



The financing and operation of ALMPs during the crisis

Presentation at ALMP-2020, Antwerp, 28 Oct 2010

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- Summary report: “Financing and operation of ALMPs during the crisis”
- Request to Eurofound from EESC-LMO in May 2010
- Involve Eurofound’s national correspondent network on an adhoc basis to submit information updates on ALMP developments in their countries
 - BG, DE, DK, ES, IE, LT, PL, SE, SK, UK
- Finalised in August and presented Sep 1st 2010

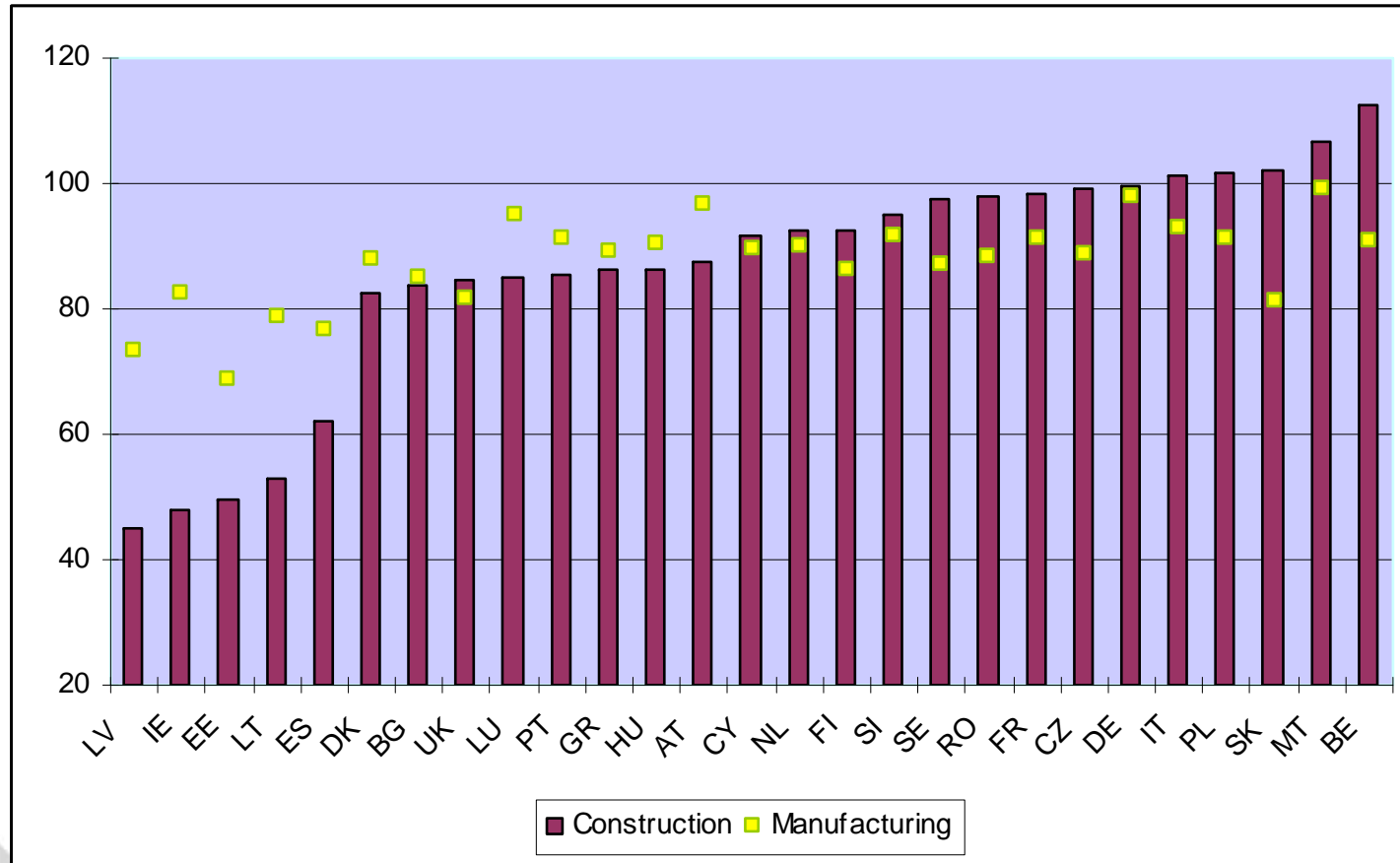
Active labour market policies

- Job matching, guidance and counselling (services)
- Training
- Specific policies targeting risk groups
- Employment subsidies
- Public employment

