



27 November 2020

Reforming active labour market policies in turbulent times

Introduction

This note provides BusinessEurope's insights and priorities to improve the provision of ALMPs at national level through an improved investment and reform coordination framework at the EU level. The note also proposes concrete actions to be included in the Commission's action plan to implement the European pillar of social rights. It takes stock of short-term policy challenges and responses to the Covid-19 crisis. It highlights selected national examples of undertaken efforts to enhance the effectiveness of ALMPs, both before and during the Covid-19 crisis.

Proposed action

BusinessEurope calls on the European Commission to include in its Action Plan to implement the European Pillar of Social Rights an action aiming to improve reform coordination in the area of ALMPs. This improved coordination process should involve social partners and should be aimed at:

1. Enhancing efficiency of Public Employment Services, notably by fostering progress towards better use of evidence based employment measures that leads to more employment and digital solutions supporting the operation and coordination of employment services offered to employers, the unemployed/inactive, and workers.
2. Fostering cooperation-oriented partnerships between Public and Private Employment Services, building on their respective strengths.
3. Supporting the development of innovative solutions, on top of short-time work schemes, and of traditional employment services, to strengthen the resilience of labour markets in responding to the challenges and new needs created by Covid-19.

State-of-play

Active labour market policies (ALMPs) involve a variety of instruments and measures such as public and private employment services, in-work incentives, incentives to start up a business, job-sharing, job rotation, training, or special assistance for certain groups in the labour market.

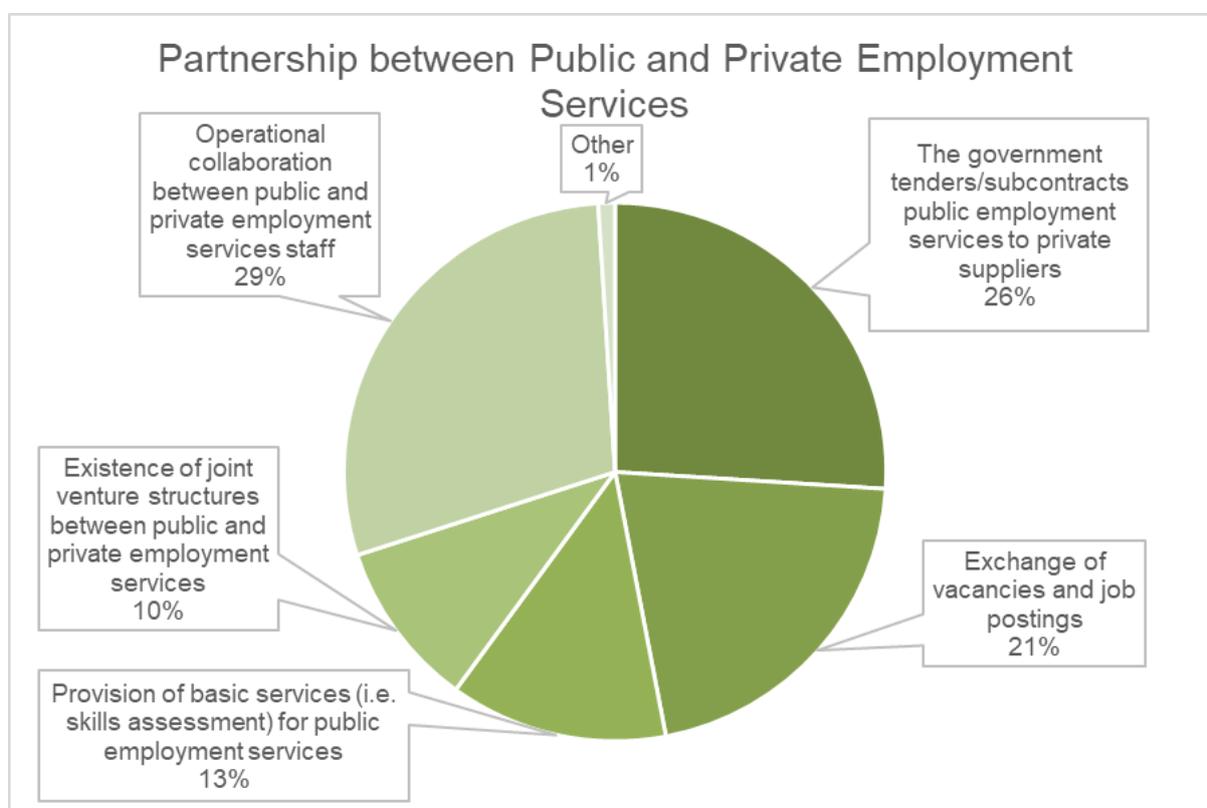
On the other hand, passive labour market policies (PLMPs), such as unemployment benefit, provide partial or full income support while someone is out of work or underemployed.

Both active and passive policies are important. A balance between the rights and responsibilities of job seekers should be struck in-so-far as passive means of support should be conditional upon individuals actively looking for work, including taking part in reasonable activation measures, as appropriate.



