EC, OECD, and national sources.

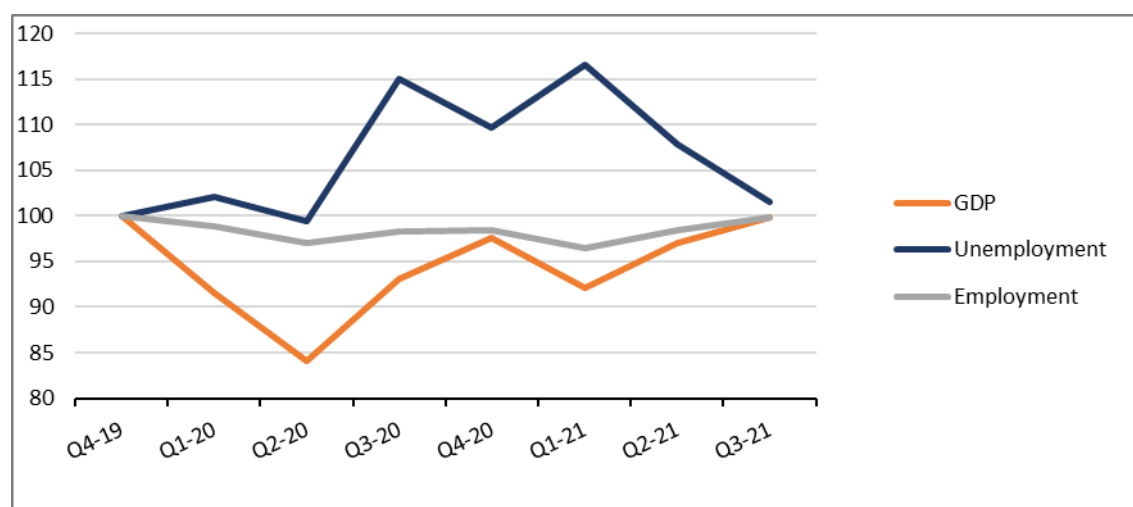
2. OVERVIEW OVER KEY LABOUR MARKET TRENDS

2.1. Past and forecasted main economic and labour market trends

The COVID-19 pandemic hit the European economy heavily, with a strong loss of GDP in the second quarter of 2020. The economy in the EU-27 has improved since then(Figure A1 in the Annex).

Changes in employment were less marked as compared to GDP and unemployment (Figure 1). Despite the extensive use of job retention schemes and their dampening effect on unemployment (see Chapter 5), there have been higher variations in the number of unemployed, reflecting that not all employed were covered by job retention schemes, some fluctuations happened despite job retention schemes, and unemployment fell when demand grew. By the third quarter of 2021 GDP and employment resumed to their pre-pandemic level of the fourth quarter 2019, and unemployment nearly reached pre-pandemic level.

Figure 1. Development of GDP, number of employed and unemployed in EU-27 (Q4-2019=100%)



Source: Own calculation based on Eurostat data (namq_10_gdp; LFSQ_EGAN, LFSQ_UGAN) .

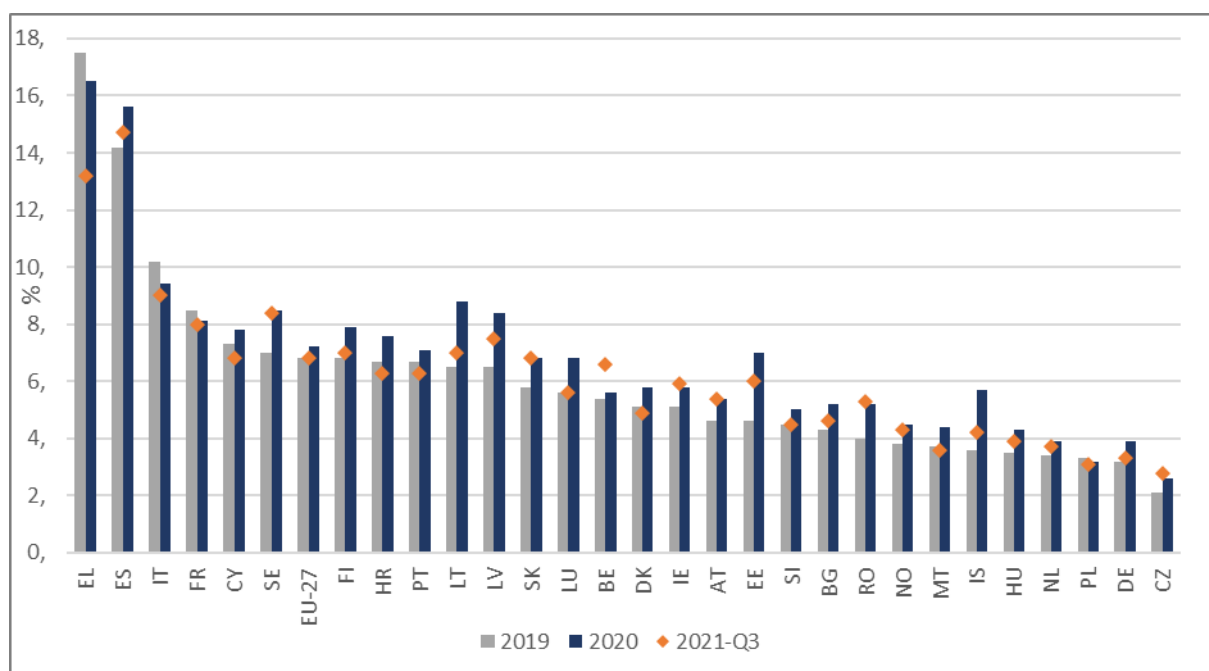
In its latest forecast published in December 2021, OECD (2021c) sees a slowing down of GDP growth in 2022 and 2023. The latest EC (2021a) Autumn forecast foresees a fall in

the unemployment rate for the EU27 from 7.1% in 2021 to 6.7% in 2022 and then to 5.5% in 2023. However, the further development of the pandemic and the potential introduction of new restrictions, as well as persistent global supply chain disruptions, create more uncertainty in forecasting.

2.2. Development of unemployment

During 2019, the unemployment rate fell in most of the countries (except in Estonia, Finland, Iceland, and Ireland) but in 2020 the pandemic reversed this with **most countries seeing an increase in unemployment rates** (Figure 2). Economies with a strong pre-pandemic economy and good labour market conditions with low levels of unemployment have been affected by lockdowns, social distancing, travel restrictions and disruptions in global supply chains, but these factors have also affected economies with higher unemployment rates. **In Greece and Italy unemployment fell slightly, as the unemployed have moved to inactivity through discouragement with their labour market prospects** (see below, section 2.5). Differences in the change of unemployment rates between countries were also strongly influenced by the sectoral and occupational composition of employment and the prevalence of non-standard forms of employment, as well as job retention schemes. By the third quarter of 2021 unemployment had fallen in a few countries below the 2019 average (e.g. Greece, Italy, Cyprus, Hungary, Portugal), while remaining above the 2019 average in other countries. In the case of Belgium, Norway, Sweden, Romania and the Czech Republic the unemployment rate was still higher compared to both 2019 and 2020.

Figure 2. Unemployment rate as a share of the labour force in 2019, 2020 and Q3 2021 in %



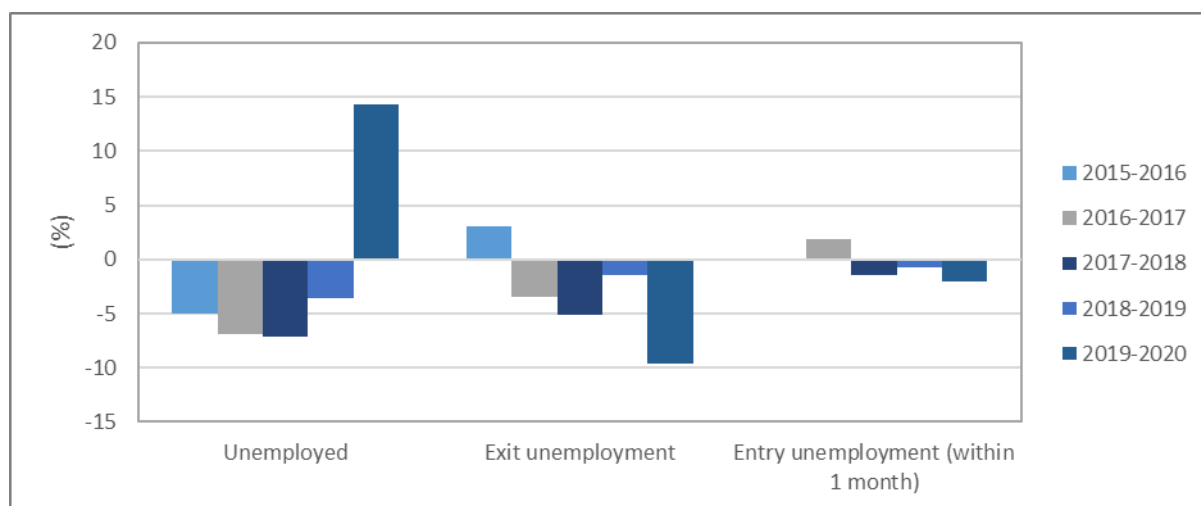
Source: LFS, Eurostat (LFSA_URGAN).

Throughout the pandemic, there have been considerable variations in the development of unemployment, according to LFS data. Countries with usually low fluctuations in unemployment rates in 2019 showed a strong increase in quarter-to-quarter fluctuation in 2020 (as measured by the standard deviation), in particular in the Czech Republic, Iceland, Ireland, Hungary, Lithuania, Malta, Portugal, Slovakia, Romania and Spain (see Figure A2, A3 and A4 and A8 in the Annex). While some PES faced high unemployment inflows, other PES had to deal with high inflows of workers in job retention

schemes instead (where PES had responsibility for job retention schemes, European Public Employment Services Network, 2020).

Similarly, PES administrative data show an increase in the stock of unemployed between 2019 and 2020 (quarterly data are not available). Over 2020, the increase was mainly driven by fewer exits out of unemployment, while entries have been moderate (see Figure 3 and Figure A9 in the Annex).

Figure 3. Percentage change in the number of registered unemployed between 2015 and 2020, EU-27



Note: Based on PES data in 27 countries⁴– Not available for IT and CZ.

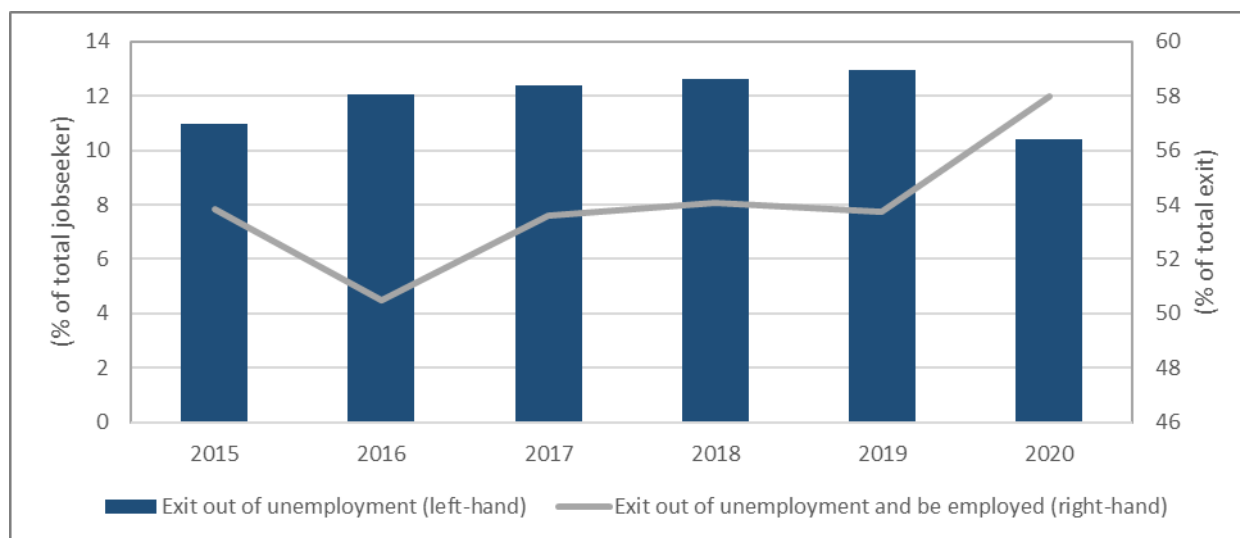
Source: Annual PES Benchmarking Data.

Despite the lower share of people who exited registered unemployment in 2020 as compared to previous years, the proportion of those exiting unemployment and transitioning into employment increased markedly. This reflects labour market effects linked to the pandemic with the fluctuations in lockdowns with changing restrictions and re-opening (Figure 4), with most unemployed finding a job without receiving subsidies⁵. This is because the short-term unemployed with good employability, as well as seasonal workers, have rapidly found jobs when restrictions were eased. In addition, being non-LTU also increased the possibility of avoiding unemployment.

⁴ AT, BE (3 PES), BG, CY, DE, DK, EE, EL, ES, LI, FR, HR, HU, IE, IS, LT, LU, LV, MT, NL, NO, PL, PT, RO, SE, SK, SL.

⁵ Both employee and their employer.

Figure 4. Share of registered unemployed who exited unemployment



Note: No data available for BE (3 regional PES), DE, EL, IE, NL.
 Source: Annual PES Benchmarking Data.

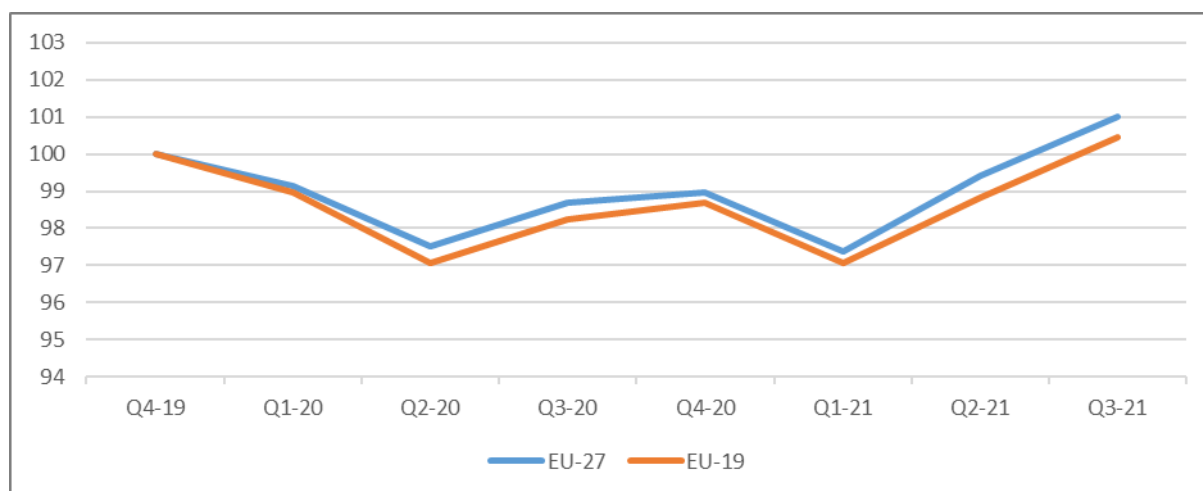
Long-term unemployment

Between Q4 2019 and Q4 2020, LTU has risen by more than 100% in Iceland, close to 100% in Estonia, and 80% in Luxembourg. In contrast, the number of long-term unemployed **decreased slightly in Ireland, Greece, Portugal, Italy, Slovakia and France** (in descending order; OECD 2021 based on LFS data). The decrease in LTU is quite likely associated **with shifts into inactivity** (i.e. those without a job not actively searching for one or not available) rather than into employment.

2.3. Development of employment

Because of the pandemic, employment in the EU-27 decreased slightly during the first lockdown, then increased before falling again as a result of the second wave of lockdowns and restrictions. Figure 5 shows the development of employment rates in the EU-27 indicating a decline during the first lockdown and again in Autumn/Winter 2020/2021, while rates increased thereafter (reaching higher than pre-pandemic levels by Q3 2021) (for details, compare Figures A11 & A12 in the Annex).

Figure 5. Development of employment rate (Q4-19 = 100), EU

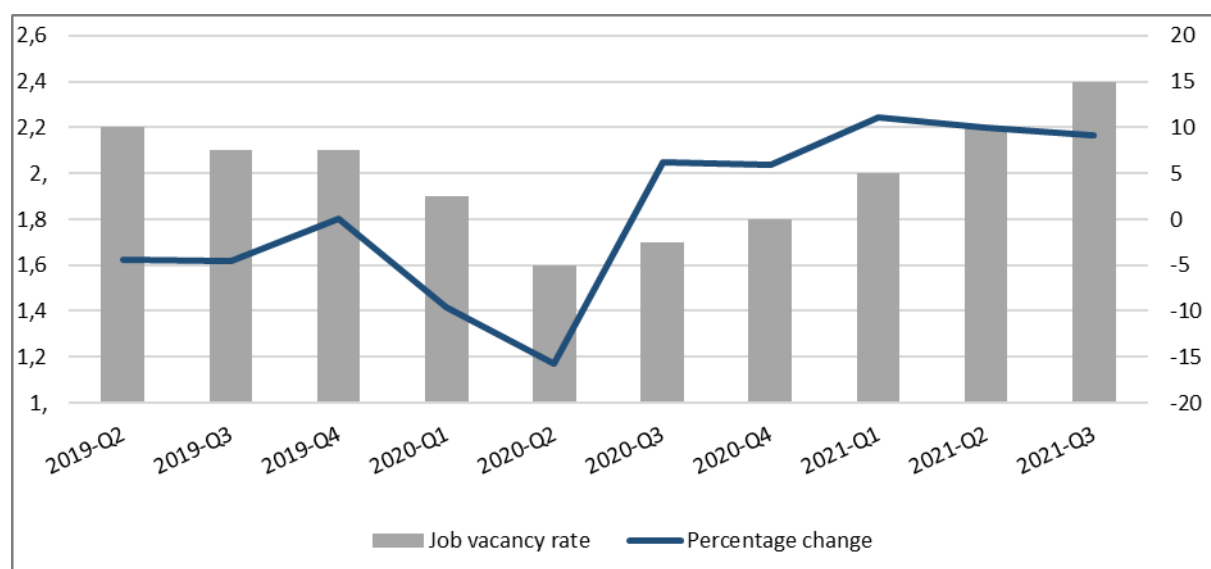


Source: Own calculation based on Eurostat LFS data (LFSQ_ERGAN).

2.4. Development of vacancies

The number of job openings fell significantly in Q2 2020 and consequently the job vacancy rate fell sharply in the first phase of the pandemic. However, since then the job vacancy rate has been increasing as the first strict lockdown was lifted and as companies started to adapt through teleworking, and regained confidence in economic development⁶ (Figure 6). The job vacancy rates increased in most EU countries between Q4 2020 and Q2 2021, though with differences between countries. Some countries continued to experience little change in vacancies during Q1 and Q2 2021 (e.g. the Czech Republic, Germany, or Malta), while labour demand in other countries recovered faster (e.g. Croatia, Cyprus, Italy, Slovenia). In addition, the most recent data on the job vacancy rate (Q3 2021) shows that the Czech Republic had the highest rate of vacancies (5.1%), followed by Belgium (4.7%), the Netherlands (4.2%), Austria (3.8%), Denmark (3.3%) and Germany (3.3%). Despite the improvement since Q4 2020, the job vacancy rate in some countries remained relatively low (e.g. in Greece at 0.7% in Q3 2021, Bulgaria and Spain at 0.8%, Slovakia at 0.9% and Romania at 1.0%)⁷. Differences in sector composition and dependence on global demand and supply, together with the possibility to implement remote working help explain these national variations.

Figure 6. Changes in job vacancy rates between the second quarter of 2019 and the third quarter of 2021



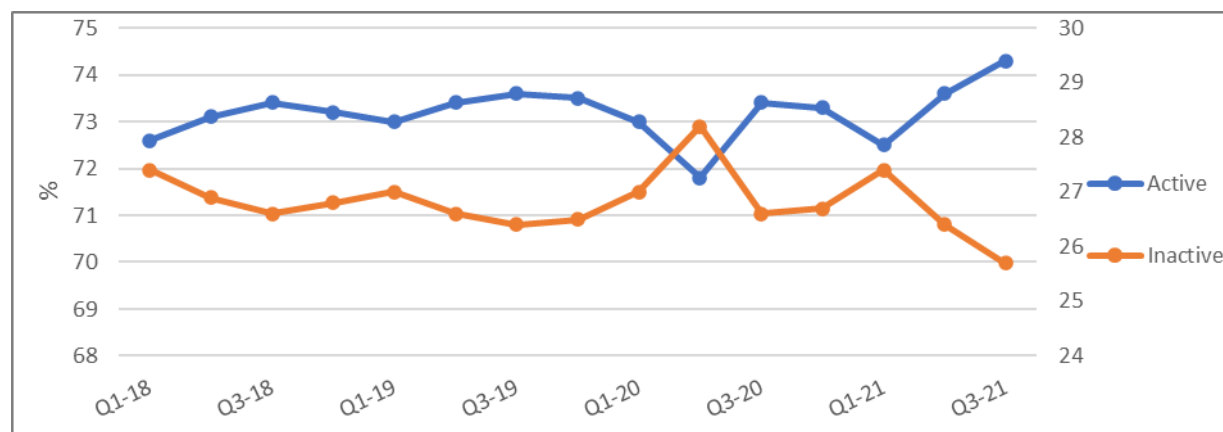
Source: Own calculation based on Eurostat, Job vacancy statistics (JVS_Q_NACE2).

2.5. Development of inactivity

Labour market inactivity has increased because of the first lockdown and containment measures in Spring 2020, reversing the previous trend of a falling inactivity rate. Inactivity rates increased also during the lock down in early 2021 and has decreased markedly thereafter (Figure 7).

⁶ Most recent available data at the time of writing.

⁷ Based on Eurostat data. Job vacancy rate is not seasonally adjusted. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Job_vacancy_statistics#Job_vacancies_between_2019_and_2021, accessed 28.12.2021.

Figure 7. Activity and inactivity rates, 2015-2020, EU-27

Note Activity rates left-hand side, inactivity rate right-hand side

Source: LFS, Eurostat (LFSQ_ARGAN; LFSQ_IPGA).

Overall, inactivity rates in the EU-27 increased slightly from 26.6% in 2019 to 27.1% in 2020. Inactivity increased mainly in Greece, Iceland, Ireland, Italy, Portugal and Spain, while it decreased in Croatia, Estonia, Latvia, Lithuania Malta, Poland, and Romania, (Figure A14 in the Annex). In some countries, inactivity rates remained unchanged between 2019 and 2020, such as in Finland, or Germany and the Netherlands.

2.6. Socio-demographic groups particularly affected

Gender

Women have been worse affected by unemployment than men in most countries during the pandemic, and fluctuations in the unemployment rate were higher for women over the four quarters of 2020 compared to men, according to labour force survey data.

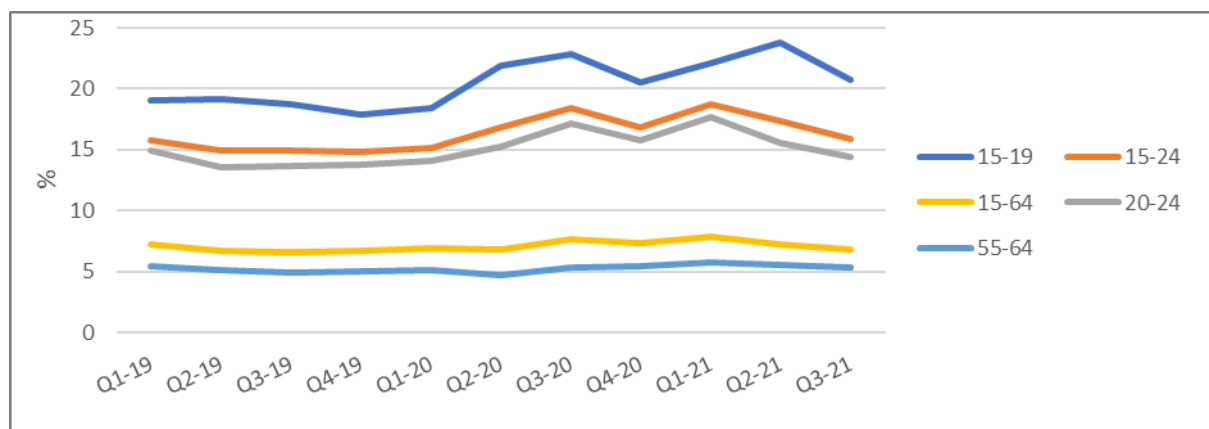
Comparing 2020 with 2019, unemployment among women has been more volatile than for men in most countries (Figures A2, A3, A4 in the Annex)⁸. PES registered unemployed shows the share of women was still higher than for men in 2020. However, the share of women of all unemployed decreased compared to men, indicating relatively more men than women registered with PES as a result of the COVID-19 pandemic⁹. Gender differences in the development of unemployment can be largely explained by occupation and sector employment characteristics.

Age

The youth unemployment rate is usually higher than for adults, as the transition from school to work involves unemployment periods due to job search activities (compare Figure 8). Furthermore, the youth unemployment rate is usually more sensitive to the business cycle, linked to more frequent temporary employment contracts, lower dismissals costs, and more frequent job search phases and this has also been the case since the start of the pandemic. The unemployment rate of young people has increased more than the unemployment rate of other age groups since the start of the pandemic. Between the second and the third quarter 2021, youth unemployment rate has fallen in the EU-27 (20.7%) but is still slightly above the level of the third quarter 2019 (17.9%).

⁸ The standard deviation over quarterly unemployment rates indicates how much unemployment rates changed from quarter to quarter during 2019 as well as during 2020 for men and women each. A high standard deviation indicates that unemployment rates varied greatly, whereas a low standard deviation suggests that unemployment rates didn't change much during the four quarters of a given year.

⁹ Data for BE, DE, EL, IE, NL, IT, and CZ were not available.

Figure 8. Quarterly unemployment rate by age groups

Source: LFS, Eurostat (LFSQ_URGAN).

PES administrative data confirms this trend with the **number of unemployed aged under 25 years increasing**, reversing the previous trend of a falling number of young unemployed. The number of registered unemployed between the ages of 25 and 29 remained relatively unchanged, while the stock of older unemployed aged 55 years and above decreased slightly (PES Network benchmark data).

LFS data indicate that the NEET rate increased in almost all Member States, in particular at the beginning of the pandemic The share of young NEETs increased sharply at the beginning of the pandemic, especially in Austria, France, Ireland, Slovenia, Portugal and Spain

The situation improved by Q4 2020, with much lower percentage point differences in an annual comparison, notably in Belgium, France, Ireland, Italy, Portugal, and Spain. This suggests that youth employment policies launched in several countries have had a positive effect on NEET numbers (see Chapter 4 for details). Additionally, some young people may also have chosen to return to education. Nevertheless, the NEET rate was still higher at the end of 2020 as compared to the previous year.

Migrants

Migrants have been affected worse by increasing unemployment in Q3 2020 compared to non-migrants. The unemployment rate increase was slightly higher for mobile EU people (1 percentage point) than on average (0.8 percentage point) and markedly higher for third country nationals (1.3 percentage point) (EC 2021). Moreover, the decline in the activity rate in Q2 2020 relative to the previous quarter was considerably more marked for non-EU migrants. As shown by EC 2021, the decline in activity in Q4 2020 due to the renewed tightening of lockdown measures (albeit less pronounced than that of the second quarter of 2020) showed the same pattern in the relative places of the native, EU mobile, extra-EU-born and general populations. Higher variations in employment and unemployment are linked to the sectoral and occupational employment composition of migrants. In particular the type of employment contracts often held by third country nationals involve lower skilled and precarious working conditions.

The pandemic has also affected migration flows, especially during the border closures or restrictive quarantine rules that affect temporary and seasonal workers disproportionately. This has led to an increase in unemployment in countries of origin (e.g. indicated by the Bulgarian PES).

Another group severely affected by movement restrictions have been cross-border workers who have faced travel restrictions and testing rules at the borders.

Persons with disabilities

People with disabilities have faced additional limitations to access the labour market during the pandemic. One reason is that persons with disabilities were less likely to telework due to limited access to equipment or because of the nature of the tasks (EC 2021). Another issue may have been implementing social distancing rules affecting work in sheltered workshops.

Vulnerable groups and changes in the composition of PES clients

The survey of PES conducted for this study (PES Survey 'Service delivery in the wake of the crisis') asked which vulnerable groups PES offers services for were affected most by the pandemic. Responding PES mostly mentioned young people since their transition from school to work has been heavily impacted, but also affected were people with disabilities and migrants. **Some PES also indicated the LTU and older workers were particularly adversely affected.** A change in the composition of the unemployed, including a trend towards a higher share of high-skilled unemployed being affected by the pandemic (ISCED levels 5-8) are also mentioned.

2.7. Challenges for the recovery: labour shortage

Since Q1 2021, job vacancies reached pre-pandemic levels in the EU-27 (Davern 2021). **Structural skill shortages and recruitment bottlenecks in the construction, communications, information and logistics sectors are increasing with pre-crisis trends being exacerbated by new factors.** Based on surveys among companies, labour shortages in the years preceding the pandemic had increased in services, manufacturing, and construction. During the first lockdown, some of these shortages were seen as temporary and so less disruptive. However, as recovery started, labour shortages became an issue again (Eurofound 2021).

Several factors contribute to labour market shortages. Notable amongst these are disruptions to mobility, including migration restrictions, and more complex procedures for applying for work permits, but also due to workers changing sectors during the pandemic, and wage levels and working conditions deterring recruitment in some sectors. This has led to specific recruitment problems, for example in the hotel and restaurant sectors where staff during lockdowns became inactive, travelled back home or found other employment opportunities (in the case of migrants), or quit their job and found new employment in sectors with better employment opportunities (based on PES survey and interviews).

PES have reported particular difficulties with recruitment into the health and care sectors. They point also to current shortage areas including IT, logistics, education, financial services, hospitality, and agriculture (PES Network 2021/Davern, 2021). In 2020, shortages were also reported for craft occupations (European Commission 2020c).

2.8. Summary of key findings

Key findings include the following:

- For the EU-27 average, employment has remained relatively stable between the start of the pandemic and Q2 2021 despite a strong drop in GDP in that quarter. However, the development was uneven across Member States and in the majority the pre-pandemic employment levels were not reached by Q2 2021.
- There has been an increase in the number of unemployed and the unemployment rate during the pandemic, though with considerable variations between countries. Those with usually low fluctuations in unemployment rates across all quarters in 2019, showed a strong increase in quarter-to-quarter fluctuation in 2020.

- The development of vacancies shows a 'V' shape during 2020, with a significant fall in Q2 2020 and a sharp increase when containment measures and restrictions were lifted.
- There has been a significant increase in inactivity since the beginning of the pandemic.
- As they make their transition from school to work, young people have been significantly affected by the pandemic along with persons with disabilities, and migrants (in particular extra EU migrants). PES also indicate adverse effects for LTU and older workers with their chances of finding employment lower than for other groups, especially at the start of the pandemic.
- Women showed greater fluctuations in the main labour market indicators than men during the crisis.
- Labour shortages have increased during the pandemic due to several factors. For specific occupations, shortages were a concern before the start of the pandemic (such as EU-wide shortages of IT-professionals, plumbers, nurses and cooks, Eurofound 2021). However, the push towards digitalisation has increased shortages for some occupations and cross-sector mobility has changed patterns of labour shortages. Travelling restrictions have created shortages for some occupations (e.g. seasonal work in the agricultural sector). The COVID-19 infection waves have increased the demand for health professionals, compounding existing shortages. The growth of skills gaps and the need for skills adaptation are also likely to increase as, for example, the greening of the economy advances.

