

ANNEX I

Insights into public employment services, labor market policies and support in Europe and OECD countries

SYNTHESIS

A review of the literature on public employment services, labor market policies, and coaching reveals the following key points:

- Public employment services are more or less complex ecosystems that are regulated at the international (ILO), European and national levels;
- **The French ecosystem is one of those that involves the most players** due to the multiplicity of local players, associations and the significant use of private companies;
- **PES in each country is the result of a particular history and context.** France is characterized by a low unionization rate, a high level of conflict, and is the country in the sample with the lowest GDP per capita, ahead of only Spain;
- **France is one of the countries with the highest public spending in the social field** (31% of GDP compared to 25% in Germany), along with Denmark and Belgium. It has good results in the fight against poverty and the scarcity of the working poor, which distinguishes it from Germany in particular;
- France has an intermediate unemployment rate between Denmark, Germany and Flanders, where it is very low, and Spain, where it remains high, and its situation is close to that of Sweden; unemployment benefits are rather more generous, especially since income tax is very progressive in France. Finally, the ceilings for benefits are higher than those of our partners;
- **France is the country with the highest ratio of passive (unemployment compensation) to active (job-seeker activation) spending in the sample (3.9 versus 2.7 in Germany and 0.6 in Denmark and Sweden);**
- **PES benefit from significant public resources, but the scope of beneficiaries varies greatly: more than 5 million people in France compared to less than half in Germany. Thus, Germany comes out on top in terms of expenditure per person wanting to work (€3,150), followed by Denmark and Belgium (€2,300), then France and Sweden (€1,300) and finally Spain (less than €400);**
- **France is the only country studied by the mission in which the minimum income is not paid upon reaching the age of majority** and is characterized by the low level of expenditure on compensation for the disabled, unlike Denmark, where this item is high and contributes to reducing the number of unemployed;
- **all the countries studied have a counterpart agency to Pôle emploi, but its scope is more or less important:** it does not always include unemployment compensation, especially in the northern countries (Denmark, Sweden, Flanders, Catalonia), but is sometimes much more extensive, as in Germany (family allowances, minimum social benefits and guidance for young people). **The communes** (much larger than in France) **or the inter-municipalities/boroughs often play a major local role. Apart from Catalonia and Flanders, the regions play a limited role in the countries studied, even the Länder in Germany;**
- **France is the country where the number of counters is the most important compared to the other countries studied;**
- **the impact of PES on the level of unemployment is difficult to quantify.** Its role in accompanying structural reforms is probably the most important;

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- **Major labor market policy reforms, including PES reforms, have taken place in most of the countries under review, especially when these countries were experiencing high unemployment rates.** In particular, the Danish PES reform in 1994, which increased the activation effort for job seekers in exchange for a reduction in the conditions for granting benefits to the unemployed, and the Hartz reforms in Germany in the early 2000s, reduced unemployment in these countries from over 10% to around 5% in a few years.

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1. PES are important institutions in the labor market

1.1. PES are labour market institutions that are recognized at the international, European and national levels

1.1.1. Several international labour standards are dedicated to PES

Three international labor standards, conventions negotiated within the framework of the ILO, have over the years laid down the principles for the creation, organization and operation of PES.

The role of PES was recognized as early as 1948 by ILO **Convention No. 88**, ratified by France in 1952. This Convention provides in particular that: *"Each Member of the International Labour Organization for which this Convention is in force shall maintain or ensure the maintenance of a free public employment service"* and that *"the essential task of the employment service shall be to achieve, in cooperation, where appropriate, with other interested public and private bodies, the best possible organization of the labour market as an integral part of the national programme for securing and maintaining full employment and for developing and utilizing productive resources"*. Convention No. 88 also provides that: *"The employment service shall consist of a national system of employment offices under the control of a national authority."*

92 states, including France (i.e. half of the UN member states) have ratified Convention No. 88 to date. Among the non-signatories are the United States and China.

Box 1 Why ratify Convention No. 88? The ILO's argument

The global pandemic of COVID-19 and the subsequent employment crisis have highlighted the critical role of public employment services (PES) and, by extension, the ILO Convention that underpins them.

Public employment services connect workers to jobs, help employers find the employees they need, and support both parties in adjusting to the vagaries of the labor market. Operating alone or in collaboration with other labor market actors, these public services have proven their value in helping to retain jobs, support businesses, facilitate recruitment, and expand the workforce - in good times and bad.

More recently, during the COVID-19 pandemic, public employment services helped cushion income losses, protect existing jobs, and facilitate employment in sectors still in operation during periods of containment. Their role will become more important as the recovery gathers momentum.

Wider ratification of the ILO Employment Service Convention, 1948 (No. 88), which calls on governments to maintain a free national public employment service, can help repair the social and economic damage caused by the crisis by promoting a people-centred recovery based on decent work principles.

The ILO encourages member States that have not yet done so to consider ratifying and implementing Convention No. 88, an instrument that remains highly relevant in a changing world of work. It provides valuable guidance on how best to organize national labour markets as they strive to recover from the devastating effects of the pandemic.

Source: ILO, November 2021.

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Convention No. 88 was supplemented in 1964 by **Convention No. 122 on Employment Policy**, ratified in 1971 by France, which provides that: "*Each Member shall formulate and pursue, as an essential objective, an **active policy designed to promote full, productive and freely chosen employment** " and that "*the said policy shall aim at **ensuring that there shall be work for all persons available and seeking work**, that such work shall be as productive as possible and that there shall be free choice of employment and that every worker shall have full opportunity to acquire the qualifications necessary for suitable employment and to utilize in such employment his skills and talents, regardless of race, color, sex, religion, political opinion, national origin, or social background.**

Finally, a third convention, **Convention No. 181 on Private Employment Agencies**, concluded in 1997, establishes a clear framework for the registration, licensing and effective regulation of private employment agencies, as well as for the protection of workers who use their services. It recognizes the contribution of private for-profit and not-for-profit actors in the labor market and emphasizes the importance of public-private cooperation, in a context where corporate recruitment practices have changed significantly and where many PES use private employment agencies (see *below*). 37 states, or less than one in five, have ratified it, including France in 2015.

1.1.2. The European Commission supports two European networks of employment services

There is no directive or regulation that sets out guiding principles for the organization and operation of public employment services in the European Union.

1.1.2.1. The PES Network

The European Employment Strategy, adopted in 2018¹ and implemented in the European Semester, however, states that "***Member States should strive to make public employment services more effective and efficient** by ensuring that they provide timely and personalized assistance to jobseekers, support labor market demand, and implement results-based management.*"

A decision of the Council and the European Parliament² of 2014 created in the same year a European Public Employment Services Network (PES Network). By a decision of 2020, this network was extended until the end of 2027. It includes PES of the European Union Member States, Iceland, Norway and the European Commission, which provides the secretariat (DG Employment). Its objective, initially linked to the Europe 2020 strategy, is to :

- ◆ **compare the performance of European PES** through benchmarking and quantitative and qualitative indicators;
- ◆ **identify good practices** and encourage mutual learning through *benchlearning*;
- ◆ **promote the modernization and strengthening of PES services**, including the youth guarantee ;
- ◆ **feed into the European Employment Strategy and national labour market policies.**

¹ Council Decision (EU) 2018/1215 of 16 July 2018 on guidelines for the employment policies of the Member States.