A longstanding structural reform agenda related to the activation function of employment services is to improve and, where needed, better structure the cooperation between Public Employment Services (PES) and Private Employment Services (PrES), with a view to strengthening at all levels the responsiveness of active labour market policies' matching function to changing employer demand. This agenda must be pursued steadily: effective cooperation between public and private employment services is a tool to deliver desired labour market outcomes. Furthermore, introduced reforms should provide for more labour with the right qualifications in particular in view of Europe's demographic challenges and changing skills demands.

Graph 1. Different areas of partnership between public and private employment services



Source: WEC 2019, Member Survey

Private employment services in Europe in the countries with developed forms of cooperation between public and private employment services (such as for example in the Netherlands and France) often centre around:

1. Anticipation of layoffs (and working with the employers before the layoffs)
2. Acceleration of redeployment
3. Digitalization / access of support measures entirely online (capability)
4. Lower the pressure on PES during crisis times (capacity)
5. Contribution to lower long-term unemployment.

It is worth noting that appropriate policy framework will facilitate effective job matching and social innovation. The figure below presents interplay between the conditions for a quality labour market matching and how it contributes to social innovation.



The policy framework: appropriate regulations and social innovation

<p>Quality Private Employment Services Legal recognition of PrES allowing for transparency and quality services to jobseekers and businesses:</p> <ul style="list-style-type: none"> ▪ Ratification and implementation of Convention 181 on Private Employment Agencies ▪ Abolishing unjustified restrictions to the use of agency work and private recruitment services ▪ Ensuring a level playing field for quality providers within and across borders ▪ Promoting PES / PrES partnership 	<p>Social Innovation An empowering environment for labour transitions through new ways of working, learning and social protection:</p> <ul style="list-style-type: none"> ▪ Contract neutral access to safety nets ▪ Portability of benefits built up across jobs, sectors and forms of work ▪ Ensuring skilling and employability ▪ 'Early warning': proactive career guidance and transition support 
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Source: WEC 2020, internal materials.

Public authorities have the key role when it comes to organising training activities for the unemployed and the inactive that are well targeted in view of where job openings and unfilled vacancies are. In this respect, new tools such as *Skills-OVATE: Skills Online Vacancy Analysis Tool for Europe* by Cedefop can provide relevant and precise information on skills intelligence which can be helpful in better targeting employment services in future - <https://www.cedefop.europa.eu/en/data-visualisations/skills-online-vacancies>

The recent Covid-19 crisis has led to a widespread use of “quasi-passive” labour market measures such as short-term work schemes, and financial transfers such as financing entirely or partly social security contributions. Introducing short-term emergency measures to mitigate the impact of Covid and keep people in employment is very important. At the same time, continuing reforms to modernise ALMPs and their provision is very important in the long-term perspective. At present, market services provision aims mainly at facilitating return to work and performing work in a secure way in the phase of recovery/“slow motion” due to the second wave of the Covid-19 pandemics across the EU.

The Covid-19 situation is different to pre-existing crises, therefore calls for design of tailor-made solutions. Tens of thousands of companies have suffered greatly due to the effects of the pandemic, resulting in layoffs and increased unemployment. Falls in hours worked were equivalent to 18 million full time jobs in Q3 2020. At the same time, millions of new and emerging jobs are being created¹, and this trend is likely to increase with the implementation of the Recovery and Resilience Facility. It is worth noting that during the crisis some innovative measures have been put into action. One of them - “Employment Bridge” - is described in the table on the next page.

¹ BusinessEurope (2020), *Economic Outlook Autumn*, pp. 7-8.



Table 1. “Employment Bridge” – PrES measure to mitigate the effect of the Covid-19 crisis and prevent unemployment

Over the last months the private employment industry has engaged in actions to build a secure and orderly pathway between companies that need to temporarily shed workers and find them work with organisations that urgently need to hire. This approach needs to be supported by policy markers because it is beneficial to employers and workers. Employers can reduce their payroll in a cost-effective way without the need to cover additional severance and separation costs. Additionally, they have the possibility to recall their workers when business starts to return to normal. Workers, on the other hand, have the opportunity to gain new experience and skills by working at another organisation. And under the terms of the agreement with the destination company, employees are guaranteed to earn comparable wages and benefits. As unemployment is expected to increase in the coming months, this kind of measures may act as a stabilizer on a rapidly changing labour market.

Appropriate ALMPs will be very important in the nearest future where significant lay offs and restructuring processes are likely to happen and the free movement of persons is still limited due to the persisting Covid-19 pandemics. When relevant, the ALMPs should take actions before someone becomes unemployed. In the current worsening economic conditions, and in the views of the limited resources, it would be desirable that PES focussed primarily on measures shortening unemployment spells, helping to find a new job, preventing the trap of long-term unemployment as well as on effective guidance for up skilling (if relevant to find a new job) and reskilling (if relevant) for existing jobs. ALMPs are also crucial to avoid growing disparity between teleworkable and non-teleworkable jobs. Necessary reflection should focus on such questions as which sectors will permanently be smaller after the crisis and which ones will grow. Only then appropriate ALMPs will ensure that resources go to the right sectors/businesses and help people move to sustainable employment opportunities rather than support “zombie” firms and obsolete jobs.