3. SERVICES FOR JOBSEEKERS AND EMPLOYERS DURING THE CRISIS AND FOR THE RECOVERY

3.1. Employment services during the crisis and digitalisation of the service delivery model

Restriction of in-person services

For PES, the first lockdown led to the restriction of meetings in person and a reduction in office hours (PES Network, 2020), although there were variations across Europe. In Poland, for example, where the PES system is decentralised, local and regional labour offices were asked to assess potential threats and to decide whether to close the labour office completely (for both clients and employees). If an office was closed, the unemployed person could register as unemployed via electronic registration, an option made possible because of the pandemic. However, several PES did not close their offices, and jobseekers retained the option of personal visits. For example, in Bulgaria, this option proved popular resulting in high demand for face-to-face meetings. However, in contrast to the PES decision, social services were closed during the lockdowns in Bulgaria (interview source).

In general, those PES that closed their offices or restricted face-to-face meetings and replaced them with remote communication channels had to change their rules. PES reported that they have made attendance of in-person counselling non-mandatory (e.g. in Romania monthly attendance was required before the crisis but was suspended during the crisis) (source: PES response to COVID-19 overview).

Also, in those countries with an existing mature e-service model and developed plans for further digitalisation, the pandemic had less impact on the delivery of counselling. In Sweden, due to the large influx of unemployed, the duration of the initial counselling meeting with the PES call centre had to be shortened from 60 to 30 minutes (source: PES response to COVID-19 overview).

At the same time, PES increasingly offered their services remotely, with the options of online or by telephone. In some cases, this led to breakdowns of the telephone lines at the beginning of the pandemic (e.g. in Germany, according to the interview). **As containment measures ended, PES offices slowly re-opened though many PES continued to offer services in a hybrid format, with an extended offer for remote services.**

Digitalisation of services for jobseekers and employers

Due to the social distancing rules implemented during the COVID-19 pandemic, PES had to (further) develop or make more use of already existing digital services. **This often encouraged increased use of digitalisation and so accelerated the implementation of digitalisation plans.** For example, according to the 'PES response to COVID-19 overview', the Belgian PES ACTIRIS stated that their vision 2030 programme to increase digitalisation of services was sped up by COVID-19. Implementation of these measures was easier in countries where PES had already started to work on delivering e-services, but in countries where the digitisation of PES services was less developed a greater number of new measures were implemented during the pandemic. The services ranged from improving the accessibility and functionalities of online services (for example updates of the PES homepages), provision of information, promotion of online counselling, and promoting dialogue with jobseekers and employers. Besides technical implementation, a challenge for digitising services also involved changing legal rules allowing these reforms (e.g. as reported in the 'PES response to COVID-19 overview' by the Austrian PES).

Improvement of accessibility and functionalities of online services

In responses to the 'PES responses to COVID-19 overview', many PES reported that they **revised their websites** during the pandemic to make them more accessible for the (expected) higher number of users. For example, the French PES set up a page on their website to counter misconceptions about unemployment benefits, including a link towards their online benefits simulators. It also introduced a new package of services for employers on their website to provide a clearer vision of their service offer and to ease the identification of solutions to match the needs of the employers. The German PES implemented a campaign page on a short-time allowance with details on what the scheme was and how to apply for it. The Irish PES improved the functionality of its online platform and the Swedish PES focused on making their website easier to find via search engines.

Other PES reported that they have **eased unemployment registration**. For example, by allowing email or postal services in Cyprus, Romania or Slovakia and via the PES website/portal or the phone in Estonia, Germany, Lithuania, Luxemburg, Norway, Poland, and Portugal. Online application procedures for STW schemes were implemented in Austria.

Some PES mentioned that they **introduced Apps** to make accessing their services easier. For example, the App of the Greek PES provides core services (OAEDapp), and the KuG App of the German PES allows users to scan and submit documents when applying for short-time allowances. In Italy, the app MyANPAL is a guided platform for operators, jobseekers, workers, and employers to enhance accessibility to the PES.

Promotion of online counselling and dialogue with jobseekers and employers

PES in Belgium (ACTIRIS, Le Forem, VDAB), Croatia, Denmark, Estonia, Germany, Greece, Hungary, Iceland, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal and Slovakia reported that **measures were set up to replace physical counselling of jobseekers through online or telephone services** (e.g. by providing video counselling or the amendment of former regulations or by prioritising online channels to in-person appointments – source: 'PES Response to COVID-19 overview'). In Portugal, caseworkers set up videoconferences between jobseekers and employers. The Belgian PES LE FOREM offered additional online Question-and-Answer sessions for newly unemployed persons. These remote services were more in demand than before the crisis, for example the German PES reported that the number of calls increased by 52% in 2020 when compared to 2019. In Poland, between April 2020 and May 2021, around 2 800 replies were published on a Q&A-website that had been set up. The Belgian PES ACTIRIS reported that the number of people participating in online counselling (videoconferences on services, rights, and obligations) increased, along with increasing satisfaction with online counselling.

In Ireland, group engagements have been replaced by **YouTube videos. However, it is not always clear how effective some of these measures were in disseminating information**. For example, the Belgian PES ACTIRIS found that jobseekers tend not to watch their videos on how to use their online portal.

During the pandemic, **new job search training courses/webinars were developed and provided online**, for example in Portugal and Sweden. Some PES reported that their already existing webinars were used or accessed more often and became essential during the pandemic (e.g. in the Netherlands and Sweden). In Portugal, additional online webinars on vocational training were produced. A range of other PES also produced online training, video tutorials, and webinars for their staff and/or their customers (Austria, Belgium – ACTIRIS, Belgium – Le Forem).

Limits: jobseekers with little digital skills

Since jobseekers might lack the necessary skills to access these online services or face other access barriers (such as the availability of digital equipment, habits,

culture) after the first lockdown PES have demonstrated flexible service delivery, retaining the offer of in-person counselling (e.g. Belgium – Le Forem and Slovakia) and/or made online attendance non-mandatory (Belgium – ACTIRIS). **Often provision of services over the phone is easier for certain groups such as older workers** (interview with the Lithuanian PES). In Cyprus, the PES provided telephone or sometimes online counselling specifically to vulnerable groups.

In cooperation with other stakeholders, **PES have also started to improve the digital literacy of jobseekers**. This is often done in cooperation with, for example, libraries, IT companies, and other institutions (interviews with the Lithuanian PES). Examples include a new programme for increasing the digital competence for support application across the employment market in Spain (Davern 2021) and the Portuguese PES indicated that training pathways for people with digital illiteracy were implemented. The Slovenian PES indicated that it plans to assess the digital skills of newly registered young unemployed with the assessment provided by external partners.

Box 1. Improving digital skills for job-search in Belgium

The PES ACTIRIS (Belgium) plans to support jobseekers to improve their skills to access online services. The PES is working on a project to reach out to jobseekers with limited digital skills to give them an information session on-site in the future, with an additional explanation about digital skills training and its importance.

Source: information provided by PES

Impact on future service delivery model/plans for the recovery phase

A range of PES stated that they plan to implement a hybrid form of in-person and video or telephone counselling in the future – for example Cyprus, Estonia (with a preference for face-to-face service), Germany (expansion of video communication for placement and counselling interviews) and Slovenia ('PES response to COVID-19 overview' of the PES Network Secretariat). The Slovakian PES planned to provide distance counselling starting in the second half of 2021. In June 2021, the Croatian PES indicated that it planned to implement video counselling as a new channel of service delivery. The technical testing of this measure was scheduled for June 2021 after which the measure was planned to be piloted in four regional offices. The full implementation of service delivery was scheduled for autumn 2021. The PES also planned to conduct a satisfaction survey and a small-scale evaluation (in October 2021) and based on the results, staff training will start. The PES in Cyprus plans to introduce a combination of virtual e-counselling/telephone counselling and physical appointments after the pandemic ends. In Iceland, the PES is aiming at a fully digital approach with onsite services and counselling available when necessary.

A few PES indicated that they plan to extend the usage of digital tools in general and are evaluating where they could be used (Belgium – Le Forem, Belgium – VDAB, Ireland and Luxembourg). The Belgian PES Le Forem states that the use of digital communication tools is continuing and improving, as is the use of their digital services like 'Mon Profil'. In the future, the Belgian ACTIRIS PES plans to implement digital infrastructure to automate skills assessment (digital and language skills) as well as an online management tool for quantitative and qualitative monitoring for beneficiaries of employment and/or training support schemes. The Croatian PES plans new features (e.g. the online application for individual or group informing/counselling) as well as new content (online workshops) for its lifelong career guidance centre portal. The Greek PES aims to fully digitise its services by the end of 2022. It is currently finalising a study of 17 systems that will ultimately determine the organisational model to be implemented over the next five years. Moreover, the Greek PES plans to acquire and implement a new digital matching tool and to introduce a digital assistant programme. The Slovenian PES also plans to develop an automated matching tool (based on calculations of matching scores) with additional automated functionalities (e.g. skills gaps assessment, suggestion for further

skills training, etc.). The Portuguese PES plans to improve services and functionalities and take advantage of distance training, for example by supporting digital literacy via digital training paths and programmes. The Belgian PES VDAB will prioritise the development of a career and digital training portal in the future.

Promoting occupational and job-to-job mobility

During the pandemic, demand for workers declined in those sectors adversely affected by containment measures, while in other sectors demand increased.

Thus, in addition to the ongoing structural change in the European economies towards more digitalisation, a knowledge economy, and a green transition, the pandemic has created short and medium-term structural shifts. Principal among these is within the hospitality sector (lockdowns), agriculture (travelling restrictions), and manufacturing (frictions in the global supply chain and possibly a reinforcement of nearshoring strategies).

PES needed to adapt their strategies to support workers to rapid change in the affected sectors. The PES survey provides an insight into how exactly the 24 responding PES reacted to these new challenges. Eight PES indicated that they increasingly provided counselling services and placement to jobseekers who were still employed but wanted to change sector due to COVID-19 (Belgium – Le Forem, Cyprus, Latvia, Liechtenstein, Lithuania, Malta, the Netherlands and Spain)¹⁰. In Lithuania, the PES increasingly provided counselling on self-employment and on starting small businesses. In the Netherlands, similar services were increasingly provided but, due to the success of a temporary emergency bridging measure (called 'NOW'), there was limited demand for them.

Box 2. Regional transition teams in the Netherlands

In the wake of the COVID-19 crisis, the Dutch Ministry of Social Affairs and Employment in cooperation with the Dutch PES started regional transition teams together with social partners, NGOs, vocational training institutes, private contractors, and municipalities. These teams support (long-term) unemployed and employees who are at risk of losing their jobs. The project allows the Dutch PES to take the personal needs of any employee or jobseeker into account when they need to find a new job and this defines what services are offered irrespective of the legal status (e.g. even before they lost their job).

Within this project, special attention is given to youths, workers with a disability, and entrepreneurs. The teams also work with employers in sectors in decline and others requiring new (skilled) employees. In 2021, it was planned that those teams will be active in 35 labour market regions - as of April 2021, six were already set up.

Activities include career counselling, labour market orientation, vocational education and training, job matching and coaching of people who are in education, as well as custom-made services designed for specific jobseekers, for example, mental health support or financial consulting.

The programme is financed by the Dutch PES, but the Dutch Ministry of Social Affairs and Employment has made additional funding available as part of a broader crisis and recovery package.

Source: information sent by the Dutch PES, PES Survey Service delivery in the wake of the crisis.

PES activities to support (temporary) job-to-job transition for workers on job retention schemes has been varied (see Chapter 5). Activities are also limited by the fact that the employed-on job retention schemes retain their employment contract with their original employer, but some flexibility and mobility have been made possible. In general, mobility is higher in countries with temporary lay-off schemes.

¹⁰ 12 PES stated that they did not increasingly provide services to employed jobseekers who wanted to change their sector (Austria, Belgium – ACTIRIS, Croatia, Denmark, Estonia, Finland, Hungary, Germany, Iceland, Slovakia, Slovenia and Sweden).

Box 3. Transition security operating model in Finland

The Finnish PES developed the transition security operating model that is available for jobseekers who are dismissed or laid off. It provides additional opportunities for improving and maintaining the jobseekers' professional skills, information events for employees, jobseekers and job exchange services, labour market training, work trials, advice on enterprising and support for a new entrepreneur, as well as other services.

During the notice period, the soon-to-be dismissed person is entitled to 5-20 days paid leave when he or she is looking for a job or is taking part in drawing up an employment plan with the PES or is taking part in the measures included in the plan. A person who has been dismissed or laid off can receive a basic unemployment allowance at a higher rate for the time of participation in services facilitating the placement in a job, provided that there is an agreement about the service in the personal employment plan.

Source: PES website¹¹, PES Survey Service delivery in the wake of the crisis.

Several PES have extended and scaled up their vocational guidance (according to the PES Survey). Prior to the pandemic, in **Spain** the Action Plan for Youth Employment and the Reincorpora-T Plan are three-year plans for the 2019-2021 period that have foreseen the creation of a network comprising 3 000 guidance officers. In addition, the Plan for Recovery, Transformation and Resilience includes provision for the creation of a network of Centres for Guidance, Entrepreneurship and Innovation in Employment to provide specialised support within the National Employment System. These centres will draw up annual work plans including activities in line with ALMPs determined at the Sector Conference on Employment and Labour Matters. In **Croatia**, 13 lifelong career guidance CISOK centres were created before the pandemic. As a response to the pandemic and future challenges, the establishment of an additional ten CISOK centres will be financed through the National Plan of Recovery and Resilience 2021 – 2026.

The digitalisation of services has also included making increased use of IT-based profiling tools. Statistical profiling has been increasingly introduced over the past few years (Desiere et al 2019). While this tool is not entirely new, it fits well into an all-encompassing digitalisation strategy. In **Spain**, a digital tool was designed and implemented to help the Vocational Guidance Service. Called Send@, this tool aims to assist guidance officers and is based on jobseeker and statistical data, providing information on how the characteristics of demand and the services received by jobseekers improve their employability, as well as recommendations for services. In **Croatia**, continued use of digital communication tools for providing career guidance services is planned with new features and content for the Lifelong Career Guidance Centre (CISOK) portal.

While the use of new IT-based tools undeniably has the potential to increase the effectiveness of vocational counselling and guidance, staff need to understand its advantages and how it aids their knowledge and assessment. Also, the use of artificial intelligence and big data would allow for a deeper understanding of transversal skills and their portability from one sector to the other¹² and further progress can be expected in this area. The main challenge, however, will be teaching PES staff how to use the results of new (and existing) labour market information tools, as while automation of counselling has its strengths and limitations, counsellors are used to trusting their own judgement and expertise (interview with the German PES).

¹¹ <https://www.te-palvelut.fi/en/jobseekers/if-unemployed/change-security>

¹² See, for example, the Cedefop project 'Digitalisation, AI and the future of work' (<https://www.cedefop.europa.eu/en/projects/digitalisation-and-future-work>).

3.2. New services for employers

Most PES provided additional services to employers in the context of the COVID-19 crisis (PES Survey). Some 16 PES (Belgium – Actiris and – Le Forem, Croatia, Cyprus, Denmark, Estonia, France Hungary, Iceland, Ireland, Latvia, The Netherlands, Slovakia, Slovenia, Spain, Sweden) assisted companies by providing new services that informed about job retention and other schemes. For example, in Estonia, information about these schemes was provided to employers via webinars, information letters, direct e-mails to employers eligible for certain schemes, and via direct counselling of large employers. In Germany, topics such as teleworking, measures to secure skilled labour, employee retention, and personnel recruitment are covered by the employer consulting services and have been geared to the needs of the employer during the pandemic, although they existed previously. The search for personnel is supported by appropriate placement activities, with support instruments having been adapted to mitigate the consequences of the pandemic. Other activities have also included financial incentives (see Chapter 4 on employment incentives).

Seven PES (Austria, Belgium – Le Forem and VDAB, Estonia Latvia, Slovakia and Spain) **developed new counselling services on HR strategies, including on training.**

Box 4. PES counselling services for the hotel and restaurant sector in Estonia

The PES provides support for enterprises in the sector comprising hotels, restaurants, and catering to find solutions for workers that were hit hardest by the COVID-19 crisis. In addition to conducting job fairs and mediating job offers, a supportive seminar series (four seminars called 'Ready for summer') was organised specifically targeted at current and future workers of the sectors most affected. The design of the seminars was based on the outcomes of a previous training needs study carried out by the Estonian Association of Hotels and Restaurants and on the effects of the COVID-19 pandemic on the skills needs of the hotels, restaurants, and catering sector's workforce. The seminar series aimed to provide useful and practical knowledge for better customer service, creating or re-launching new teams, smoother teamwork, as well as involving employees in marketing activities on social media. On average, 307 people from 153 different companies registered for each seminar, the total number of registrations was 1 230, including the clients of the PES. The feedback from the participants was positive, with satisfaction with the choice, content, and organisation of the topics.

Source: Information provided by the Estonian PES, PES Survey Service delivery in the wake of the crisis.

Only one PES (Spain) reported that it had introduced new counselling services on implementing telework (PES Survey). The low share of PES providing this type of counselling service could indicate that companies were comfortable setting up telework on their own, which would be more likely the case in countries in which companies are already experienced with implementing (alternate) teleworking, or that PES already provide counselling services on telework, or at least provide basic information available on the internet¹³. It could also indicate that most PES do not perceive that counselling companies on how to implement telework as one of their tasks or they might not have the capacity to provide such guidance.

It may be reasonable to assume that in those countries which saw a strong increase in teleworking in 2019, companies needed (and probably still need) guidance on implementing telework in the most efficient way. In reality, telework increased significantly from the beginning of the pandemic. The number of employees in the EU-27 that usually telework increased by 120% in 2020, while the number who were teleworking sometimes did not significantly increase during the years previous to the pandemic¹⁴. Telework increased most in countries where it was rarely used by offices before COVID-19 (such as

¹³ E.g. the German PES mentions teleworking as one option to better reconcile family and care work. <https://www.arbeitsagentur.de/familie-und-kinder/familie-und-beruf-vereinbaren>.

¹⁴ As data for the period 2012-2020 indicate.

Bulgaria, Cyprus, Greece, Hungary, Italy, and Romania) (Figure A25 in the Annex). The introduction and expansion of telework demands a high level of flexibility from the employed and employers since workers may have to deal with childcare and school closures at the same time. Recruitment processes happened often only online, and newly hired workers frequently did not get the chance to physically meet their colleagues and managers.

Several PES have adapted the way they provide counselling services to employers, for example in Austria (see Box 5).

Box 5. Counselling provided to companies in Austria and Belgium

The Austrian PES developed a new counselling module for companies 'impulse counselling for companies on-demand' (Impulsberatung für Betriebe on demand¹⁵). This measure aims to provide business consulting for dealing with special operational challenges, personnel management issues and organisational adjustments against the background of the COVID-19 crisis. Services are provided by management consultants (commissioned by the PES) to companies of all sizes. The Austrian PES has also implemented well prepared and structured discussion by phone or online (as a replacement for company visits) to find out about the current needs of the company and to offer tailor-made services ('Boxenstopp'¹⁶). 'Boxenstopp' is still in use and well accepted by companies, although face-to-face contacts are increasing again (currently around 50% of contacts).

In the Wallonia region of Belgium, a sectoral stimulus plan has been rapidly set up targeting the food industry, chemistry/biotechnology, construction, hotels/tourism, commerce, industry, transport/logistics and aeronautics. It is based on cooperation between the social partners from the sectors, companies and Le Forem. Starting from the monitoring carried out by Le Forem and sectoral inputs on the consequences of the health crisis on employment, the plan aims to support the recovery of sectors by supporting them in terms of public aid, recruitment and training, and reconversion. With the support of the Contact Centre, Le Forem's enterprise advisers proactively contact client companies to present the service offer and collect urgent recruitment needs. Le Forem continued to support the health sector, among others, during the first loosening of restrictions. Thus, for nursing and care homes, other accommodation institutions and Walloon hospitals, more than 2,000 additional job opportunities were managed between the beginning of July and mid-October 2020, with 95% of the vacancies filled¹⁷. In February, Le Forem was involved in finding staff for the vaccination campaign.

Source: information provided by PES.

The Swedish PES and the Belgian PES ACTIRIS reported that existing tools were being promoted and used more often (PES Survey). The Slovakian PES stated that services such as informing employers threatened with business closure on vacancies or job opportunities where their employees could find alternative work, or encouraging employers to inform the PES about possible layoffs. However, while these were not new initiatives, they were one of the most often-requested services.

3.3. Placement services in times of crisis and recovery

Counselling and placement services for seasonal workers

The COVID-19 pandemic has implications on sectors in which seasonal work is widespread. Among the 24 surveyed PES, 12 stated that they had been increasingly providing counselling and placement services to seasonal workers affected by the COVID-19 crisis (Belgium – Le Forem, Cyprus, Denmark, Germany, Hungary, Latvia, Liechtenstein,

¹⁵ <https://www.ams.at/unternehmen/personal--und-organisationsentwicklung/impulsberatung-fuer-betriebe-on-demand>

¹⁶ <https://www.ams.at/regionen/steiermark/news/2020/10/boxenstopp-unterstuetzung-betriebe-coronakrise>

¹⁷ Lo Forem, UN AN APRÈS LE DÉBUT DE LA CRISE DE LA COVID-19 Situation du marché de l'emploi en Wallonie, Veille, analyse et prospective du marché de l'emploi, mars 2021, https://www.leforem.be/content/dam/leforem/fr/documents/20210325_Analyse_Un_an_apres_le_debut_de_la_crise_de_la_Covid_19.pdf.

Malta, the Netherlands, Slovakia, Spain and Sweden). In Cyprus, the PES put more effort into offering this group part-time or full-time employment in alternative occupations and sectors. In Estonia, the annual seasonal workers' job fair was conducted online instead of in person. The Danish PES offered seasonal workers vocational training and upskilling programmes and eased access to wage compensation schemes (in Denmark seasonal workers must register with the PES).

Eight PES indicated that they did not increase their provision of counselling and placement services to seasonal workers affected by the COVID-19 crisis (Austria, Belgium – ACTIRIS, Croatia, Estonia, Finland, Iceland, Lithuania and Slovenia).

Placement in bottleneck occupations during the pandemic

In its job exchange board (Jobbörse), the **German** PES implemented a function that allowed employers to identify positions as bottleneck occupations due to the COVID-19 crisis with users able to search specifically for these positions. The PES also implemented regional, local and decentralised activities to support employers that were (temporarily) having difficulties in finding workers due to the COVID-19 crisis (e.g. in the healthcare, trade, and agricultural sectors).

In **France**, the Ministry of Labour and the PES Pôle Emploi launched the 'Mobilisation emploi' platform in April 2020. The platform increases the visibility of seasonal job offers in specific sectors (e.g. health, agriculture, agri-food, transport, logistics, energy, and telecommunications) and runs in cooperation with sector associations as well as large temporary work agencies¹⁸. More recently, the French government has identified five bottleneck sectors: construction, health, personal services, manufacturing industry, hotels and restaurants where intensified action to overcome labour shortages has been requested, based on cooperation with a variety of actors. Activities have included counselling, placement and training activities by Pôle emploi. In **Sweden**, new services include the establishment of the hashtag #jobbjustnu for jobs that were available 'right now'. The **Belgian PES Le Forem** also reinforced the support to employers in the essential sectors by using specific hashtags (like #vaccination) for the related job vacancies.

Recruitment difficulties have also been severe in the agricultural sector due to travelling restrictions affecting migrant seasonal workers. **In many countries, PES have helped with the recruitment of workers with experience from other sectors or no specific work experience** (e.g. students). Employers, however, tended to consider these not ideal solutions because of the time it takes to teach the workers the tasks to be performed (interview, Norwegian PES). Therefore, the **Norwegian** PES has now shifted its focus to supporting training measures.

Examples of activities to overcome labour shortage of nurses include **recruiting professionals with a relevant health background from other sectors**. For instance, the Norwegian PES scrutinised its list of registered unemployed in cooperation with the health ministry resulting in the possibility of recruiting nurses previously employed in the airline industry. In addition, there are more frequent meetings each month with sector associations to inform PES staff about current shortages and the profiles needed (interview). Agreements are also concluded with single employers and although these are not new activities in Norway, the partnerships have proven to be highly relevant. The Norwegian PES is planning to conduct a study on the cross-sector mobility of workers.

¹⁸ <https://travail-emploi.gouv.fr/actualites/presse/communiqués-de-presse/article/la-plateforme-mobilisation-emploi-s-enrichit-avec-des-offres-d-emplois>

Early intervention in the unemployment spell and placement activities

Some PES have accelerated counselling and placement services and provide early intervention employment services for jobseekers to increase labour market flexibility. For example, the **Belgian PES Le Forem** has introduced measures for rapid intervention to respond to recruitment needs in specific sectors. This has been achieved through implementing a tool of timely counselling and placement (l'accompagnement instantané) that allows a group of 70 counsellors to contact 100 000 jobseekers who lost their jobs within 48 hours after registration with the PES. By March 2021, 66% of these jobseekers have found alternative employment¹⁹.

Placing vulnerable groups

The activity of the **Norwegian** PES provides an example for attention to recruiting vulnerable groups, given the deterioration in their labour market situation since the start of the pandemic. Here the PES **decided to focus on inclusive recruitment** with the focus on the labour market integration of young people under the age of 30, LTU, migrants and persons with disabilities. About half of the placements are required to be filled by jobseekers from these groups (interview source).

Managing international migration and intra EU mobility

Seasonal employment was linked to international migration and intra-EU mobility before the pandemic, so the closure of borders during the first phase and quarantine rules in subsequent infection waves have contributed to labour shortages in some sectors. **For some occupations, mobility restrictions were relaxed by the governments** (e.g. for truck drivers; as well as for live-in long-term care provision in Austria).

In **Spain**, work by the EURES network has been reinforcing the information and vocational guidance provided to seasonal workers, which has enabled better legal security both in cross-border areas and between countries where Spain has established labour mobility (PES Survey). In addition, Spain's commitment to fair and effective mobility for seasonal workers has led to its cooperation with the European Labour Authority (ELA) and the EC in the development of the campaign for seasonal workers, with a special focus on the agricultural sector. The national PES continues to work in coordination with social partners, including business organisations and trade unions.

In some cases, international migration has also been hindered in other sectors. For example, the **Finnish** PES plans to ease international recruitments by implementing digital solutions ('PES Response to COVID-19 overview').

The **German** PES created information in languages relevant for seasonal workers that informed about their rights and obligations during the COVID-19 pandemic. The PES also created a project on fair mobility in the meat industry in North Rhine-Westphalia which also refers to the special pandemic conditions (accommodation, testing, vaccination). Private companies and networks of companies have sometimes organised transportation of seasonal workers by plane (e.g. from Romania to Germany).

Some countries have implemented measures to facilitate temporary migration of third country nationals. The **German** PES reported that there was a significant increase in counselling requests for its ZAV Virtual Welcome Center regarding seasonal work – mostly, those requests came from third countries such as Ukraine. The website 'Seasonal work: A crisis opportunity' was developed to find seasonal jobs for jobseekers. In **France**,

¹⁹ Lo Forem, UN AN APRÈS LE DÉBUT DE LA CRISE DE LA COVID-19 Situation du marché de l'emploi en Wallonie, Veille, analyse et prospective du marché de l'emploi, mars 2021, https://www.leforem.be/content/dam/leforem/fr/documents/20210325_Analyse_Un_an_apres_le_debut_de_la_crise_de_la_Covid_19.pdf.

the government has helped to assure that workers from Morocco could work as seasonal workers in Corsica by implementing relevant health and protection rules and organising air transportation. **Hungary** has concluded agreements with Serbia and Ukraine on labour migration and discussions are underway to facilitate labour migration from Asian countries.

Online and other recruitment tools to respond to COVID-19 crisis

Some measures were aimed at promoting dialogue between jobseekers and employers through online channels²⁰. For example, in France, Pôle emploi and in Belgium – ACTIRIS indicated that during the pandemic, virtual job fairs were held. Some PES also increasingly promoted social media channels to keep in contact with jobseekers or persons seeking information (Belgium – Le Forem, Croatia, Portugal, Sweden). In **Sweden** a tool for rapid interviews (Snabbintervjuer) has been implemented. In the Netherlands, special COVID-19 related webinars were developed (e.g. on online job interviews).

The **French** PES has been increasingly using their 'recruitment by simulation' (*méthode de recrutement par simulation*²¹) tool, which has been in place for many years. The tool pre-selects jobseekers for recruitment by employers, focussing on specific competences of a candidate rather than formal qualifications and work experience.

New partnerships for the placement of jobseekers and workers and role of private actors

In **France**, cooperation with temporary work agencies has recently been reinforced, with a new cooperation agreement signed with the temporary work agency federation Prism'Emploi in 2021 (and further agreements with selected temporary work agencies are being prepared). These agreements include sharing CV databases as well as job offers. In Lithuania, the provision of labour mediation activities by temporary work agencies has been facilitated (this is being controlled by the labour inspectorates and not by the PES).

In general, PES are increasingly using web crawling methods to widen access to job offers (e.g. Alle Jobs²² in Austria).

3.4. Summary of key findings

With more workers at risk of unemployment and more losing their jobs during the pandemic, the client base of PES changed considerably. In general, PES reacted to the pandemic by opening their services up to those at risk of losing their jobs who, in many countries, were not previously eligible to use PES services. The existing service provision models of PES were not only tested by these new clients, but also by the increased number of jobseekers entering the PES system, plus the strain of having to provide counselling and similar services against the background of social distancing rules.

To deal with the higher quantity and increased differentiation in jobseeker characteristics, most PES invested in the digitisation of their services. It seems that many of these measures will remain in place beyond the pandemic, though many were already planned and the pandemic simply accelerated their adoption. However, the pandemic highlighted those jobseekers who lack digital skills and who continue to rely on in-person or telephone and email delivery of services.

At the same time, PES have also adapted services to employers. Most PES concentrated on supporting employers in specific sectors hit hardest by the pandemic, with many experiencing problems in finding skilled workers in the periods of labour market recovery.

²⁰ Source: 'PES response to COVID 19-overview', PES Survey Service delivery in the wake of the crisis.

²¹ <https://www.pole-emploi.fr/candidat/les-ateliers-de-pole-emploi/la-methode-de-recrutement-par-si.html>

²² <https://jobs.ams.at/public/emps>

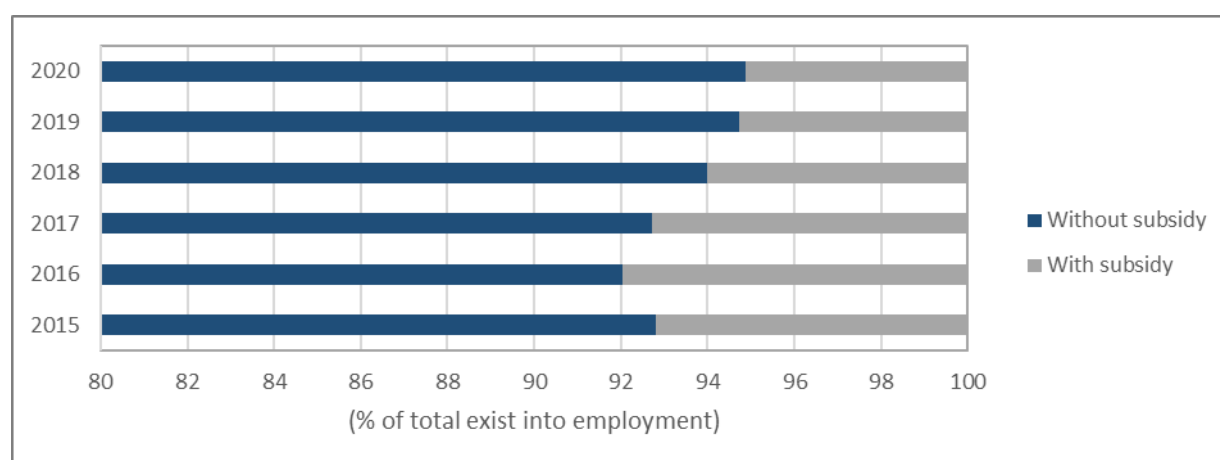
4. ACTIVE LABOUR MARKET POLICIES TO TACKLE THE CRISIS AND SUPPORT RECOVERY

4.1. Overview of ALMPs

The use of ALMPs during the COVID-19 crisis has varied. In general, during the first phase of the pandemic, it proved difficult to implement ALMPs because there were very few job openings and therefore low take-up of employment incentives. Also, in most countries implementing training measures was impaired because of social distancing rules. As shown in Chapter 2, the labour market recovered to some extent after the first and second lockdowns leading to employers needing to fill vacancies rapidly, so many jobseekers found jobs after only a short period of frictional unemployment.