² Decision No 573/2014/EU of the European Parliament and of the Council of 15 May 2014 on improving cooperation between public employment services (PES) Text with EEA relevance.

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In practice, the PES network has given priority to benchlearning. This initiative includes self-evaluation cycles followed by external peer and expert evaluations. The PES Network also conducts an annual survey of PES resources based on questionnaires. The PES Network convenes a large number of working groups on employment-related topics and produces a large number of documents, only some of which are accessible to those who are not members.

The PES Network is governed by a Council in which each Member State and the Commission are represented by two members, one of whom is a full member and one an alternate from the Directorate General of each national PES.

1.1.2.2.EURES

Launched in 1994, EURES is a European network of public employment services designed to facilitate the free movement of workers. Its objective is to enable European citizens to benefit from the same opportunities, despite language barriers, cultural differences, bureaucratic obstacles, diversity of employment legislation and lack of recognition of diplomas across Europe.

1.1.3.The Labor Code provides a framework for the public employment service in France

In France, the public service is regulated at the legislative level by Title 1^{er} of Book III of the Labor Code.

Article L5311-1 sets out the missions of PES, which are to receive, guide, train and integrate job seekers. The Labor Code specifies that PES include placement, payment of a replacement income in the event of unemployment, support for job seekers and assistance in securing the professional careers of all employees.

The Labor Code then specifies (Article L5311-2) the organizations that provide the public employment service in concentric circles.

Finally, the labor code regulates the main PES operator: Pôle Emploi, which resulted from the 2008 merger between the ANPE and the Assedic network. It specifies its missions and organization as a national public institution with legal personality and financial autonomy. Pôle Emploi is administered by a Board of Directors composed of five representatives of the State, five representatives of employers and five representatives of employees, two qualified individuals chosen for their expertise in the institution's areas of activity by the Minister, one representative of the regions, appointed on the proposal of Régions de France, and one representative of other local authorities, appointed on the joint proposal of the associations of the authorities concerned. The Director General of Pôle Emploi is appointed by decree, after consultation with the Board of Directors.

The Labor Code also provides for the conclusion of a multi-year agreement between the State, the managing body of the unemployment insurance scheme (UNEDIC) and Pôle Emploi, which defines the objectives assigned to the latter in light of the employment situation and the forecast resources allocated to it by the managing body of the unemployment insurance scheme and the State.

Box 2 The missions of Pôle Emploi according to the labor code

1° Prospecting the labor market, developing expertise on the evolution of jobs and qualifications, collecting job offers, assisting and advising companies in their recruitment, ensuring that job offers and requests are matched, and actively participating in the fight against discrimination in hiring and for professional equality;

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2° Welcoming, informing, guiding and accompanying people, whether or not they are employed, seeking employment, training or professional advice, prescribing all useful actions to develop their professional skills and improve their employability, encouraging their reclassification and professional promotion, facilitating their geographical and professional mobility and participating in social and professional integration paths. In this respect, Pôle emploi contributes to the implementation of the training obligation defined in article L. 114-1 of the Education Code;

3° To register on the list of job seekers, to keep the list up to date under the conditions provided for in Title I of Book IV of this part and to ensure the control of job search under the conditions provided for in Chapter VI of Title II of Book IV;

4° To ensure, on behalf of the managing body of the unemployment insurance scheme, the service of the insurance allowance and the allowance for self-employed workers and, on behalf of the State, the service of the solidarity allowances provided for in section 1 of chapter III of title II of book IV of this part, the allowances mentioned in article L. 5424-21, the assistance provided for in II of article 136 of law n° 96-1181 of December 30, 1996 on finances for 1997, the sums remaining due for the payment of the retirement equivalent allowance provided for in article L. 5423-18, as it stood prior to January 1, 2009, and the sums remaining due for the flat-rate premium provided for in article L. 5425-3, as it stood prior to September 1, 2017, as well as the service of any other allowance or assistance whose payment the State entrusts to it by agreement;

4° bis To decide on the withdrawal of the replacement income and the pronouncement of the administrative penalty, and to recover this penalty, under the conditions provided for in sections 2 and 3 of Chapter VI of Title II of Book IV of this part;

5° Collect, process, disseminate and make available to the State services and the managing body of the unemployment insurance scheme data relating to the labour market and jobseeker compensation;

6° To implement all other actions entrusted to it by the State, the local authorities and the managing body of the unemployment insurance scheme in relation to its mission;

7° Implementing the youth commitment contract mentioned in Article L. 5131-6 and ensuring, on behalf of the State, the allocation, modulation, payment, suspension and withdrawal of the allowance mentioned in the same Article L. 5131-6 and the one-time allowance mentioned in Article L. 5131-5, under the conditions set by decree in the Conseil d'Etat.

Source: Légifrance.

1.2. PES have different missions, the main one being to put job seekers in contact with employers

The main task of Public Employment Services (PES) is to connect job seekers with employers in order to match supply and demand in the labor market by providing information, placement and support services at local, national and European level.

ILO Convention No. 88 (Articles 6, 7 and 8) and the "*Public Employment Services Diagnostic Tool and Guide*" published by the ILO in 2021 refer, for their part, to the following major tasks:

- ◆ **registering job offers and job seekers** and facilitating matching in the labor market;
- ◆ **to promote the geographical mobility** of workers from one region to another or from one country to another and their professional mobility;
- ◆ **provide job search support services** to job seekers (counseling, placement, accompaniment...) as well as to employers;
- ◆ **facilitate access to the different modalities of vocational training** and more generally implement a large part of the active labor market policies;
- ◆ **collect and disseminate available information** on the situation of the labor market and its probable evolution;
- ◆ **collaborate in the administration of unemployment insurance** and unemployment assistance, which is, according to the OECD, the case for just over half of PES in the European Economic Area (EEA).

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In its report, **the IGF mission** on the comparison of staffing levels uses a **different but similar presentation of the key missions of PES³** :

- ◆ **a mission of reception and information for job seekers**, which includes the reception and first level orientation of job seekers, whether new or not;
- ◆ **a mission to support job seekers**, including expert activities carried out by specialized counselors in the areas of guidance, counseling, intermediation and placement of job seekers in the labor market or in a vocational training program;
- ◆ **a mission to compensate jobseekers**, including the examination of the claim for compensation, the liquidation, the payment and the follow-up of the allowance, whether this allowance results from an unemployment insurance system or from solidarity;
- ◆ **a mission of services to employers**, which includes prospecting and collecting job offers, recruitment assistance and related services.