Policy context

The Joint Employment Report 2020 observes that ALMPs can increase the employment opportunities of jobseekers and improve labour market matching. In doing so, ALMPs can contribute to better employment outcomes and labour market functioning, while helping to reduce unemployment and benefit dependency². Their role is especially important to foster the integration of the long-term unemployed. PES are the main institutions in charge of supporting job search efforts of the unemployed and referring them to activation measures. European Members States have made different policy choices related to participation and investment in ALMPs. Moreover, effectiveness of PES in providing job search support is heterogeneous across and, sometimes, even within Member States. While majority of Member States have taken important steps to focus on the provision of individualised services, several Member States have scope to reinforce their ALMPs systems (12 Member States³ were encouraged to improve effectiveness of their ALMPs in the 2019 CSRs and 7 Member States⁴ in the CSRs 2020). The 2019 and 2020 CSRs remain valid for 2021.

² European Commission (2019) *Joint Employment Report 2020*, p.117.

³ Austria, Belgium, Cyprus, Czechia, Finland, France, Ireland, Italy, Luxembourg, Poland, Slovakia and Slovenia.

⁴ Belgium, Bulgaria, Croatia, Cyprus, Finland, Hungary and Lithuania, however, a reference to an important role of active labour market measures is also made for Czechia, France, Italy and Latvia.



The draft Joint Employment Report 2021 indicates that among existing ALMPs there is room to increase targeted outreach, to improve the quality of assessment done by PES and to strengthen cooperation with employers⁵. The suggested improvement as well as overall performance of PES can be assessed through Performance Benchmarking Indicators (eight quantitative indicators grouped under four sections). As such, the indicators aim at ensuring transparency and comparability on PES performance outcomes⁶.

Table 2. PES Network Performance Benchmarking Indicators

Performance Benchmarking Indicators
<p>1) Contribution to reducing unemployment for all age groups and for vulnerable groups:</p> <ul style="list-style-type: none"> ▶ Transition from unemployment into employment per age group, gender and qualification level, as a share of the stock of registered unemployed persons; ▶ Number of people leaving the PES unemployment records, as a share of registered unemployed persons.
<p>2) Contribution to reducing the duration of unemployment and reducing inactivity, so as to address long-term and structural unemployment, as well as social exclusion:</p> <ul style="list-style-type: none"> ▶ Transition into employment within, for example, 6 and 12 months of unemployment per age group, gender and qualification level, as a share of all PES register transitions into employment; ▶ Entries into a PES register of previously inactive persons, as a share of all entries into that PES register per age group and gender.
<p>3) Filling of vacancies (including through voluntary labour mobility):</p> <ul style="list-style-type: none"> ▶ Job vacancies filled; ▶ Answers to Eurostat's Labour Force Survey on the contribution of PES to the finding of the respondent's current job.
<p>4) Customer satisfaction with PES services:</p> <ul style="list-style-type: none"> ▶ Overall satisfaction of jobseekers; ▶ Overall satisfaction of employers.

Source: European Commission (2017), *PES Network Benchmarking Manual*, p.12

Given diversity of approaches to allocation of funding for social spending, Member States would benefit from mutual learning to achieve more cost-effective labour market policies. It is worth noting that spending on labour market services and measures is not directly linked with unemployment levels, however, long-term unemployment rate remains a good proxy of the effectiveness of ALMPs.

Member States make various decisions concerning allocation of available funds to ALMPs and PLMPs. A simplistic answer would be to push for shifting public spending from financing PLMPs to ALMPs.

⁵ European Commission (2020), *Proposal for a Joint Employment Report 2021*, p.80.

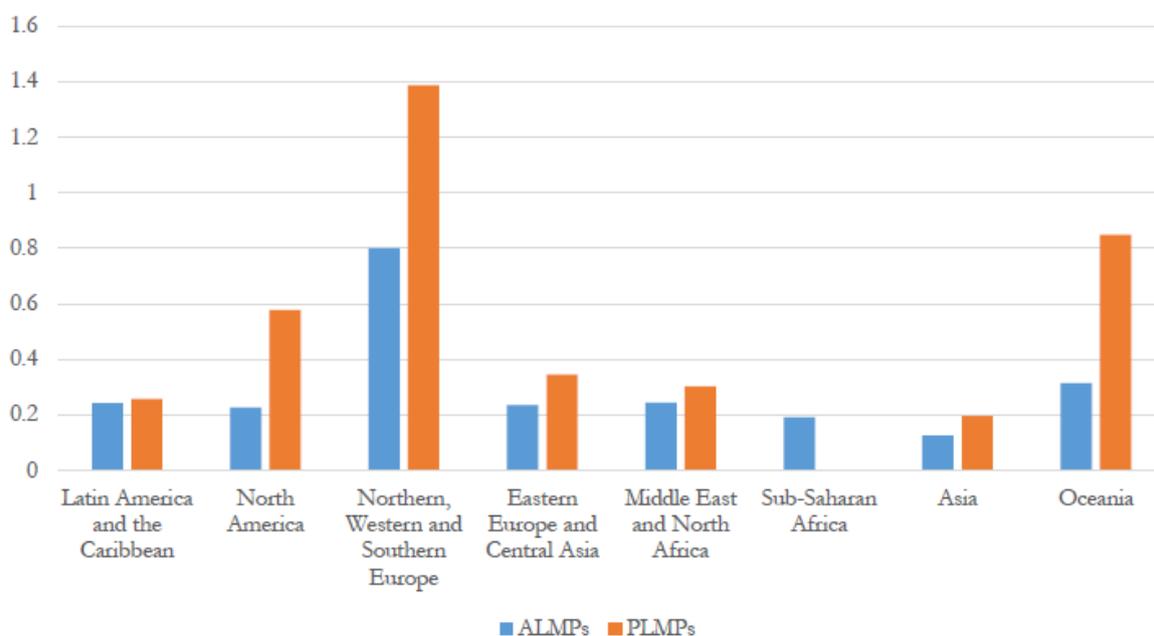
⁶ European Commission (2017), *PES Network Benchmarking Manual*, p.12.



