



## Effective ALMP are evidence-based and forward-looking, focus on prevention and long-term inclusion/empowerment of (potentially) unemployed

Besides ensuring high-quality of the education/training system, the ALMP is the main mechanism of support to individuals, whose jobs might be or have been displaced following technology adoption. Typically, job displacement, associated with technological transformation, does not affect the general approach of the ALMP in a region/country or its measures, as, regardless of the cause of unemployment, they should effectively support re-employment of people, if they are designed accounting for current and future labour market needs. However, technology-induced job displacement has certainly increased the focus on education/training activities, in general, and on digital skills programmes, in particular.

Overall, the composition of the ALMP instruments is quite standard across all regions, including the following:

1. Job search assistance and career counselling;
2. Education and training;
3. Private sector incentives (e.g., wage subsidies, subsidies for self-employment/entrepreneurship);
4. Public works.

In addition, most ALMP include initiatives for most vulnerable target groups. The first instrument (i.e., job search assistance and career counselling) are considered effective, but do not directly lead to employment. The education and training are the most effective and widely adopted instrument. The private sector incentives include a broad range of measures that focus on market interventions and, depending on their design, might be effective in reducing unemployment in short-term, but not in medium/long-term. Lastly, the public works are considered not effective, as typically they imply the creation of low-skilled jobs that discourage personal/professional development, do not serve the needs of the economy.

Based on the analysis of ALMP approaches and instruments across the examined regions, the most effective are characterised by the following:

1. Address all three effects associated with technological transformation on the labour market simultaneously (i.e., job creation, job displacement, job transformation);
2. Accounts for both current and future labour market needs. In other words, they are evidence-based and forward-looking;
3. Have a strong focus on prevention rather reactive measures, thereby targeting individuals at risk of unemployment, and also supporting the unemployed and currently employed;



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4. Comprise a comprehensive package of instruments that targets individuals at different skills levels and with different needs, thereby providing a personalised, assessment-based approach that targets barriers of individuals.

The first characteristic makes it difficult to place an ALMP instrument into one category (i.e., as an instrument for job displacement or for job transformation). The “Outplacement Project”, designed in the Czech Republic, is a good illustration of this, as it has been successfully preventing unemployment and supporting employers and employees during job transformation.

In 2020, the Czech Republic has launched the “Outplacement Project” to support individuals at risk of unemployment, particularly in cases where their companies undergo structural, technological transformations which are likely to lead to mass layoffs. The Project helps workers to find a new job during their notice period or in case their employment is threatened. Thus, laid-off employees have a chance to get re-training and to find a new job even before the end of the current employment relationship.<sup>1</sup>

The Project provides the package of the measures:

- Employers receive counselling on how to arrange the process of contract termination and/or training;
- The PES encourage employees to get support through the Project;
- Employees are offered trainings in the field of labour law, financial literacy and soft skills to enhance these essential skills. The training courses are provided immediately once an employee joins the Project, even during current employment;
- Training activities are offered, according to individual requirements and relevance for the labour market;
- Employment mediation will be offered to resolve disputes;
- Accompanying measures will be launched to stimulate retraining and employment. Such measures may include reimbursement of travel expenses, childcare services.

Employers also benefit from the Project, as workers can be retrained for another position at a low or no cost. In case companies decide to hire more employees following participation in the Project, the PES can contribute to their wages. More details on benefits for employers are provided below:<sup>2</sup>

- The team of the PES visits the employer's workplace to encourage employees to join the Project;

<sup>1</sup> <https://www.uradprace.cz/web/cz/outplacement-out->

<sup>2</sup> <https://www.uradprace.cz/web/cz/-/outplacement>



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- Support with planning re-training and providing employee upskilling/reskilling;
- Up to 100% coverage of employee salary for the duration of training;
- Contribution to the training costs of employees, up to 85%;
- Contribution to the wages of new employees, a maximum of CZK 15,000 per month for up to 9 months.