The mission observed that PES can perform **many other functions** in the different Member States, and in particular :

- ◆ **the implementation of all or part of active labor market policies**. This largely overlaps with the mission of accompanying job seekers and has become a key role of PES (see *below*);
- ◆ **direct management of training centers** for job seekers;
- ◆ **notification of contracts and apprenticeships** and placement of apprentice candidates;
- ◆ **orientation and socio-professional integration of young people** at school ;
- ◆ **the payment of family allowances**, benefits for the disabled, partial unemployment benefits, social assistance benefits, family allowances, retirement benefits or sickness or disability benefits as well as the payment of minimum social benefits;
- ◆ **the licensing and supervision of private employment agencies**, which have grown rapidly over the past 20 years (see below).

Table 1 Missions entrusted to the main PES operator

	AL	CAT	DK	FL	EN	SU
Home-information	X	X	X	X	X	X
Support and implementation of ALMPs	X	X	X	X	X	Outsourced
ED compensation	X				X	
Direct management of training centers		X		X		
Youth Orientation	X		N.D.			
Payment of minimum social benefits	X		X			
Payment of housing allowances	X					
Payment of family allowances	X					

Source: Mission. Bundesagentur für Arbeit for Germany, SOC for Catalonia, Jobcenters for Denmark, VDAB for Flanders, Pôle Emploi for France, Arbetsförmedlingen for Sweden.

CPS missions may also include:

- ◆ the issuance of **administrative dismissal authorizations** ;
- ◆ the issuance of **work permits for workers from third countries**;
- ◆ be a **managing authority or intermediary body for the European Social Fund**.

³ Pierre-Emmanuel Lecerf, Emmanuel Monnet, Véronique Hespel, *Étude comparative des effectifs des services publics de l'emploi en France, en Allemagne et au Royaume-Uni*, Inspection générale des finances, 2010

The European Commission also rightly points out that the PES can play a critical role in identifying and fostering structural changes in the labor market thanks to their expertise and anticipation capacities and the partnerships they form⁴.

2. Several PES models with different configurations coexist in specific national institutional and socio-economic contexts

The international labor standards list the **four basic elements** that must be in place to create and manage a functional PES (**governance and missions, key functions, collaboration with other operators and stakeholders, planning and management processes**) but leave it to each state to freely articulate these elements according to the national context.

In practice, PES are part of **ecosystems that are more or less complex** depending on the institutional and socioeconomic context of each country. But no single PES model has yet become established in all EU countries.

2.1. The institutional and socio-economic contexts in which PES operate vary greatly from one country to another

Each of the 27 Member States of the European Union has institutional, economic and social characteristics that also differ according to their geography, history and national culture. These characteristics shape the organization and functioning of their PES, which in turn interact with other social policies, such as those relating to disability, pensions, the fight against poverty, housing or the family.

2.1.1. Strong institutional differences

The countries of the European Union, and within them the countries studied by the mission, are very different on an institutional and socioeconomic level. Their differences can be analyzed according to several criteria, some of which are highlighted in Table 2.

The size and population of the countries studied are far from identical. Denmark and Belgium, including Flanders, have, like Catalonia, a relatively small area (less than 50,000 km²) and a population of only five to eight million, less than that of the Ile-de-France region, which is almost the size of Belgian Flanders. France, Germany, Spain and Sweden are four larger countries (between 350,000 and 550,000 km²) with populations in the tens of millions, except for Sweden, which has a population equivalent to that of Belgium, Ile-de-France or almost twice that of Denmark. The larger the area of a country and the lower the population density, the greater the mobility problems for job seekers, as the mission was able to observe in Germany, both in Bavaria and in the state of Brandenburg near Berlin, and in France during its field visits.

Institutionally, while France and Germany are republics, the other four countries are constitutional monarchies. With the exception of France, with its semi-presidential system based on the election of the head of state by universal suffrage, the other countries are parliamentary systems.

⁴ See the latest *Joint Employment Report of the European Commission 2022*, adapted by the EPSCO Council on 14 March 2022.

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Only two states are federal in the strict sense (Germany and Belgium, to which Flanders belongs), but decentralization is strong in Spain, particularly in Catalonia and the Netherlands. In Denmark and Sweden, the central level retains an important role with municipalities, which have been grouped together (98 municipalities in Denmark and 290 in Sweden), in charge of the local level. France is characterized by the still largely centralized nature of its institutions and the multiplicity of levels of territorial administration.

Table 2 Components of the different countries studied

	Type of plan	Federalism	Population (millions)	Area (thousands of km ²) and population density
Germany	Parliamentary Republic	Yes	83,1	357,600 (232 inhabitants/km ²)
Belgium	Parliamentary Monarchy	Yes	11,5 Flanders 6,6	30,700 (374 inhab/km ²) Flanders 13,522 (488 inhabitants/km ²)
Denmark	Parliamentary Monarchy	No	5,8	44,900* (129 inhabitants/km ²)
Spain	Parliamentary Monarchy	Neither unitary nor federal	47,3 Catalonia 7,6	505,900 (93 inhabitants/km ²) Catalonia 31,950 (238 inhabitants/km ²)
France	Semi-presidential Republic	No	67,7	551,700* (123 people/km ²)
Sweden	Parliamentary Monarchy	No	10,4	449,900 (23 inhabitants/km ²)

*Source: Mission, OECD, 2021. *Metropolitan territory.*

Box 3 The coordination of employment and training policy: a French singularity", an analysis by Elezia Conseil at the request of Régions de France

This is the thesis supported by a European *benchmark* study conducted by Elezia Conseil at the request of Régions de France. **The study argues that the animation of proximity policy by the region is the dominant model of public action in the European neighbors of France** that it studied, namely Germany, Belgium, Denmark and Italy.

The findings of the IGAS-IGF mission do not corroborate these assertions with respect to Germany and Denmark. The OECD also points out that the majority of PES in Europe (and in the world) are centralized, not decentralized.

According to the study, the intertwined and complex role of the central government vis-à-vis the regional government is a French peculiarity, particularly in the area of employment and vocational training.