However, the evidence showed that countries implementing this strategy - shift from PLMPs to active interventions – did not automatically improve their labour market performance. This finding suggests that active and passive policies should be seen as two essential components of a broader social protection system⁷. Following on this assumption, the recent ILO study proves that spending in passive labour market policies can have positive labour market effects such as decreasing unemployment and increasing employment rates, on the condition that sufficient amounts are spent in active interventions⁸.

The figures below are taken from the ILO paper on active and passive labour market policies⁹.

Figure 1: Average spending in ALMPs and PLMPs across regions



Note: Authors' calculations based on different data sources as reported in Section 2.

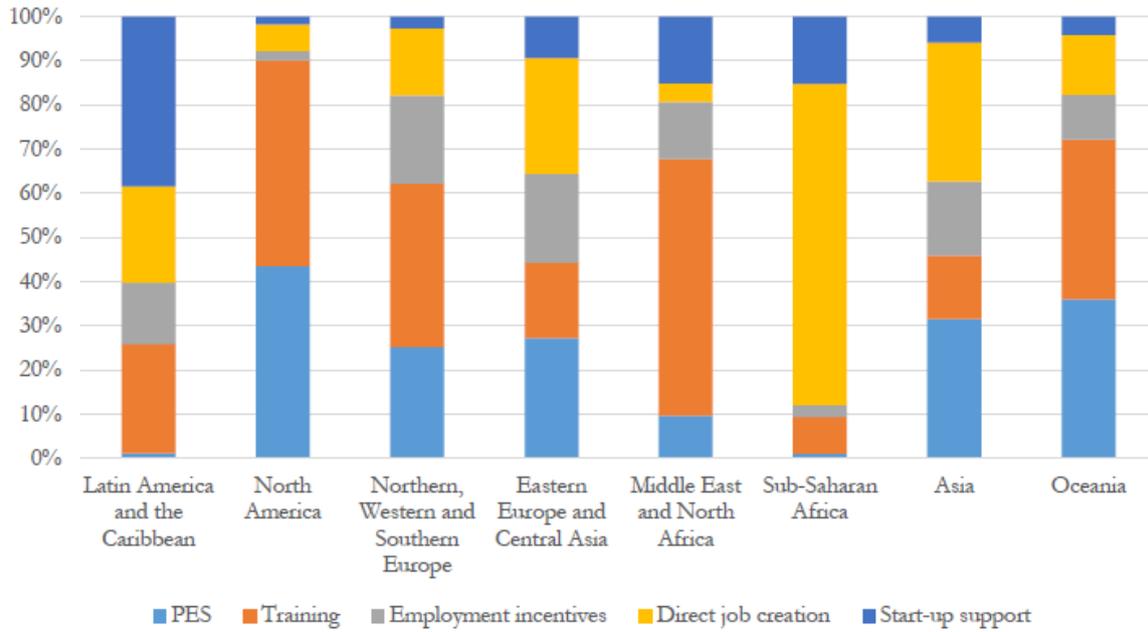
⁷ ILO (2012), *Social Security for All. Building Social Protection Floors and Comprehensive Social Security Systems*, Geneva.

⁸ C. Pignatti, E. Van Belle (2018), *Better together: Active and passive labour market policies in developed and developing economies*, ILO Working Paper No 37, Geneva.

⁹ Figure from the above-mentioned ILO paper presenting the effect on additional unit spending on ALMPs (PLMPs) given spending on PLMP scan be found in Annex.