The Project has been very successful, due to its comprehensive support to both employers and employees. It has encouraged training, offered support to employers and employees on how to organise upskilling/reskilling and reduced costs, and mediated all processes to reduce social tensions. In addition, the Project has encouraged social responsibility of the employers and collaboration between PES, employers and employees.

The project, described above, also stresses importance of personalised, assessment-based support provided by the PES to the unemployed individuals. Similarly, the programme “EMPREGO + DIGITAL”, launched in Portugal, targets has a tailored approach and seeks to address all three labour market effects, associated with technological transformation.

The first pilot of the programme “EMPREGO + DIGITAL” was a public-private partnership in Portugal between the PES (IEFP) and the industry’s association (CIP), and aimed to provide training to employed workers, adjusting the training to the needs identified by each employer (e.g., digital collaborative tools, e-commerce, cybersecurity). The pilot, which lasted until 2022, covered 28 thousand workers, and is now targeting to reach 200 thousand workers until 2025.

The main value-added of the architecture of this training relies on the absence of one-size-fits-all curriculum. Instead, firms are invited to identify their needs in digital skills (which can be basic or advanced ICT skills), and once there is a minimum number of firms requiring a particular training to their workers, IEFP offers it. This programme constitutes the main public response in the prevention of technological-driven job displacement and, simultaneously, job transformation and job creation, as it allows in-job upskilling while contributing to technological/digital transition in organisations. The customized trainings, adapted to groups of firms that report certain needs, have proved to be successful.

Besides focusing on prevention and on adoption of a personalised approach to learning activities, it is essential that education/training programmes are in line with the economic/industrial policies and are addressing the skills needs of the future. Hence, they should be designed, based on findings from research/forecasting models.

The degree study allowance is available in Estonia to fund vocational, professional higher education or bachelor’s degree courses. The allowance is aimed at both employed and



unemployed persons who face challenges finding employment or are at risk of losing their job due to outdated skills. Generally, the requirements for applicants consider the level of education attainment and/or the time since they graduated. Applicants must meet one of these conditions:

- The applicant does not have a degree from professional or vocational education and it has been at least 5 years since they obtained education or dropped out of education;
- The applicant has gained their profession or higher education degree more than 15 years ago;
- The applicant cannot continue working in their current position, due to their health.

The degree study allowance has been considered an effective instrument to prevent or mitigate unemployment, due to the following reasons:

- The instrument supports adult learning among population groups that have poor employment prospects;
- The instrument provides long-term, comprehensive training that enables significant upskilling/reskilling;
- The measure supports specific study programmes that are selected based on forecasted skill demand by OSKA (with the exception to people facing work challenges due to their health – they are allowed to choose programmes that allows them to remain employed);
- As of 2022, beneficiaries receive a monthly allowance of EUR 292 for their studies to partially cover living/training expenses and ensure commitment to training.

The discussions with the stakeholders revealed that, despite the ALMP should focus on the development of most relevant skills for the current labour market and for the future of work, the vulnerable groups might require longer or different learning pathways. This is associated with the fact that they often lack basic skills, have learning difficulties or other constraints (e.g., childcare, health conditions, cultural barriers). In such cases, the PES should support individuals in the development of tailored education and professional plans and be sensitive to their needs.

In addition, the vulnerable individuals should be supported through a more comprehensive and coherent package of support instruments. Typically, the vulnerable groups have many (individual, structural) barriers that prevent them from being re-employed. Thus, ALMP measures should remove as many of these fundamental barriers as possible, involve a broader set of institutions that could address needs of such individuals. Below are provided two



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illustrations of effective additional support mechanisms for two vulnerable groups – youth from disadvantaged backgrounds and the unemployed from rural areas.

InDaHouse Hungary Association is a grassroots organisation that works with disadvantaged, mainly Roma, children starting from the age of 5. With the help of volunteers, the Association provides education services to vulnerable children until they become “responsible and self-fulfilling adults”.