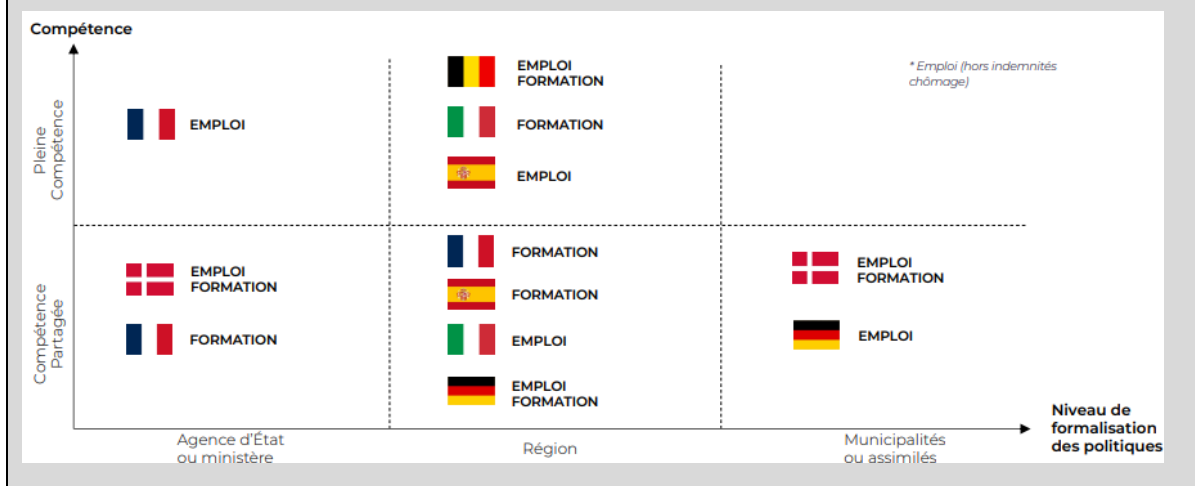
In the neighbouring countries studied, the integration of the economy, territorial development, employment and vocational training is the basis for the strategic role of the regional level. In terms of employment and vocational training policies, the decision-making role of state agencies is not widespread in these countries, although there are also national or federal agencies.

In the European countries studied, the region would be the leader of employment and training policies in its territory. The State would retain the definition of the general strategy for employment and the administration of unemployment benefits. This would be the case even in Germany, according to this benchmark study. The IGAS-IGF mission found that the Länder have only a very limited role in this area, which is rather rare in Germany. Indeed, strategic orientations are the responsibility of the federal level and concrete implementation is largely entrusted to the local level (Kreis). In Denmark, the IGAS-IGF mission also noted that decentralization was carried out at the municipal level and not at the regional level.

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According to Elezia Conseil, there is a clear distribution of roles between the different territorial levels in employment and training policies. The region plays an essential leadership role, which is complemented by a negotiating role in co-management, which the study also found to be the case in Denmark, Belgium and Germany, as long as the social actors are involved in governance.

Figure 1: Summary and comparison of the different institutional systems of the European countries studied by Elezia Conseil



Source: "Towards a regional public service for employment and vocational training", Elezia and Régions de France, December 2022.

Confidence in government is another determining factor. According to the OECD, it is high in the Nordic countries (Sweden, Denmark) and Germany, but low in Belgium, France and especially Spain, which is marked by conflicts between the central government and certain regions (Catalonia and the Basque Country in particular).

The **very high rate of unionization in the Nordic countries** (nearly 70%), which has given them a key role in defining labour rules and labour market policy and has allowed the development of the Danish flexicurity in the 1990s, the Swedish model of industrial relations and the German social market economy (although the rate of unionization is much lower in Germany: 16.3%). It is also very high in Flanders (49%).

Despite a particularly high rate of contractual coverage, **industrial relations in Belgium, Spain and France are marked by conflict** (81 days of strike per year per 1,000 employees in France, compared with four days in Denmark and two in Sweden). The social partners are less directly involved in the management of the country's social institutions.

Table 3 Confidence in government and social dialogue indicators in the countries studied

	Trust in Government (OECD, 2021)	Unionization rate (OECD, 2019 except France 2016)	Conventional coverage rate (OECD, 2018)	Average number of days lost to strike action per 1,000 employees (OECD, 2015, except France 2014 and Sweden 2013)
Germany	60,50 %	16,30 %	54,00 %	31
Belgium	47,30 %	49,10 %	96,00 %	54
Denmark	65,20 %	67,00 %	82 %	4
Spain	37,20 %	12,50 %	80,10 %	37
France	43,40 %	10,80 %	98 %	81
Sweden	63,40 %	65,20 %	88,00 %	2

Source: OECD.

2.1.2. Very specific socio-economic characteristics

Two countries and one region stand out for their wealth: Denmark, Sweden and Belgian Flanders, with a GDP per capita of between €43,000 and €50,000 PPS in 2021 (2022 for Flanders) compared to an average of €27,880 for the European Union. Germany, by far the largest economy in Europe with a total GDP of €3,600 billion, more than ten times the size of Denmark's, follows at a similar high level (around €35,000), with France close behind (€32,500), but far behind Denmark. Spain, on the other hand, has a GDP per capita half that of Sweden. Catalonia's GDP per capita was €25,420 in 2022, 24% higher than Spain's in the same year.

Table 4 GDP and GDP per capita in the countries studied
(Current €, 2021, except Flanders and Catalonia 2022 for GDP, and GDP per capita in PPS)

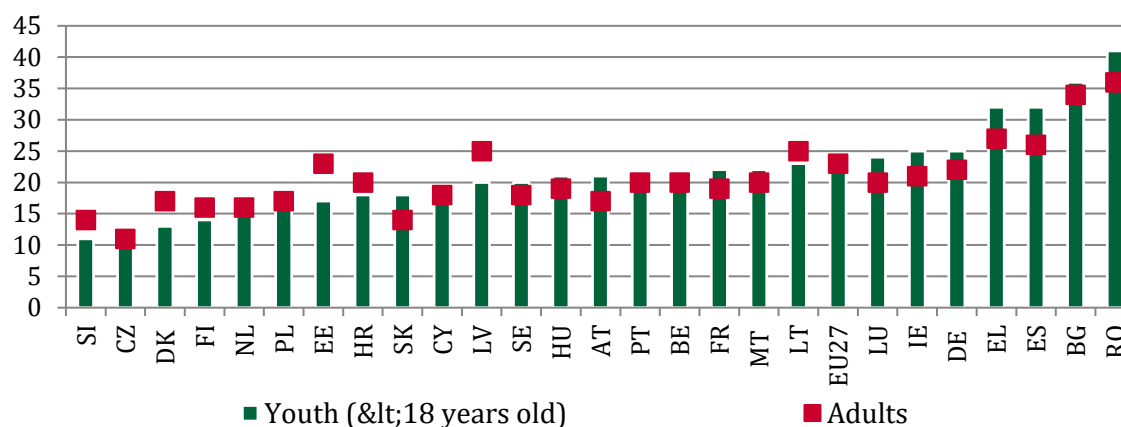
	GDP (Bn€)	GDP per capita (€ PPS)	Index 100 = France for GDP per capita
Germany	3 601,7	38 600	109,1
Belgium		35 960	110,5
Of which Flanders	502,3	43 300	133,1
Denmark	336,7	43 000	153,7
Spain		23 450	72,1
Of which Catalonia	1 206,8	25 420	78,1
France	2 500,9	33 600	100
Sweden	537,1	39 700	137,8
EU-27	14 523,5		85,7

Source: Eurostat and Belgian and Spanish statistical institutes.

The proportion of the youth and adult population at risk of poverty, as estimated by the European Commission, also varies significantly from country to country: low in Denmark, and moderate in Sweden as well as in Belgium and France, it is above the European average in Germany and especially in Spain.