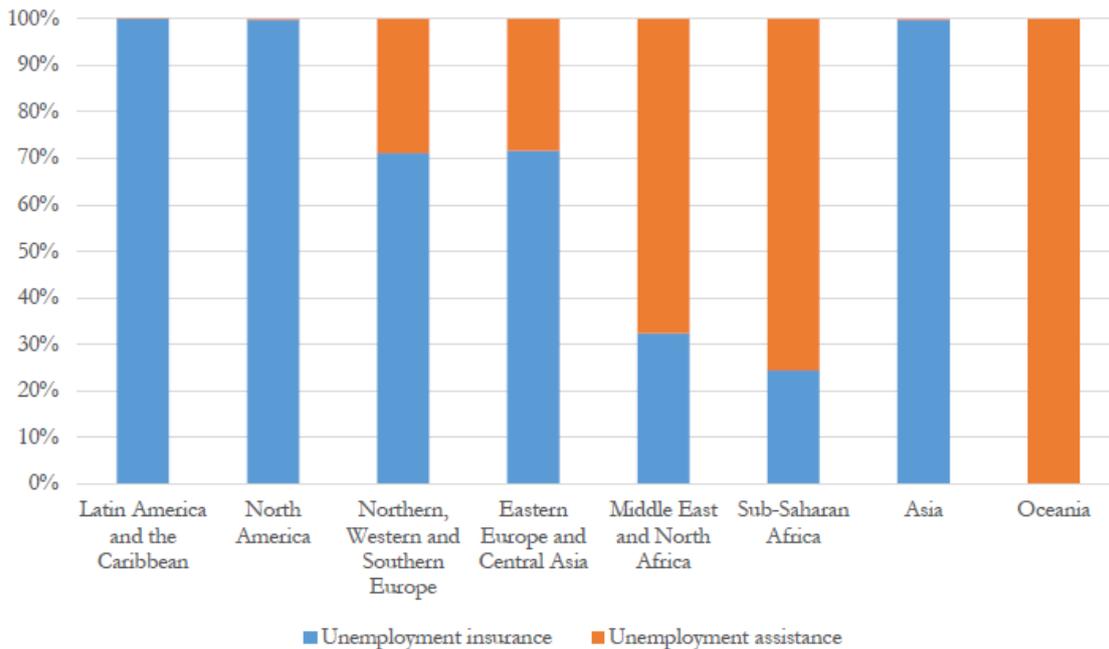


Figure 2: Distribution of spending in ALMPs by type of intervention



Note: Authors' calculations based on different data sources as reported in Section 2.

Figure 3: Distribution of spending in PLMPs by type of intervention





The importance of activating the inactive has a growing role¹⁰. This group is not a traditional target group for PES, but in the light of persisting labour market shortages this pool of potential workforce cannot be ignored. The evidence shows that one in four working age people is inactive and the rate of inactivity varies significantly across the EU (from 17% in Sweden to 34% in Italy¹¹). “Activation potential” is correlated with the attachment to the labour market of different sub-groups of the inactive: prime age women often with caring duties represent the largest number of inactive willing to work (32%)¹² followed by prime age men with health problems or disabilities. Reaching out to this group is challenging, therefore it is necessary to establish a framework for PES cooperation with other institutions, i.e. social security organisations or NGOs active in the inclusion area, women and migrant organisations etc.

Aligning social protection schemes (i.e. introducing conditionality of social benefits) with PES activation efforts is a pre-condition of their effectiveness. Last but not least, all involved in the activation process need to concentrate on “work ability” of an individual rather than his/her incapacity or barriers to work. A good example of this shift of paradigm is work ability reform in Estonia, where in 2016 PES have taken over the workability assessment of disable people from social security organisations¹³.

Well functioning labour markets make use of diverse employment contracts and relations. Such options as temporary employment contracts, self-employment or part-time employment are examples of employment relationships that can meet the needs of companies and workers. They enlarge the pool of potential workers by candidates from such groups as women or men with caring duties, people with disabilities, the low skilled who want to combine employment with further education or older workers often not interested in full-time work or want to be self-employed and be their “own boss”. It is also important to understand that availability of diverse forms of employment are important to maximise employment opportunities created by employers, keeping in mind that it is not always possible or a suitable solution for employers to create full-time indefinite duration employment opportunities. The use of diverse employment contracts and relations is the best defined at the national level as it needs to mirror national labour market specificities as well as social dialogue practices. Social partners have an important role to play to combine in the best possible way economic and labour market efficiency with social fairness. Additionally, diverse work contracts and employment relations will become even more important in the recovery phase (...or potential “mini-recovery” phases between the following waves of pandemics) as capacity of businesses to create jobs is likely to be weak after the spring lockdown and the current wave of pandemics.

The situation has changed significantly with the outbreak of the Covid-19 pandemics in March 2020. Across the EU, the ALMPs were adapted to the situation of the lockdown, and public employment services (PES) started to operate in an emergency mode. Majority (35%) of introduced measures were to support business afloat, followed by protecting income

¹⁰ European Network of PES, (2020) *Activating of the Inactive: PES initiatives to support activation of inactive groups*.

¹¹ Inactivity rate over 30% can be also found in Croatia, Romania, Greece and Belgium.

¹² Women are often in a trap of “forced” inactivity. As a result, flanking measures such as affordable and available childcare or care provisions for elderly become a precondition for their labour market participation.

¹³ European Network of PES, *Activating of the Inactive...* p. 17.



(close to 20%) beyond short-term work schemes (STWS) and protection of employment (some 13%, where around 10% were STWS)¹⁴.