As a result of this labour market recovery compared to previous years the share of those registered (mainly short-term) unemployed who transitioned into employment without a subsidy was higher (Figure 9).

Figure 9. Share of unemployed exited into employment with and without subsidy



Note: BE (3 regions), DE, EL, IE and NL are not included.

Source: Annual PES Benchmarking Data.

There were large differences in the share of unemployed who participated in ALMP measures across countries. For example, administrative data shows that the share of unemployed who participated in ALMPs in 2020 was highest in Sweden, followed by Hungary, Denmark, Finland, and Austria (in descending order). In the same year, this share was lowest in Bulgaria, Croatia, Cyprus, and Iceland. Administrative data collected by the PES Network shows that a lower share of registered unemployed participated in an ALMP compared to previous years (see Annex 2.6 in the Annex).

Meanwhile, several PES have increased certain ALMPs or introduced new measures and programmes to bring people back to work, in particular those groups hardest hit. Many PES have also used ALMPs to help underpin economic recovery but in some cases, there has been a shift towards spending on training measures rather than employment incentives.

Training measures

During the pandemic, some PES have shifted the focus of ALMPs on training measures. To some extent, this continues the trend towards providing more training measures instead of employment incentives and direct job creation programmes but has been amplified by the COVID-19 crisis. The pandemic has caused sectoral shifts in employment because of the containment measures (e.g. workers moving from hospitality, culture and leisure sectors to health services and logistics). The pandemic has also increased restructuring and shifts in competences requirements linked to a higher speed

of digitalisation. **These fluctuations in the labour market with sector and occupational mobility, as well as skills adaptation, require not only an efficient labour intermediation system, but also increased investment in education and training.** Scaled-up and newly implemented training measures have been targeted mainly at young people (see section 6.2) and on adult unemployed and employed.

Extending the target groups and scope of training measures

During the pandemic, most PES extended their training measures to include groups not considered their client base before the pandemic – in most cases to workers threatened by unemployment. For example, in **Croatia**, to ensure job retention and increase employability, in October 2020, the eligible target group of the already existing ALMP measure ‘Training of the unemployed’ was extended to jobseekers potentially at risk of losing their job or to persons actively looking for jobs. The PES also reported that, in accordance with the EU initiative on micro-credentials, a new ALMP measure is planned for 2021-2026 focusing on the acquisition of those competencies needed in the labour market. The training measure will be based on a voucher system to make training more accessible to potential users.

The **Estonian** PES reported that labour market training was now also available for employees without a track record of unemployment insurance. The **Italian** PES indicated that the ‘National Programme for the Guaranteed Employability of Workers’ (Programma Nazionale ‘Garanzia Occupabilità dei Lavoratori (GOL)) was implemented to support unemployed workers and workers in transition. In 2020, the **Portuguese** PES implemented the UPSKILL plan that gives special attention to newly registered unemployed during the pandemic. To follow up the newly unemployed persons, a personal employment plan is developed within 30 days after registration. Another target group of this programme is unemployed people with less than 12 years of schooling (without upper secondary education). In **France**, the government announced a EUR 1.4 billion plan that particularly focuses on up-skilling LTU (within the Skills Investment Plan). Until mid-November 2021, the French PES collected suggestions for relevant initiatives from its local offices. In **Ireland**, 35 000 additional places have been created in further and higher education to be delivered through a variety of measures including the Skills to Compete Initiative (SOLAS), Skillnet, Springboard+ and the Human Capital Initiative, as well as through additional undergraduate and postgraduate provision in Higher Educational Institutions.

Finland increased its capacity with a new centre on continuous learning and employment in charge of developing, supporting and combining services related to learning, skills and employment.

Box 6. Temporary extension of short-term and long-term training measures for unemployed in Denmark

The Danish PES listed five measures that were associated with the Agreement on an exceptional lift of unemployed through the strengthening of upskilling measures (implemented in June 2020, budget DKK 1.7 billion or EUR 228.6 million). These measures include the right for unemployed older than 30 who are unskilled or have an obsolete education, to receive 110% of unemployment benefits if they are willing to undergo vocational education that provides good job possibilities (a positive list of these occupations was developed in cooperation with social partners). The initiative is valid until the end of 2022.

The Danish PES also implements an adult apprenticeship scheme that aims to ensure that the skills and qualifications of the workforce are continuously improved. Employers who provide adult apprenticeships can apply for a grant to cover part of the hourly wage of the adult apprentice, thus incentivising businesses to offer apprenticeships for unemployed or unskilled workers. This scheme is valid until the end of 2021.

Also, the fund for short vocational training courses has been substantially expanded and now covers all target groups of ALMPs. Finally, the regional educational fund that supports recently

unemployed persons in receiving guidance from job centres on how to earn qualifications through short vocational courses, has been increased (from 2021 to 2023).

Source: information provided by the Danish PES.

Preparing for economic restructuring and job-to-job transition

Ireland has set up the Skills to Compete programme to promote transversal skills that are needed across sectors ('PES response to COVID-19 overview').

In **Norway**, the county councils have used resources for skills and competency measures within areas where employees are at risk of losing their jobs or becoming redundant (these measures were therefore no longer under the responsibility of the Norwegian PES). In addition, to ensure further competency development, the Norwegian PES NAV (Arbeids-og velferdsforvaltning), and certain employer organisations have entered partnership agreements covering certain branches of the manufacturing and building industries.

The **Portuguese** PES is implementing a pilot project Re-Skilling Labs, in cooperation with several large companies, as part of the European Round Table for Industry. The IEFP - Instituto do Emprego e da Formação Profissional signed a Memorandum of Understanding with these companies to develop the skills of people in or at risk of unemployment and enrolled at IEFP Centres, to enhance their professional reintegration in the labour market and/or the maintenance of their employment and promote their re-skilling to those jobs in demand. Between three and five Re-skilling Labs are planned to implement the project and to identify specific occupations for the vocational re-skilling projects, based on the current and future needs of the local, regional and national labour markets. They will also identify the available UFCD – Unidades de Formação de Curta Duração (Short Duration Training Units) for these occupations, proposing the revisions, adjustments and/or alterations that may be necessary to adapt them to market needs. The aim is for the pilot projects to provide training for 1 000 participants in the Re-skilling Labs and an on-the-job training component.

Training for bottleneck occupations and sectors

In 16 of the 24 PES responding to the PES Survey, specific programmes to upskill registered jobseekers for employment in green, IT, health, and other sectors were introduced due to the pandemic.

Box 7. Training activities of the French PES

The French PES has implemented several activities, including the launch in Spring 2021 of a national competition for digital professions and the implementation of training courses in several digital fields starting in September 2021, (e.g. Computer graphics web designer, fibre optic fitter, web and mobile web developer, web designer, digital referent, etc.). To meet the labour market needs of health companies, a programme of short pre-recruitment training courses was implemented in Spring 2021 (in cooperation with the Social Ministries and supported by the General Directorate for Social Cohesion). This includes a six-week training course on 'the fundamentals of caring for the elderly' to prepare recruits for integration into nursing homes, either in more logistical functions, or to participate in caring for people. The French PES Pôle emploi has implemented a training programme in the field of hospitality and tourism: the regional directorates of Pôle emploi have set up specific action plans decided and implemented at the territorial level. The regions were able to carry out collective training actions (PE training contract) and have set up subsequent contracts. Where this was not possible, a link with the UMIH (Hospitality and Tourism National Union) and the OPCO Akto (Skill Operator) has been set up. In addition, some Regional Councils have directly purchased re-training courses. In short, all the training mechanisms were mobilised. In the context of direct employment, online job fairs have been and are still being used extensively in all touristic regions of France.

Source: information provided by the PES.

New training orientations to meet post-COVID-19 priorities for the green economy include initiatives in Ireland, with a Green Skills Action programme, and Slovenia.

Training digital skills

Most PES had already included digital skills development in their training offers before the pandemic. However, the pandemic has made digital skills gaps more visible. In an effort to close them, they are now higher on the policy agenda. To implement such training, PES and related agencies may need to enter into new collaborations with IT companies (e.g. as in Greece).

Some PES have introduced new measures to close the digital skills gaps of jobseekers. In **Portugal**, the project Jovem + Digital, was set up at the end of October 2020 for young unemployed adults (18 to 35 years old) with at least upper secondary education offering training with a maximum duration of 350 hours. Course content has been designed to respond to the skills needs identified by stakeholders (companies and specialists in the digital area) and provides certification under the National Qualifications System. In addition, some of the courses prepare trainees for exams and allow additional specific certifications within the scope of digital industries (e.g. Microsoft, CISCO). The first phase of this programme covers the following components: cybersecurity, digital commerce, productivity and collaboration tools, data analysis, business intelligence, programming languages (Java, .NET, WEB and Phyton), social network management and UX/UI Design.

The **Portuguese** PES is also running other measures planned before the pandemic. For example, the project UPskill – Digital Skills and Jobs aims to (re)train professionals to meet the demand from companies for programmers. The project has a formal partnership involving IEFP, the Portuguese Association for the Development of Communication (APDC – Associação Portuguesa para o Desenvolvimento de Comunicação) and the Coordinating Council of Higher Polytechnic Institutes (CCISP – Conselho Coordenador dos Institutos Superiores Politécnicos). It brings together business through the APDC, higher education institutions as centres of training excellence, and the IEFP, whose mission is to promote the creation and improve the quality of employment in Portugal. The programme's starting point was a survey to determine real skills needs to provide the development of intensive and specialised training courses to include on-the-job elements, and to respond to transversal skills needs, as identified by employers in the sector. The programme is open to the unemployed and those currently employed below their qualification level.

Training for employed adults

Before the crisis, awareness of the need for up-skilling, skills adaptation or re-skilling employed workers was increasing in several countries, especially for small and medium-sized enterprises (SMEs). However, not all such measures can be implemented at PES level. For example, in France the PES only provides services to the unemployed and so other actors are involved in adult education).

Box 8. Training participation of employees in Germany during the pandemic

In 2020, 29 842 employees in Germany participated in further training organised by the German PES (down by 13.8% when compared to 2019). Of those, 24 159 (81%) received a wage subsidy (AEZ - wage subsidy for further training for employees). This decrease was due to the lockdown, as face-to-face events at educational institutions were prohibited in March 2020. The German PES gave its contracted training providers the opportunity to implement training or ALMP measures in an alternative form, but not all providers were able to switch or they required appropriate preparation time. Furthermore, the alternative distance training methods can be less suitable for the transfer of practical knowledge.

The number of admissions to the training increased again in 2021 and from January to June 2021, a total of 13 387 employees were promoted (23.3% more than in the same period of 2020) with 9 741 funding cases funded with an AEZ (13.7% more compared to the same period in 2020).

Source: information provided by the PES.

In **Denmark**, the job rotation scheme aims to upgrade the skills of employed persons but also decrease the unemployment rate. An enterprise may be eligible for job rotation benefits via the jobcentre if the enterprise sends an employee on continuing training and at the same time temporarily employs an unemployed person as a substitute. This scheme runs to the end of 2022.

New training formats: online courses and hybrid training delivery

Several PES were unable to implement training courses at the start of the pandemic because training providers were closed or only permitted to provide online training. As a result, **some PES encouraged the delivery of online training**. In **France**, for example, 10 000 online training courses were offered by the French PES Pôle emploi by the end of August 2020, and activities are continued. Using the framework of the French Skills Investment Plan, 20 000 extra training courses are planned to be available before the end of 2021. Other PES have invested in equipment to remove barriers when accessing online training formats. According to the **Belgian PES Le Forem**, 1 000 free wi-fi accesses have been provided to trainees to allow them to follow the courses in favourable conditions. The provision of online training has been challenging, especially in those countries, where this was rarely implemented before the pandemic. For instance, the **Portuguese** PES had to develop a distance learning model to adapt training content, design new pedagogical resources, train the trainers, and acquire the necessary equipment (laptops, webcams, Internet access). It was also necessary to create a monitoring and evaluation mechanism suitable for these new learning spaces. A distance learning support portal was also created that includes: a trainer area; a repository of UFCD's created by the trainers; tutorials; and a repository of technical instructions related to distance training.

Employment incentives for promoting labour market access for the recovery

Employment incentives have either been scaled up or new measures introduced after the first phase of the pandemic. Several employment incentives have been directed towards specific sectors, SMEs, or to specific groups of workers (see section 6.2 for details on vulnerable groups of jobseekers). Examples include:

- In **Sweden**, the government has increased the funding of labour market policy programmes and the period during which a person has an ongoing subsidised employment (extra job, new start job or introductory job) was extended from 24 months to 36 months.
- In **Hungary** a new wage subsidy programme for micro and small enterprises employing up to 25 workers was set up, providing wage subsidies for three to six months. On 15 September 2021, the scheme had 25 000 participants (39 000 since the start of the programme in September 2020). This wage subsidy scheme was aimed at promoting the recovery and replaced the STW schemes that were phased out in September 2020.
- The **Belgian PES Actiris** introduced the measure Phoenix Brussels to support employers who hire for a minimum period of six months (one month for artists) the following: (i) a person who lost their job due to COVID-19 (registered as unemployed during the COVID-19 period) and with a maximum of a high school diploma; (ii) a young person; (iii) an artist. Employers can receive aid of EUR 800 or EUR 500 (young people and artists respectively) per month for a maximum duration of six months. Another measure provides support for the social and health sectors (including not-for profit organisations).
- In **Estonia** regional job creation support is paid (to employers) on more favourable terms for employing those who lost their jobs in the oil shale sector.
- In **Portugal**, at the start of the pandemic, several subsidies were put in place to hire temporary staff, especially in social and health care services. Some measures

are valid until the end of December 2021. Additionally, ALMPs have been extended for the recovery period. The ATIVAR.PT is a reinforced support programme for employment and vocational training a specific feature of which is targeted at vulnerable groups. Measures allow for more agile and faster payments, which allow financial support to reach the promoters more quickly. The ATIVAR.PT programme also includes a set of measures in scope to vocational training, targeted to specific groups and emerging and relevant areas of economic activity (e.g. digital, ecological, and social). Specific measures for subsidising traineeships and recruitment are available. There are plans to evaluate the effects of measures introduced during the pandemic to assess their efficacy and contribution to the recovery.

Start-up incentives

PES have used self-employment subsidies or support in general to promote self-employment during the pandemic (e.g. Belgium, Croatia, Cyprus and Italy). According to the Belgian PES Le Forem, financial support measures for the self-employed included a combination of loans, flat-rate allowances, compensation, and other exceptional assistance. The **Belgian PES ACTIRIS** reported that financial incentives for jobseekers to launch self-employed activity during the pandemic were increased. The start-up bonus (introduced on 21 December 2017) was increased to EUR 1 250 for the first month, EUR 1 000 for the second month, EUR 750 for the third and fourth month, and EUR 500 for the fifth and sixth month if those jobseekers became self-employed between 1 September 2020 and 31 December 2021. The Croatian and Irish PES have started conducting self-employment workshops for PES clients through online streaming platforms.

In addition to financial support, self-employed affected by the pandemic, had access to counselling services in some PES. In the **Belgian PES Le Forem**, for example, it informs businesses, SMEs and self-employed workers who had to cease their activities about ways to access various support options. Looking forward, **Spain** plans to invest in 'Entrepreneurship and Micro-enterprises' to develop new territory-specific projects to address demographic challenges and facilitate productive transformation, especially towards a green and digital economy.

4.2. Support to specific groups of unemployed

Some of those becoming unemployed are unlikely to find work quickly. At the start of the pandemic, the few job openings meant that re-entering employment was difficult. As mentioned in Chapter 2, this particularly affected young people and complicated the transition from school to education and education to employment.

Gender

In some countries, 2020 witnessed the likelihood of women participating in ALMPs increased more than men when compared to a year earlier (e.g. Sweden, Denmark and Hungary)²³. Some PES set an objective to increase the share of women in specific ALMPs. Examples include:

- The **Greek** PES reported that it will implement a business subsidy employment programme for companies in regions in transition that hire unemployed people. This programme will place a special emphasis on women and LTU aged 50 and older. Another programme will subsidise business initiatives of up to 2 900 young entrepreneurs aged 18 to 19. Total beneficiaries should include at least 60% female participants. The PES also included women, particularly those victims of gender-

²³ According to administrative data provided by PES to the PES Network benchmarking.

based or domestic violence, as a vulnerable social group, providing increased subsidies as incentives for enterprises and employers, as well as simplified participation conditions.

- In **Italy**, the PES focuses on raising the level of women's participation in the labour market. For example, the introduction of a 'National gender equality certification system', based on the definition of standards for the certification of gender equality and related incentives for companies that successfully conclude the certification process.

Youth

Young people have been among the most adversely affected groups by the COVID-19 pandemic. Youth unemployment generally reacts more to cyclical fluctuations as compared to adults. On their pathway to stable employment, young people may encounter several hurdles that include the transition from school to training or higher education, from education to work, frequent job-to-job transitions in initial employment phases.

Therefore, several PES have increased their efforts to integrate young people into education, training and work. In the 'PES response to COVID-19 overview', 17 out of 28 PES stated they had increased measures or set up new measures for young people. A number of PES scaled up measures under the Youth Guarantee (e.g. the Belgian PES Le Forem, Portugal and Spain).

In 2020, young registered unemployed (under 24 years old) were more likely to participate in an ALMP as compared to other age groups in Austria, France, Norway, Poland, Portugal, Slovenia, and Spain. Conversely, unemployed individuals aged 30-54 years old tended to participate more in ALMPs in other countries (Denmark, Estonia and Hungary). In Sweden and Slovakia, older registered unemployed had the highest probability to participate in an ALMP (according to PES Network quantitative benchmark data for 2020).

The beginning of the pandemic brought a lot of uncertainty about the implementation of workplace-based vocational training components. Therefore, some PES have supported workplace-based learning after the first lockdown. This includes support to apprenticeships and traineeships.

Box 9. Supporting apprenticeship programmes in Germany and Ireland

In **Germany**, several measures focus on apprentices and the training system. A funding guideline within the 'Securing apprenticeship places'-programme that came into force in August 2020 is to provide (vocational) training to workers in SMEs that are particularly affected by the COVID-19 crisis. The programme aims at maintaining the previous level of training (training premium), creating additional training places (training premium plus), avoiding STW for trainees (subsidy for training remuneration) and taking over trainees in the event of insolvency (takeover premium). In December 2020, the regulations were amended to allow more companies to benefit from this subsidy (extension of the eligibility periods for the training premium (plus) and grant, elimination of the SME limit for the takeover premium). A second amendment was decided in March 2021 that, for example, doubles the training premium and training premium plus payments (from EUR 2 000/EUR 3 000 to EUR 4 000/EUR 6 000) and expands the scheme to companies with up to 499 employees (before, only up to 249 employees) for apprenticeships starting in June 2021.

In **Ireland**, the Apprenticeship Incentivisation Scheme delivered by SOLAS, provides financial support for apprenticeship employers who take on apprentices on national apprenticeship programmes. Apprenticeship employers are eligible for a EUR 3 000 payment for each new apprentice recruited.

The **Italian** PES highlighted the strengthening of the dual system (action of the National Plan for New Skills). PES have also promoted traineeships to allow young people to gain work experience and workplace learning. With the publicity campaign Traineeship First ('Stage First'), the **Belgian PES ACTIRIS** launched a campaign appealing to the solidarity of employers to open traineeships to young jobseekers. The PES also financially boosted

partnerships for outreach to NEETs and their reactivation, though this measure was essentially decided before the beginning of the pandemic. The **Portuguese** PES outlined a nine-month traineeship programme aimed at promoting the integration of young people into the labour market or the retraining of unemployed people (ATIVAR.PT).

In **Denmark**, DKK 20 million (about EUR 2.7 million) has been allocated to a fund for graduate programmes where recent graduates get the opportunity to work in different departments of a firm to gain an understanding of the organisational structure. This scheme will run to the end of 2021. The Danish PES also listed the trainee scheme as a relevant measure for youth with validity until 1 July 2022 aiming to bring recent graduates with a higher education closer to the labour market through an internship in a firm, job rotation, or other up-skilling courses. As part of the trainee scheme, recent graduates will be able to receive benefits, CV-counselling and complete job-oriented courses. The trainee scheme is a cooperation between the Danish Trade Union Confederation and The Danish Confederation of Professional Associations.

Closing digital and soft skills gaps through training courses is growing in popularity (see also section 6.1). For example, in **Luxembourg** new (e-learning) training in digital skills is offered for young jobseekers as well as training in soft skills, management skills, and new coaching and training programme for young jobseekers who do not have a career pathway (#YouthYourFuture).

Other PES have provided new employment incentives for young people (e.g. Cyprus). In **France** the '1 young person, 1 solution' (1 jeune – 1 solution) plan, launched in summer 2020 offers a solution to every young person. With more than EUR 9 billion invested, it mobilises a set of levels including hiring assistance, training, support, financial aid for young people in difficulty, etc. to respond to all situations²⁴. In **Norway**, the PES cooperates with educational authorities to offer education and skills development on a larger scale than before. The PES also reports there is extensive collaboration with employers and opportunities for wage subsidies and work training.

Several PES have intensified their efforts to bring young NEETs into employment or education. For example, in **Slovakia**, the PES has implemented a mentoring scheme linked to employment incentives for NEETs under the age of 30 who registered as a jobseeker for at least one month.

Services provided to vulnerable groups registered at PES

In the PES Survey, 9 out of 24 PES (Austria, Belgium – ACTIRIS, Belgium - Le Forem, Belgium – VDAB, Croatia, Finland, Hungary, Latvia, and Lithuania,) stated that they did not record an increase of registration of jobseekers from vulnerable groups who were not claiming unemployment benefits as a result to the COVID-19-crisis (Table 1).

Table 1. Registration of jobseekers from vulnerable groups that were not claiming unemployment benefits

Increase	No increase	Not responsible
CY, DK, EE, FR, DE, IS, LT, PL, SE, SK, SI	AT, BE-ACTIRIS, BE-Le Forem, BE-VDAB, FI, FL, HR, HU, LV	IE, MT, NL, ES

Note: SE could not differentiate between groups receiving or not benefits.

Source: PES Survey Service delivery in the wake of the crisis.

In **Slovenia**, the share of jobseekers not receiving benefits increased to 34.0% in April 2020 (compared to 24.5% in April 2019), but since has decreased to 23.0% in April 2021 and 26.9% in July 2021. The **Danish** PES indicated that a distinction is made between job-ready and activity-ready (meaning that the person is not yet considered able to take on

²⁴ <https://travail-emploi.gouv.fr/le-ministere-en-action/relance-activite/plan-1jeune-1solution/>

an ordinary job within the coming three months) cash benefit recipients, and it is largely only the unemployment of the job-ready that has been affected by the COVID-19 crisis. In Denmark, the employment system is very decentralised, with individual municipalities responsible for providing these services.

Many PES reacted to the influx of vulnerable unemployed not receiving unemployment benefits with specific measures. Nine out of 24 PES stated that they increasingly provided counselling to these groups (Cyprus, France, Iceland, Latvia, Lithuania, the Netherlands, Slovakia, Slovenia and Sweden), nine increasingly referred them to ALMPs (France, Hungary, Latvia, Lithuania, the Netherlands, Iceland, Slovakia, Slovenia and Sweden), seven PES indicated that they increasingly provided placement services (France, Iceland, Lithuania, the Netherlands, Slovakia, Slovenia and Sweden), five PES increased cooperation with social services to better the situations of vulnerable groups not receiving unemployment benefits (Cyprus, Iceland, Lithuania, the Netherlands and Sweden – PES Survey). No specific activities were carried out by nine PES (Austria, Belgium – VDAB, Croatia, Denmark, Estonia, Finland, Germany, Liechtenstein and Poland). However, this does not mean that those unemployed in these countries do not receive any specific services. For example, the Estonian PES stated that the right to participate in measures is not tied to benefit receipt, so those unemployed can also benefit from its measures. Additionally, several PES set up additional measures for the labour market integration of LTU (see Box 10 for some examples).

Box 10. Examples for specific measures for long-term unemployed and unemployed receiving social assistance in Belgium Ireland and Austria

Sectoral plans for promoting recovery have been implemented by the **Belgian PES Le Forem** with the objective to promote the recovery and involving several projects in the context of the Recovery and Resilience Plan. One of the new and pandemic specific measures for employers called Springboard 24+ (*Tremplin + 24 mois*) is targeted at LTU (>24 mois) in 14 (now extended to 17) sectors that have been particularly adversely affected by the crisis and consists of a wage subsidy. The measure planned for subsidies for 600 full-time equivalents, available only in 2020²⁵. The Belgium PES VDAB also has a measure targeting people who have been LTU for the last two years.

In January 2021, the **Belgian PES Actiris** introduced a new measure 'integration employment in the social economy'. It involves 1,200 jobs subsidised by Actiris in almost 100 social integration enterprises. This employment is aimed at jobseekers who are far from the labour market (especially the LTU and NEETs).

In **Ireland**, a new Work Placement Experience Programme was launched to help LTU.

In **Austria**, the measure Springboard is targeted at LTU (*Sprungbrett*) and aims to bring 50 000 LTU back into employment between July and December 2021.

In **Romania**, a new employment incentive has been introduced targeted at persons aged over 50, or aged between 16 and 29, and at Romanian citizens who have ceased their labour contracts with foreign employers.

Source: information provided by PES

A few PES have targeted additional measures and resources to older jobseekers (e.g. Greece, Denmark and Finland). The Finnish PES informed that according to government decisions, employment and labour market opportunities for people aged 55 and older will be improved. In **Denmark**, DKK 159 million (EUR 21 million) was allocated for a range of temporary initiatives throughout 2021 and 2022 targeted at LTU, particularly focusing on persons above the age of 50. These initiatives include an extraordinary wage subsidy for firms hiring long-term unemployed senior citizens and an extension of the duration of on-the-job training programmes for seniors.

²⁵ <https://formation-distance-inscription.leforem.be/catalogueleforem/>

Two PES have recently intensified (or are planning to intensify) their efforts to provide integrated delivery of social and employment services.

Box 11. A new approach to deliver integrated social and employment services in Slovakia

According to the Slovakian PES, a national project (Seize your chance) is in preparation that will focus on the provision of financial contributions to support the creation of jobs for disadvantaged jobseekers, including young jobseekers and self-employed. The purpose of the project is to connect employment and social welfare services to activate the most vulnerable young unemployed, and recipients of social assistance in general. Counsellors from both institutions will provide enhanced and intensive counselling, addressing the complex problems young people are faced with. The goal of the intense team counselling process is the empowerment of young people for inclusion into ALMPs, project learning for young adults, social activation programmes, or medical treatment according to their individual circumstances and needs. The project is built on combining the competencies and responsibilities of both institutions. The project is expected to start in October 2021 and will last 24 months.

Several other PES are planning to provide additional resources for the integration of vulnerable groups in the near future. In France, the government announced a EUR 1.4 billion plan that particularly focuses on the up-skilling of the long term unemployed (within the Skills Investment Plan). Until mid-November 2021, the French PES is collecting suggestions for relevant initiatives from its local offices. The Belgian PES Actiris started a new call for projects focusing on vulnerable jobseekers (jobseekers with a disability and/or health problems, offenders or ex-offenders, people in poverty, homeless people and illiterate people) planned to be launched in 2021. In Croatia, the National plan of recovery and resilience (2021–2026) aims at including 30 000 persons in training measures to acquire competencies needed on the labour market – of those, 70% should be vulnerable persons.

People with disabilities

In several EU Member States, employers could receive extra support for the job retention of people with disabilities or provided additional incentives for hiring people with disabilities (e.g. in France). In Portugal, employment incentives have been combined with vocational training and transitional support. In Austria and Lithuania, subsidies for self-employed with a disability were made more accessible (EC 2021b). The Finnish PES indicated that following the Swedish 'Samhall' model, the government decided to set up a special assignment company (Välittäjä Oy) that recruits people with partial work ability for longer-term employment relationships with the aim of them eventually finding employment in the open labour market. The Greek PES stated that all ALMPs incorporated incentives for hiring persons with disabilities. The Greek PES is also involved in the National Action Plan for the Rights of Persons with Disabilities (2020-2023)²⁶.

The Norwegian PES reported that due to infection control considerations during the COVID-19 pandemic it was difficult to clarify the ability to work and find work opportunities for those users with illness or health challenges. This group is a priority group for follow-up and labour market measures in Norway. As a response to this situation, the Norwegian PES temporarily extended the financial benefit payments to these users.

4.3. Budget implications

Information on national spending on ALMPs is currently unavailable on the Labour Market Programme (LMP) database covering European countries and the PES Survey for this study provides budget data for specific programmes. It shows that about two-thirds of PES spent more on ALMPs in 2020 than in 2019, while one third spent less. A majority of PES (17 out of 24) indicated that they received an augmented budget to cope with COVID-19 from

²⁶ Information on Finland and Greece stem from the PES survey and overview.

national and/or regional governments to provide active measures and job retention measures (Austria, Belgium – Actiris, Belgium – VDAB, Croatia, Denmark, Estonia, Finland, Germany, Iceland, Ireland, Latvia, Lithuania, the Netherlands, Slovenia, Spain and Sweden) (see Chapter 5 for job retention). Most PES indicated that additional funds for ALMPs were tied to specific measures, e.g.:

- In **Austria**, the programme 'Corona Job-Offensive' received a budget of EUR 700 million (2020-2022) and the programme 'Sprungbrett' (wage subsidies and job creation for LTU) had a budget of EUR 300 million (2021-2023).
- In **Belgium**, the PES VDAB received an additional budget for online training, and the PES Actiris used additional funds provided by the Brussels regional government to reinforce front line services of the PES and their partners (external service providers).
- In **Finland** EUR 60 million was allocated especially for education and training for young jobseekers, but also for other education & training services.
- In **Ireland**, the PES reported that EUR 200 million was invested in training and education, skills development, work placement schemes, recruitment subsidies, and job search and assistance measures; EUR 181 million had been allocated in respect of social and economic recovery and job creation.
- In **Lithuania**, EUR 46 million was made available for training, upskilling, and subsidised employment.
- In **Slovenia**, the budget for regular ALMPs for unemployed was reduced in 2020 by approximately EUR 6.5 million in comparison with 2019 but had been increased in 2021 by EUR 3 million in comparison with 2020 (to a total of EUR 54 510 300).
- In **Sweden**, the extra allocation amounted to SEK 502 million, as additional staff were required due to increased unemployment. In 2022, the government proposed that this additional funding should go to specific ALMPs.
- In **Liechtenstein, Malta and Poland** the budget of the PES was not increased²⁷.

²⁷ There is no information for the remaining countries.

4.4. Summary of key findings

The use of ALMPs during the crisis has varied between countries. In general, during the first phase of the pandemic, in many cases it was difficult to implement ALMPs. Since then, several PES have upscaled specific ALMPs or introduced new measures and programmes to bring people back to work, in particular those groups most affected by the effects of the pandemic which led to more instances of smooth structural transition. In addition, since the beginning of the pandemic, the number of ALMP participants have increased as PES have funded ALMPs to mitigate the adverse effects of the crisis and to prepare for recovery. An increasing focus has been on training measures and this has included training in bottleneck occupations and in tackling digital and soft skills gaps. Identifying transversal skills and improving occupational and sector mobility accordingly remains a challenge. ALMPs have been scaled up and/or new measures introduced for groups of unemployed who are at higher risk of remaining unemployed (especially youth, and to a lesser extent LTU, older workers and those with disabilities). Several PES have also introduced new measures to promote female employment, including self-employment. PES have increasingly offered employment services to people still in employment.