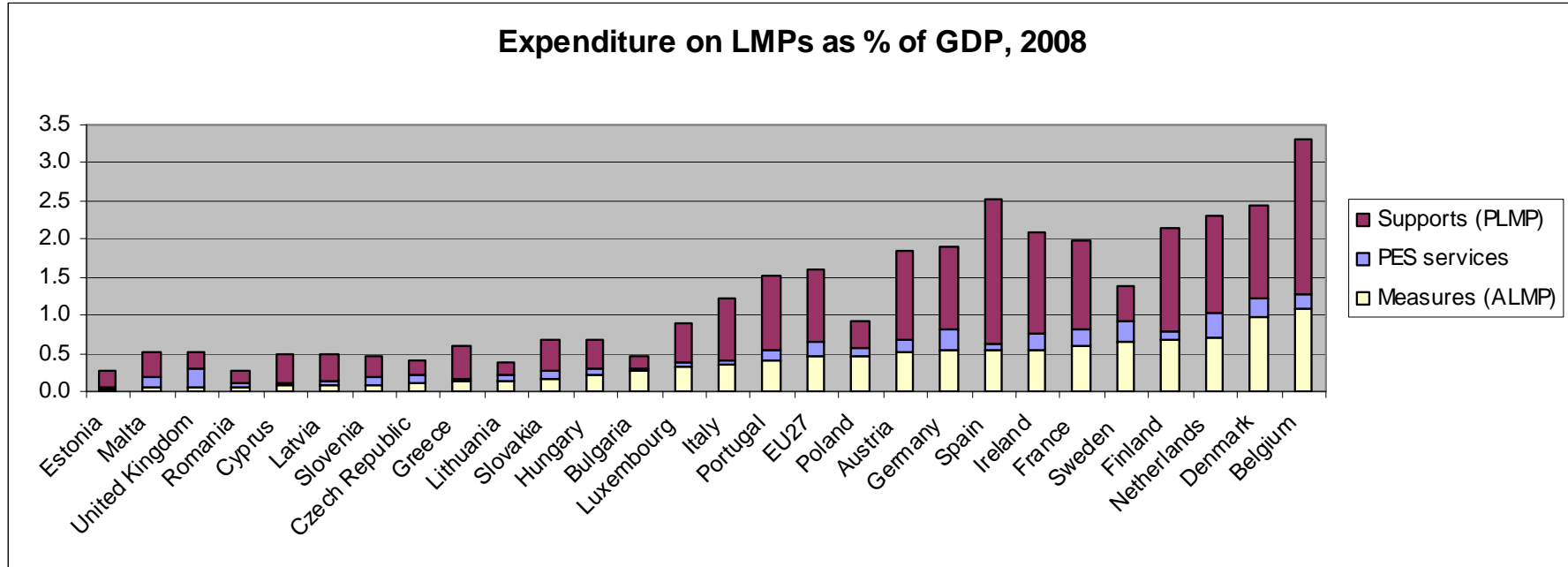
But distinctions between PLMP and ALMP not always clear (services/sanctions, short-time working ...)

Change in emp levels in manuf / construction

2008Q1-2010Q1 (2008Q1=100)