The main **policy responses to the crisis** have been:

- Channelling income compensation
- Reducing the risk of more job losses
 - STWS: expanding their coverage and/or relaxing eligibility criteria
 - Supported recruitment in essential sectors: dedicated job-matching services mainly via web-based system
 - Organised temporary mobility of workers between different enterprises across sectors
 - Strengthening employability to maintain labour market attachment: reinforcing support for target groups in need of improving and/or acquiring digital skills, for example digital technology used to ease access to free skills training, online learning tools and resources

The main **policy implications for the return to work and recovery phase** are:

- PES need to tap opportunities to improve cost effectiveness, notably by providing services via technology-based delivery channels
 - Investment in service digitalisation is a priority
 - PES should be inclusive, i.e. adapting their service offer in response to employers' needs, shaping structured cooperation with PrES on employment services delivery
 - PES mandate should be expanded to prevention (job retention/temporary mobility between different enterprises/support for employers) and early intervention (NEET youth, before unemployment)
- Short-term work schemes (STWS) should be gradually replaced with effective ALMPs
- ALMPs and social protection should be designed in an integrated way.

It is worth noting that both PES and PrES need to scale up their capacities to make larger use of digital sources without giving up standard in-person meetings with people with weaker digital skills¹⁵ Progress is needed towards better use of measures and instruments (such as rating and profiling instruments), to improve efficiency and ensure that the important resources dedicated to ALMPs are used with positive return on investment in terms of employment outcomes.

¹⁴ ILO (2020), *COVID-19: Public employment services and labour market policy responses*, Geneva (https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_753404.pdf)

¹⁵ OECD (2020), *Employment Outlook 2020: Worker Security and the Covid-19 crisis*, Paris.



National ALMPs-related examples

Ireland – Effective governance of ALMPs

Ireland's Labour Market Council remains a good example of how labour market experts, trade unions and industry leaders can work together to deliver effective and efficient ALMPs. The Council provides input on where labour market activation should be focused as a result of COVID as well as to the government's 'Pathways to Work' programme, which is targeted towards helping unemployed people into work. This programme, combined with a general economy recovery, helped to reduce the long-term unemployment rate from over 9% in 2012 to 5% in 2015; and to reduce the youth unemployment rate from over 30% in 2012 to a little over 19% in 2016.

In total, up to €2.2 billion will be spent on employment and activation programmes in Ireland in 2021 primarily by the Department of Social Protection and the Department of Further and Higher Education. New measures have been developed and introduced aimed at subsidising employment, developing work experience opportunities and enhancing the supports and services available to people who may wish to seek to expand their skillset and avail of education, training and employment supports. In addition:

- Funding has been given to enhance the capacity of Job Search Advice and Assistance through an expanded Public Employment Service
- A new funded work experience placement programme is being developed to provide work experience for up to 10,000 jobseekers, of any age, who have been unemployed for more than six months
- Under the JobsPlus Scheme employers receive a recruitment subsidy, paid over two years, of between €7,500 and €10,000 for each person that they recruit from the Live Register.
- The number of places on State Employment Schemes (schemes that provide long term unemployed people with an opportunity to work part-time in their community and acquire work experience and skills while receiving an additional payment on top of their normal jobseeker payment) is being increased by 3,000
- The Department of Further and Higher Education is investing significantly in over 35,000 new places on programmes for unemployed jobseekers. Also jobseekers are being directly supported to access short duration training programmes by increasing the value of the grant it pays to jobseekers to take up a short employment focussed course from €500 to €1,000. This is estimated to benefit at least 12,000 jobseekers in 2021. A new €1,000 training grant per person is also being introduced to help people with disabilities access training through the Employability service.

Czech Republic - New Employment policy strategic framework 2030

In August 2020 the Czech Government adopted a new Framework of the Employment policy 2030. In 2030 the Czech labour market based on a cooperative and effective public employment service should be able to react on global trends and ensure both a decent work for the citizens and sufficient labour force matching needs of the economy. The Strategic frame is based on 4 pillars: 1) Anticipation and enforcement of the preventive measures on



the labour market, 2) individualisation and more tailored made measures, 3) Adaptation of all actors on the labour market changing conditions (particularly industry 4:0), 4) efficiency base on services using new technological procedures and networks. A part of this strategic framework is ALMP supporting firstly creation of the new jobs particularly for the groups that are furthest from the labour market, secondly providing consulting services and reskilling. The social partners were consulted and involved in the process.

Italy – European youth guarantee brought about a cultural change in PES functioning, but today urgent reform of the Italian ALMPs is needed

A few years ago, the implementation of the Youth Guarantee scheme by the PES at the regional level has played a key role in bringing about a cultural change in the way in which PES provide support to people (young and adults) getting into work. This has led to PES becoming more active in taking contact with companies to learn what their needs are and how the activation and support measures could be better organised to address those needs. With the outbreak of the Covid crisis, the reform of the labour market policies has become urgent in Italy. This requires a transition to a new system of labour market policies, which urges reforms to support and reinforce ALMPs, through the strengthening of training, reskilling, and outplacement paths for unemployed persons and for workers involved in company crises, with clear consequences on their employment situation. In this context, it is necessary to integrate the private system of the Employment Agencies - which are better placed to identify the specific needs of companies, thus allowing an effective matching of demand and offer of employment - with the PES. An additional action required in this context should be a deep revision of the law providing the minimum income (so called *reddito di cittadinanza*) so as to allow the recovering of financial resources to be allocated to ALMPs.