The Association has been enrolled in the Second Chance Education Programme in Hungary. The programme is implemented during the school year, on the weekends. It offers individual and group development sessions at school, in combination with individual early childhood development sessions in the families’ homes. The sessions focus on bettering the children’s self-awareness and self-confidence, learning to deal with negative feedback that children face in education institutions.

Additionally, the Association transports children to and from schools to encourage employability among parents. It is also an active employer in the communities and a social enterprise that offers its facilities as a guesthouse.

Among the success factors of the InDaHouse Hungary and of the Second Chance Education Programme in which it has been involved are the following:

- Long-term and individualised support is offered to children/students from disadvantaged backgrounds;
- The programme focuses on empowerment of children, as it aims to provide skills that will support their experience in education institutions and in places of work;
- The programme actively engages with local communities and brings awareness to families on the long-term benefits of education. Thus, it focuses on long-term relationship building to affect the local culture.

In Latvia, the regional mobility support is available to the unemployed to reach workplaces or trainings during all training period or first 4 months if a person starts labour relations. The location of work/training should be at least 15 km and not more than 110 km from a declared residence place. The support partially covers transportation and/or living costs (up to EUR 150 per month for rent and EUR 7 per day for transportation). An exact amount of support depends on real costs of transportation or living, based on submitted expenses.

Currently, 50% of the unemployed in Latvia that undergo training use the regional mobility support. Such measure is effective in the contexts of limited local training/employment opportunities. It partially covers costs to motivate participation in education/training and to ensure that support is valued, as personal resources also are invested. In addition, the



measure helps to develop a habit of travelling to work or training, especially for the long-term unemployed.

In essence, the difference between the effective and not effective ALMP approaches in the examined regions could be reflected in the difference between two concepts: inclusion and empowerment. While inclusion in the current framework implies participation on the labour market, empowerment aims to limit or tackle vulnerability itself. The successful ALMP approaches and instruments focus on ensuring long-term rather short-term inclusion/employability of an individual and their well-being. This, in most cases, incurs higher costs. However, in cases where individuals are obliged or, in absence of adequate social protection, have to take the first possible job offer it is more likely to result in skills mismatches, lower productivity and lower job satisfaction. A good illustration of this is the Danish “work-first” system, where the focus of the ALMPs is no longer on training of the unemployed, but on a rapid return to the world of work. The Danish people might face punitive measures if they do not accept a job offer while claiming unemployment benefits, regardless of the type of job offered. While such system decreases unemployment, it may lead to skill mismatches and put the burden of training on employers.

The discussions with the policymakers highlighted that many ALMP measures have been designed and implemented to support the unemployed individuals. However, the policymakers rarely perform evaluations and impact assessments of such measures. This prevents learning about good practices, understanding why they have succeeded and improving the future design and implementation of these measures. In this context, many interviewees appreciated that the EU-funded programmes are typically evaluated, therefore it is possible to learn from them, and highlighted the need for accessibility to a larger database of good policy practices.

SMARTLY is the initiative, launched in 2021, to strengthen the employability of youths while ensuring that Public Employment Services across Europe enhance the strengths of individuals that are not in education, employment or training (NEETs) to meet the needs of the labour market for the Green and Digital Sectors.<sup>3</sup>

The initiative stimulates the development of digital and green skills of youth in eight European countries – Malta, Croatia, Cyprus, Poland, Italy, France, and Luxembourg. In Malta, the initiative has been considered very successful and attracted over 100 participants per year. The success factors of the initiative include:

<sup>3</sup> <https://www.smartlyproject.eu/>



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- Dual focus – reducing NEET and stimulating innovative job creation that will support strategic policy objectives (i.e., Twin transition);
- Long-term vision – the initiative focuses on upskilling in sectors that will secure employment of youth in the long run;
- Learning through collaboration – the initiative has been launched across several EU Member States, which allows to learn best practices, compare and draw lessons on effective implementation of the initiative.