5. JOB RETENTION SCHEMES TO PREVENT UNEMPLOYMENT

5.1. Adapting the short-time work and job retention schemes to the COVID-19 pandemic

Implementation

Short-time work schemes²⁸ and other job retention schemes (e.g. partial unemployment schemes, job protection wage subsidy schemes) have been the main measure implemented since the beginning of the pandemic to cope with the labour market impact of the crisis (European PES Network 2020). New schemes were introduced, or existing schemes amended to meet the specificities of the COVID-19 pandemic (see table 2). Previously, STW schemes were implemented in the context of business cycle induced variations of labour demand. In addition, seasonal STW schemes have existed in some countries. STW schemes have also been used in the context of economic restructuring. In essence, the objective is to avoid dismissals if it can be foreseen that the decline of labour demand is temporary and staff will be needed again. In this way, companies avoid firing and hiring costs and retain skilled staff ready for a swift reaction to recovery in demand. Similarly, workers retain incomes and some job security in the expectation that they will be recalled to their jobs (see European PES Network report 2021).

Countries with a long history of STW schemes tend to run those of a general nature (e.g. Germany, France), but these have been made more accessible and, in some cases, coverage increased and benefits expanded (see for details PES Network 2020). Most importantly they are not necessarily limited to a specific sector or specific containment measures, such as the hospitality and tourism sector. This is important as many jobs were threatened in sectors not directly affected by lockdowns and strict social distancing rules, but more by disrupted global supply chains and shifts in global demand.

Usually, the level of the STW or partial unemployment allowance is linked to the number of hours not worked, in combination with the normal level of wages. At the start of the pandemic, a few countries introduced measures to provide 'lump sum compensation' (a 'one-off' payment) where 50% of the workforce have been laid off (e.g. Greece). Also, Malta introduced a lump-sum wage supplement scheme for workers fully or partially out of work in affected sectors (full-time employees would receive a monthly lump sum of EUR 800 from March to June 2020)²⁹. In the Netherlands, the loss of turnover within companies is also considered for the newly introduced scheme NOW. **Several countries have introduced wage subsidy schemes**, either based on wage compensation or based on a mixed model where the compensation is calculated by considering the loss of turnover and wages. **Some of these schemes have been restricted to specific sectors or groups of workers or containment policy measures** (see Table 2). In some countries, several schemes have been run in parallel (e.g. in Croatia, Hungary, Poland, Slovakia, Slovenia).

²⁸ The notion of short-time work is derived from the German notion *Kurzarbeit*. It refers to a scheme in which employers get compensation for wage costs for the need to reduce worked hours for a limited period of time, mainly for business cycle reasons, seasonality or exceptional reasons.

²⁹ <https://covid19.maltaenterprise.com/employee-wage-support/?application-form-added>

Table 2. Overview of job retention schemes

Type of scheme	Permanent schemes	Temporary schemes
General STW (or partial unemployment) schemes	Permanent schemes have been adapted to the exceptional situation in AT, BE, DE, FR, IT, LU, NO, PL, PT, ES; suspended in NL.	CZ, LT
Furlough STW (no partial reduction of working time allowed)		DK, EL, LV, SI
Work-sharing STW (significant limits on the maximum reduction in working time)	DK, IE, SE	EL (since July 2020), HU, IS
STW restricted to specific sectors affected by the pandemic		HR, IT (additional scheme extending sectors eligible)
Wage subsidy schemes restricted to specific sectors or specific groups of workers affected by the pandemic		HR, HU, IS, SK, PL, SI
Pure wage subsidy scheme (based on wage bill only or mixed based on wage bills and reduction of business activity)		DK, EE, IE, NL, PL, PT (since August 2021), SK

Source: OECD 2021a, Chapter 2, Annual PES Benchmarking Data [R17].

As shown in the PES Network 2020 report (PES Network 2020), **the compensation rate has varied substantially across Europe**. Also, the length of receipt for job STW allowances or partial unemployment allowance has varied significantly between countries (e.g. up to 24 months in Germany and up to 3 months in Poland).

A few, mainly Northern European countries have instead put in place or activated **temporary lay-off schemes** (e.g. Norway and Finland). Here, the worker is made unemployed and gets access to unemployment benefits, but then would be re-employed by the same employer when business conditions allow. In Slovenia, two schemes are run in parallel, a STW scheme as well as a temporary lay-off scheme. In principle a temporary lay-off scheme allows more flexibility on the labour market, though evidence from Norway indicates that the temporary lay-off scheme has not led to more flexibility (since workers felt loyalty and regarded themselves still as workers of their companies).

Some countries have opened their job retention allowances for self-employed under certain circumstances (e.g. Estonia, Spain, Hungary, Poland and Slovakia) and for seasonal and temporary workers, or workers with limited work history (Croatia, France³⁰, Hungary, Italy, Lithuania, Slovakia, Spain, and Sweden) and to temporary agency workers (Austria, Germany and Italy) (PES Network 2020, and Survey 2021). However, some groups of employed have remained excluded, e.g. Mini-jobbers³¹ in Germany (Duell/Vetter 2021).

Countries have, in general, introduced time limit rules on the availability of the specific COVID-19 job retention schemes. Several countries have introduced tapering allowances over time, while Germany has lengthened periods for the payment of allowances for STW schemes and adapted them to reflect the various waves of the

³⁰ <https://www.economie.gouv.fr/covid19-soutien-entreprises/dispositif-de-chomage-partiel#chomsept>

³¹ Mini-jobber can earn up to 450 Euro a month (cumulating income from different employers). They get special tax and social security treatment but are not covered by the unemployment insurance.

pandemic. As there have been several infection waves engendering containment measures, the schemes have been extended and adapted several times.

Several countries introduced changes to their STW schemes after the first phase of the pandemic ('PES response to COVID-19 overview'):

- In **Croatia**, from February 2021 subsidies have been granted to legal entities in sports. In addition, January 2021 saw the following measures were extended: STW scheme (January to December) and job preservation subsidies (January to June) have been granted to employers in sheltered workshops, integrative workshops and units for employment of persons with disabilities.
- In **France**, the partial activity allowance has varied significantly during the different phases of the pandemic and depending on the type of restrictions imposed on companies³². Furthermore, the long-term partial activity plan was launched as part of the recovery strategy. This scheme is available for a maximum of 24 months during the next three years. A maximum of 40% working time reduction is allowed, and details are fixed in a company collective agreement (activité partielle de longue durée)³³.
- In **Germany**, the special regulations for receipt of short-time allowance were introduced at the beginning of the pandemic and successively extended. The period of entitlement to the short-time allowance was extended to 24 months, at the longest until 31 December 2021. Another important change introduced in December 2020 was an increase in compensation for those receiving STW allowance for the reference points of more than four and more than seven months³⁴.
- In **Hungary**, applications to the STW programme were allowed until 31 August 2020. After this, a sectoral wage subsidy programme was implemented that provides subsidies for companies operating in sectors adversely affected by the COVID-19 related restrictions.
- In **Ireland**, in March 2020 the government introduced a Temporary Wage Subsidy Scheme³⁵ (TWSS) at a level of 70% to help affected companies keep paying their employees. The TWSS ended on 31 August 2020 and was replaced by the Employment Wage Subsidy Scheme³⁶. The scheme provides a flat-rate subsidy to qualifying employers. Both schemes are administered by Ireland's tax authority (Revenue) on behalf of the Department of Social Protection
- In **Lithuania**, the STW allowance was made tapering from July 2021.
- In **Malta**, the wage supplement scheme for employees in affected sectors and companies has been implemented in six phases so far. A tapering system in two phases was announced for the disbursement of the wage supplement scheme from August to December 2021. The worst affected companies will continue to receive the wage supplement in full until the end of 2021³⁷.
- In the **Netherlands**, the NOW scheme was introduced at the beginning of the pandemic (see for details PES Network 2020). The latest changes included in NOW

³² <https://www.economie.gouv.fr/covid19-soutien-entreprises/dispositif-de-chomage-partiel#chomsept>

³³ <https://www.economie.gouv.fr/plan-de-relance/profils/entreprises/activite-partielle-longue-duree-apld>

³⁴ The Employment Protection Act (Beschäftigungssicherungsgesetz) of 03 December 2020 extended the conditions in § 421c (2) SGB III for extending the gradual increase in KUG from the fourth month of receipt of KUG to 70 or 77 per cent and from the seventh month of receipt to 80 or 87 per cent until 31 December 2021 if the entitlement to KUG arose by 31 March 2021. The increased benefit rates are only paid in months with a loss of pay of at least 50%. The individual months of entitlement will be determined per worker from March 2020.

³⁵ <https://www.revenue.ie/en/employing-people/twss/index.aspx>

³⁶ <https://www.revenue.ie/en/employing-people/ewss/index.aspx>

³⁷ <https://covid19.maltaenterprise.com/wage-supplement-main/>

4 refer to eligibility criteria (covering the minimum loss of turnover for eligibility to the scheme is 20%),

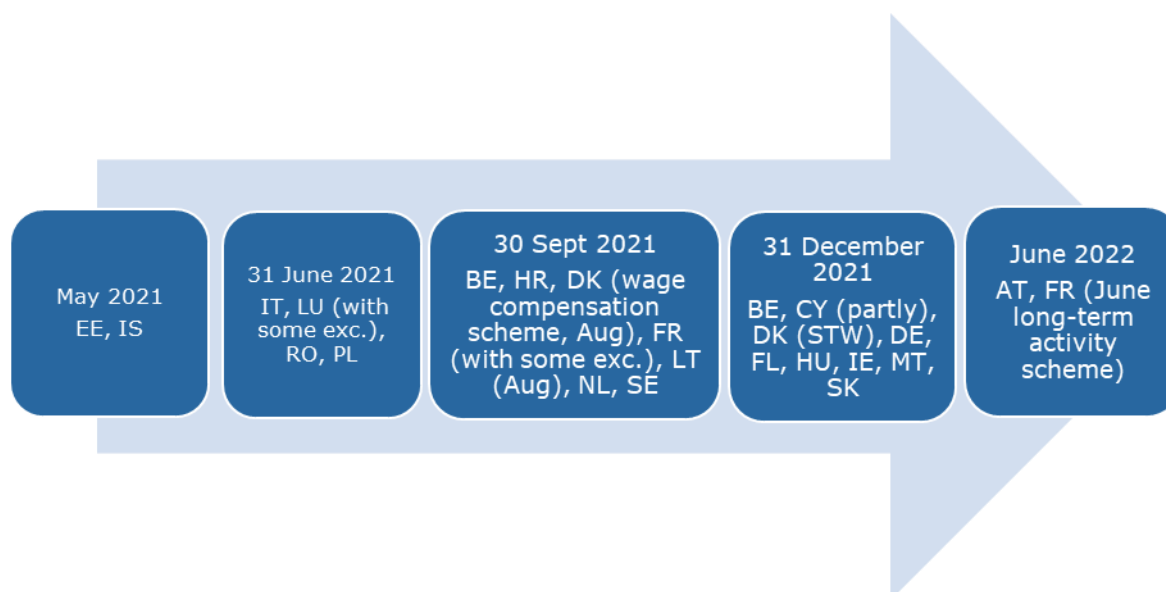
- In **Poland**, numerous job retention schemes have been set up, including a STW scheme, job protection schemes for self-employed, subsidies for the self-employed, and sector-specific job protection subsidies.
- In **Slovakia**, the Ministry of Labour, Social Affairs and Family introduced the 'First Aid' project. In October 2020, the project was extended and renamed 'First Aid+' and later 'First Aid++'. In Summer 2021, it involved five measures and conditions of support.
- In **Slovenia**, a temporary lay-off scheme provided wage subsidies and was operational from March 2020 to June 2021, while in addition a STW scheme has been available from June 2020³⁸. There is also a wage subsidy scheme for workers required to quarantine or self-isolate (April 2020 - ongoing), and a wage subsidy scheme for workers who had to stay at home due to the epidemic to look after small children or dependent family members (April 2020 - ongoing).
- In **Sweden**, the law on the STW allowance came into force in April 2020, allowing employees to reduce their working hours during a period while the state provides financial support to the employer. Employees receive over 90% of their normal salary. To use STW scheme, both employers and employees must agree on it. The support runs to 29 September 2021 and is administered by Tillväxtverket (The Swedish Agency for Economic and Regional Growth).

Phasing out COVID-19 related elements in job retention schemes and temporary lay-off schemes

As all countries have amended and/or extended their schemes several times, phasing them out has been postponed and rearranged. **By October 2021, some job retention schemes have already started to be phased** (payments may still run for a while, as there are often delays in claiming). In some countries such as Lithuania, payments have already been terminated. However, with new infection waves and related restrictions, countries may have to consider reactivating their schemes (e.g. in the Netherlands).

³⁸ The temporary lay-off scheme had a high number of participants in March, April and May 2020 (with a peak 175,380 in April 2020) and fell considerably thereafter, when the STW scheme was introduced. Nevertheless, in terms of numbers of workers covered, this scheme covered more employed as the short-time work scheme (during June 2020 and June 2021).

Figure 10. Phasing out of temporary job retention schemes and COVID-19 specific rules for general STW and related schemes, as planned in October 2021



Note: Surveys to PES, latest updated information received in August and September 2021. In HU claims for the Job protection support programme could be submitted from 16 April 2020 to 31 August 2020, benefits were available for 3 months. The Figure does not include latest changes to lengthen the schemes in the context of the war in Ukraine.

Source: PES Survey Service delivery in the wake of the crisis, 'PES response to COVID 19'-overview, Federal scheme in BE: <https://www.onem.be/fr/documentation/feuille-info/t2>; in FR: <https://www.economie.gouv.fr/covid19-soutien-entreprises/dispositif-de-chomage-partiel#chomsept>.

Challenges for PES and issues of implementation

The PES and/or the unemployment benefit administrations³⁹, are involved either in the processing of benefit claims, or in the registration of workers who have been temporarily laid-off in a wide range of countries (e.g. Austria, Belgium, Bulgaria, Croatia, Germany, Estonia, Lithuania, Luxemburg, Netherlands, Poland, Romania, Slovenia, and Spain). In Italy, benefits are paid through the Social Insurance Institution, and in Ireland through the tax authority (PES Network 2020 and PES Survey). **For those PES receiving claims and making payments, the administration of STW schemes has been burdensome and taken staff resources away from PES core activities** (counselling jobseekers and employers, developing strategies, etc.) (interviews with the German and Bulgarian PES). While PES administrations with comparatively large staff resources, such as in Germany, could easily handle the reallocation of staff in the short-term, this proved more difficult in countries with fewer PES staff resources. In such cases either staff from other organisations were reallocated and compensated (e.g. in Austria⁴⁰), or other services were significantly limited (e.g. in Lithuania, services were restricted to the registration of jobseekers, labour intermediation, and handling of STW), while the individualised counselling service was (temporarily) not offered or severely restricted, and staff were required to work overtime or new staff were hired. Compared to the economic crisis in 2009, the high volume of claims and the long duration of the crisis, with a high number of workers on STW schemes, placed a structural threat on the organisation of the works of the PES and their models of service delivery, as well as on the

³⁹ Unemployment benefit administration and the provision of employment services have not been merged in every country, so the administration of benefits may not be handled by the PES directly (e.g. Belgium).

⁴⁰ AMS Österreich Geschäftsbericht 2020, see: <https://www.ams.at/organisation/geschaeftsberichte/geschaeftsberichte-oesterreich>.

principle of tripartite self-administration, since PES were increasingly required to make payments of state-funded measures⁴¹.

A priority has been to reimburse employers as quickly as possible (to avoid any liquidity problems) and employees (to ensure they have enough living income). The use of digital technologies and improved IT solutions have helped to ensure rapid payment (e.g. in Germany and Austria), although the full potential of IT solutions to save staff time have not been exploited. For example, there is room for improvement in linking automatic wage calculation systems and claims for STW allowances (for instance in Germany) or linking automatic company registries and other relevant registries (for example in Bulgaria and Lithuania). Also the electronic submission of claims was not a preferred approach of employers (for example in Lithuania). The Austrian PES initiated new partnerships with external organisations (service providers, accounting agencies) for processing STW to ensure a quick processing and payment, which was still ongoing in September 2021.

Many PES and other institutions have made preliminary payments to ensure the quick financial support is made available. In the **Netherlands**, when employers apply for the job retention scheme NOW, they must make an estimate of their revenue for the coming months. UWV will make an advanced payment of 80% of the subsidy based on that estimate frequently this advance is paid within 2 weeks after applying. Because of uncertainty in estimating the gross revenue and the advanced payment, there is a need to make final calculations. In other countries, preliminary payments have often been made. From September 2021, the **German** PES planned to carry out a final examination (*Abschlussprüfung*) when all benefit claims will be examined again in detail to confirm their validity. If benefits have been overpaid in an individual case, payments can be reclaimed, because the STW allowance is generally granted provisionally at first. These final audits are time-consuming for PES, but are considered necessary to detect any mistakes or fraudulent cases.

5.2. Take-up

Employed covered by a STW or other job retention scheme and trends

Data on the number of people covered by job retention schemes have been collected from information provided by PES and other organisations (Table 3, Figure 11). The comparability of data is not only limited by national differences in job retention schemes and changes that occurred over time, but also because of different methods of collecting data (by week or month, or a specified period). In most cases, data is available for the number of employed covered. In Italy, the number of hours not worked is counted as the main variable, while in several countries no information is available regarding the number of hours not worked and compensated by the job retention scheme (e.g. Estonia, Poland, Slovenia, Slovakia).

⁴¹ Including also, child benefits.

Table 3. Take-up of job-retention schemes, selected countries (number of employed if not other specified)

Country	Peak	Latest available data
Austria	1 042 682, April 2020 25% of total employed (15-64, 2020)	249 668 in May 2021 and 25 000 workers in Sept 2021 6% of total employed (15-64, 2020)
Belgium	1 245 232 (April 2020) 26% share on total employment (15-64, 2020)	426 678 (March 2021) 9% share on total employment (15-64, 2020)
Bulgaria	300 000 (March to December 2020)	200 000 (January to June 2021)
Croatia	594 958 (job retention scheme in April 2020) 37% share on total employment (15-64, 2020)	125 710 + 8 387 in March 2021 (job retention + STW) and 108 550 + 5 251 in June 2021 8% share on total employment (15-64, 2020)
Cyprus	74 113 (March 2020) applicants 12 969 + 3 869 (Feb 2021), recipients 18% share on total employment (15-64, 2020, applicants)	18 779 (May 2021) applicants 7 201+3 120 (May 2021, recipients) 5% share on total employment (15-64, 2020, applicants)
Estonia	121 003 (April 2020) 20% share on total employment (15-64, 2020)	19 016 (May 2021) 3% share on total employment (15-64, 2020)
France	8 381 715 (April 2020) 31% share on total employment (15-64, 2020)	2 272 445 (March 2021) 8% share on total employment (15-64, 2020)
Germany	5 995 428 (April 2020) 17.9% of employed (Kurzarbeiterquote) 15% share on total employment (15-64, 2020)	2 818 317 (March 2021) 927 473 (estimation July 2021) STW rate: 2.8% 2% share on total employment (15-64, 2020, STW July 2021)
Hungary	129 543 (May 2020) (STW scheme) 3% share on total employment (15-64, 2020)	2 370 (Dec 2020)* (STW scheme) + 891 sectoral wage subsidy programme 45 305 (March 2020) (sectoral wage subsidy programme) 1% share on total employment (15-64, 2020, sectoral wage programme)
Italy	7.7 million workers (as of 21 May, INPS ⁴²). In April 2020, in total authorised compensations for 965 700 796 hours were provided, which corresponds to 60 355 630 full-time equivalents (own assessment). 35% share on total employment (15-64, 2020)	224 278 422 approved hours in June 2021 (1.4 million full-time equivalents)
Ireland	285 000 (temporary wage subsidy scheme, average in May) 13% share on total employment (15-64, 2020)	303 300 (March 2021 on EWSS) 14% share on total employment (15-64, 2020)

⁴² https://www.inps.it/docallegatiNP/Mig/AllegatiNews/notizia_cigo.pdf

Country	Peak	Latest available data
Iceland	25 509 14% share on total employment (15-64, 2020)	4 354 (March 2021) 2% share on total employment (15-64, 2020)
Lithuania	1 276 138 10% share on total employment (15-64, 2020)	1 297 737 (March 2021) 10% share on total employment (15-64, 2020)
Netherlands	2.7 million (March to May 2020, NOW 1)	1.3 million (Jan to March 2021, NOW 3.2) 0.4 million (April 2021 to June 2021, NOW 3.3)
Poland	Over 5.7 million workers (different job retention schemes between March and July 2020)	
Slovenia	19 647 (June 2021) 2% share on total employment (15-64, 2020)	17 521 (March 2021) 13 795 (May 2021) 1% share on total employment (15-64, 2020, May 2021)
Spain	ERTE: 3 576 192 (30.4.2020) 19% share on total employment (15-64, 2020)	ERTE: 292 744 (31.7.2021) 2% share on total employment (15-64, 2020)

Note: in HU no new support started after September 2020 [R19]

Source: 'PES response to COVID-19' overview provided between July and early September 2021, interview with Bulgaria and administrative data provided:

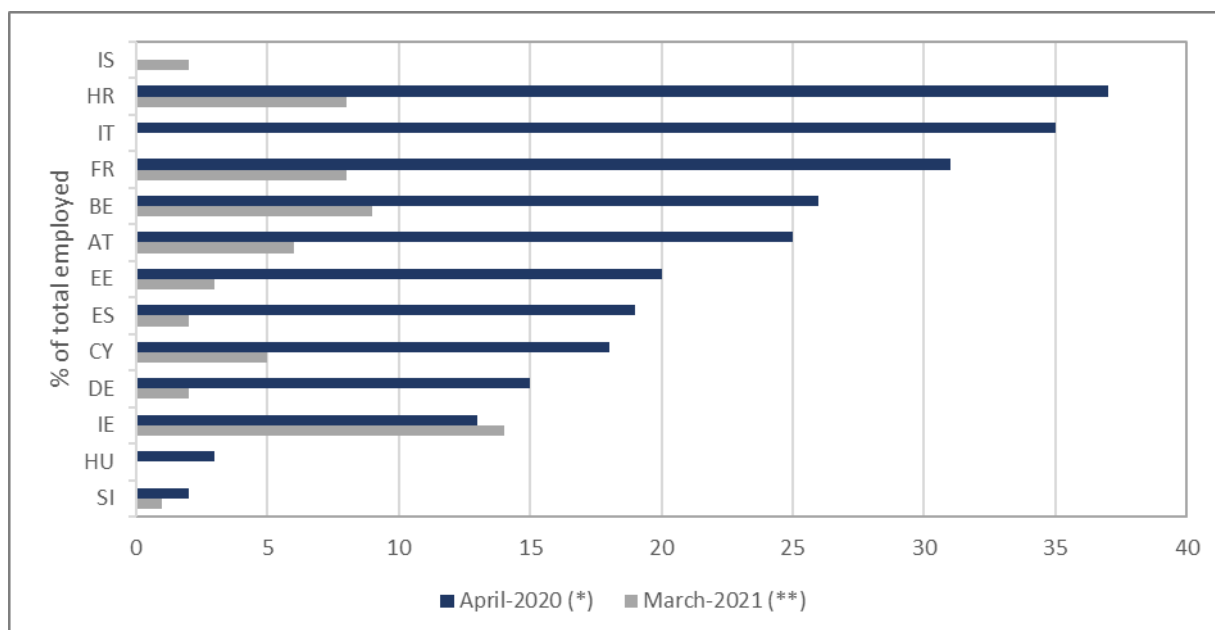
BE: <https://www.onem.be/interactivestats/population/temporaryUnemployment.isf?dswid=-5149&nocid=true&faces-redirect=true;>

[https://www.steunpuntwerk.be/system/files/overwerk_2021_1_04.pdf;](https://www.steunpuntwerk.be/system/files/overwerk_2021_1_04.pdf)

DE: https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html?nn=1524090&topic_f=kurzarbeit-hr;

ES: Data for April 2020 are from the PES Network study 2020, for August 2021: <https://www.inps.it/docallegatiNP/Mig/AllegatiNews/Cassa%20integrazione%20guadagni%20e%20Fondi%20di%20Solidarieta%20E2%80%93Ore%20autorizzate%20per%20emergenza%20sanitaria%20E2%80%93agosto2021.pdf>

Figure 11. Share of employed taking-up job retention scheme in April 2020 and March 2021



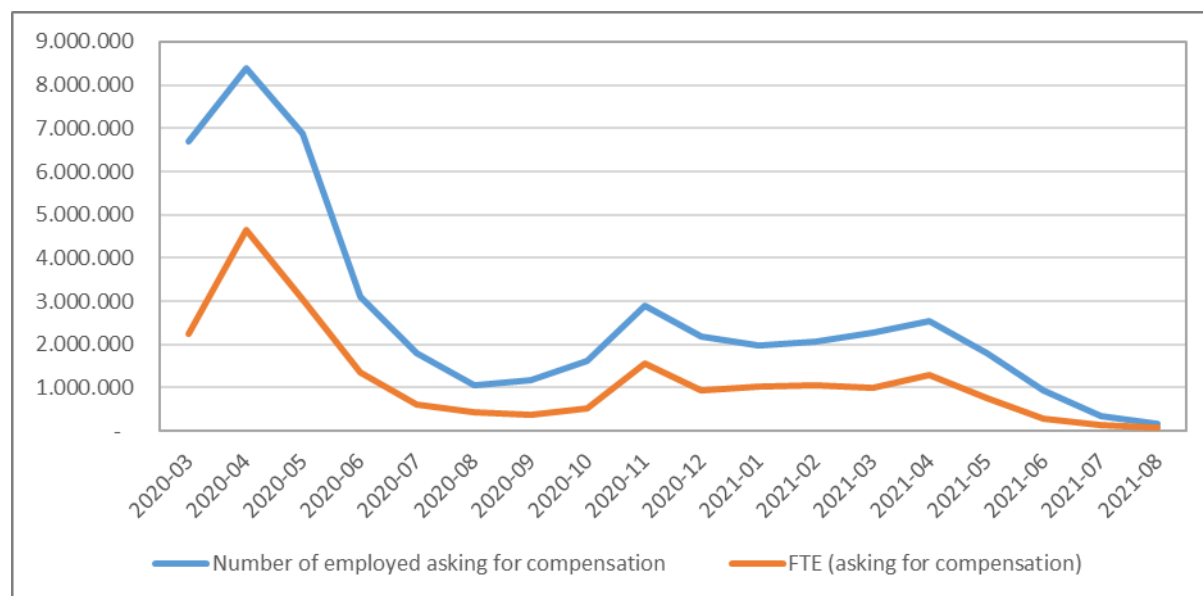
Note: (*) CY (March 2020); HU, IT and IE (May 2020); SI (June 2020).

(**) AT, CY and EE (May 2021); DE and ES (July 2021).

Source: Own elaboration. Data collected from Member States, INPS in the case of Italy, Müller and Schulte in the case of Denmark, Eurostat LFS for total employment data.

In most countries, the take-up of STW schemes was very high in April 2020 and has declined significantly since (Figure 11). Due to new containment measures imposed during winter 2020/21, the number increased again but remained well below the level reached in 2020 in those countries with high take-up of STW and similar schemes (e.g. in Austria, France, Germany and Italy). The example of the take-up of the partial activity scheme in France is given in Figure 12, illustrating this pattern, examples for selected other countries are shown in the Annex (A17, A18, A19, A20). In contrast, in Ireland take-up of the wage subsidy scheme has not varied much since the beginning of the pandemic (see Annex A21).

Figure 12. Claims for compensation for partial unemployment in France



Note: Most of the data is preliminary and may be higher, in particular for the most recent data. Companies have up to 6 months to claim allowances after the termination of the partial activity. Thus, final data are published with 3 quarters delay.

Source: <https://dares.travail-emploi.gouv.fr/donnees/le-chomage-partiel>, accessed 20 October 2021 [R21].

Importantly, the strong decline in take-up in response to improved economic conditions suggests that the unprecedented levels of use of these schemes are unlikely to persist once economic recovery takes hold. Nevertheless, OECD (2021a) warns that take-up is likely to become more persistent over time since firms with structural problems are more likely to continue relying on job retention support. Other reasons why the take-up of job retention schemes may persist are related to long-lasting effects of the pandemic (such as persisting problems and disruptions in global supply chains).

Sectors

Depending on the economic structure in different countries, **the sectoral composition of the employed covered by the different job retention schemes differed widely**. In Croatia, Estonia, Germany, and Italy, manufacturing industry was the most affected sector by job retention and STW schemes at the beginning of the pandemic in April 2020. In countries such as Austria, Germany, and Hungary, a significant share of employed covered by a job retention scheme came from business-related services as well as professional, scientific and technical activities. In 2021, the sectoral composition in general changed, with accommodation and catering, and wholesale and retail trade, predominating. Sectors that have shown strong variations over time are typically those directly affected by the lockdown measures, such as trade. The situation has remained difficult in accommodation and catering, and arts and entertainment sectors in several countries (country examples are in Box A1 in the Annex).

Gender

There is only limited information available on the gender gap of job retention schemes. Available data indicate that **in most cases more men than women were included in STW schemes**. This is likely to be linked to existing occupational structures (e.g. in Germany take-up of STW was widespread within the manufacturing industry, where more men than women are employed).

Table 4. Share of women among participants included in STW schemes

Country	Share of women in %	Time frame
AT	44.5%	March 2020 to May 2021
BE	41.6%	Year 2020
CY	54%	March 2020 to May 2021
DE	43.1%	March 2020 to March 2021
HU	44.9% (STW) 66.8% (sectoral wage subsidy programme)	April to December 2020 November 2020 to May 2021
IS	43%	March 2020 to March 2021

Source: PES Survey Service delivery in the wake of the crisis, AT data provided by the Austrian PES, BE: <https://www.onem.be/interactivestats/population/temporaryUnemployment.jsf?dswid=-5149&nocid=true&faces-redirect=true>.

5.3. Training and change in employment during the take up of STW and other job retention schemes

Training

It has been argued that the efficiency of STW and similar schemes are enhanced when hours not worked are used for continuous training. **Participation in training measures during STW is possible in 11 out of 16 countries** (Table 5).

Table 5. Participation of STW workers in training

Yes	AT, BE, CY, DE, FR (but not in PES measures), HR, HU, LT, SE, SI
No	DK (at least not as a rule. It is up to the jobcentre to decide), EE, FL, IS, LV

Source: 'PES response to COVID-19' survey, interviews.

However, it is not known whether those employed covered by a job retention scheme have eventually participated in a training measure, and if training measures were proposed to them often or seldomly. In Germany and France, studies have been conducted to assess participation in training (see Box 12 for Germany).

Box 12. Limited participation in training during STW in Germany

In Germany, the reimbursement of social security contributions, reduced to 50% ongoing from October 2021⁴³, can be increased to 100% if the period of STW is used for the professional qualification of the employees. In addition, training costs could also be reimbursed as a lump sum (from January 2021). If the training commenced during STW and all requirements for the allowance were met, employees are entitled to a STW allowance for the time they miss work – even if they take part in training during this time. Pusch/Seifert (2021) show that based on survey data of the Hans-Böckler Foundation, reduced hours are used comparatively little for further training, though: 26% of respondents with STW indicated that they participated in further training, while this share was 17.4% for respondents not in STW.

⁴³ The full reimbursement of social security contributions will be phased out from 01 October 2021.

Kruppe/Weber/Wiemers (2020) suggest that implementing STW for an extended duration of time (e.g. during an economic crisis) should be coupled with further training measures to increase their efficiency. A survey conducted among 1 759 companies in Germany by the PES research institute IAB at the end of October / beginning of November 2020, shows that only 1 in 10 companies that participated in the STW scheme used the non-worked hours for providing training. Large companies were more likely to offer training than SMEs. When asked why they did not provide training during STW, 81% of companies responded that it was uncertain when the economic activity would start again; 63% stated it did not fit into the new work organisation during the pandemic; 50% of companies faced insecure futures; and for 39% of companies, further training was not the key preoccupation. Only one-third of companies were aware of training measures supported by the PES and just one sixth of those have eventually used PES training measures since the beginning of the pandemic⁴⁴.