Sweden – Reforming PES to enhance job matching

The Swedish public employment system is undergoing a significant change. A more cost-effective and results-oriented system for job matching will be put in place in the course of 2022. Private providers already operate based on a payment-by-results scheme. Approximately 30 000 job seekers are enrolled in the program. A rating-system – based on four stars - is in place to measure job performance. The Swedish National audit office has recently assessed this system as appropriate and well functioning. The government will increase volumes and resources in this system; approximately 3 billion Swedish crowns will be available during 2021 and 2022. At the same time, an even more “aggressive” payment-by-results scheme is underway in a pilot-scheme in 30 municipalities. Finally, the instrument to monitor job seekers’ activation is being centralized.

Spain – Youth Employment Shock Plan 2019-2021 and Plan ReincorporaT 2019-2021

- Youth Employment Shock Plan 2019-2021

The Youth Employment Shock Plan focuses on two transversal dimensions: the promotion of specific actions for the incorporation of young people into the labour market and the promotion of the preventive nature of the actions of the PES, social partners and other social entities, to identify risk factors and vulnerability to employment among young people.

The Shock Plan has the following objectives: 1/ to improve competitiveness of the Spanish economy and support job creation in sectors with high added value; 2/ to strengthen the commitment to comprehensive training and qualifications of young people, providing



professional skills to young people with low qualifications, taking care of young people in rural areas and strengthening the role of the PES; 3/ to develop initiatives to return to school, to support training in strategic skills, dual vocational training, employment with rights, youth entrepreneurship.

The Plan encompasses fifty measures, divided into six areas. It is module-based so it is possible to allow for their combination and adjustment to each profile and to the existing needs in terms of labour insertion. The Youth Employment Shock Plan 2019-2021 has been drawn up in collaboration with the Autonomous Communities and the most representative trade union and business organisations have been consulted.

- Plan ReincorporaT 2019-2021

This is a three-year plan to prevent and reduce long-term unemployment.

The Plan focuses on the promotion of specific actions for the incorporation of the long-term unemployed into the labour market and on the promotion of the preventive nature of the actions of the Public Employment Services, social partners and other social entities, in order to identify risk factors and vulnerability to employment among the unemployed.

It includes 63 measures that aim, among others, to support sustainable growth and job creation, to re-insert long-term unemployed into the labour market, to integrate excluded and especially vulnerable people into the labour market as well as to improve analysis of employability to ensure appropriate support for individuals deciding between staying on the labour market and leaving it definitively (for example due to retirement).

The three-year plan to prevent and reduce long-term unemployment 2019-2021 has been drawn up in collaboration with other Ministries, the High Commissioner for the Demographic Challenge, the Spanish Federation of Municipalities and Provinces, the Autonomous Communities and the most representative trade union and business organisations have been consulted.

Germany – “Express” digitalization of the German Federal Employment Agency during the Covid-19 crisis

Intervention capability and innovation are the two main contributions of BA-IT to ensure that millions of companies and citizens receive services and cash benefits promptly during the Covid-19 pandemics. BA-IT benefits from the fact that it has laid important IT-architectural foundations with its digital transformation in recent years. Since the beginning of the Corona crisis, these have now made possible scaling and making flexible IT capacities in such a way that BA-employees in changing areas of responsibility can process applications and customer concerns promptly. A kind of “express digitalisation” was made possible that would not have been realistic under normal circumstances in this form and time density.



EU level context and the way forward

The economic and labour market consequences of the Covid-19 crisis will be much more serious than the ones of the 2008-2009 financial crisis. The European Commission has already predicted in its Economic Forecast for Spring 2020 a steep rise in EU unemployment levels from 3.7% in 2019 to 9,2% in 2020, with effects persisting in 2021. The situation may turn worse than this¹⁶. In this context it is of the utmost importance to showcase national best practices/working solutions via benchmarking system and facilitate learning between Member States. National recovery plans include necessary ALMPs reforms and should be their implementations should be carefully assessed against the defined objectives. The allocation of funds from the Recovery and Resilience Facility (RRF) should be made conditional upon reform realization. National social partners should be involved in the process of designing and implementing necessary reforms as they are ones that know realities on the ground (at the company, local, regional, and national levels).

Benchmarking and benchlearning

At the EU level a benchmarking framework on unemployment benefits and ALMPs has been developed in the Council's Employment Committee (EMCO) and Social Protection Committee (SPC). This was used for the first time in the 2018 European Semester and concerned a comparative analysis of specific design features and performance of unemployment benefit systems, notably as concerns eligibility and adequacy aspects. The analysis was included in the 2018 Joint Employment Report and Country Reports. This exercise was continued in the 2019 Joint Employment Report.

In 2015 PES Network put into practice the concept of benchlearning, which integrates benchmarking and mutual learning. Benchlearning is to support national PES institutions in improving their own performance through a structured and systematic reflection on their performance against the performance of other PES and through institutional learning from peers.

- We assess benchlearning as highly useful and would be interested to **organise a dedicated forum between the PES network and the European social partners**, based on the currently used indicators, to improve the existing benchlearning framework by making it more closely connected to employers' and workers' needs.