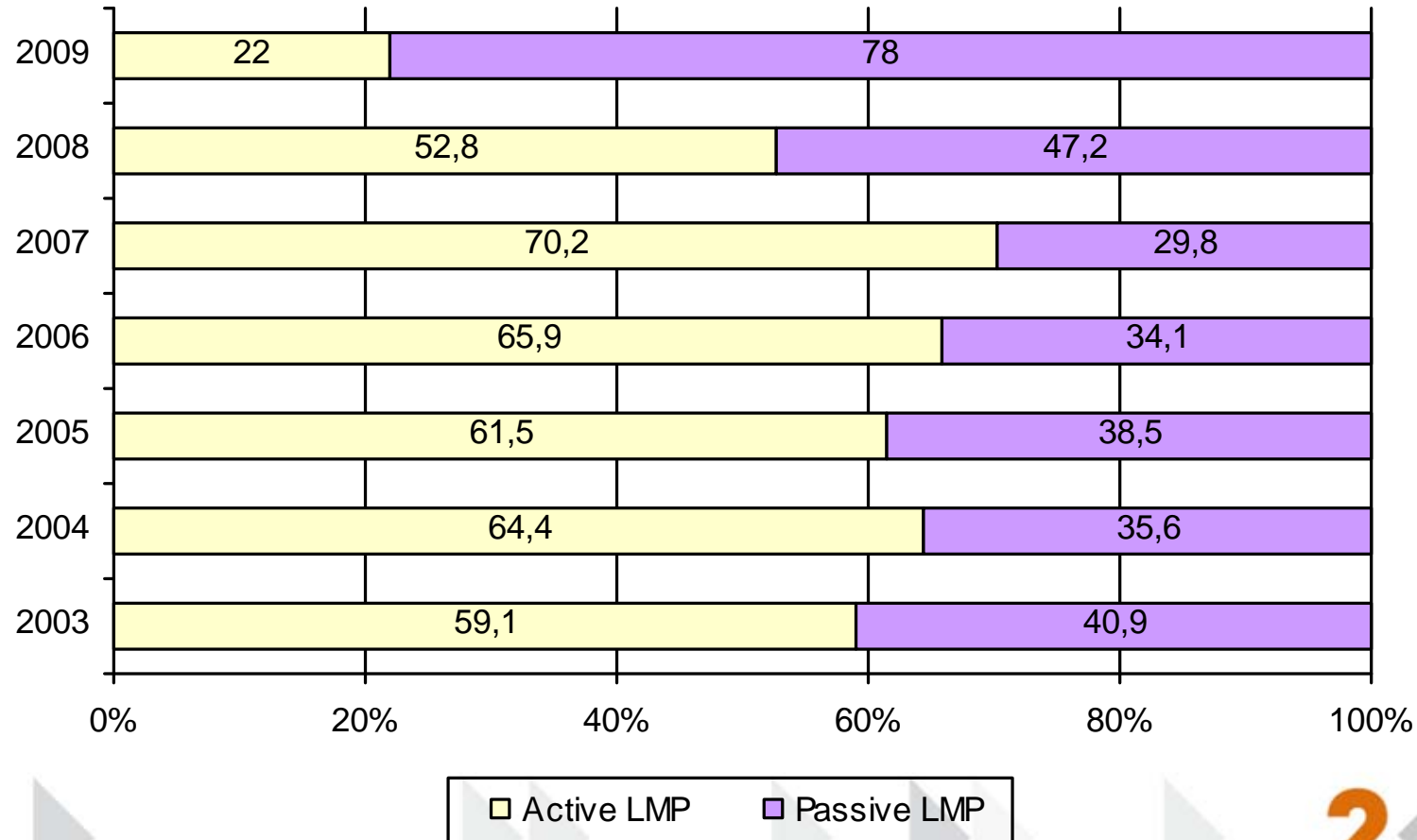
Expenditure on labour market policies



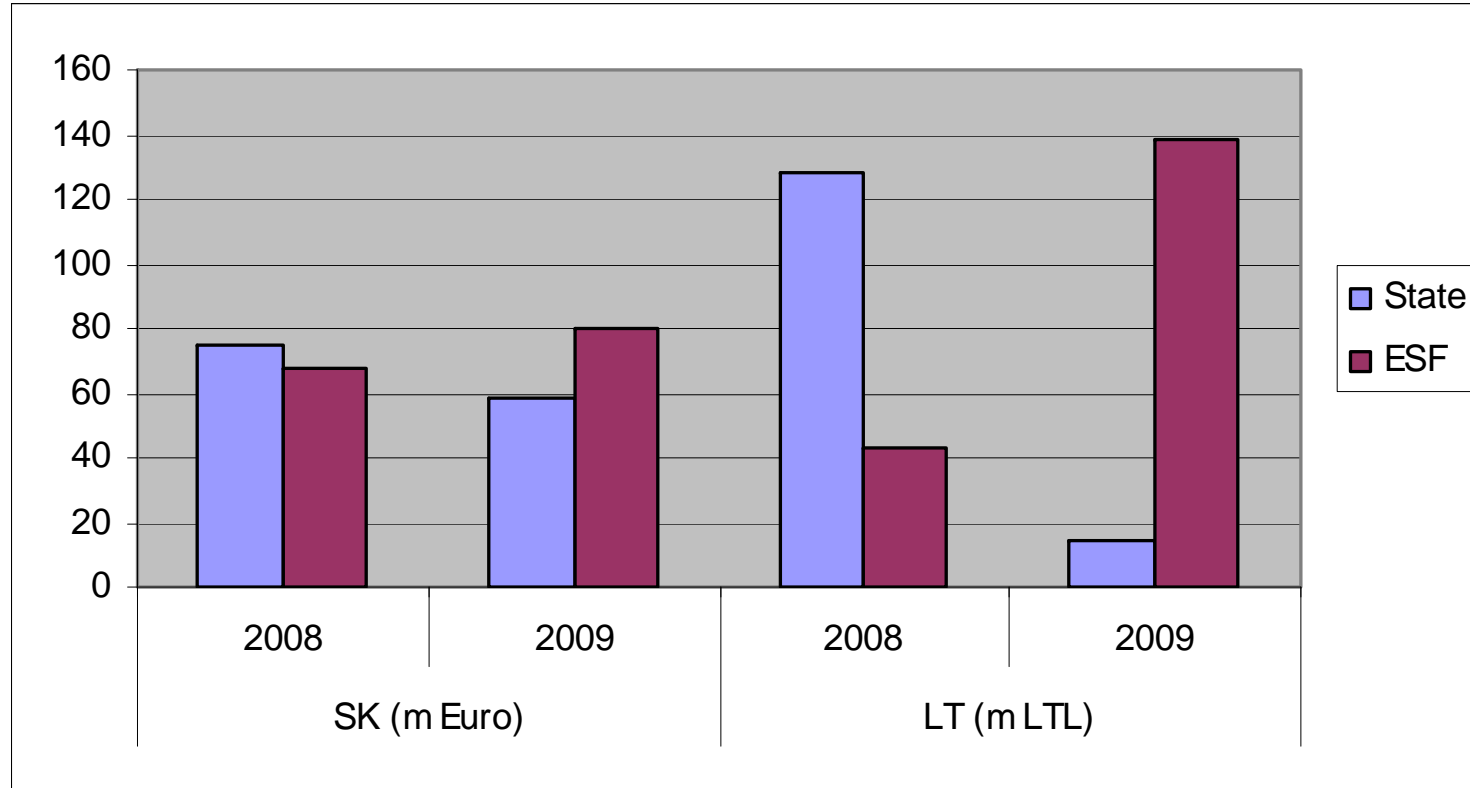
Within ALMPs, training attracted nearly 40% of total funding in 2008 and employment incentives nearly 25%.