In **France**, training funds have been available in case of economic restructuring for a long time. Thus, the main source of funding for training the employed on the partial activity scheme has been the Fonds national de l'Emploi-Formation, endowed with nearly EUR 340 million in 2020. This conventional tool to support economic change has been completely revised in its management and access methods. It offers to support the training in any company in the partial activity scheme. According to the Acemo-COVID survey from the Ministry of Labour, up to 21% of employees (as of September 2020) worked in a company that used training for those placed in partial activity, half of which is part of an FNE-Training subsidy (all sectors combined). Research on the use of training also showed that mainly large companies and companies that were already familiar with the state financing of continuous training have made use of available training funds, while SMEs, which are strongly represented in many sectors most affected by the crisis, were less engaged in the training of their employees on partial activity. The hotel and restaurant sector has been hesitant to offer training to their employees because of uncertainty when the economic activity returns. Overall, training during STW has less often led to certification. The benefit may have been, however, to cover 'dormant' training needs (Dessein/Perrez, 2021).

In **Finland**, those who have been temporarily laid-off due to COVID-19 have had a temporary right to study full-time without their studies affecting their unemployment benefit. The amendment remains in force until 31 December 2021. In Norway, the government has allowed people on unemployment benefits to take up education while still receiving these benefits. According to the Norwegian PES, this seems to be a popular measure so far and may become permanent and available for all unemployment benefit recipients in the future.

Temporarily working in other companies

One of the criticisms of job retention schemes is the limitation of labour market flexibility and may thus lead to inefficiencies in the allocation of labour. **Therefore, a few countries have introduced the possibility to combine STW with the take up of temporary (and often short hours) jobs.** In **Belgium** for example, STW beneficiaries can work temporarily in sectors with labour shortages due to the pandemic such as health, agriculture, and education, while still receiving 75% of temporary unemployment allowance (according to BE-Le Forem). BE-VDAB has set up a specific page on their PES website for vacancies in healthcare and agriculture. In **Germany**, the legislator has relaxed the supplementary income possibilities within the STW allowance to compensate for financial losses. Remuneration from marginal employment (up to 450 Euro per month)⁴⁵, which was taken up while receiving a short-time allowance will not be added to the actual remuneration in the period from 1 January 2021 to the end of 31 December 2021. In Lithuania, there is anecdotal evidence that the lending of workers between companies has

⁴⁴ Reasons for non-participation included that no suitable training offer was available, that trainings had a too long duration, administrative burden too high or their employees were not interested.

⁴⁵ Pursuant to § 8, paragraph 1, number 1, SGB IV.

taken place based on their own networks, the use of social media and institutions like Chambers.

The PES Survey indicated that 14 out of 24 PES **provided counselling and placement services for workers on STW or partial unemployment** (Austria, Belgium – Le Forem, Belgium – VDAB, Cyprus, Denmark, Finland, Hungary, Malta, Lithuania, Netherlands, Poland, Spain, Slovakia and Sweden). In Sweden, these counselling and placement services are only provided to workers in partial unemployment, but not to workers in a STW scheme. Eight PES indicated that they did not provide placement services for short-time workers or persons in partial employment at all (Belgium – ACTIRIS, Croatia, Estonia, Germany, Iceland, Latvia, Liechtenstein and Slovenia). However, ACTIRIS does provide information to workers on STW or partial unemployment about the possibilities of reorientation, training or employment, but it does not offer an active guidance service. The PES in Estonia and Germany made similar statements. The PES in Iceland stated that workers in reduced employment were not eligible to receive specific counselling or placement services.

In contrast, in some countries, job retention schemes have been linked to conditions on employers not firing workers to make sure jobs are eventually protected. In the Netherlands, this rule has been relaxed to increase labour market flexibility. The initial version of the **Dutch** job retention scheme NOW (NOW 1 and 2), did not permit participating companies to lay off workers but in the revised version of the scheme operational from 1 October 2020 (NOW3), the ban on firing is lifted (OECD 2021a). This permits companies to reduce the number of marginal staff while retaining core staff.

Temporary lay-off schemes allow for greater external labour market flexibility. In the context of the pandemic, the flexibility offered through such schemes has been enhanced. In **Finland**, employers have been entitled to lay off an employee in a fixed-term employment relationship under the same conditions as an employee with an employment contract of unspecified duration. This change will remain in force until 31 December 2021. Employers have also been able to terminate an employment contract during a trial period for financial or production-related reasons, referred to in the Employment Contracts Act. This change will remain in force until 31 December 2021.

5.4. Budget implications

High spending on job retention schemes

Funding on job retention schemes has been historically high in many countries and has necessitated additional budgets from governments during the pandemic.

In the survey, some PES explicitly mentioned that additional funds were granted to finance STW schemes (Denmark, Estonia, Germany, Iceland, Lithuania, Slovenia and Sweden).

Financial information for PES available for this study is incomplete since some PES are not responsible for paying job retention support (STW or partial unemployment benefits), while others failed to provide information. Financial information that was provided is not comparable as time frames vary and so the information is collected. In many cases, information is only preliminary as final controls and checks have not been completed and because some companies claim STW allowances for their workers with a delay. Details on budget information received, or which could be collected from public sources, are shown in Table 6.

Table 6. PES Budget of STW schemes

Country (PES)	STW scheme budget
AT	Around EUR 5.5 billion have been spent on the short-time work scheme in 2020, and around EUR 3.5 billion in 2021.

Country (PES)	STW scheme budget
BE	In 2020, expenses (for 'Chômeurs temporaires') for Belgium as a whole, amounted to EUR 4.3 billion (2019: EUR 367.8 million, 2009: EUR 1 billion) ⁴⁶ . Regional aids are provided in addition to these schemes, and in part, these are provided by the PES.
CY	From March 2020 to August 2021 the total amount spent for job retention schemes has been approximately EUR 800 million (60% of wages of the employees are subsidized).
DE	EUR 22.1 billion was spent on short-time allowance. In 2021, EUR 16.5 billion was spent until July 2021. Under the law on the deployment of facilities and social services to combat the coronavirus SARS-CoV-2 crisis in conjunction with a guaranteed mandate (SoDeG), EUR 47.7 million has been spent in 2020 and EUR 16.5 billion in 2021 (until July 2021).
DK	The Danish government boosted the budget for job retention schemes with DKK 60 million in 2020 (around EUR 8 million) and DKK 210 million in 2021 (around EUR 28 million).
EE	Around EUR 21.3 million (of those, 20.9 million out of the PES's budget, the rest out of state budget) has been spent on the temporary subsidy programme during three periods (March to May 2020, June 2020, March to April 2021). Labour costs of EUR 71.1 million (15.7 million out of the PES's budget, 55.5 million out of state budget) have been reimbursed by the Unemployment Insurance Fund to those employers in two regions of Estonia (Harju County and Ida-Viru County) whose activities had been significantly disrupted in the period from 28 December 2020 to 31 January 2021 due to extraordinary circumstances caused by COVID-19 (Salary grant).
ES	EUR 16.8 billion have been spent from March 2020 to July 2021, of which 12.7 billion correspond to 2020 (including social security contributions and income tax).
FL	Spending for STW schemes amounted to around CHF 70 million (around EUR 65.5 million).
FR	According to data collected by Dares (of the Ministry of employment), claims for compensation under the partial unemployment scheme have amounted to EUR 10.06 billion between March 2020 and August 2021 (note that claims can be made 6 months after termination of partial employment).
HR	267 million Croatia Kunas (STW) (around EUR 35.5 million). Budget spent on other job retention schemes amounted to HRK 10 456 million (around EUR 1 389 million).
HU	Expenses amounted in total to HUF 163.4 billion (around EUR 450 million), among those HUF 32.8 billion for the job protection wage subsidy (around EUR 90 million), HUF 29.2 billion for RDI wage subsidy (around EUR 80 million), HUF 87.5 billion for sectoral wage subsidy (around EUR 241 million), and HUF 13.9 billion for the compensation scheme for self-employed (around EUR 38 million).
IE	In 2020, expenses for the Temporary Wage Subsidy Scheme (TWSS) amounted to EUR 2.7 billion; expenses for the Employment Wage Subsidy Scheme (EWS), which replaced the STW scheme, amounted to EUR 1.4 billion.
IS	Approximately ISK 27.897 million (EUR 4 142 million million) has been spent on partial benefits due to the reduced employment ratio.
NL	Advance payments to employers for the STW scheme NOW amounted to EUR 7.9 billion between 1 March 2020 and 31 May 2020 (NOW 1), EUR 4.3 billion between 1 June 2020 and 30 September 2020 (NOW 2), and around EUR 6.5 billion between 1 October 2020 to 30 June 2021. Employers have received a higher amount of advanced payment than the total amount they were entitled

⁴⁶ [Table for 2020 and the whole of Belgium at NEO web site.](#)

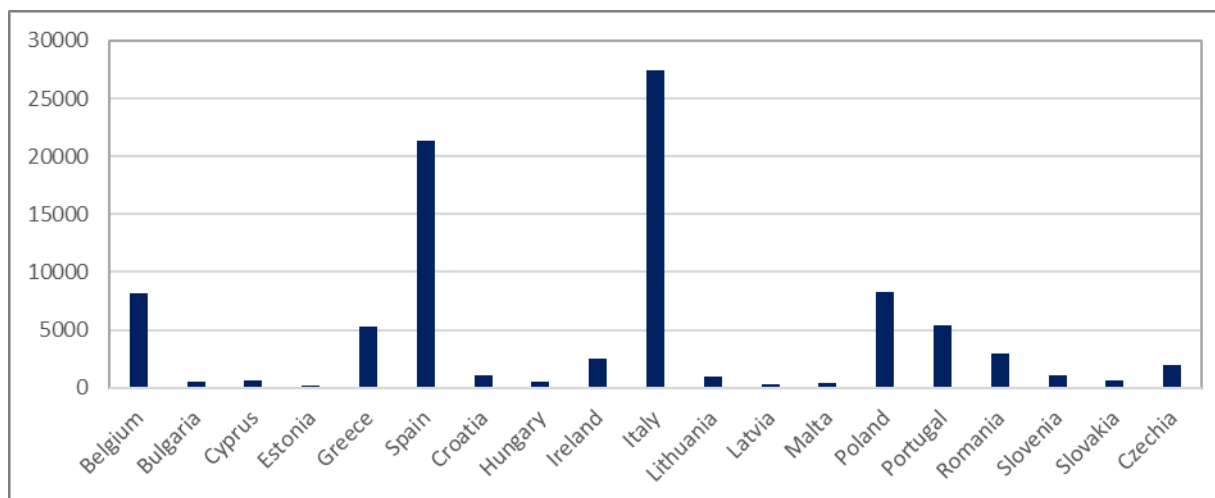
Country (PES)	STW scheme budget
	to. Therefore, concluded NOW subsidies amounted to EUR 597 million from 1 March 2020 to 31 May 2020 and EUR 130.6 million between 1 June 2020 to 30 September 2020. These numbers are only the amounts paid to employers; they do not include the cost made to execute these measures.
PL	Expenses amounted to zł 22.7 billion (approximately EUR 4.92 billion).
SK	The Slovakian PES pointed to a report ⁴⁷ with data on those schemes. According to this between March 2020 and June 2021, around EUR 115.7 million have been spent on measure 1 of the First Aid ++ strategy.
SL	Total spending on short-time work amounted to around EUR 67.7 million from March 2020 to June 2021. Wage subsidies for temporary laid-off workers amounted to around EUR 592.1 million in the same period.

Source: 'Response to COVID 19'-survey, Interviews conducted with PES.

Support provided by the European Commission

The EC has provided support to some national governments to reduce the extra financial burden caused by the COVID-19 pandemic. The new instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) is a loan scheme designed to help protect people in work and jobs affected by the coronavirus pandemic (compare Figure 13)⁴⁸. In addition, budgets from the EU cohesion fund REACT-EU⁴⁹ can be allocated to job retention schemes.

Figure 13. EU support mechanism SURE funding disbursed in Million Euro (until latest disbursement on 25 May 2021)



Source: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en, accessed 21 October 2021.

⁴⁷ https://institutsocialnejpolitiky.sk/wp-content/uploads/2021/08/ISP_2021_Prva_pomoc_update15_FINAL.pdf

⁴⁸ https://ec.europa.eu/info/sites/default/files/economy-finance/sure_factsheet.pdf

⁴⁹ https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response/react-eu

5.5. Initial assessment of effects of STW/job retention schemes on the labour market

An initial assessment of the impact of STW schemes on the labour market needs to consider relative costs and benefits, though different tangible and intangible categories of costs and benefits play a role in such an analysis, making a firm assessment difficult. A specific difficulty for the assessment is the historical uniqueness of the pandemic and the resultant policy solutions.

As indicated above, the costs of job retention schemes were extremely high in many countries but in the absence of these schemes, unemployment would have risen significantly with associated costs like unemployment benefit, as well as significant societal and political costs to certain adversely affected groups. In 2020, the research institute IAB⁵⁰ reported that **in Germany**, the fiscal costs of unemployment and STW are comparable (around 60% of net wages, 67% with children, in the initial phase of STW). Both unemployment and STW result in a comparable loss of tax revenue due to a loss of working hours. However, the cost of unemployment decreases in the long run as unemployment 'benefit I' recipients transfer into the means-tested unemployment 'benefit II' scheme characterised by a lower level of benefits paid, while STW benefits increase after seven months if the individual's loss of working hours is at least 50 per cent.

Labour market adjustments during the pandemic, particularly in the early stages, have mainly happened through the variation of working hours rather than the number of jobs. Overall, job retention schemes have permitted an increased flexibility within the companies by allowing adjustments of working hours to reflect the external shock. Administrative data show that workers often reduced by just a few hours or stopped working for a couple of days (e.g. in Austria, Denmark, France, Germany, and Ireland). This has eased work organisation compared to external flexibility to use fluctuations of numbers of people employed. Depending on the employment protection legislation, firing costs can be high in many countries and hiring involves costs, particularly for skilled and specialised labour. From the individual employer perspective, hiring costs are further increased in the context of labour shortage, thus there is an incentive for companies to retain workers. However, it is not possible without further in-depth investigations to assess the saved fluctuation costs.

In addition, other policy measures have permitted a reduction of working hours, including extended sick leave, or quarantine leave. Workers have also voluntarily reduced working time or taken their holidays or extra holidays (e.g. to care for family members in long-term care) and in particular for childcare during any school closures (Duell/Vetter 2021).

There have been large variations of working hours, particularly at the beginning of the pandemic reflecting the high take-up of STW schemes. The reduction of working hours was much smaller when the first lockdown ended, increased once more in the fourth quarter of 2020 when further containment measures and restrictions were implemented (OECD 2021a). This shows a high variation of working hours in line with the evolution of the pandemic and related policy measures. Data also show that most of the variation during the first pandemic was achieved through zero-hours not worked by the worker. Except in Iceland, unemployment only played a minor role in the adaption of working time (OECD 2021a) (see Annex Figure A22). There have not been major differences in working time variation between men and women in most countries (see Annex Figure A23).

⁵⁰ <https://www.iab-forum.de/jobs-retten-oder-stillstand-finanzieren-nur-mit-qualifizierung-duerfte-sich-kurzarbeit-fuer-den-fiskus-auf-dauer-auszahlen>

Job retention schemes have clearly avoided a much stronger rise in unemployment has had a positive impact on individuals relieving stress and uncertainty caused by the pandemic. Data on the number of compensated hours not worked are not yet available for many countries and in others, the reduction in working hours has not been recorded as the job retention schemes were not linked to working hours. Thus, in most cases, it is not possible to calculate full-time equivalents and to assess the number of jobs 'preserved'. However, such assessments are available for a few countries, often done by the PES themselves (see Box 13. for examples from Austria, Croatia, Germany and Ireland). Also, the Dutch PES UWV prepared an initial assessment in June 2021. In Iceland, the Ministry of Finance has analysed its job retention scheme and has made an initial assessment of the support measures⁵¹. Evaluations of the job retention schemes are planned in Estonia, France, Hungary, and Lithuania.

Box 13. Initial assessments on the number of preserved jobs from administrative data of PES and related Ministries

According to the Austrian PES, the STW scheme secured the jobs of 1.28 million people between March 2020 and March 2021; many are in SMEs. The Austrian PES assumes that this has saved 245 000 jobs. Administrative data also show that of those who were at least for one day in STW between April 2020 and March 2021, 92.6% of men and 89.5% of women were in employment in March 2021. In total 3.9% were registered as unemployed at the PES and 4.9% have become inactive⁵².

The German PES assesses the secured number of jobs every month. According to its estimations, 3 million jobs could have been preserved between March 2020 and March 2021; this amounted to 1.5 million jobs per month on average (one worker can be on STW for a longer period of time)⁵³. The German Ministry of Labour assesses each month full-time equivalents of the partial activity scheme.

In Ireland, the Tax Authority Revenue analysed the transition of employed covered by the temporary wage subsidy scheme (TWSS) running from March to July 2020. From 258 900 people on the TWSS scheme, about 175 300 have moved on to non-subsidised employment with the same employer and 15 300 with a new employer. 23 100 have moved from TWSS to the Pandemic Unemployment Payment (PUP). About 42 500 people became inactive. The scheme could also be used to move from PUP into employment and of those who did move, 46% did so by receiving TWSS⁵⁴.

In **Germany**, beyond the initial assessment of the effect of the STW on full-time equivalents, several studies have been conducted to assess and discuss the extensive use of STW. The PES related German research institute IAB⁵⁵ assesses that the share of persons in STW that otherwise would be unemployed could amount to less than 40% during the pandemic, assuming the average loss of working hours would result in unemployment. Unemployment has several disadvantages when compared to STW. Not all unemployed will find a job in the short term. Around 7.5% of all unemployed start work each month, with an average duration of 13 months in unemployment. But around 10% of unemployed stay unemployed in the very long term. According to the IAB, this risk also persists in the current situation characterised by a transformative economic recession. In addition, IAB

⁵¹ https://www.athingi.is/altext/pdf/151/fylgiskjol/s1904-f_1.pdf

⁵² AMS, « Kurzarbeit sichert nachhaltig Arbeitsplätze und Know-how », June 2021 and <https://www.johanneskopf.at/2020/09/07/was-kurzarbeit-wirklich-kann/#more-3984>.

⁵³ This assessment is based on the preliminary percentage of reduced working hours (Beschäftigungsäquivalent). https://statistik.arbeitsagentur.de/SiteGlobals/Forms/Suche/Einzelheftsuche_Formular.html?nn=1524090&topic_f=kurzarbeit-hr.

⁵⁴ Revenue, COVID-19 Temporary Wage Subsidy Scheme. Preliminary Statistics (as at 30 July 2020), provisional <https://www.revenue.ie/en/corporate/documents/statistics/registrations/wage-subsidy-scheme-statistics-30-july-2020.pdf>.

⁵⁵ <https://www.iab-forum.de/jobs-retten-oder-stillstand-finanzieren-nur-mit-qualifizierung-duerfte-sich-kurzarbeit-fuer-den-fiskus-auf-dauer-auszahlen>

showed⁵⁶ that during the COVID-19 crisis, a higher share of workers became inactive and left the labour force. Furthermore, a publication of the IAB⁵⁷ suggests that under the pressure of the crisis, applications were increasingly made below the individual jobseeker's qualification level. In a survey conducted among 60 researchers in Germany with a focus on labour market research carried out at the beginning of 2021 (Bonin et al. 2021), the instrument of STW was rated best with regard to the economic cost-benefit ratio.

The OECD (2021a) stresses that an assessment of preserved jobs is difficult to establish as there are several uncertainties. Under the assumption that the reduction in hours fully translated into reductions in employment in the absence of job retention schemes, the fall in the number of employees might have been as large as 11% instead of the decline of 4% observed in the second quarter of 2020 in the OECD. However, it is argued that the actual effect may have been smaller because some firms might have been able to retain some workers even without the help of job retention schemes, in part due to complementary measures taken by governments to provide liquidity to firms (OECD 2021). They may also have been using their own instruments for working hour adaption more intensively, at a higher cost for companies and workers (such as the use of individual time accounts, annual and unpaid leave etc).

Based on the Hans Böckler Foundation employment survey data of 2020 carried out in Germany, Pusch/Seifert (2021) discovered **that short-time workers were less threatened by poverty** in Germany. Nevertheless, in November 2020, the fear of job loss among short-time workers, especially in the particularly threatened small business areas trade and, above all, the hospitality industry, increased. In Finland, where a job retention scheme does not exist, but where instead the use of the temporary lay-off scheme has been eased, preliminary data from the Working Life Barometer indicates remote working, the use of lay-offs and support measures introduced for companies, have alleviated fears of redundancy among wage and salary earners compared with previous economic crises⁵⁸.

There is also much uncertainty in assessing the potential negative impact of job retention schemes on job mobility. After a standstill at the beginning of the pandemic, labour markets regained some of their dynamism with shifts from one sector to the other, depending on the development of the pandemic. This fluctuation was needed in the short term but, in contrast to other economic crises, is not necessarily for mid-term and long-term economic restructuring. Thus, it is not possible to assess to what extent the job retention schemes have hindered mobility on the labour market, as argued by OECD (2021a). OECD (2021a) also note that there is limited evidence so far that locking workers into firms with structural difficulties has hampered job creation. As has been shown, some countries were concerned to maintain some labour market flexibility and although the rise in unemployment could be contained, labour markets have remained dynamic after the first lockdown.

Nevertheless, it cannot be ignored that companies also now benefit from job retention schemes but will not regain their competitiveness. In this sense, IAB⁵⁹ points out that STW could delay structural change in Germany in the near future and might therefore generate unemployment in the long term, as STW schemes can keep workers in jobs that are likely to be lost in any case as economies change. IAB, therefore, argues that STW needs to be

⁵⁶ [Rückzugs vom Arbeitsmarkt](#)

⁵⁷ [aktuelle Analyse](#)

⁵⁸ [Working Life Barometer 2020: Coronavirus pandemic causes a huge leap towards remote working - Ministry of Economic Affairs and Employment \(tem.fi\)](#)

⁵⁹ <https://www.iab-forum.de/jobs-retten-oder-stillstand-finanzieren-nur-mit-qualifizierung-duerfte-sich-kurzarbeit-fuer-den-fiskus-auf-dauer-auszahlen>

combined with training measures to ensure the employability of those workers outside their current occupation held.

5.6. Summary of key findings

Short-time work schemes and other job retention schemes (e.g. partial unemployment schemes, job protection wage subsidy schemes) have been the main measure implemented since the beginning of the pandemic to cope with the labour market impact of the crisis. New schemes have been introduced or existing schemes amended to adjust to the specificities of the COVID-19 pandemic. A priority has been to quickly reimburse employers and employees and using digital technologies and improved IT solutions have helped ensure rapid payment. Many PES and other institutions have made preliminary payments to bolster cash flows of individuals and employers, delaying full scrutiny to a later stage.

The take up of job retention schemes was very high during the first phase of the pandemic in spring 2020 with high take up rates in many countries including one third of employees or more in Croatia, France, and Italy, a quarter in Austria and Belgium and between one-sixth and one-fifth in Cyprus, Estonia, and Germany. Since then, there has been a rapid decline in many countries (ranging between 1% and 9% of employed in most cases). However, take-up has increased in subsequent COVID-19 infection phases, although at a lower take-up rate. As all countries have amended and/or extended their schemes several times, the phasing out has been postponed repeatedly. By October 2021, some job retentions schemes had already started to be phased out. Schemes are still running until the end of 2021 and in a few cases even until mid-2022.

In some countries, employees on job retention schemes were offered training during hours not worked, but there has been a series of implementation barriers (at least in some countries). Few PES have made temporary job-to-job transitions in bottleneck sectors possible. In Norway, for example, where a temporary lay-off scheme was implemented, job-to-job transitions were limited as the vast majority of people on these schemes returned to their previous employer.

Labour market adjustments during the pandemic, particularly in the early stage, has mainly happened through the variation of working hours rather than the number of jobs. Overall, job retention schemes have permitted an increase in flexibility within companies, by allowing adjustments of working hours to reflect the effects of the external shock. However, it is difficult to assess how many jobs have eventually been preserved. There has been little research conducted until the end of 2021 that would show that job retention schemes have prevented much-needed mobility on the labour market.

6. MITIGATING THE EFFECT ON UNEMPLOYMENT: UNEMPLOYMENT BENEFITS, SOCIAL ASSISTANCE AND MINIMUM INCOME

6.1. Change in the generosity of unemployment benefits (UB)

Unemployment benefits

At the beginning of the pandemic, most countries introduced temporary changes to their unemployment benefit (UB) schemes to mitigate the financial consequences for the unemployed. Measures included: (i) shortening the qualifying period, increasing coverage; (ii) increasing the UB level; (iii) length of UB receipt; (iv) simplified procedures for claiming UB; (v) rapid access to UB; (vi) softened or suspended conditionality and job search requirement (PES Network, 2020). A number of these changes have been introduced after the first phase (Table 7).

Table 7. Overview of temporary changes made to unemployment benefit (UB) schemes

	Shortening qualifying period, increasing coverage	Increasing UB level (or reducing the reduction over time)	Length of UB	Simplified procedures for UB claim	Rapid access to UB	Softened or suspended conditionality and job-search requirement
First phase of pandemic	FI, FR, ES	BE, EE, FR, IE, NO, SE	DE, ES, EL, FR, LU, PT	CY, EE, ES, IT, RO, SE	FI, NO	DE, FR, IT, PL, SE
From June 2020	SI	AT, BE-Le Forem, EE, FR*, SI	DE, DK, FR, IS, LU, SK	HR, RO		DE (extended for UBII), NO
Termination of measures by 1 October 2021 or before	SI	BE-Le Forem, FR, IE, SI	DE, FR, SK			

Note: The information by country may be incomplete.

() Postponing reform that reduces generosity of UB.*

Source: Own elaboration, based on answers of Member States and PES to questionnaires in March to May 2020 and September 2021 [R25].

Some PES indicated that the level of UB was raised when compared to before the crisis and some PES were ruling out an extra payment. Examples include ('PES response to COVID-19 overview', September 2021).

- In **Austria**, UB recipients received a one-time special payment in 2021; a further payment is foreseen for 2021. Also, unemployment assistance was raised to the level of UB. The special payments for recipients of UB were discontinued and raised unemployment assistance is scheduled to end by 1 October 2021.
- The **Belgian PES Le Forem** reported that the gradual decrease of UB was frozen until 30 September 2021 (subsequently extended).
- The **Estonian** PES reported that from August 2020, the unemployment insurance benefit rate for the first one hundred days was raised to 60% of the average person's salary (previously 50%) and from January 2021 the rate for unemployment allowance was raised to 50% of the previous year's minimum wage rate (previously 35% of the previous year's minimum wage).

- In **Iceland**, the unemployment insurance benefits were increased by 3.6% in January 2021, along with an additional surcharge on basic unemployment benefits between 1 January and 31 December 2021. Also, a 6% supplement was added to basic UB for each child under 18 years (previously 4%). An additional one-time payment for LTU is in preparation.
- In **Ireland**, the COVID-19 Pandemic Unemployment Payment (PUP) is available to all employees and those self-employed who have lost their job due to the COVID-19 pandemic between 13 March 2020 and 7 July 2021. New applications are no longer accepted but the payment has been extended until February 2022 for those already in receipt of it. The rates of payment have been revised several times since its introduction, most recently on 7 September 2021⁶⁰.
- In **France**, the unemployment insurance reform previously put on hold since the beginning of the pandemic will be carried out according to four milestones. The first will be applicable from 1 October 2021 and encompasses changes related to the duration and amount of UB. An important planned change concerns the introduction of a bonus/malus system for companies employing a low/high share of temporary workers in sectors typically employing a high share of short-term contracts⁶¹.
- In **Slovenia**, one-time financial solidarity assistance of EUR 150 is available for all unemployed who lost employment without personal fault after 12 of March 2020 and were still unemployed on 5 of February 2021.

Several PES continued to extend the maximum period of UB receipt as a response to the COVID-19 crisis (PES response to COVID-19 overview', responses 30 June 2021) including:

- In **Denmark**, the limit on the UB payment period was put on hold until 30 June 2021, meaning that unemployed individuals can receive UB for a longer period.
- In **France**, the period of UB receipt was extended for jobseekers whose rights came to an end between 30 October 2020 and until 30 June 2021 (previously extended until 31 May).
- In **Germany**, with the Social Protection Package II, the period of entitlement to UB was extended by three months for all persons whose entitlement expired from 1 May 2020 to 31 December 2020. Also, the benefit recipient does not have to apply for this extension. Within the framework of the BeschSiG (Law to Secure Employment), the continued payment of benefits in the event of the illness of children was extended for 2020 for recipients of UB through temporary special regulations. Regulations were created in the assessment of UB according to which employees do not suffer any disadvantages in the event of a reduction in working hours and pay within the framework of collective job security.
- In **Iceland**, the right to income related UB has been temporarily extended from three months to six months and applies for individuals registered since March 2020 (at the time of the latest response of the Icelandic PES to the survey in June 2021, it indicated that this measure was valid until the end of September 2021) and is in preparation to be extended until the end of January 2022.
- In **Luxembourg**, the period of entitlement to UB (normally granted for a maximum of 12 months or a maximum 24 months in the case of an extension) was extended by the period corresponding to the duration of the state of crisis (from 18 March 2020 to 24 June 2020).

⁶⁰ <https://www.gov.ie/en/service/be74d3-covid-19-pandemic-unemployment-payment/>

⁶¹ <https://www.service-public.fr/particuliers/actualites/A15030>

- In **Portugal**, the contribution periods required for the attribution of UB were reduced from 360 days to 180 days. Further, the benefit receipt period that would have ended during 2020, was automatically extended to the end of 2020 and for those that would have ended during 2021 it was automatically extended to the end of 2021.
- In **Romania**, the period for receiving UB was extended until the cessation of the state of emergency.
- Also in **Slovakia**, in 2020 and 2021 the UB support period was extended by an additional two months (the original period was six months) until 31 May 2021 at the latest.
- In **Sweden**, temporary changes in unemployment insurance apply from spring 2020 until the end of 2022. The changes consist of easing the conditions to qualify for benefits and an increase in the benefit levels.

Finally, PES stated that registration and the process of claiming benefits was eased in some more countries. According to the Croatian PES, the process of registration as a jobseeker, as well as claiming of UB, was no longer required only in-person during the pandemic thereby permitting UB claims to be made via phone, mail, or e-mail instead of in person. Jobseekers could also register either by e-mail or in person, with registration forms available online. In Romania, the PES was more flexible in gathering documentation for granting and extending the period of UB. In Slovenia, temporary UB (TUB) was introduced, targeted at the unemployed who lost their job during the pandemic due to termination of a fixed employment contract, or due to operational reasons, but who do not fulfil the eligibility criteria for regular UB (March to May 2020; October 2020 to March 2021).

6.2. Social assistance and minimum income

In several EU countries, PES also serve jobseekers not receiving UB for whatever reason, for example they may still be employed, have just left education, have returned following a break from work (e.g. from maternity leave), their UB eligibility has been exhausted, or because they receive means-tested minimum income which usually includes an activation component. At the beginning of the pandemic, a few countries temporarily made their support more generous to prevent people from falling into poverty (examples include Austria, Estonia, Greece, Finland, Germany, Italy, Malta, and Portugal). In addition, conditionality rules to access means-tested minimum income was suspended (e.g. in Germany and Italy).