The proportion of young NEETS is also low in the Nordic countries, especially in Sweden, but also in Germany, whereas it is above 10% in Belgium and even higher in France and Spain, where it was close to 15% in 2021.

Figure 2: Share of young people (0-17 years) at risk of poverty in European countries (2020)



Source: Eurostat.

The level of public social expenditure as a proportion of GDP is particularly high in three countries (Denmark, Belgium and France).

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Within social expenditure, the share of social benefits devoted to housing and social exclusion is high in Denmark, France and Sweden, and the share devoted to disability, sick leave and work accidents in Denmark and Sweden, but not in France.

Table 5 Public social expenditure as a proportion of GDP

	Public social expenditure as a proportion of GDP (OECD, 2019)	Share of social benefits housing, social exclusion in total benefits (INSEE, Eurostat, 2017)
Germany	25,90 %	3 %
Belgium	28,90 %	3,50 %
Denmark	28,30 %	7,50 %
Spain	24,70 %	1,40 %
France	31 %	5,70 %
Sweden	25,50 %	5,20 %

Source: OECD, INSEE, Eurostat.

This high level of public social spending goes hand in hand with low levels of income inequality after taxes and social benefits (Gini index between 0.26 and 0.29) as well as with a low proportion of "poor" employees, i.e. those paid less than two-thirds of the gross median wage. France and Denmark stand out on this criterion (7.3 and 8.7%), while **in Germany 17% of employees have wages below the gross median wage.**

Table 6 Inequality Indicators

	Gini index (OECD, 2019 except UK and Sweden 2020)	Proportion of employees paid less than 2/3 of gross median wage (OECD, 2019 except Denmark 2018)	Proportion of NEETS aged 15-29 (Eurostat, 2021)
Germany	0,30	17,60 %	9,20 %
Belgium	0,26	11,50 %	10,10 %
Denmark	0,27	8,70 %	8,40 %
Spain	0,32	10,10 %	14,10 %
France	0,29	7,30 %	12,80 %
Sweden	0,28	N.D.	6,00 %

Source: OECD, Eurostat.

2.1.3. Rapidly changing labor markets with different dynamics and regulatory frameworks

In general, labor markets have been evolving rapidly in the various countries of the European Union, including those of the five countries or regions studied by the mission, for at least two decades.

This is due to the role of structural factors such as demography, which has a particularly strong impact in Germany, especially in the former East German Länder, international competition, automation and digitalization. It is also due to migration, which plays a particularly important role in Sweden and Germany, and to the new aspirations of the workforce and the new demands of employers. In particular, job transitions have become more numerous, more frequent and more diverse than before. And wage employment has become less monolithic, and increasingly momentary and atypical, with the emergence of "gray areas" between wage employment and self-employment. A more recent phenomenon is the emergence of job shortages, both skilled and unskilled, in most European economies, as well as the development of teleworking, which is likely to make local labor markets less important and require more digital services from PES.

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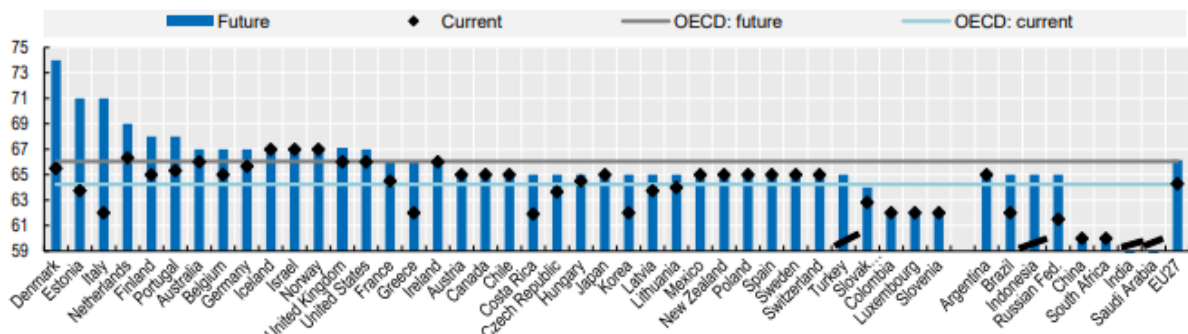
However, the employment situation, labor market dynamics and regulatory framework differ, sometimes significantly, from one country to another.

The employment situation is particularly favourable in Denmark and Flanders, and to a lesser extent in Germany and Sweden, with the nuance of a fairly high unemployment rate. The situation remains less favourable in Spain and France, with Belgium in the middle.

Employment rates are very high in the two Nordic countries and in Germany, being close to or above 85% for the adult population aged 25-64 and above 70% for seniors.

These characteristics should be seen in the context of a particularly high retirement age in Denmark (legal retirement age set at 67, rising to 69 in 2035) and an equally high proportion of part-time workers, particularly in Germany (22.2% in 2021, compared with 17.3% in Belgium, 16.6% in Denmark, 13.8% in France, 13.0% in Spain and 12.3% in Sweden)

Figure 3: Current and future effective retirement ages in OECD countries
countries for employees retiring in 2020 and entering the labor market in 2020



Source: OECD.

With respect to the unemployment rate, several different configurations can be distinguished:

- ◆ three countries or regions, Denmark, Flanders and Germany, where unemployment is very low, including long-term unemployment, except in a few disadvantaged geographical areas, and which are mainly faced with labor shortages;
- ◆ two countries, France and Sweden, which still have a fairly high level of unemployment and, in France, an equally high proportion of long-term unemployed;
- ◆ a country, Spain, which suffers from a very high unemployment rate (12.7%), including long-term unemployment, even though it is lower in Catalonia (9.3%).

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Table 7 Labour Market Indicators

	Germany	Belgium	Denmark	Spain	France	Sweden	
Full-time employment of 25-54 year olds (in thousands, OECD, 2021)	21 638	3 064	1 636	13 110	17 769	3 169	
Proportion of the working age population (20-64 years) employed (OECD Q2 2022)	<25 years	50,4 %	26 %	55,9 %	24,4 %	35,2 %	45,6 %
	25-54 years old	86,2 %	81,5 %	84,9 %	77,6 %	82,6 %	86,5 %
	55-64 years old	73,7 %	55,5 %	72,6 %	57,5 %	56,8 %	76,8 %
	Foreigners (OECD, 2021)	68,3 %	59,4 %	70 %	60,4 %	61,1 %	64,9 %
Proportion of part-time workers (Eurostat-Insee, 2021)	27,9 %	24,1 %	23,9 %	13,7 %	17,3 %	20,3 %	
ILO unemployment rate in seasonally adjusted terms (Eurostat, September 2022)	3 %	5,7 %	4,5 %	12,7 %	7,1 %	7,1 %	
National unemployment rate (2022)	5.6% (October 2022)	5,7% (T2 2022) Flanders: 3.1% (Q2 2022)	4.5% (October 2022)	12,7% (T3 2022) 9.3% Catalonia: 9.3% (Q3 2022)	7,3%	6,6% (2022)	
Number of unemployed in thousands (Eurostat, September 2022)	1 311	298	139	2 978	2 156	398	
Share of long-term unemployed (> 1 year) in total unemployment (OECD, 2021)	32,6 %	42,3 %	20,3 %	41,7 %	29,5 %	19,3 %	

Source: OECD.