Recent developments in spending

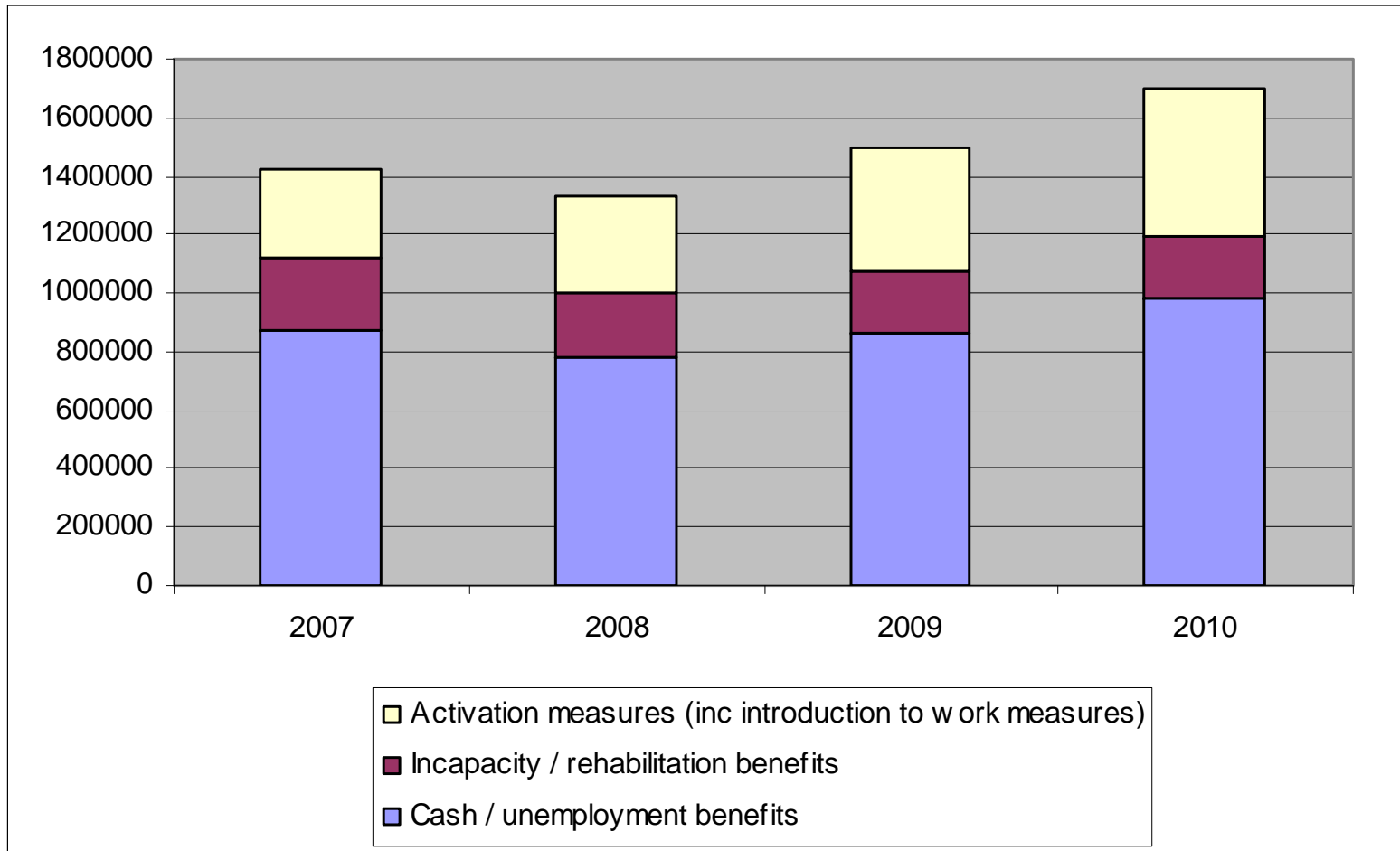
Shifts from ALMP to PLMP: Lithuania