A range of countries reported in the 'PES response to COVID-19 overview' social assistance and minimum income measures were newly implemented, amended, scaled-up or extended to cushion the effects of the pandemic. Examples include:

- In **Germany**, access to the minimum income scheme was eased as COVID-19 affected various groups of people who had no access to UB, and ranged from the loss of earnings due to the loss of employment (e.g. Mini-job) to solo self-employed persons who may have lost all income. Against this background, it was and remains necessary to ensure that all persons in need of assistance, and particularly the self-employed, freelancers and employees, receive rapid access to benefits under Book II of the Social Code. Eased access has been extended (see details below, in the section on self-employed).
- The **Italian** PES reported that the citizenship income (Reddito di Cittadinanza) was introduced for beneficiaries in absolute poverty.
- The **Lithuanian** PES reported that from 1 January 2021, the so-called Job-search allowance of EUR 211.86/month (33 per cent of minimum monthly salary) is paid

for unemployed persons that are not involved in ALMPs and are not entitled to unemployment insurance benefits, plus if employment ended not earlier than three months before the emergency was declared. From June 2021, this scheme was extended to self-employed workers who terminated self-employment not earlier than three months before the emergency was declared.

- In the **Netherlands**, the already discontinued measure Tofa (temporary bridging income for temp workers) was aimed at temporary workers who were not entitled to UB.
- The SOS subsidy in **Slovakia** is aimed at persons who, due to the COVID-19 crisis, could not perform their previous activities from which they generated income. The amount of subsidy is EUR 300 per month for one applicant, up to a maximum of EUR 1 800 per financial year and can be provided retroactively from October 2020.

6.3. Compensation for self-employed and other non-standard forms of employment

PES are mostly not responsible for paying benefits to the self-employed whose economic activities were affected by the COVID-19 pandemic.

In a few countries, there is the possibility of voluntary contributions for self-employed. but few pay contributions to the UB schemes. Nevertheless, some countries have eased access to UB or social assistance/minimum income schemes. Responses to the monthly PES questionnaire ('PES response to COVID-19 overview') indicate that financial support measures were focused on guaranteeing self-employed benefits that should help to cover (non-business) living costs. Some PES reported that to achieve this, access to UB was eased or opened for the self-employed. Examples include:

- The **Belgian PES ACTIRIS** reported that an exceptional grant of up to EUR 1 500 for freelance cultural workers was paid if those workers were residents in the Brussels Capital region between 13 March and 30 June, if their net income did not exceed EUR 3 100 between March 13 and June 1, and if they worked in specific cultural sectors. In October 2020, this income support measure was launched a second time with less restrictive access conditions.
- The **Belgian PES VDAB** reports on the availability of the Flemish Support Premium for self-employed persons with an occupational disability (De Vlaamse Ondersteuningspremie voor zelfstandigen). To qualify, such persons must demonstrate that their annual net operating income is high enough and be able to prove a minimum of business activity.
- In **Estonia**, the self-employed whose business income in 2020 was 50% lower than in 2019 can also apply for compensation of the temporary subsidy programme (which is the STW scheme). The amount of compensation is EUR 584 per month. A self-employed person may not suspend or terminate their activities⁶².
- In **Germany**, as shown above, access to subsistence benefits was also eased for the self-employed. Regulations were made that enable quick access to subsistence benefits and financial support in the form of loans and grants (including those without employees, freelancers) or persons who lost their marginal job (Mini-Job). These regulations included an extensive waiver of final assessments. The Social Protection Package III of 10 March 2021 extended simplified access until 31 December 2021 and granted a one-time payment because of the COVID-19 pandemic in the amount of EUR 150.
- The COVID-19 Pandemic Unemployment Payment in **Ireland** is available to all employees and the self-employed who have lost their job due to the COVID-19

⁶² <https://www.tootukassa.ee/eng/content/subsidies-and-benefits/temporary-subsidy-program-0>

pandemic and is paid at a maximum rate of EUR 350 per week. Applications were accepted until 30 June 2021, but the payment was extended until February 2022 for those already in receipt of it. The current rates of payment remained in place until 7 September 2021 at which point, they begin to be gradually reduced on a phased basis, in increments of EUR 50.

- In **Finland**, entrepreneurs, like employees, have been temporarily entitled to labour market support if full-time work in the company has ended due to the coronavirus pandemic. This change will remain in force until 31 November 2021.
- In **Lithuania**, the monthly benefit for self-employed persons who have paid social security contributions for at least three months during the last year before the declaration of emergency and quarantine and who have not deregistered self-employment before this period, received a 'minimum consumption requirement' of EUR 263 per month (until 31 August 2021).
- In the **Netherlands**, the programme Tozo (temporary bridging income for self-employed) raised the income of self-employed up to the social minimum. Tozo ended in August 2021.
- In **Poland**, a loan to cover costs for business activities was introduced for microenterprises. The loan may be granted up to the amount of PLN 5 000 (the interest rate is fixed at 0.05%). The loan repayment period cannot be longer than 12 months. The loan can be cancelled if the entrepreneur does not reduce their employment for three months from the date of its granting. This support was provided until 30 June 2021. Applications are accepted by local labour offices who also accepted applications for a subsidy for micro and small enterprises in specific industries. The subsidy applies to a microenterprise or small entrepreneur who, as of 31 March 2021, conducted specific economic activities (according to the Polish Classification of Activities). Support was provided to, inter alia, the following industries: retail sale of specific products, hotel, catering, film production, tourism, sports, and education. The grant application had to be submitted by 31 August 2021. Labour offices may also receive applications for low-interest loans for non-governmental organisations. In addition, subsidies for part of the costs of conducting business activity in the case of a decrease in business turnover due to COVID-19 were introduced. The aid covers a share of the monthly wage costs. Applications are accepted by local labour offices.
- In **Romania**, technical UB amount to 75% of the base wage corresponding to the respective job, but no more than 75% of the gross average wage. The payments for those working with a normal labour contract are made by the PES, and the payments for people with other types of contracts are made by the National Agency for Social Payments and Inspection.
- In **Slovenia**, temporary UB was introduced for the unemployed who lost their job during the pandemic due to termination of a fixed employment contract or due to operational reasons that did not fulfil the eligibility criteria for regular UB (from March to May 2020 and October 2020 to March 2021).
- In **Spain**, there is still special protection in place for members of cooperatives and intermittent permanent employees (this had been initiated at the beginning of the pandemic, PES Network 2020).

In addition, or instead of PES support, many other agencies and ministries have set up aid programmes for the self-employed and other businesses.

6.4. Inequality and risk of poverty

In theory, the different measures put in place to compensate for the loss of jobs or reduced hours worked have helped avoid a significant increase in poverty. Nevertheless, some groups of persons have been hit hard financially by the pandemic. For the OECD average, 28% of persons who lost their jobs during the pandemic participating in a survey indicated that they failed to pay their usual expenses, and 40% needed to take money from their savings for this purpose (OECD 2021a).

There appears to be no significant rise in inequality, as income compensation measures have had a dampening effect on any tendency for an increase in poverty. However, the pandemic hit different groups of workers and income groups. The EC has estimated the development of inequality during the pandemic and concludes that inequality in disposable income appears to have remained broadly stable during the pandemic, or it even slightly decreased. The simulated Gini coefficients⁶³ on disposable income decreased in most Member States, pointing to a decrease in income inequality, but remained stable in seven Member States (Austria, Bulgaria, Cyprus, Denmark, Finland, Germany, Slovakia and Sweden). Hungary is the only Member State where the figures point to a slight increase in income inequality. However, inequality differs substantially at the regional level (EC 2021). In addition, the labour market impact of the pandemic has affected some groups more than others, as has been shown above.

6.5. Summary of key findings

Most countries reacted to the pandemic by adapting the rules of UB receipt. Some raised the level of the benefits, some extended their coverage, some extended the maximum period of receipt before reapplying, and in other cases, the process of claiming benefits was eased. The main reasons for these sorts of changes would be to ease the rules for the unemployed in an otherwise normally functioning labour market. However, during a pandemic, where opportunities of finding alternative employment were very limited, it would be difficult to comply with this. Even so, these adaptations were a way for PES to limit the administrative burden of their staff, especially as PES employees were in many cases also responsible for processing a large number of applications for STW and similar schemes.

Since not all persons are covered by UB schemes (for example the self-employed), a range of countries temporarily implemented social assistance and minimum income schemes. In other countries, eligibility criteria for receiving UB were changed to also cover the self-employed affected by the pandemic.

Despite all these measures, the financial burden on those affected by the crisis has been significant. However, available research results do not support the view that inequality in general increased in the wake of the COVID-19 pandemic.

⁶³ The Gini coefficient is a statistical tool used to measure income inequality.

7. MANAGING THE PES DURING THE CRISIS AND PREPARING FOR THE RECOVERY

7.1 Changing work processes

Managing the crisis

In the 'PES response to COVID-19 overview', 21 of the 28 PES provided information on specified changes in organisational processes⁶⁴ as a response to the COVID-19 crisis. **This included changing rules (regarding remote registration, softening of job search requirements, online participation in training), and simplifying procedures. The most significant change has been the speeding up of digitalisation of processes and services**, although this has varied across PES and with substantial room for further improvement in many PES, though some (mainly in Northern Europe) are already quite advanced (see also Chapter 3.1 and 5.1). Of 28 PES institutions, 7 indicated that they implemented new organisational processes during the crisis to ensure smooth processes and the fast payment of benefits for applicants.

Since the beginning of the crisis, PES have set up crisis management units. This includes the Belgian PES Actiris, which implemented a crisis management system consisting of an operational and tactical unit. The operational unit includes all operational experts (e.g. HR well-being experts, occupational health and safety experts, legal advisors, a representative of the business line 'job seekers', etc.) with tasks to report problems encountered in the daily management of the crisis and find solutions, translate instructions issued by the regional and federal authorities into the mode of operation of the PES, and give an opinion on requests from the management committee. The tactical unit consists of the general management and the executive committee tasked to make decisions on the operation of the PES and to draft internal and external communications.

Another example is the operational transition roadmap (in force since July 2020) of the **German** PES. It provides guidance to departments about which operations and customer contacts are priorities during the COVID-19 crisis and which tasks are currently secondary. The roadmap was updated several times as the pandemic situation evolved as of September 2021, and priority was given to initial meetings with new clients, alternative (digital or hybrid) delivery measures, and a renewed focus on face-to-face client access. Also, the German PES reports that to promote a good and fast transfer of knowledge about the experiences and challenges, regular exchange formats between the head office and some job centres/employment agencies have been set up since April 2020. The information gained here flows into strategy decisions and adjustments to services and ensures a more rapid reaction to changing needs.

The **Lithuanian** PES developed methodological guidance for implementation of new measures organised by the head office and disseminated through the regional to the local levels. The channels used were the intranet (frequently asked questions), virtual meetings using the Microsoft Teams platform, email messages in case of changes of legal regulations, new functionalities in IT system, etc. The PES in **Portugal** implemented a contingency plan (definition, approval and dissemination of measures to be implemented in all working places under COVID-19), COVID-19 prevention measures, disseminated guidelines to combat the virus via e-mail, and made use of the distance-supported health and well-being Programme 'MentalHealthPro' made available to all employees to combat social isolation and manage the anxiety and stress associated with the changes resulting from the COVID-19 pandemic.

⁶⁴ As an example of these processes, the survey suggests measures to ensure smooth payment of benefits for applicants.

Some of the organisational changes will be maintained.

Several PES will maintain and further develop many of the changes introduced at the beginning of the crisis especially those related to the digitalisation of services. However, many PES have returned to delivering their services mainly face-to-face as before the crisis. In many cases, **the digitalisation of services and the new balance between in-person and digital delivery of services still needs to be explored and will certainly drive the actions of PES in the future.** Challenges ahead also concern changes in the culture in using digital tools, both from the user and staff perspectives. Examples include:

- **Le Forem (Belgium)** reports that it makes more intensive use of digital tools and processes that can be done remotely are still conducted in such a way. Also, collaboration and classroom platforms are still used more than before the COVID-19 crisis. Furthermore, from 8 March 2021, the PES introduced e-counselling with 15 counsellors from other functions moving to work in contact centres devoted to the most autonomous jobseekers, though the introduction of this service was planned before the crisis. Also, the rapid intervention strategy (which means offering counselling services within 48 hours, introduced in May 2020) is now applied to all people registering for the first time and not only to jobseekers who have lost their job due to the COVID-19 crisis.
- In **Slovakia**, from September 2021 there is still the possibility of submitting applications for inclusion into the register of jobseekers electronically even without a qualified electronic signature.
- In the **Dutch** PES, all offices are planned to be renovated in the coming months to accommodate a new hybrid working concept. At the time (August 2021) offices were open at 50% capacity and many employees of the PES continued to telework.
- The **Austrian** PES is now returning to the previous procedure of face-to-face contact with customers. This is also the case in Hungary.

Changes in labour market information system

During the first phase of the pandemic, PES or relevant ministries prepared regular COVID-19 specific reporting. For example, the Danish STAR started to monitor and provide daily public accessible data and analysis of the labour market changes during the COVID-19 crisis. From 1 July 2021, these reports were no longer updated daily, but weekly instead. Additional in-depth analysis has been carried out in 2020 and 2021.

In the PES Survey, seven of 24 PES reported amending their quantitative and/or qualitative skills prediction tools to improve their analytical capability post the pandemic (Davern, 2021) (see Table 8).

Table 8. New ways of organising skills anticipation, selected PES

Ways	PES
Sector-specific meetings with social partners	BE – Le Forem
The research department produced several studies and scenarios on the impact of the coronavirus crisis on the Brussels labour market, the expected number of jobseekers in the Brussels region by the end of 2021, and conducted sectoral analysis (trade and hospitality).	BE – Actiris
Labour market surveillance group meetings with partners from across the government	Ireland
Adapting skills needs survey (COVID-19 related question)	SI
Introduction of a new tool by the PES Occupational Observatory to systematically identify and process vacancies from a range of public and private sites linking several programmes and applications	ES
Introduction of new data sets	Ireland

Source: PES Survey Service delivery in the wake of the crisis

Structural changes of work organisation

The **Swedish** PES has embarked on major redesigning of their service delivery which includes the digitalisation of services, development of 'customer service', and outsourcing of services to external actors. As a result of these changes, many local PES offices are closed or have been taken over by Statens servicecenter (SSC). This State Service Centre offers assistance to citizens for several government agencies, but Arbetsförmedlingen staff are involved in these centres. The process started in 2020 and is expected to continue in 2022 and possibly 2023, if necessary (PES Network/ Peters, 2021 forthcoming).

In **Finland**, more intensive use of telework and resources in general has led to a project-based mode of operation being developed.

In April 2020, the **Irish** PES established the internal Organisational Transition Board (OTB). It has developed and published a set of framework documents that set out the key cross-cutting issues to guide the department in transitioning coherently and safely to full business resumption where possible in the COVID-19 environment, identifying the supports required and embracing and promoting new ways of working.

7.2. Human resource management strategy

HR strategies to manage the crisis – number of staff and staff reallocation

Some 12 PES (Austria, Belgium – ACTIRIS, Belgium – Le Forem, Croatia, Germany, Iceland, Ireland, Lithuania, Poland, Slovakia, Slovenia and Sweden - 'PES response to COVID-19 overview') **reported that the staff tasks were reorganised internally**. As the number of STW applications was very high during the pandemic in Austria, employees of the PES with other duties took over some of the STW application duties ('helping hands' initiative). The helping hands initiative has now been disbanded as it is no longer necessary (as of September 2021). Actiris (Belgium) initiated a call for volunteers to temporarily recruit staff from other teams to deal with the influx of calls from jobseekers to their contact centre. With the help of the restructuring of staff, the PES could decrease call waiting times significantly. Le Forem (Belgium) indicated that contact centres were reinforced by counsellors who specialised in administrative procedures. The Croatian PES reported an increased workload in some PES procedures (such as granting job preservation subsidies and STW applications that is compensated for by the reallocation of staff from other departments where there is currently no heavy workload.

The German PES has drawn on a large number of staff internally to provide support for short-time allowances. These workers from other activities in the PES were trained and instructed accordingly. In Ireland, during 2020 activation services provided by Intreo, offices were suspended due to the redeployment of staff to other frontline services, including claim processing and dealing with customer queries. All staff returned to Employment Services in March 2021. In the Lithuanian PES, the administrative staff were redeployed from head office to help client services. Also, the client service department's staff were reallocated to deal with the increased workload. To ensure the smooth processing of applications in connection with the First Aid (+) project (provision of financial compensation to employers and self-employed persons affected by the emergency situation), employees of the PES in Slovakia were reallocated within the organisation. As a result, counselling and educational activities were suspended or restricted due to the pandemic. In Slovenia, 10% to 16% of staff were reallocated to extra measures between April 2020 and April 2021. In Sweden, the PES moved staff to its call centre (the so-called Personal Distance Meeting, PDM) during the spring and summer of 2020 and 2021.

Some PES have recruited additional staff. For example, to deal with applications for UB during the outbreak of the crisis, the Norwegian PES temporarily recruited extra staff (external recruitment of about 200 people) on short-term contracts. Internally, about 220 employees at the PES with pre-experience from handling cases related to UB helped to deal with increasing applications during the crisis. The level of staff will be back to pre-COVID-19 levels by the end of 2021. Le Forem recruited 60 additional employment counsellors and five psychologists to provide instant support to the newly unemployed. In Finland, EUR 40 million were allocated for personnel in the PES offices. The French PES stated that the influx of young jobseekers increased during the pandemic, which led to the recruitment of 1 300 new job counsellors. Because of the high workload of the Bulgarian PES in 2020 (including the managing of job retention benefits), the wages of staff were increased permanently by 30%. In addition, a bonus was paid to those staff providing face-to-face services during the pandemic.

Teleworking

Most PES (20 out of 28 PES surveyed namely Austria, Belgium – ACTIRIS, Belgium – Le Forem, Belgium – VDAB, Cyprus, Denmark, Estonia, Finland, Germany, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Norway Portugal, Slovakia, Slovenia and Sweden PES response to COVID-19 overview') **indicated that teleworking or hybrid working was made possible for most PES staff as long as it was compatible with their individual work responsibilities.** Examples for handling teleworking rules during the different phases of the pandemic include:

- The **Austrian** PES reported that telework will also be possible after the pandemic, although within a more restricted framework.
- **The PES Actiris (Belgium)** reported that when lockdown measures were lifted, staff could return one day per week with a maximum on-site presence of 50%. During lockdown, all staff returned to teleworking, except those providing services for the most vulnerable jobseekers which were provided on appointment (but with maximum 'on-site' presence of 50% per caseworker).
- **At the PES Le Forem (Belgium),** teleworking is limited to 50% of working time.
- In **Cyprus**, the division of the working day into two shifts to minimise interaction between caseworkers and teleworking regulations ended (reported in September 2021).
- In **Denmark**, PES staff have mostly been working from home between March 2020 until June 2020 and from October 2020 until the end of May 2021. As of 1

September 2021, the Danish PES has returned to its pre-pandemic state but teleworking from home will continue to be an option for individual employees.

- In **Estonia**, the PES used teleworking during the lockdown. In May 2021, the PES decided that people should be working at the office at least 50% of the time to maintain efficient teamwork.
- Staff at the **Finnish** PES started teleworking shortly after the beginning of the pandemic and the telework recommendation in the public sector are valid until mid-October 2021.
- The **German** PES extended its capacity of remote work from around 7 000 in January 2020 to currently (as of September 2021) around 62 000.
- In **Hungary**, telework was only partly implemented, due to a lack of equipment and the culture of staff.
- In **Iceland**, telework was possible for all PES staff and in addition, staff has been divided into separate groups that should not meet.
- Staff of the **Irish** PES has been encouraged to work from home whenever possible. As the public health advice to work from home has been withdrawn, staff can return to work in the office on a phased basis from 20 September 2021.
- In the **Italian** PES, as of June 2020, the deadline for teleworking was extended until the end of June 2021.
- In the **Latvian** PES, remote working was used during the lockdown periods in 2020 and 2021, but a principle to combine office and remote working has also been developed to maintain efficient teamwork.
- In **Lithuania**, during the crisis around 25% of staff were working in PES premises. PES staff had access to the IT systems of the PES from home but before COVID-19, only a limited number of staff had this opportunity. In the wake of the crisis, new computers for more than half of staff members and new telephones were purchased and IT security was improved. From 1 September 2021, all staff members returned to their offices. They are allowed to work remotely only for a fifth of the total working time, depending on their tasks.
- In **Slovenia**, between 25% to 60% of PES staff worked from home in different periods of the COVID-19 crisis.
- The **Swedish** PES is currently in the process of risk assessment, preparation of premises, and collecting equipment that has been loaned to staff during teleworking to prepare for the process of staff returning to the office. This process is expected to take five months.

After extending telework in an emergency mode in Spring 2020, a number of PES have by the time of compiling this report, introduced new rules for teleworking. In the **Romanian** PES, staff with health issues were encouraged to telework and so around 10% of the staff has therefore been working at home. Working hours have also been adjusted for the staff to avoid traffic rush hours. In Spain, a resolution was approved on 17 June 2020 for working from home for up to 20% of the weekly working day. Working from the office was defined as the 'ordinary form' of service provision. Priority should be given to staff vulnerable to COVID-19 as well as to employees who are responsible for minors up to 14 years old or for other dependent people.

In **France**, the 'Charter on telework and proximity work' will be applicable for PES staff as of 1 November 2021 (implementation on 1 January 2022). Also, an automated pop-up e-mail function reminds staff of health issues when working outside of office hours between 8am and 8pm. In the Netherlands, PES staff were reimbursed for the costs of teleworking (EUR 42 per month), but the PES did not explicitly indicate if staff were instructed to work from home. In **Germany**, the expansion of mobile work/home office capacities has made

a particularly important contribution to ensuring health protection and the ability of employees to continue working. To improve deployment flexibility and optimise the use of the existing Citrix licences for mobile work, the working time framework was significantly extended uniformly for all departments of the German PES until 30 September 2021 and an extension is being considered. The basic option of being able to work from home will continue to be supported in view of the persistence of the pandemic. However, irrespective of the pandemic, mobile working will be made possible to a greater extent in the future for personal counselling and in the interests of the clients.

Improvements in internal digital communication infrastructure

In some countries, video tutorials were not only produced for jobseekers but also for PES staff. The Norwegian PES developed internal webinars and is also developing a solution to enable a digital dialogue with the NAV office. The French PES reported that Microsoft Teams was implemented within the Head Office and in selected regions. The German PES developed an image conversion app for PES employees with selfie-identification.

Human resource strategies for the future

In the responses for the 'PES responses to COVID-19' overview, **13 out of 28 PES indicated that changes in their HR management approach will continue in the future.** The main elements of reviewing future strategies involve the continuation of telework and introducing new rules for doing so, reorganisation of work processes to enhance the efficiency of staff, and expansion of staff and additional resources for staff. Examples include:

- The **Austrian** PES reported that working from home is still possible, but in a more restrictive way. Rules are defined in a company agreement.
- The **Belgian PES Actiris** is considering 'a new way of working' that extends telework to all functions and is considering 'flex desk' or activity-based working and an adapted 'computer policy'.
- In **Sweden**, the PES held a series of workshops during April and May 2021 to prepare managers and staff at the headquarters of the PES for returning to 'a new normal' post-COVID-19. During the pandemic, the Swedish PES experienced some positive effects including reduced carbon dioxide emissions (e.g. as the number of business trips have fallen sharply), less stress, and greater flexibility. The PES stated that keeping these new habits around travelling and working methods are important even after the pandemic to reduce emissions from business travel by 70 per cent (as a long-term goal)⁶⁵.
- Other PES have mainly returned to 'normal' and have not maintained teleworking of their staff as a 'new normal'. For example, in **Bulgaria**, staff, as well as jobseekers, will need more time to get used to the digitalisation of services; there is also a need to improve digital skills for vulnerable jobseekers.

In a survey carried out by the qualitative benchmarking exercise of the PES Network in Summer 2021, **11 out of 30 PES expect further changes in staff deployment.** Staffing policies are affected by general reorganisations as in Greece, or the introduction of new functions such as those of e-counsellors and remote administrative counsellors in the Belgian PES Le Forem. Sometimes the nature of the changes cannot be predicted (PES Network/Peters, 2021). In Croatia, the PES plans the implementation of an IT system that aims to improve HR management processes.

⁶⁵ https://unfccc.int/sites/default/files/resource/LTS1_Sweden.pdf

Some PES plan to extend their number of staff and recruit new staff. The Greek PES stated in June 2021 that 130 new employees will join through the upcoming Greek public sector mobility scheme, and 1 200 new employment councillors will be hired within 2 years (600 in each year). Also, new digitised HR management systems have been designed and will be implemented. In Italy, the governance of the PES will be reorganised and additional resources were allocated to the local PES reinforcement plan. A video has been produced to promote the PES in Luxembourg as an employer.

7.3. New PES Strategies

The 'PES responses to COVID-19 overview' asked about new strategies implemented or planned to function in the 'new normal' and 15 out of 28 PES mentioned that they are elaborating specific strategies. With the experience gained since the start of the pandemic, PES are building on strategies they started to develop prior to the crisis and are now further developing them. Thus, the pandemic has accelerated the digitalisation of services, including in those countries where strategies have already been in place before the pandemic (e.g. introducing e-counselling by the Belgian PES Le Forem). **Significantly, 20 out of 30 PES stated that the digitalisation of services has been accelerated** (European PES Network/Peters, 2021, forthcoming). While some PES foresaw smaller adaptations to their strategies, others envisaged encompassing reforms and improvements in service delivery (e.g. Greece, see below). PES examples include⁶⁶:

- The **Austrian** PES indicated that their organisational development project started before COVID-19, but experiences during the pandemic are now considered. According to this, services are to be offered to specific target groups and not, as before, with a focus on the period of registration.
- **The Belgian PES Actiris** indicated that two existing projects proved to be important during the crisis. The 'Solution Guarantee for all' project aims at sustainable and quality employment for newly registered jobseekers through providing guidance, a sectoral work training pool, or through a self-service pathway, and was boosted during the pandemic. Also, a project aimed at identifying jobs with a high employment potential for Brussels jobseekers and orienting jobseekers to these jobs (and training) based on their skills, was useful during the recovery period. The PES will further adapt the 'control of availability' procedure to better integrate learning pathways (with a focus on basic, digital and/or language training) to encourage jobseekers to train and improve their skills in areas that are promising for employment.
- In **Finland**, in Spring 2021 the government decided that employment services will be transferred to municipalities in 2024 (discussions have been long-lasting and started well before the crisis). Local government pilots on employment started at the beginning of March 2021 in 188 municipalities. The ongoing pilots and the preparation of the employment services 2024 reforms affect both the PES and HR strategies, the priority being in the preparation of the future reform.
- The **Greek** PES proposed six policy measures which are to be implemented through the Recovery and Resilience Facility: (i) a reform of Passive Labour Market Policies to support transitions to employment; (ii) digitalisation of the PES; (iii) labour force skilling, reskilling and upskilling through a reformed training model (VET reform); (iv) ALMP reform; (v) Restructuring and rebranding of the local PES; (vi) strengthening the apprenticeship system.
- In **Ireland**, the Pathways to Work 2021-2025 programme was launched in July 2021. This strategy outlines how the PES can deliver effective services in a post-

⁶⁶ Source 'PES response to COVID 19 overview' and PES Survey Service delivery in the wake of the crisis.

COVID-19 labour market, with increased demands for such services among those who have permanently lost jobs because of the pandemic. In addition, the strategy is designed to support those unemployed before the pandemic, those looking to return to work or join the workforce, and those facing additional barriers to work, to promote better job opportunity outcomes for all.

- The **Italian** PES stated that the capacity of the PES Network to provide innovative ALMPs services (e.g. skills forecasting, skills need analysis, defining of individual training plans) will be enhanced, also through the engagement of public and private stakeholders and by integration with the vocational education and training system.
- In **Luxembourg**, the PES is currently working on its strategy called 'ADEM 2025'.
- The **Norwegian** PES reports that strengthening work-related follow-up and handling the high level of unemployment will continue to receive priority, as well as the inclusion of vulnerable groups into the labour market, and an early and close follow up of persons with impaired work capacity.
- The **Portuguese** PES stated that a new PES strategy will be the adoption of the hybrid regime in the field of vocational training.
- In **Sweden**, the PES reported that it had already moved to a digital-first strategy where 92% (2020) of PES clients have their first contact with them remotely by digital means or telephone. However, the PES also continues to use the same service channels as before the pandemic.

The impact of the COVID-19 crisis on strategies to deliver PES services and ALMPs was less straightforward to assess. Three PES indicated that implementation of strategies and measures accelerated, nine PES have initiated measures, six had to postpone measures, and seven PES reported delays in implementation (European PES Network/Peters, 2021, forthcoming).

7.4. Summary of key findings

Managing the crisis has been extremely burdensome for PES, particularly for those who had to deal with additional unemployment and job retention claims. Furthermore, the increase in registered jobseekers was challenging. Consequently, some PES needed to restrict the delivery of services to jobseekers and employers at least in the initial stages of the pandemic.

One of the major impacts of dealing with the COVID-19 crisis was the acceleration of the (often already planned) digitalisation of services and processes. This has involved amendments of internal rules, the implementation of technical solutions, and getting staff used to working with new tools. The digitalisation of services and work processes will remain high on the agenda for many PES in the near future.

One major change for staff has been the move towards teleworking, especially at the beginning of the pandemic (in the vast majority of PES) led to adding to the implementation of new rules for teleworking in many PES. However, the incidence of teleworking by PES staff has been falling since social distancing rules were relaxed though in several PES the share is likely to remain above pre-crisis levels for the foreseeable future.

PES have intensified their monitoring of services and have been regularly reporting on them. Some PES have also improved their skills anticipation methods.

8. CONCLUSIONS

Specific issues to deal with the pandemic such as containment measures, border restrictions, and disruption of global supply chains, as well as an increased need for

healthcare staff, IT specialists and logistics workers, have been driving movements on the labour market. Labour shortages have increasingly marked the recovery, in many cases reinforcing trends visible before the crisis but creating new bottlenecks in, for example, the hospitality sector. Furthermore, pre-pandemic labour shortages may have increased the take up of job retention schemes by companies as a way of preserving skilled staff.

Future labour market challenges are extremely difficult to predict in the context of global uncertainties surrounding the pandemic. The recent Russian invasion of Ukraine is creating another serious uncertainty. However, structural trends such as digitalisation, the green transition and the ageing of the workforce are likely to continue to be the main drivers of labour market difficulty and overcoming skills mismatches will remain a significant challenge for PES in the short and medium-terms. Job retention measures have helped dampen the labour market effects of the COVID-19 pandemic. The main labour market adaptation has been through reducing working hours rather than the number of employed. Here, job retention schemes have played a key role. According to information received, many of the schemes were (or had started) being phased out having been extended several times in response to the changing COVID-19 landscape, though in some countries these schemes were still in place. Nevertheless, there has been an increase in the number of unemployed, mainly at the beginning of the pandemic, due to a sharp fall in job openings, though since then vacancies have increased. Unemployment rates displayed some volatility in 2020 and 2021 suggesting strong labour market dynamics despite the crisis.

Job retention schemes may remain a highly relevant scheme in some countries to cope with the economic impact resulted by Russia's invasion of Ukraine. For example, in Germany take-up of the short-time work scheme has recently increased by manufacturing industries, as a consequence of Russia's invasion of Ukraine.⁶⁷ Therefore on 28th March it was decided to lengthen the validity of the amendments made to the regular scheme until June 2022, initially to cope with the impact of the pandemic and now to tackle the effect of the invasion on the economy. Take-up of short-time work schemes may also have increased in other countries, or will in the future. It cannot be assessed end of March 2022, whether these measures will suffice and how large the labour market impacts will be.

Despite the use of job retention schemes during the pandemic, some groups have been particularly adversely affected by unemployment (including those working in precarious conditions) and as a result, labour market transitions have proved to be increasingly difficult for some groups (e.g. young people, people with disabilities, LTU, older workers and migrants).

To mitigate the financial effects of the pandemic, several PES raised the level of UB, some extended its coverage, some extended the maximum period of receipt before reapplying, and in other cases the process of claiming benefits was eased. Because not all persons are covered by UB schemes (for example the self-employed), a range of countries temporarily implemented social assistance and minimum income schemes. In other countries, eligibility criteria for receiving UB were adapted to also cover the self-employed affected by the pandemic. However, despite all of these efforts, the financial burden on those hit hardest by the crisis was (and still is for some) high.