With the exception of Denmark, there is no clear link between the unemployment situation and the degree of rigidity of labor law.

Table 8 Index of Labour Market Rigidity for individual and collective dismissals

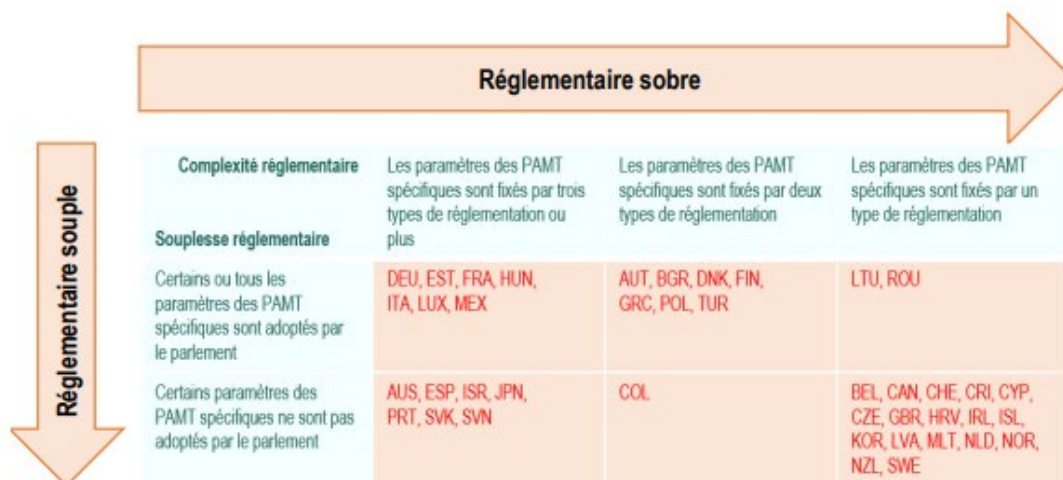
Country	Stiffness index
OECD average	2,06
Germany	2,6
Belgium	2,07
Denmark	1,53
Spain	2,05
France	2,56
Sweden	2,45

Source: OECD 2019.

The same applies to the **degree of simplicity and flexibility of ALMP regulation**: Sweden and Belgium have the simplest and most flexible ALMP regulation, followed by Spain and Denmark, while Germany and France have the most complex and least flexible regulation.

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Figure 4: Degree of simplicity and flexibility of labour market policy regulation of labour market policies



Source: Lauringson and Luske, Institutional set-up of active labour market policy provision in OECD and EU countries: Organisational set-up, regulation and capacity, 2021.

Note 1: Regulatory complexity (an indicator of "sober" regulation) is measured by the number of types of regulations used to define ALMP parameters. There are a total of eight types of regulation: law enacted by parliament; government decree and order; ministerial decree and order; ministerial decision; decision of PES supervisory body; decision of PES general management; decision of regional and local authorities; and other regulations.

Note 2: The parameters of specific ALMPs include the eligibility criteria, durations, amounts and other parameters relevant to the implementation of each ALMP. The types of regulations that define the general groups eligible for ALMPs, the list of specific ALMPs, the target audiences for specific ALMPs, and the ALMP budgets.

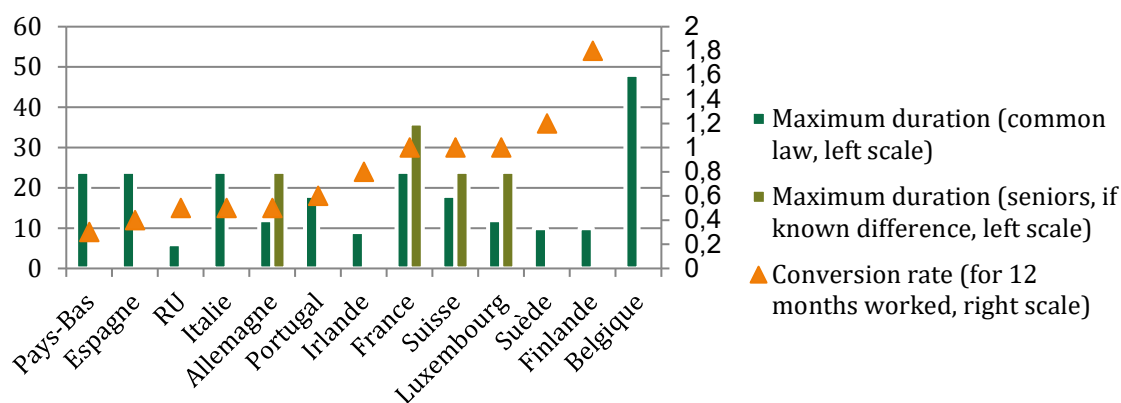
2.1.3.1. Unemployment insurance schemes vary greatly in their generosity

The organization and functioning of unemployment insurance also vary significantly from country to country, as does their relative generosity. The latter can be assessed in several ways.

Before the recent reform, **the maximum duration of compensation (24 months and 36 months for senior citizens) in France was in the high average of the countries compared by a recent study of the General Treasury Directorate (12 months in Germany and 10 months in Sweden).**

The same applies to the conversion rate (1 day of contributions = 1 day of benefits), compared to 0.6 in Germany and 0.4 in Spain, compared to 1.2 in Sweden.

Figure 5: Maximum compensation periods

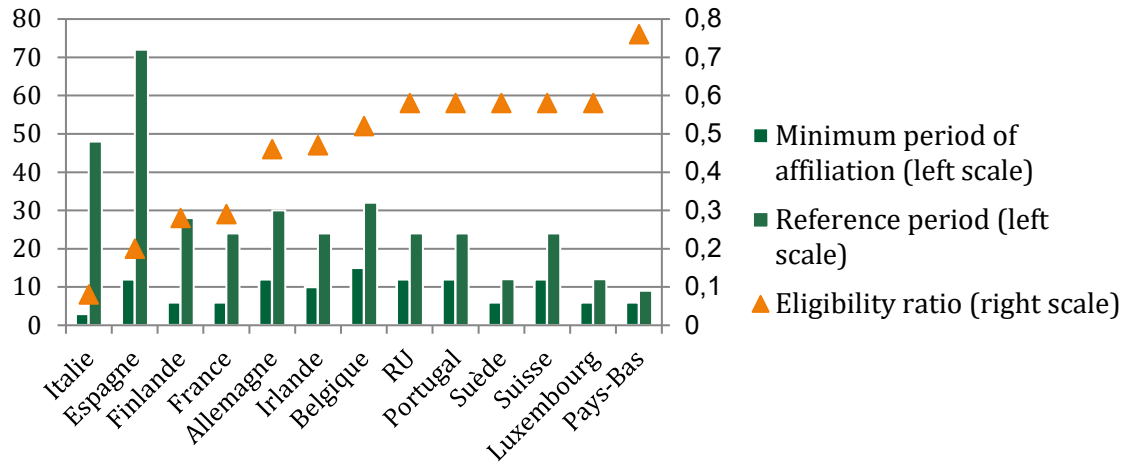


Source: DGTreasury.