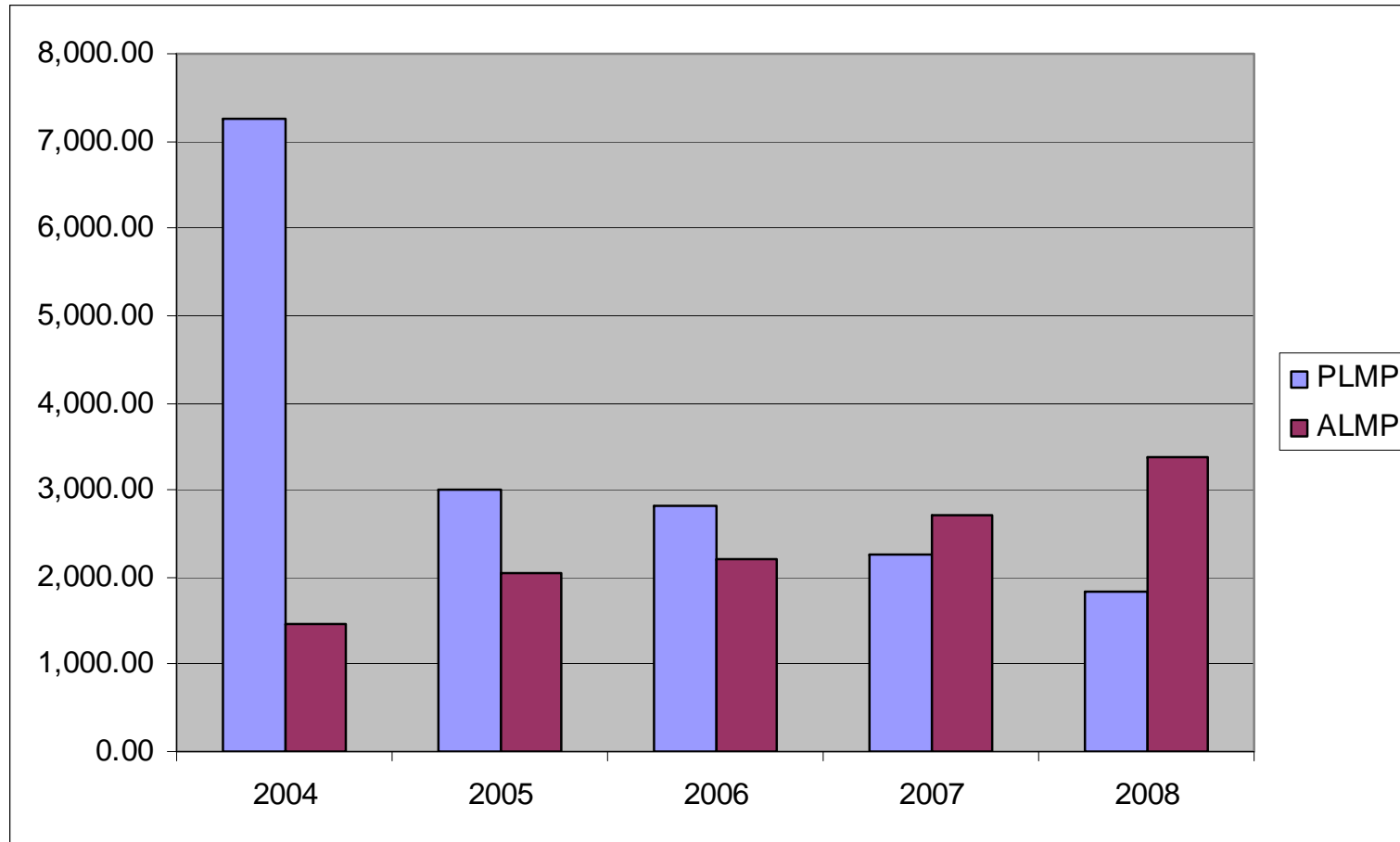
In some CEEC member states, important role of ESF in ALMP funding ..