In general, PES have also reacted to the pandemic by opening their services to persons at risk of losing their jobs who in many countries were not eligible to take advantage of job counselling services before. PES have, in general, rapidly switched to offering remote services. PES also adapted services provided to employers. Most PES concentrated on

⁶⁷ <https://www.msn.com/de-de/finanzen/top-stories/ifo-kurzarbeit-in-der-industrie-steigt-wegen-ukraine-krieg/ar-AAVPjUH>

supporting companies in specific sectors hit hardest by the pandemic, many experiencing problems in finding skilled workers as business recovered.

The use of ALMPs during the crisis has been varied. In general, during the first phase of the pandemic, in most cases ALMPs could not be implemented due, for example, to the temporary closure of training providers. In the following phase, several PES have upscaled specific ALMPs or have introduced new measures and programmes to bring people back to work, in particular for those groups affected most. PES have also increasingly upscaled and introduced new measures for training following changes in delivery methods with online courses gaining popularity. This is expected to have long-lasting effects on the delivery of training and currently hybrid forms of delivery are often selected. In principle, digitalisation of training offers the possibility to significantly increase access to training.

Managing the crisis has been extremely burdensome for PES, especially for those PES who had to deal with additional unemployment and job retention claims. The increase in registered jobseekers has also been challenging and these factors have led to some PES needing to restrict the delivery of services to jobseekers and employers only.

One of the major impacts of the pandemic has been the speeding up of the (often already planned) digitalisation of services and processes. This has involved amendments of internal rules, implementation of technical solutions and getting staff used to working with new tools. The digitalisation of services and work processes will remain high on the agenda for many PES in the near future.

One major change for staff has been the move towards teleworking, especially at the beginning of the pandemic (in most PES). Meanwhile, new and more comprehensive rules for teleworking have been implemented in many PES.

Major challenges for the future are linked to accelerated digitalisation, as well as the role of PES in promoting mobility on the labour market and securing income and promoting access to jobs for vulnerable jobseekers. Digitalisation will have a profound impact on the delivery of services leading to adaptation of counselling formats, as well as to a further shift of PES for: (i) working in partnership with other public and private actors; (ii) further developing and using digital technologies for skills anticipation, analysis of transversal skills with a view to promoting job-to-job transitions, occupational and cross-sector mobility; (iii) extend services to non-traditional PES client groups (e.g. employed workers in SMEs); (iv) improving digital skills of disadvantaged groups for job search; (v) finding a new balance between providing e-services and in-person services; (vi) improve services for employers, for example in specific sectors or regions with the objective of improving matching efficiency on the labour market.

As a general conclusion to the study, key considerations for strategies of PES to be deployed in the future include:

- **Expanding partnership approaches:** inter-institutional cooperation as well as public-private partnerships have shown to be essential to better target measures and services and tackle key labour market challenges such as overcoming labour shortage and promoting inclusive labour markets.
- **Making the most of digitalisation:** this would include using digital technologies to re-organise work processes and improve efficiency, close the digital divide, balance in-person and digitally supported delivery of services.
- **Deepening the analysis on skills needs, skills gaps and transferability of skills;** This is an essential activity in which PES may invest more, in cooperation with other actors to design training measures and improve career guidance to prepare for the digital and green transition on the labour markets.

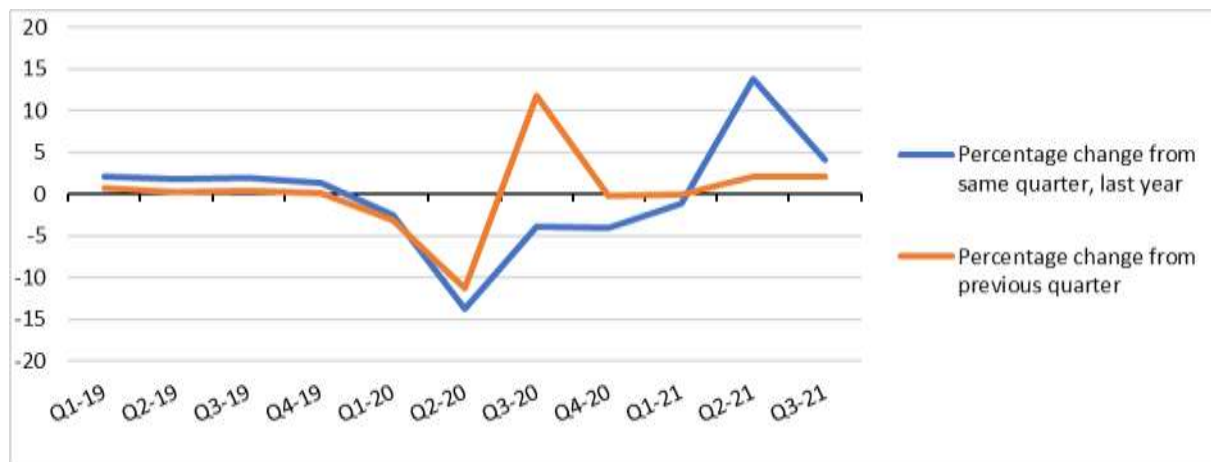
- **Promoting occupational mobility:** Achieved through vocational guidance, early intervention, education and training for all age groups.
- **Facilitate geographical mobility:** To include cross-border mobility.
- **Providing services for non-traditional PES clients:** This would include employed workers in SMEs, seasonal workers, etc. in the context of achieving flexible labour markets.
- **Targeting ALMPs for jobseekers with employment barriers:** With the aim of making labour markets more inclusive.
- **Improving services for employers:** Focused on specific sectors or regions.

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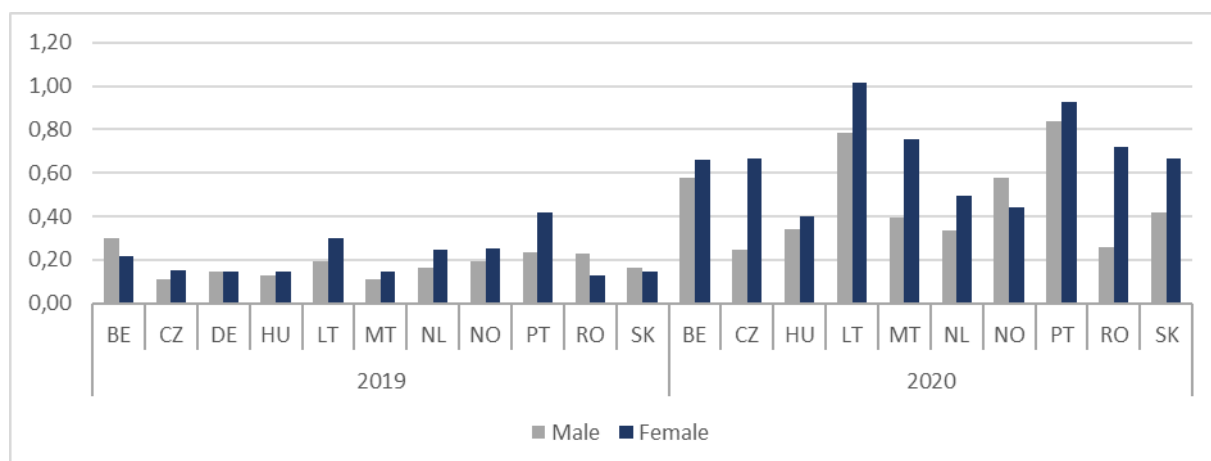
ANNEX

Figure A1. Quarterly Growth Rates of real GDP in EU-27



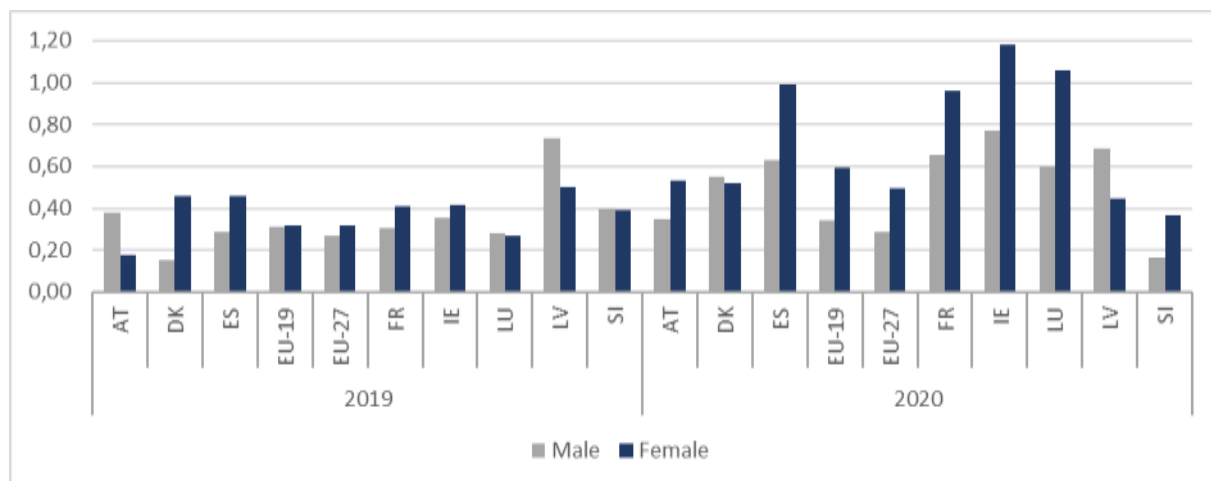
Source: OECD Stat

Figure A2-2. Standard Deviation (sd) of Quarterly Unemployment Rate in 2019 and 2020 Between Male and Female – Group of Countries with Low sd



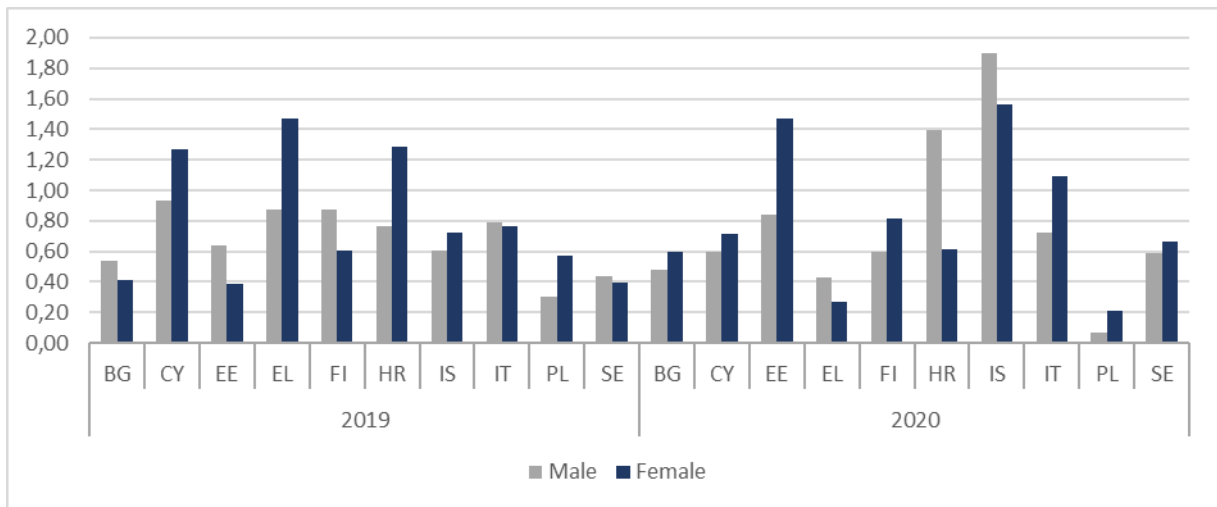
Source: Own calculation based on LFS, Eurostat (LFSQ_URGAN)

Figure A3. Standard Deviation (sd) of Quarterly Unemployment Rate in 2019 and 2020 Between Male and Female – Group of Countries with Medium sd



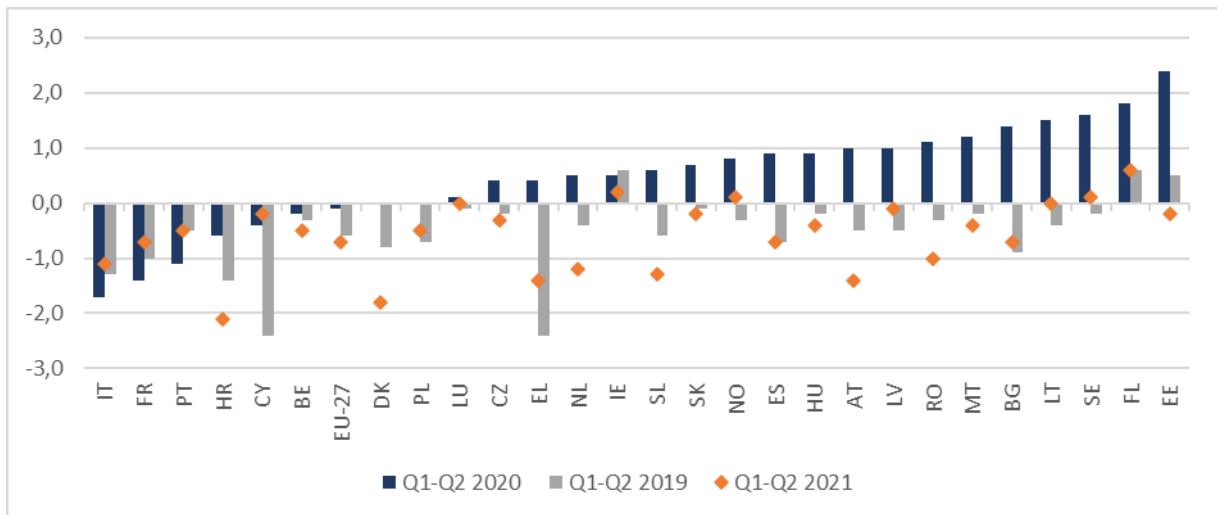
Source: Own calculation based on LFS, Eurostat (LFSQ_URGAN)

Figure A4. Standard Deviation (sd) of Quarterly Unemployment Rate in 2019 and 2020 Between Male and Female – Group of Countries with High sd



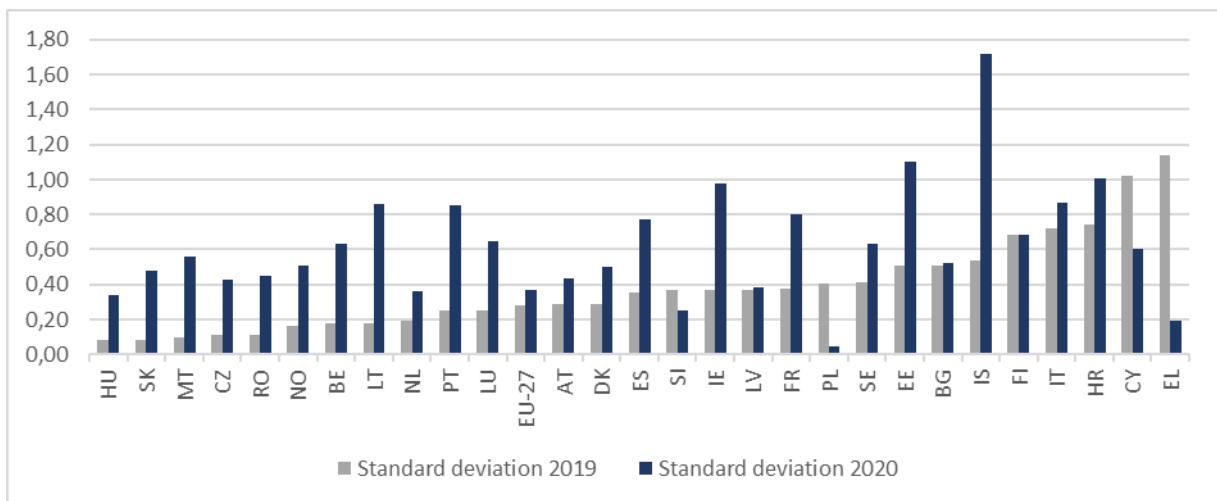
Source: Own calculation based on LFS, Eurostat (LFSQ_URGAN)

Figure A5. Percentage Points Change in the Unemployment Rates (Q2-Q1) in 2019, 2020 and 2021



Source: Own calculation based on LFS, Eurostat (LFSQ_URGAN)

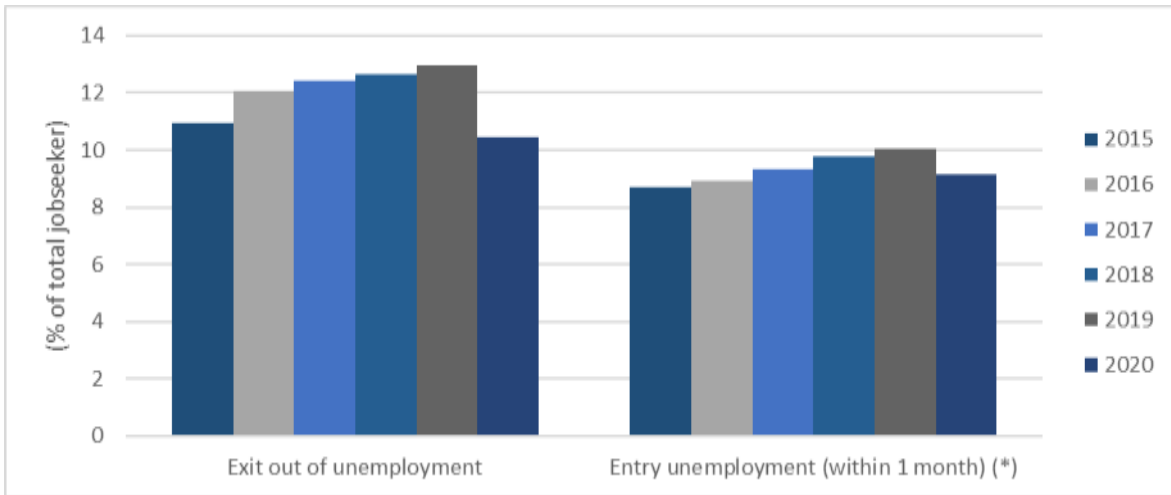
Figure A8. Standard deviation of of Unemployment Rate across Countries in 2019 and 2020.



Note: Not available for DE

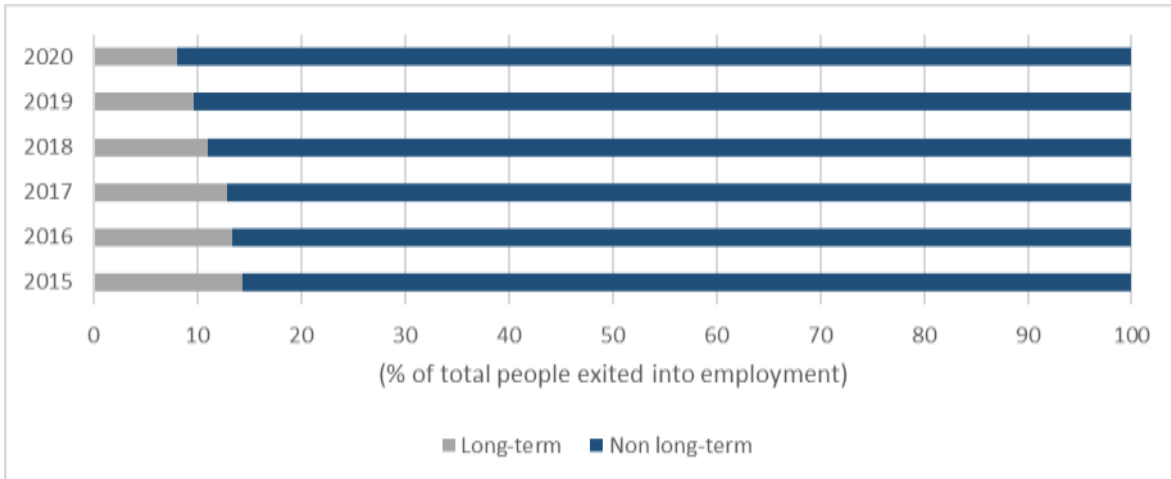
Source: Own calculation based on LFS, Eurostat (LFSQ_URGAN)

Figure A9. Share of Inflow and Outflow of Unemployed



Note: Not include BE (3 regions), DE, EL, IE, NL; (*) Not include FL
 Source: Annual PES Benchlearning Data

Figure A10. Percentage of People Exited into Employment by Duration of Unemployment



Note: Data for IT, BE (LE FOREM), FR, EL, IS, and NL are not available
 Source: Annual PES Benchlearning Data

Figure A11. Employment Rates (Selected Countries), Age 15-64

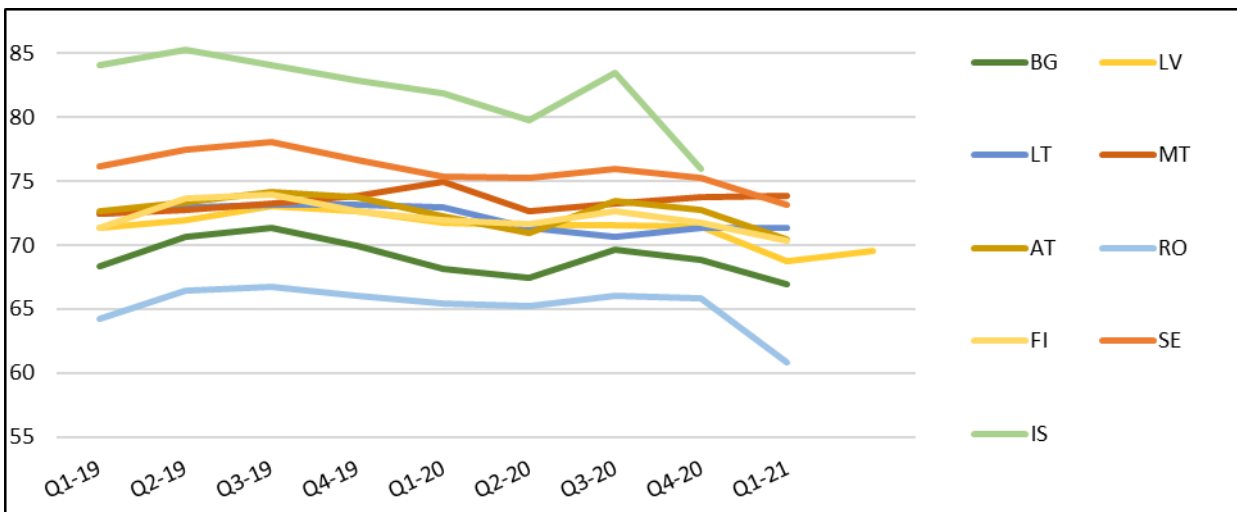
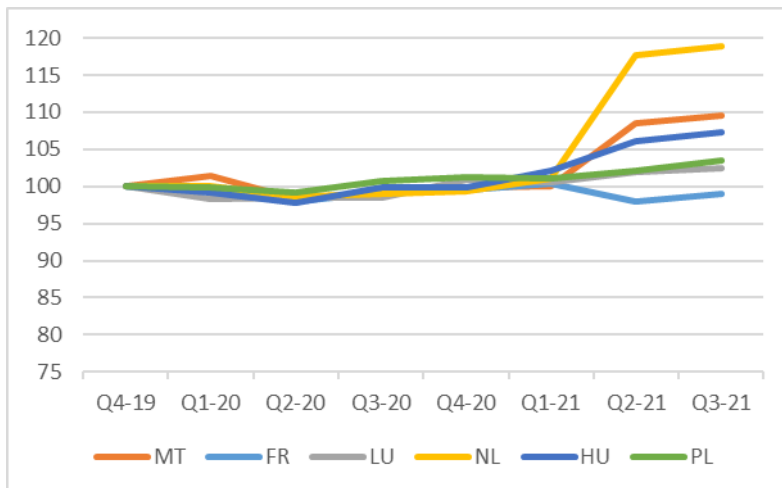
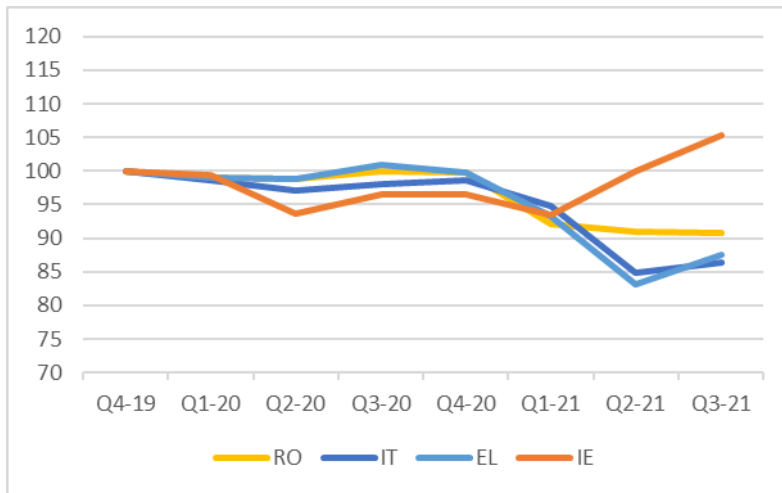
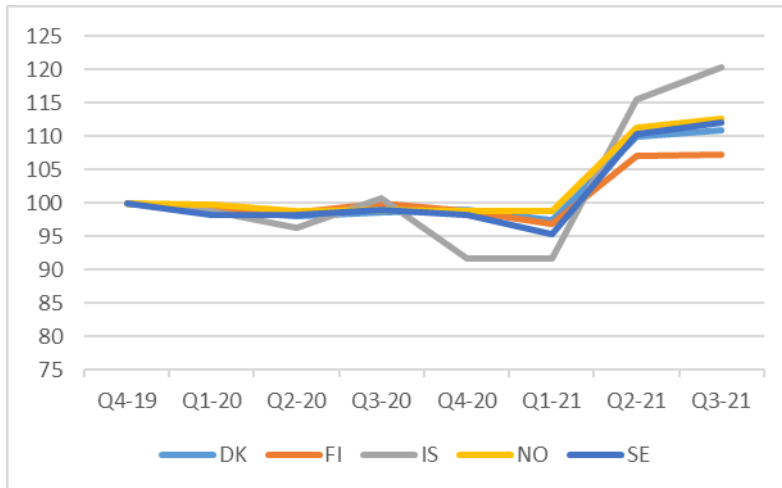
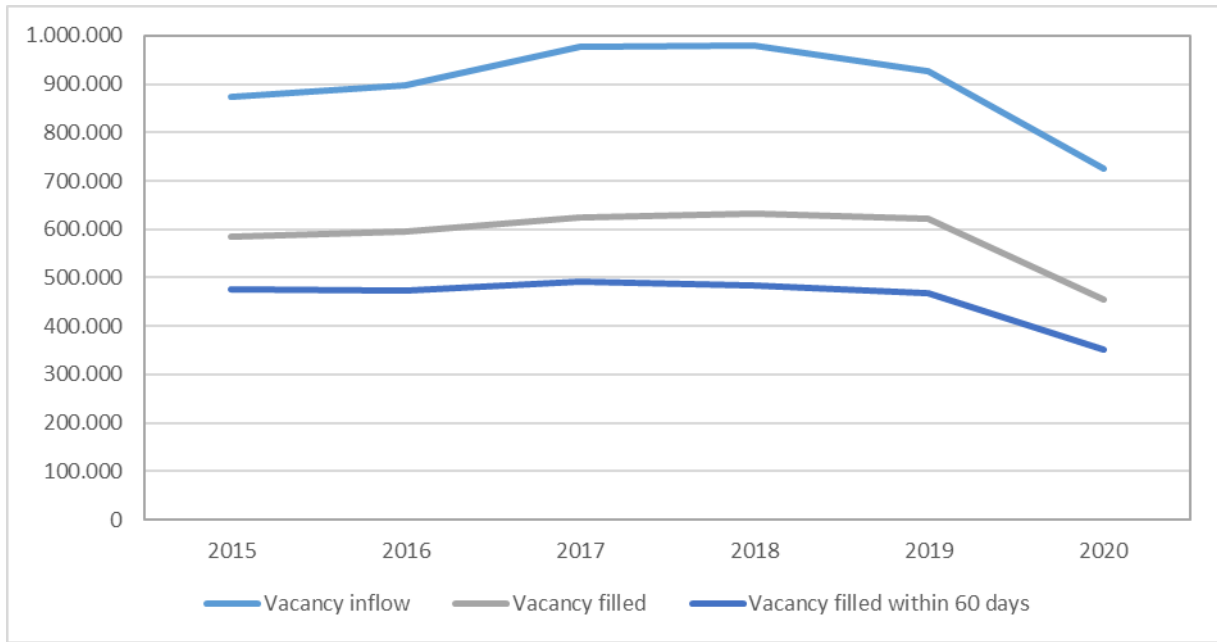


Figure A 12. Development of employment rates, Age 15-64. Q4 2019 to Q3 2021



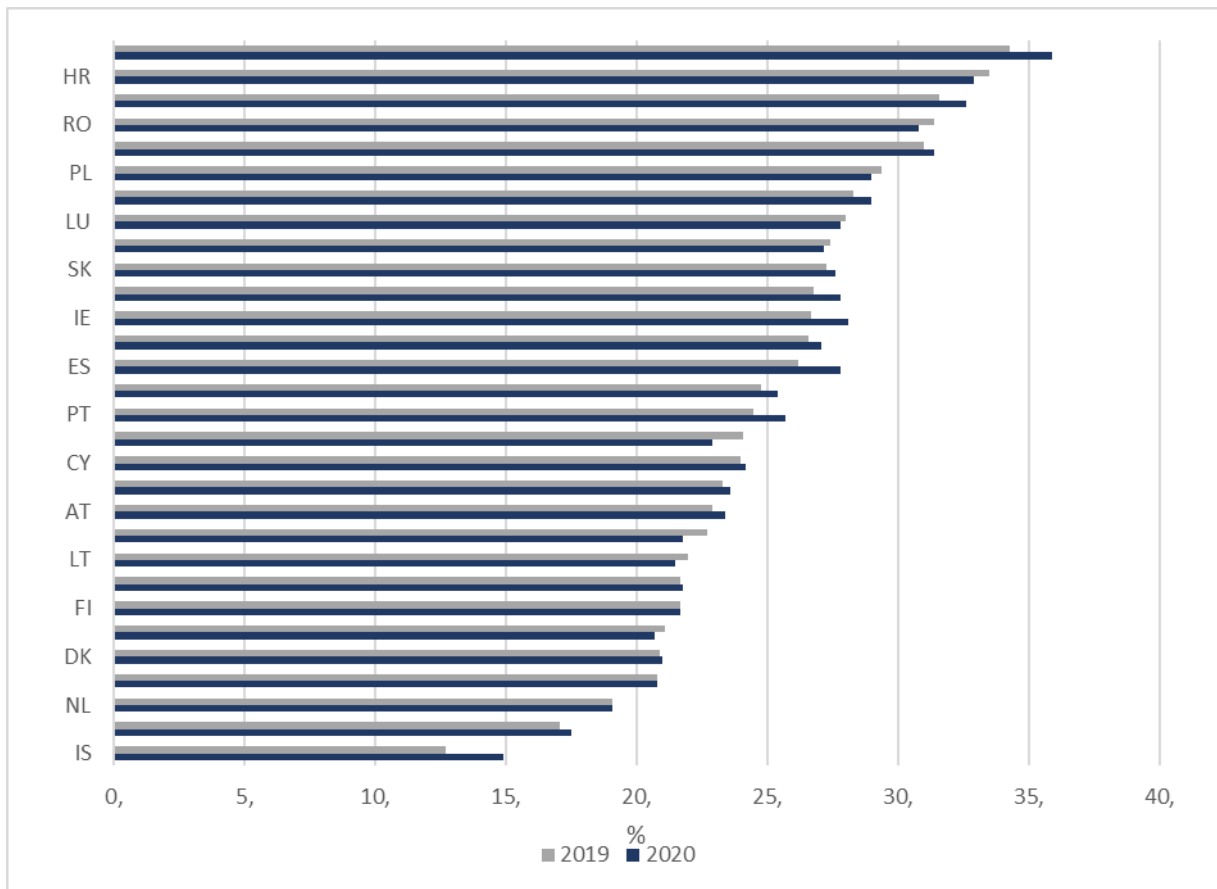
Source : Own calculation based on Eurostat LFS data (LFSQ_ERGAN) .