National recovery plans and the EU funds allocation

The 2021 Annual Sustainable Growth Strategy (ASGS) published in September 2020 is a strategic guidance on implementation of the Recovery and Resilience Facility (RRF). The European Semester 2021 cycle starts with the publication of ASGS 2021. Since the deadlines within the European Semester and the RRF overlap, the European Semester will be temporarily adapted. National Reform Programme and national recovery and resilience plan are to be submitted in a single document. The deadline is 30 April 2021, however, Member States are encouraged to send draft plans as soon as possible. The implementation of reforms will be monitored on the basis of the 2019 and 2020 CSRs. Member States should provide a detailed explanation of how the country-specific recommendations from 2019 and 2020 which have not been assessed by the Commission as having been implemented

¹⁶ See, for example: OECD Employment Outlook, European Economic Forecast Summer 2020, or ILO World Employment and Social Outlook 2020.



satisfactorily, are addressed by the proposed measures, with any prioritisation of CSRs properly justified.

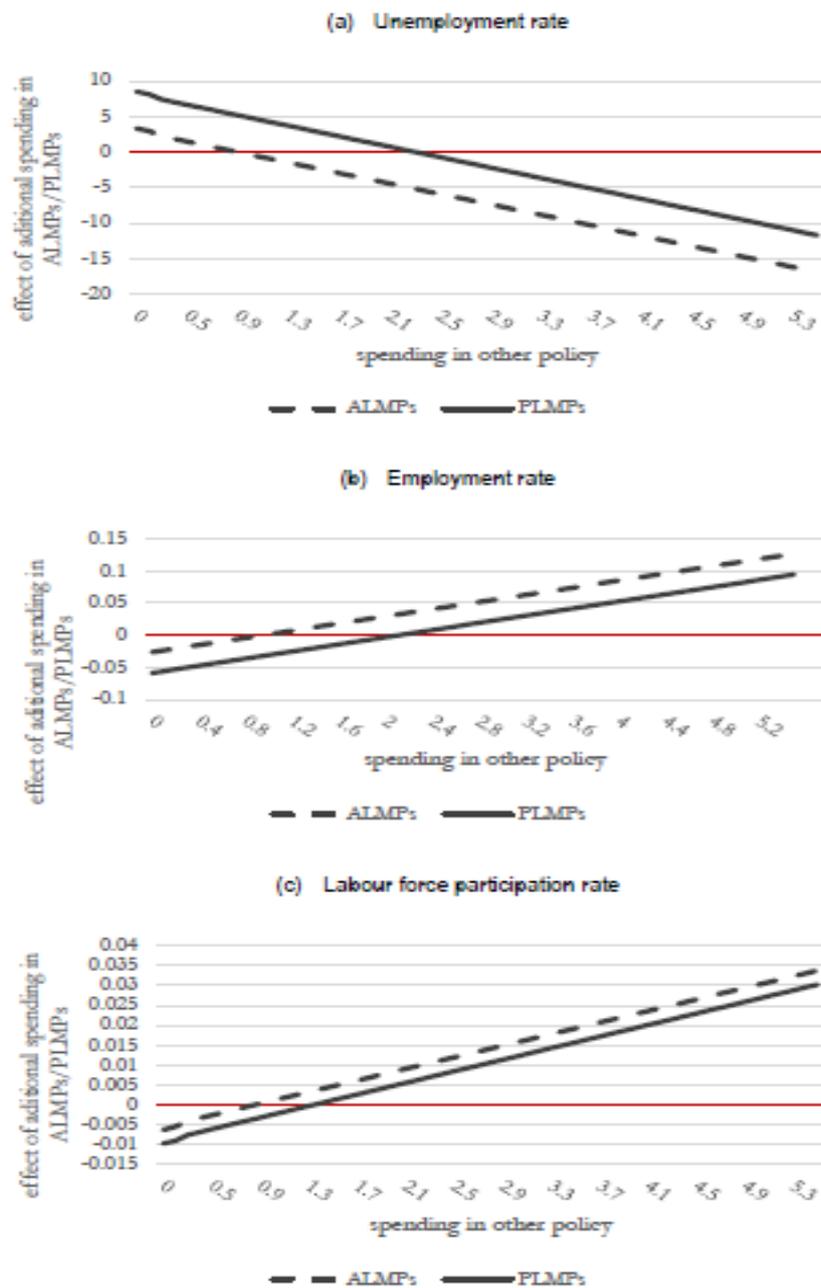
- National recovery plans should include concrete proposals (including both financial and non-financial aspects) on implementing necessary reforms related to ALMPs provisions, they should include qualitative targets and objectively verifiable milestones to monitor progress and effectiveness of the undertaken reforms
- Member States should make the necessary investments to speed up the digitalisation of PES services, and improve service orientation and clarity of processes and avoid to create unnecessary red tape for employers;
- Member States should fully involve the national social partners, both for the design and implementation of their national recovery and resilience plans, and the Commission should take action where needed to make sure that this is the case.

Annex 1: Relation between additional spending on ALMPs (PLMPs) and spending on PLMPs



Annex 1:

Figure 5: The effect of one additional unit spending on ALMPs (PLMPs) given spending on PLMPs



Note. Interaction effects as described in Section 4. The presented statistics are coefficient estimates for the panel model outlined in Section 3.