Denmark: stable share of ALMP spending



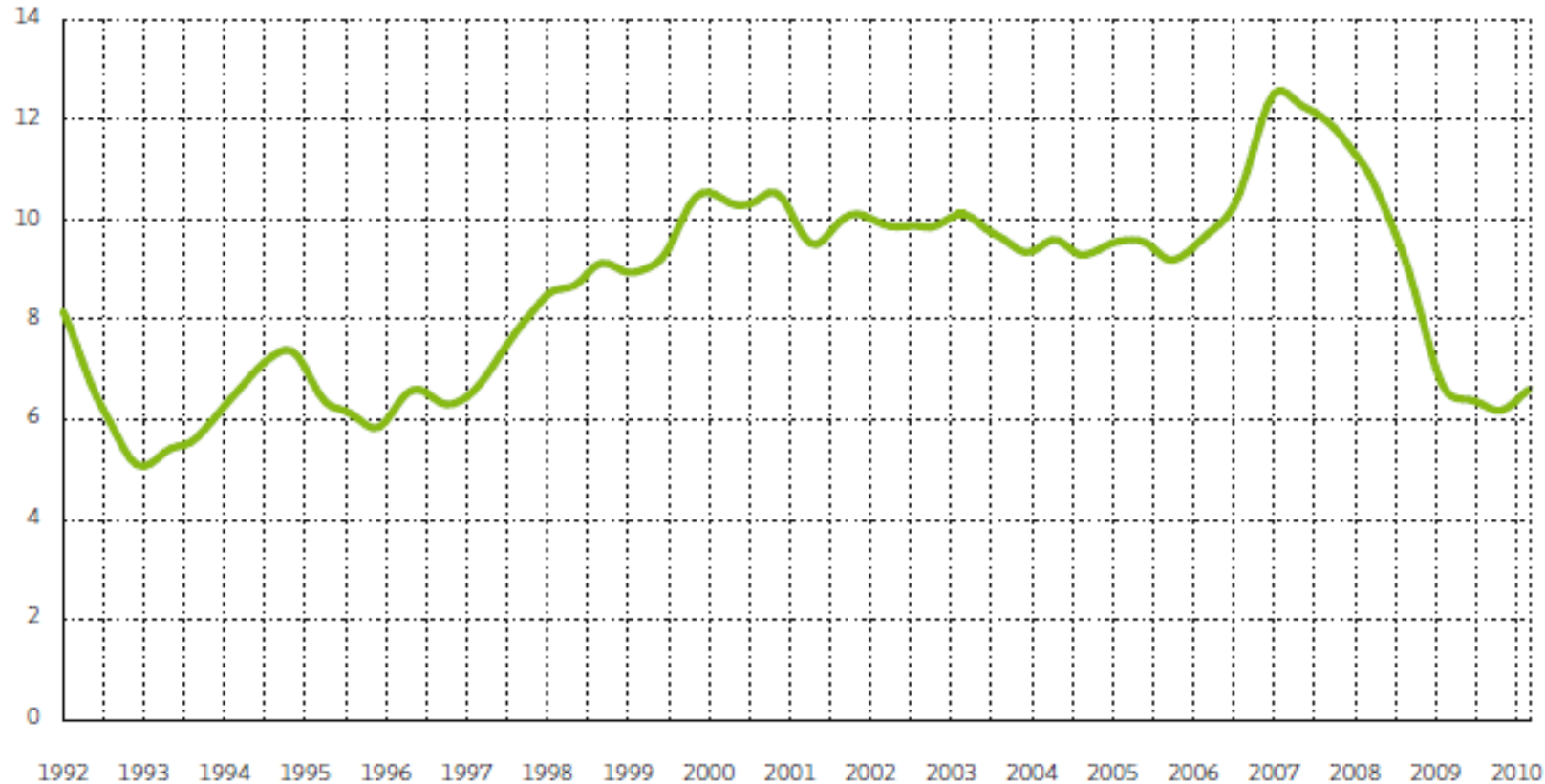
Poland: rising share of ALMP spending



Funding developments

- Partial evidence of shift to PLMP funding in those countries where unemployment has risen rapidly – especially the CEEC countries
 - Crowding out?
- ... but ALMP spending has held up in Denmark, Sweden, Germany and Poland
- Training: receives c.40% of ALMP funding. Costly. Evaluations of employment impacts are lukewarm ... but obvious advantages in a downturn.

Declining effectiveness of (A)LMPs in a recession: outflow rates in Sweden



- **General shift to ‘services and sanctions’ measures**
 - Relatively inexpensive, positively evaluated
 - More conditionality, more supervision, more sanctions
- **Youth measures**
 - Accelerated activation
 - Redirect to education if f/t education incomplete (NL, DK)
- **Long-term unemployed**
 - DK: screening of basic competences, additional funding of mentoring / business networks
 - SE: “Work and development guarantee”. 3-phase programme



- Decentralisation
- Integrated programming – response to fragmentation of existing instruments, and of political/administrative control
- Private sector involvement
- Extending scope of ALMP measures to cover the ‘at-risk employed’ as well as the inactive
- Declining differentiation between insured and non-insured unemployed

ALMP funding

- There is some evidence – from a limited sample of countries – that unemployment benefits have been accompanied by reduced active labour market measure expenditure in member states where unemployment has increased more rapidly during the economic crisis.
- The importance of the European Social Fund as a source for ALMP funding has increased during the crisis.
- Active labour market policy expenditure held up well or increased in countries where the employment impacts of the crisis have been less marked, ie. Germany and Poland

ALMP operation

- Trend towards conditionality of benefit entitlements, greater supervision,
- Immediate or accelerated activation has become commonplace especially for younger unemployed.
- Fragmentation of ALMP measures -- moves to integrate
- Activate the inactive, at risk employed and not just the unemployed

Financing and operating Active Labour Market Policy during the recession

Link: www.eurofound.europa.eu/publications/htmlfiles/ef1066.htm

Thank you!



ALMP evaluation

- Recent evaluations of ALMP effectiveness tend to favour general ‘sanctions and services’ measures from a point of view of cost-effectiveness as well as positive employment impacts.
- Training and subsidised employment in private firms are generally evaluated positively though often with small positive effects
- Public job creation measures tend to have little if any positive employment effect.
- ALMP effectiveness is likely to diminish during a downturn as job placement possibilities dwindle.