Figure A13. Number of Vacancies Between 2015 and 2020



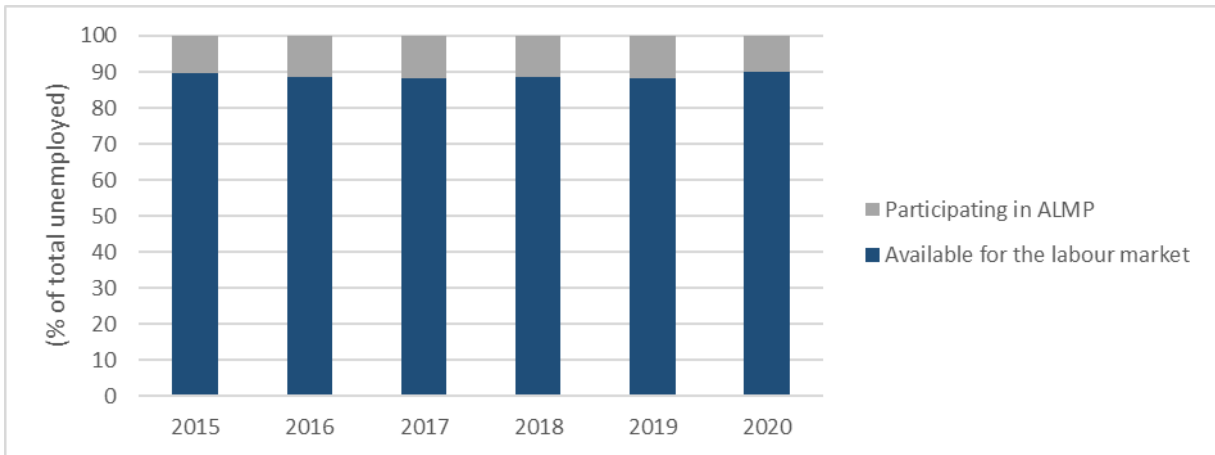
Note: Not include EE, EL, HR, DK, IE, LU, LV, NO, SL, IT, SE, IS, RO
 Source: Annual PES Benchmarking Data

Figure A14. Inactivity Rates Across EU Countries in 2019 and 2020



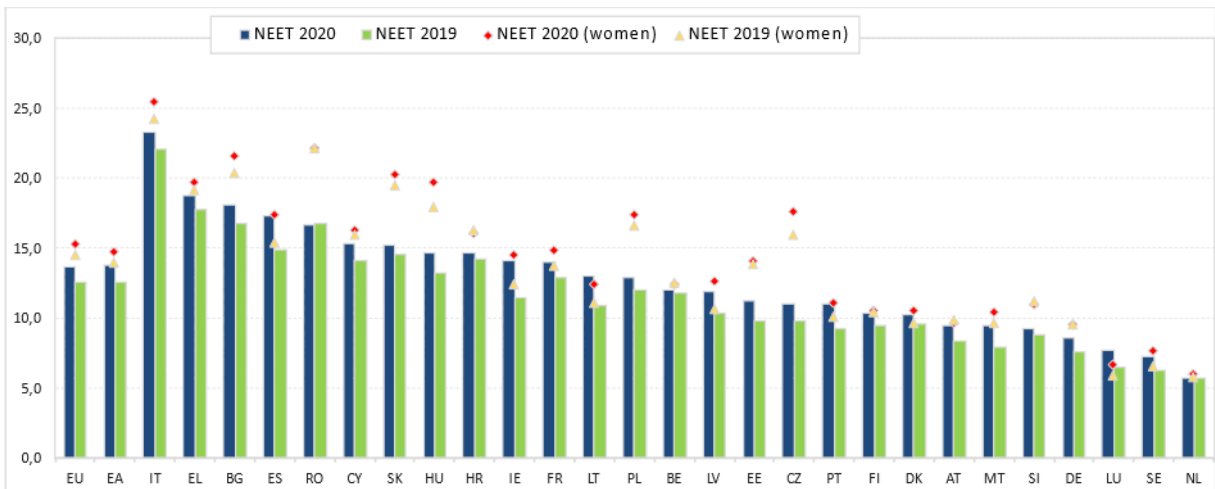
Source: LFS, Eurostat (LFSA_IPGA)

Figure A15. Percentage of Registered Unemployed by Status



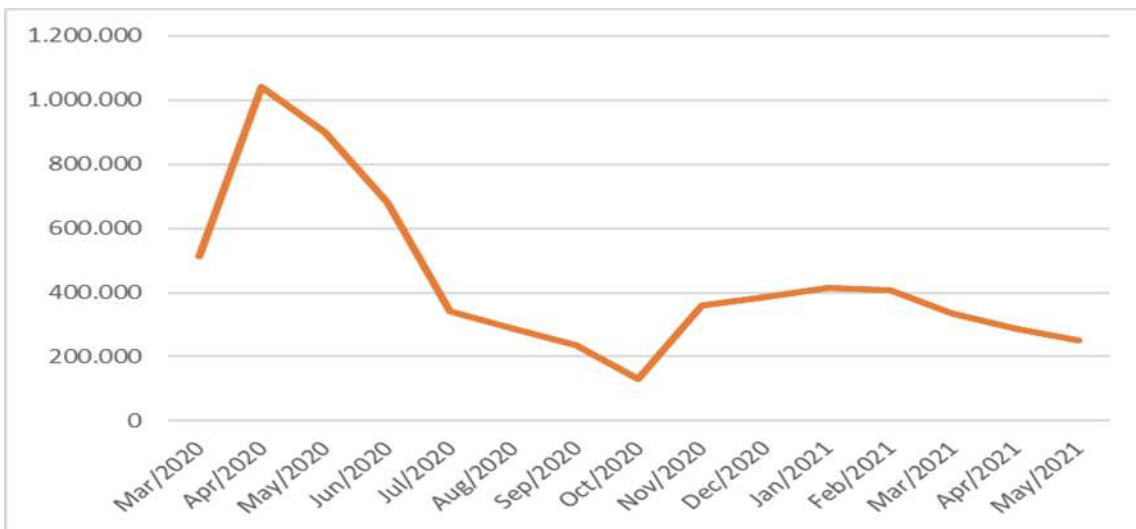
Note: Not include BE (3 regions), DE, EL, IE, NL, IT and CZ
 Source: Annual PES Benchmarking Data

Figure A16. Young People Aged 15-29 Neither in Employment nor in Education and Training (NEET), % of Total Population



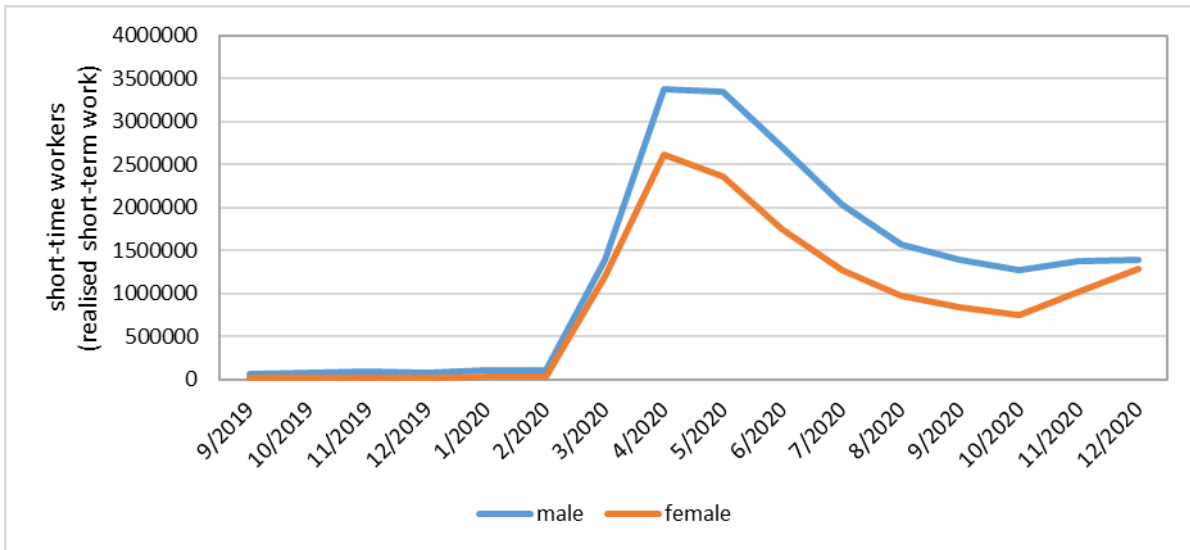
Source: Eurostat, LFS [lfsi_neet_a], EC 2021, ESDE

Figure A17. Austria: Number of Employed Participating in STW March 2020-May 2021



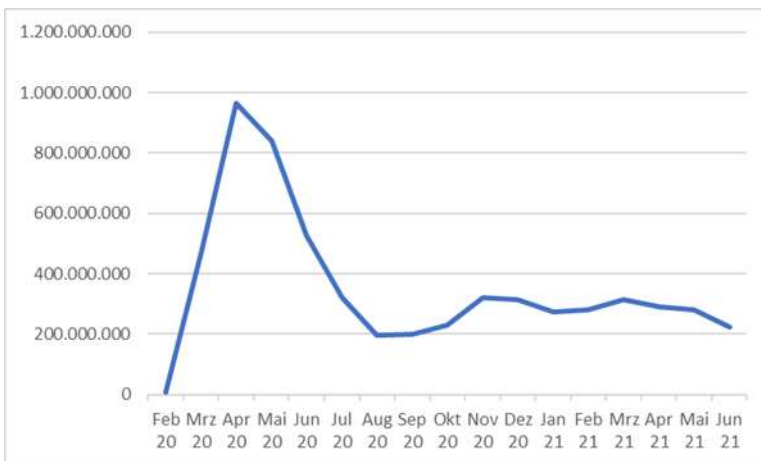
Source: Data provided by the Austrian PES

Figure A18. Realised Short-time Work in Germany, 09/2019 to 12/2020



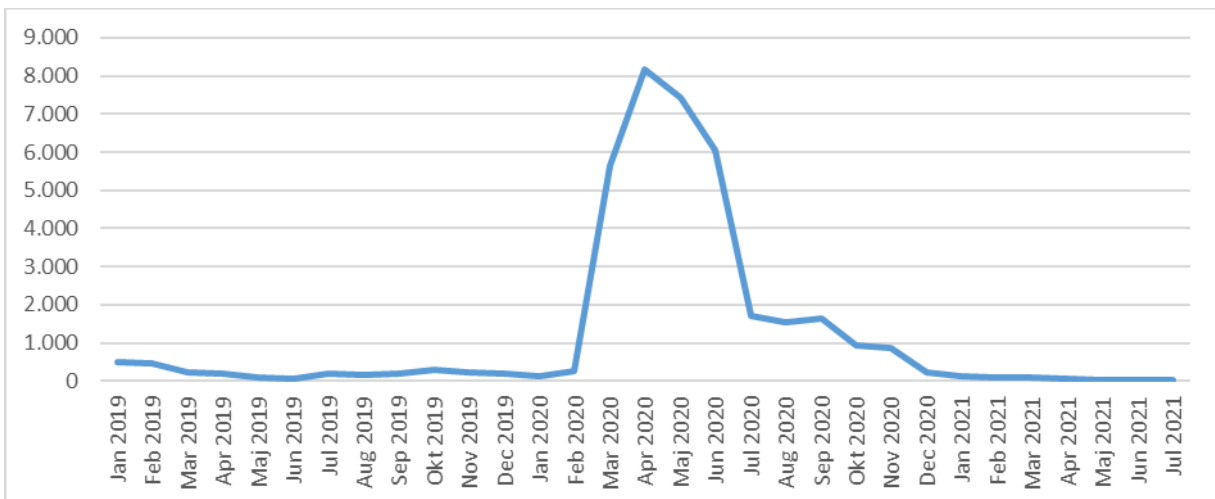
Source: Federal Employment Agency

Figure A19. Italy Authorized Working Hour Reduction for Compensation by the STW Schemes (CIG ordinaria, CIG deroga, Fondi di solidarietà)

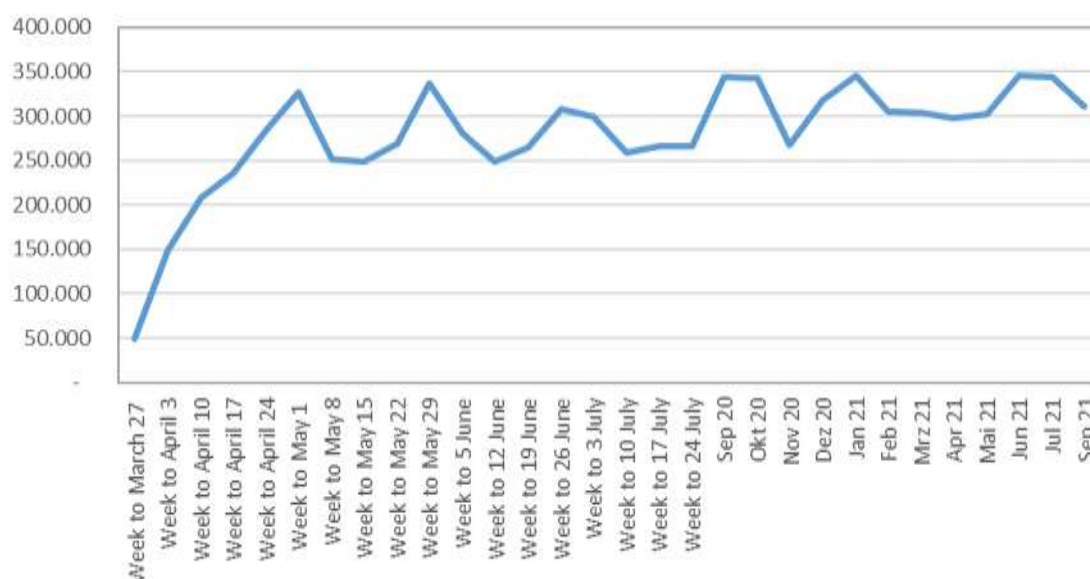


Source: INPS – Coordinamento Generale Statistico Attuariale Elaborazione su dati rilevati a settembre 2021 Cassa integrazione guadagni e Fondi di solidarietà Ore autorizzate per emergenza sanitaria Agosto 2021

Figure A20. Number of Persons Participating in the Job Retention Scheme in Denmark



Source: Data received by the Danish PES

Figure A51. Number of Employees Under the Temporary Wage Subsidy Scheme and the Employment Wage Subsidy Scheme in Ireland

Note: From March to July the Temporary Wage Subsidy Scheme, data September 2020 to September 2021 refer to the Employment Wage Subsidy Scheme.

Source: <https://www.revenue.ie/en/corporate/information-about-revenue/statistics/number-of-taxpayers-and-returns/covid-19-support-schemes-statistics.aspx>

BoxA1. Spot on Sector Distribution of STW in Selected Countries

Austria

66.7% of employees participating in the STW scheme between March 2020 and May 2021, were working in the service sector, 33.1% in the production sector and 0.3% in the primary sector. Main subsectors affected by STW include mining (B) and realia and wholesale trade (G) comprising 24.4% and 23.7% of all STW workers respectively, 12.0% in the hospitality sector (I), 8.2% in construction (F), 5.9% delivered business-related services (N) and 5.2% were performing technological and other services (M), 4.9% were working in the social and health sector (G), the remaining in other services (data provided by the Austrian PES). During March 2020 and March 2021, on average 11.9% of all employed had received STW allowances, with large variations across sectors: 45.5% of employed in hospitality were affected by STW, 34.7% of those in the arts and leisure sector, 18% of staff in trade and 15% of workers in the manufacturing sector and 7.6% of workers in the construction sector.

In **Belgium** during the year 2020, 44.1% of employed receiving temporary unemployment allowance worked in the service sector, 17.5% in banking and commerce, 19% in the manufacturing industry and 7.5% in other sectors⁶⁸. An analysis of the share of employed on the STW scheme in Belgium between March and December 2020 shows that the sector with the highest share of employed affected by STW was the hospitality sector (66% in April 2020), falling to 24% in September 2021 and rising to 52% in December 2020. Employed in the construction sector were affected mainly in April (66%) but not much in December (11%). A similar dynamic can be observed in the manufacturing industry (42% and 11% respectively)⁶⁹. According to Struyven et al (2021)⁷⁰, the development of temporary unemployment benefit reciprocity per sector has been quite heterogeneous. For example, in the sector of travel agencies, aviation and other personal services, but also the hospitality industry, the use of temporary unemployment remained high at the end of 2020. Conversely, temporary unemployment in industry and construction was reduced earlier and proved to be temporary measures.

⁶⁸ <https://www.onem.be/interactivestats/population/temporaryUnemployment.jsf?dswid=-5149&nocid=true&faces-redirect=true>

⁶⁹ https://www.steunpuntwerk.be/system/files/overwerk_2021_1_04.pdf

⁷⁰ https://www.steunpuntwerk.be/system/files/overwerk_2021_1_04.pdf

In **Germany**, employed in the manufacturing sector (G) represented the largest group of STW participants in April 2020. Employed in trade (G) represented 17%, in the hospitality sector (I) 11.1% and technical service provision (M) and in other business-related services (N) 7.1%. The share of STW allowance recipients working in the construction sector was only 1.1%. By March 2021, with the decline of the number of employed under the STW scheme, the composition changed with trade and hospitality becoming relatively more important, while the share of employed in the manufacturing sector declined. In Germany, there is a concern, that the take-up of STW will perdure still for some time as a consequence of the continued disruption of global value chains and problems in the logistics sectors (source: interview).

In **Estonia**, in 2020, the 5 sectors with the highest number of employed covered by the STW scheme were, in descending order, the manufacturing industry, trade, accommodation and catering, construction, administrative and support service activities. In 2021, there were trade, accommodation and catering, arts and entertainment, manufacturing industry, administrative and support service activities (according to data received from the Estonian PES).

In **France**, at the beginning of the pandemic, the five sectors with the highest number of employees participating in the partial activity scheme included retail and wholesale trade, construction, manufacturing industry and technical services, as well as the accommodation and restaurants, while in June 2021 partial activity remained high mainly for the restaurant and accommodation sector (preliminary data)⁷¹.

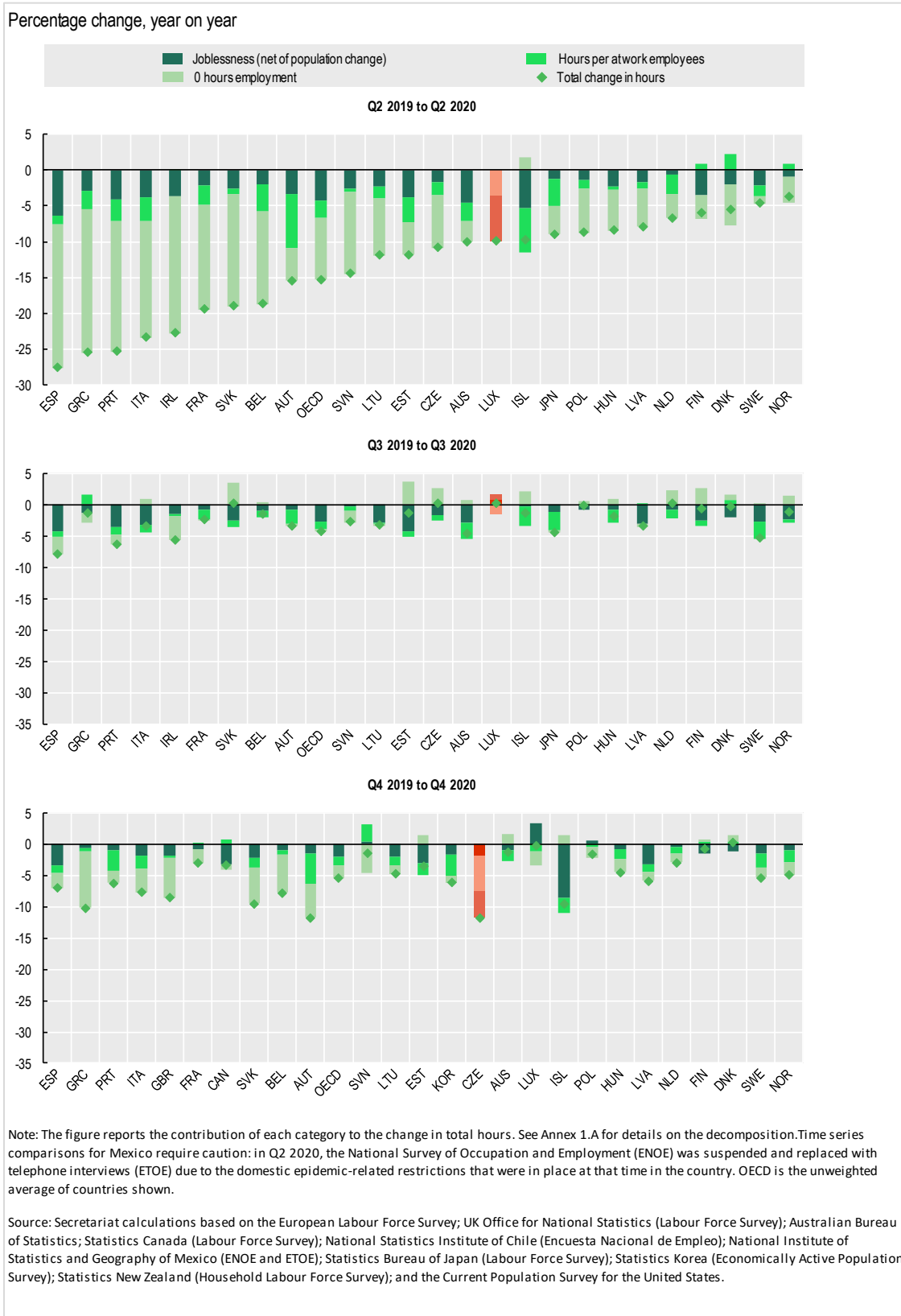
In the **Netherlands**, from March to September 2020, the main sectors in which the job retention scheme NOW was taken up included air transportation, travel organisations, Horeca (hotels, restaurants, cafés), culture, sport and recreation, transportation of persons⁷².

Source: Information provided by PES.

⁷¹ <https://dares.travail-emploi.gouv.fr/donnees/le-chomage-partiel>, accessed 20 October 2021

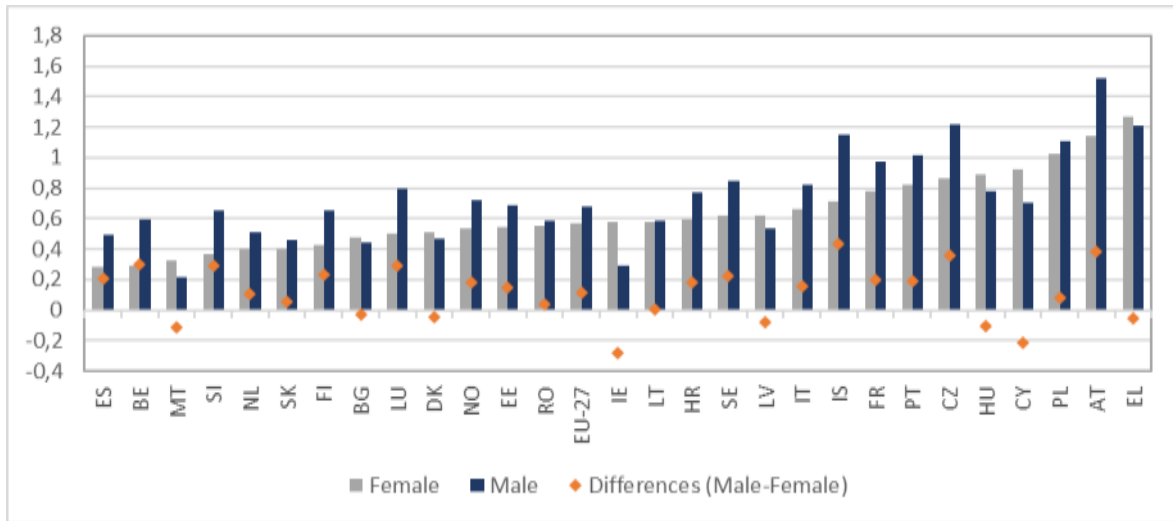
⁷² <https://www.uwv.nl/overuwv/Images/werkgelegenheid-en-now-naar-sector-sinds-start-crisis-feb-jul-2020.pdf> (accessed November 2020)

Figure A22. Decomposition of Total Hours Change, Percentage Change, Year on Year



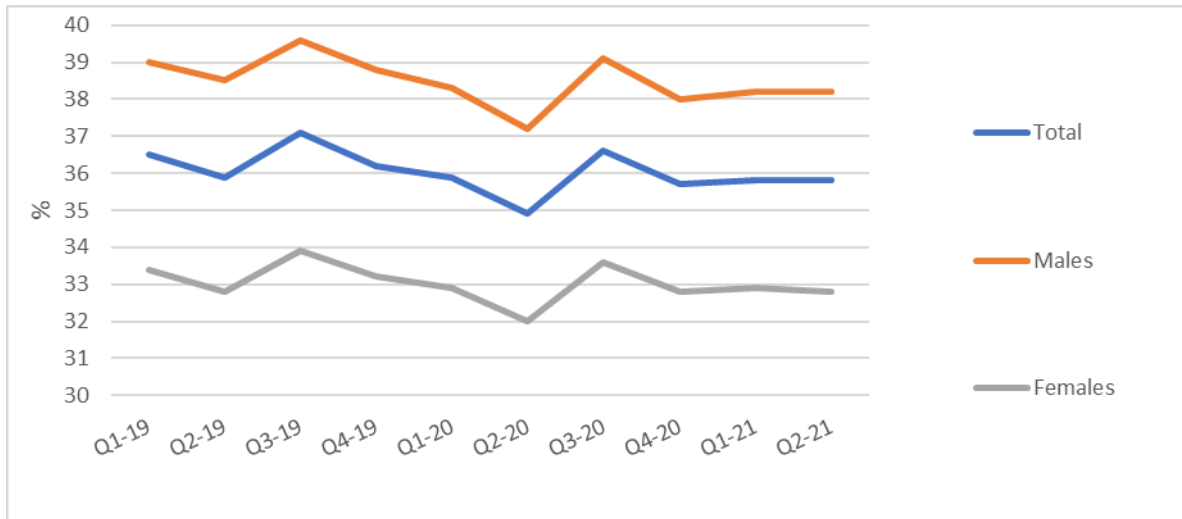
Source: Adapted from OECD (2021), Employment Outlook

Figure A63. Standard Deviation of Weekly Working Hours of Men and Women across Countries in 2020



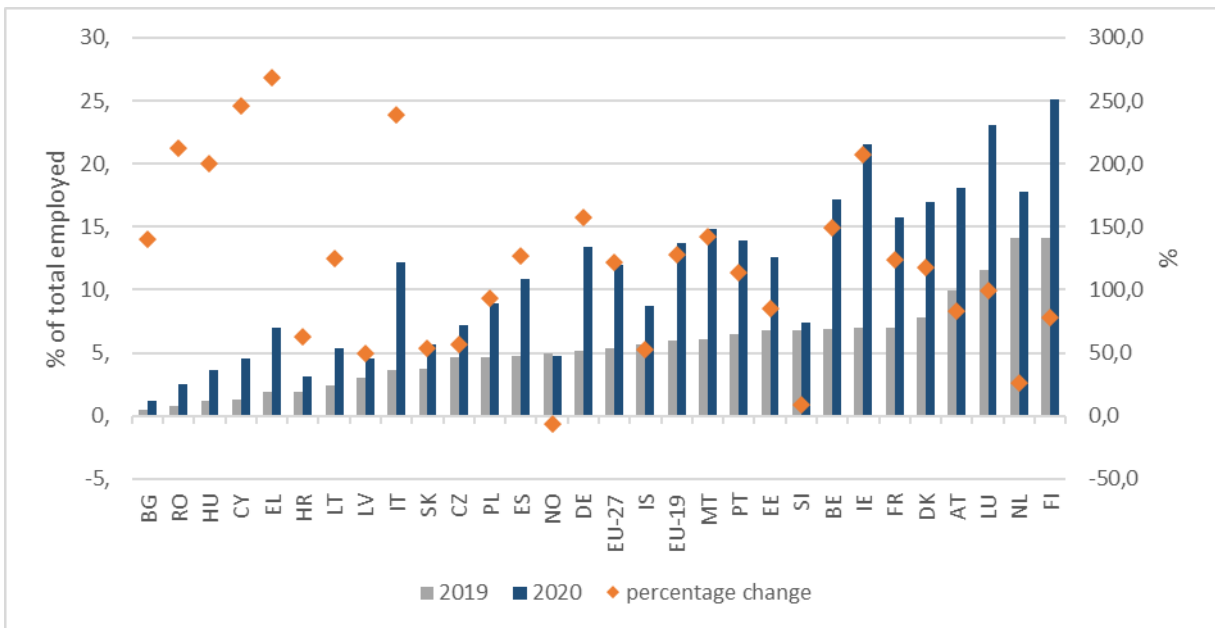
Source: Own calculation based on LFS, Eurostat (LFSQ_EWHAIS)

Figure A74. Weekly Working Hours by Gender in EU-27



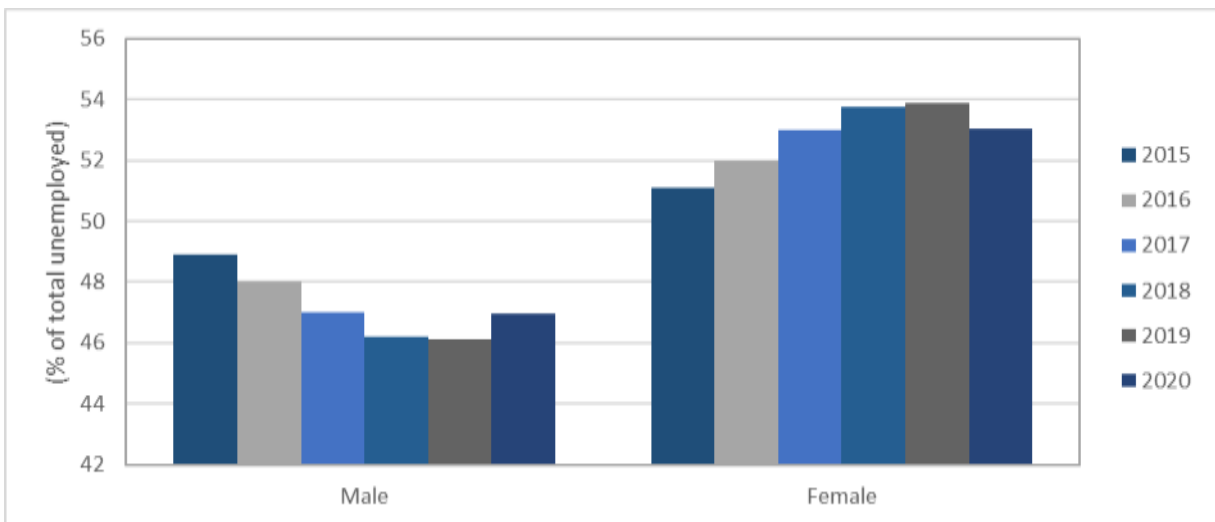
Source: LFS, Eurostat (LFSQ_EWHAIS)

Figure A25. Share of Employed Usually Doing Home Office in 2019 and 2020 (As a Share of Total Employed, Left Axis) and Percentage Change Between 2019 and 2020 (Right Axis)



Source: Own calculation based on LFS, Eurostat (LFSA_EHOMP)

Figure A26. Composition of Registered Unemployed by Gender in %



Note: Not include BE (3 regions), DE, EL, IE, NL, IT and CZ

Source: Annual PES Benchmarking Data

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