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Regarding access conditions, despite the 2019-21 reform, **France still has generous conditions for access to unemployment insurance**: at least 6 months of contributions over the last 24, i.e., an eligibility ratio of $\frac{1}{4}$ compared to $\frac{1}{2}$ in Germany and Sweden (Germany 12 months out of 24, Sweden 6 months out of 12).

Figure 6: Minimum period of affiliation and reference period



Source: DGTreasury.

As for the short-term (three months) and long-term (three years) replacement rate, there are again several configurations according to the OECD⁵ :

- ◆ **countries with a high level of generosity and a high replacement rate after three months and three years: Belgium and Sweden;**
- ◆ **countries where generosity is high at the beginning and then declines, with high replacement rates after three months but low rates after three years: France, as well as Germany and Spain;**
- ◆ **a country where generosity is average at the beginning but relatively more favorable after three years: Denmark.**

To fully compare these levels, two points should be incorporated:

- ◆ the fact that relatively low ceilings exist in most countries except France, which encourages the best paid employees to take out supplementary insurance;
- ◆ taxation: compensation is not taxable in Germany, whereas income tax is high in Denmark, with a first bracket at 40% and limited exemptions, since 94% of Danes pay income tax⁶ .

Table 9: Unemployment benefit replacement rates at three months and three years

	Three-month unemployment replacement rate for a single employee without children paid at the average wage (including housing and social benefits)	Unemployment replacement rate at three years for a single employee without children and paid at the average wage (including housing and social benefits)
Germany	59 %	33 %
Belgium	67 %	48 %
Denmark	58 %	45 %
Spain	58 %	26 %
France	68 %	32 %

⁵ In some countries, such as France, unemployment benefits are paid after three years.

⁶ The voluntary nature of unemployment insurance in Denmark should also be taken into account.

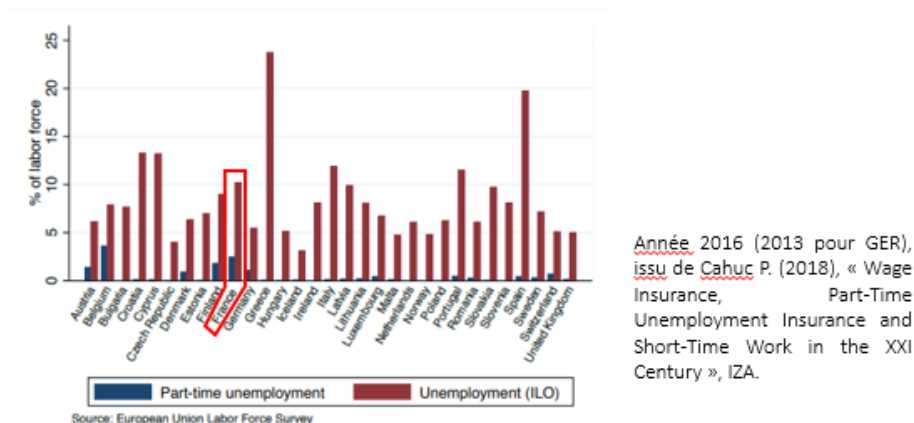
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	Three-month unemployment replacement rate for a single employee without children paid at the average wage (including housing and social benefits)	Unemployment replacement rate at three years for a single employee without children and paid at the average wage (including housing and social benefits)
Sweden	62 %	52 %

Source: OECD, 2021.

The combination of employment and unemployment seems to be more frequent in France than in other countries.

Figure 7: Cumulative employment and unemployment in Europe



Source: European Union Labor Survey.

Unemployment insurance benefits are not degressive in Germany or Denmark, whereas they are in Belgium, Spain, France or Sweden.

2.1.4. A very diverse level of labor market spending and balance between active and passive policies

The labor market policies implemented in the different countries combine so-called active measures, such as vocational training or hiring aids or sheltered employment, and so-called passive measures, which are essentially unemployment insurance and assistance benefits (see box below).

The level of labor market spending, including spending mobilized for the operations of PES, is significantly different across the countries studied. Denmark spent nearly 3.0 percent of GDP on labor market measures in 2019, the last year before the Covid outbreak, while Germany, at the other end of the spectrum, committed only 1.3 percent of GDP.

The balance between these two types of measures varies across countries, including the countries surveyed by the mission, as shown in the following table taken from European Commission and OECD data for the year 2019 (before the pandemic shock).

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Table 10: Data on active and passive labor market policies (2019)

		OECD*	Germany	Belgium	Denmark	Spain	France	Sweden
Total labor market expenditures as a share of GDP (OECD, 2019)		1,37%	1,31%	1,99%	2,84%	2,22%	2,58%	1,44%
Same in base 100 = OECD		100	95,6	145,3	207,3	162	188,3	105
Active labor market policy expenditures as a share of GDP (OECD, 2019) excluding PES		0,59%	0,26%	0,58%	1,51%	0,56%	0,48%	0,76%
of which	<i>Training</i>	0,10%	0,18%	0,17%	0,36%	0,11%	0,27%	0,06%
	<i>Employment incentives</i>	0,33%	0,02%	0,23%	0,17%	0,08%	0,02%	0,46%
	<i>Integration of TH</i>	0,10%	0,02	0,14%	0,98%	0,13%	0,09%	0,24%
	<i>Direct job creation</i>	0,05%	0,02	0,04%	0%	0,11%	0,06%	0%
	<i>Aid for the creation of a company</i>	0,01%	0,01%	0%	0%	0,14%	0,04%	0%
Passive expenditure as % of GDP (OECD, 2019)		0,65%	0,72%	1,08%	0,95%	1,52%	1,87%	0,43%
Ratio of passive to active expenditures (excluding PES)		1,10	2,77	1,86	0,62	2,71	3,90	0,57

*Source: OECD and European Commission. * The fiscal year in Australia, Canada, New Zealand, and the United States is not the calendar year. The 2019 figures therefore include 2020 spending related to the epidemic crisis, which skews the comparison with the other countries in the table.*

According to the OECD, in 2019, Denmark (2.84%) was, together with France (2.58%) and Spain (2.22%), the country that mobilized the most resources for labor market policies. In contrast, Germany (1.31%) and Sweden (1.44%) were the two countries that spent the least on labor market policies among the countries surveyed, but still at a high level compared to most other OECD countries.

If we compare these expenditures with the level of unemployment, the priority given by Denmark to labour market expenditures, consistent with the concept of flexicurity that prevails there, is even more evident, whereas the level of expenditures in Sweden appears to be rather low. The high level of unemployment in France and Spain logically explains the high level of their expenditure.

France, Spain and Germany are characterized by a significant distortion in favor of passive expenditures (compensation and early retirement) compared to active expenditures. France is even the country that spends the most on compensation (1.87% of GDP) and the least on activation (0.48% of GDP) among the countries studied. Denmark, on the other hand, puts a strong emphasis on active spending, in line with its "employment first" approach. This is also the case in Sweden, which reflects the low level of unemployment benefits.

**Box 5: The three components of labor market policies
(active policies, passive policies and the functioning of PES)**

The OECD and the European Commission distinguish three main components of labor market policies in their statistics: active policies, passive or supportive policies, and labor market services (operations of PES), which are attached to active policies.

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▪ **Active labor market policies include:**

i) Vocational training measures, which are measures to improve the employability of labor market policy target groups through training, and which are financed by public agencies. They comprise three subcategories that are distinguished by the amount of time spent on theoretical and/or on-the-job training: institutional training, on-the-job training and dual training.

(ii) Employment incentives cover measures that facilitate the recruitment of unemployed persons and other target groups, or help to ensure the retention of persons at risk of involuntary job loss. These include permanent or temporary hiring aids and incentives for job retention and job rotation or job sharing measures.

(iii) Measures to promote the integration into the labor market of persons with reduced capacity for work, through sheltered or supported employment, or through rehabilitation

(iv) Direct job creation measures, which create additional jobs, usually of public interest or social benefit, in order to provide employment for the long-term unemployed or for persons experiencing particular difficulties in the labor market.

(v) Measures to encourage the unemployed and other target groups to start their own business or self-employment. Assistance may take the form of direct cash benefits or indirect support through loans, provision of facilities, business advice, etc.

▪ **Passive labor market policies include:**

(i) unemployment benefits to compensate for the loss of earnings suffered by a person who is able to work and available for work but is unable to find acceptable employment, including persons who have never worked. This may be unemployment insurance benefits or unemployment assistance. In addition, there are partial unemployment benefits, redundancy payments and bankruptcy payments from public funds.

ii) conditional or unconditional early retirement, which may be complete or partial.

- **Labor market services** are all services and activities provided by PES, as well as services provided by other public agencies or other publicly funded organizations, that facilitate the integration of the unemployed and other job seekers into the labor market or assist employers in the recruitment and selection of personnel.

There is a **question of the scope of labor market expenditures.**

It should be noted that public interventions that act on the labor market, but are not specifically aimed at LMP target groups, are considered general employment and/or fiscal interventions and are not included in this data collection. The only exception to this targeting criterion is for labor market services. Thus, the European Commission and the OECD do not include employment policy measures:

- interventions that set a national limit on the number of hours worked per week and that aim to create jobs by freeing up hours that can then be worked by people who are currently unemployed;

- interventions that require employers to include a minimum percentage of people with disabilities in their workforce and that do not involve spending on individuals specifically from one of the three main target groups;

- interventions that provide benefits to workers based on income levels (including tax credit schemes) and that can be used as an incentive to facilitate the transition from welfare to work; but these benefits are also available to those already in low-income jobs and, therefore, are not specifically targeted to an LMP target group. This is the case with general payroll tax relief, for example.

- interventions that provide ongoing training to workers and are aimed at improving human capital, but are available to all workers, not just those considered employees whose jobs are at risk.

- grants to small businesses to facilitate the hiring of a first-time worker that do not stipulate that the person hired must be previously unemployed.

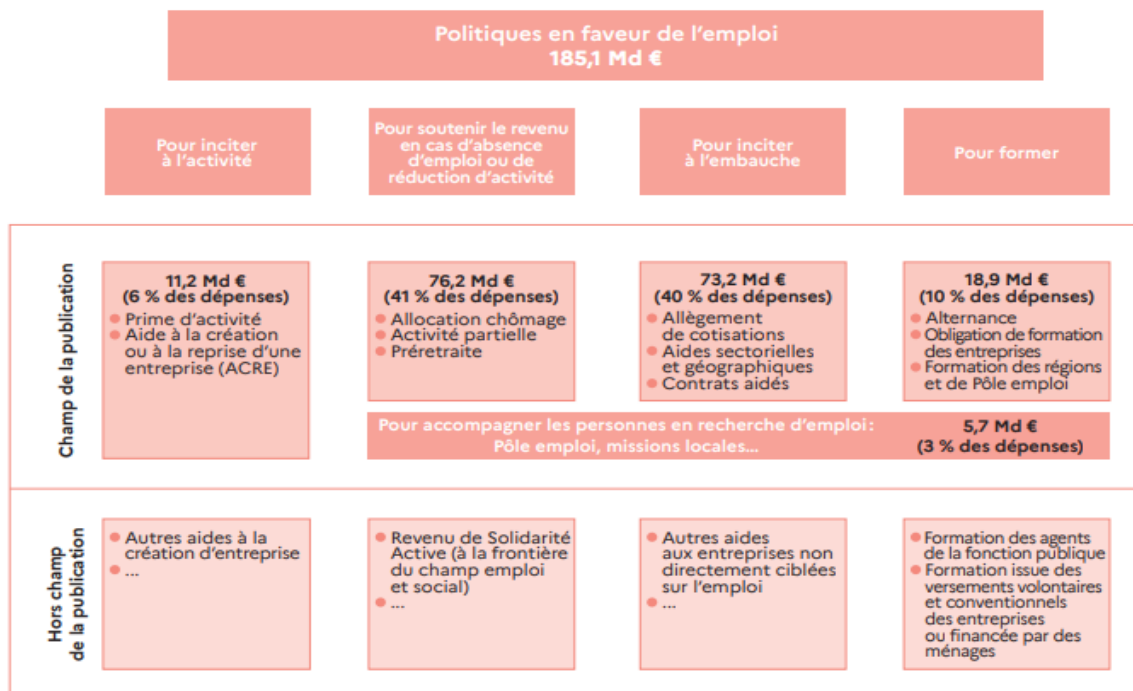
Source: European Commission.

Box 6: Expenditure on employment in France (in 2020)

In 2020, according to DARES, spending on employment reached €185.1 billion, or 8.04% of GDP (compared with 6.44% in 2019), a level well above that shown in OECD data (2.58%). This is due in particular to the fact that DARES includes in employment spending general spending such as general reductions in charges or taxes for low salaries, as well as exemptions from social security contributions or taxes in favor of certain geographical areas or sectors, which represent considerable amounts, and not only targeted spending, which acts selectively for the benefit of job seekers, On the other hand, "social expenditures on the edge of employment policy," as DARES puts it, such as expenditures on the RSA and AAH in particular, amounting to €23.5 billion in 2020, including those related to the activation of their beneficiaries, and such as expenditures related to the orientation of young people, are not included in employment expenditures.

Source: DARES, 2022.

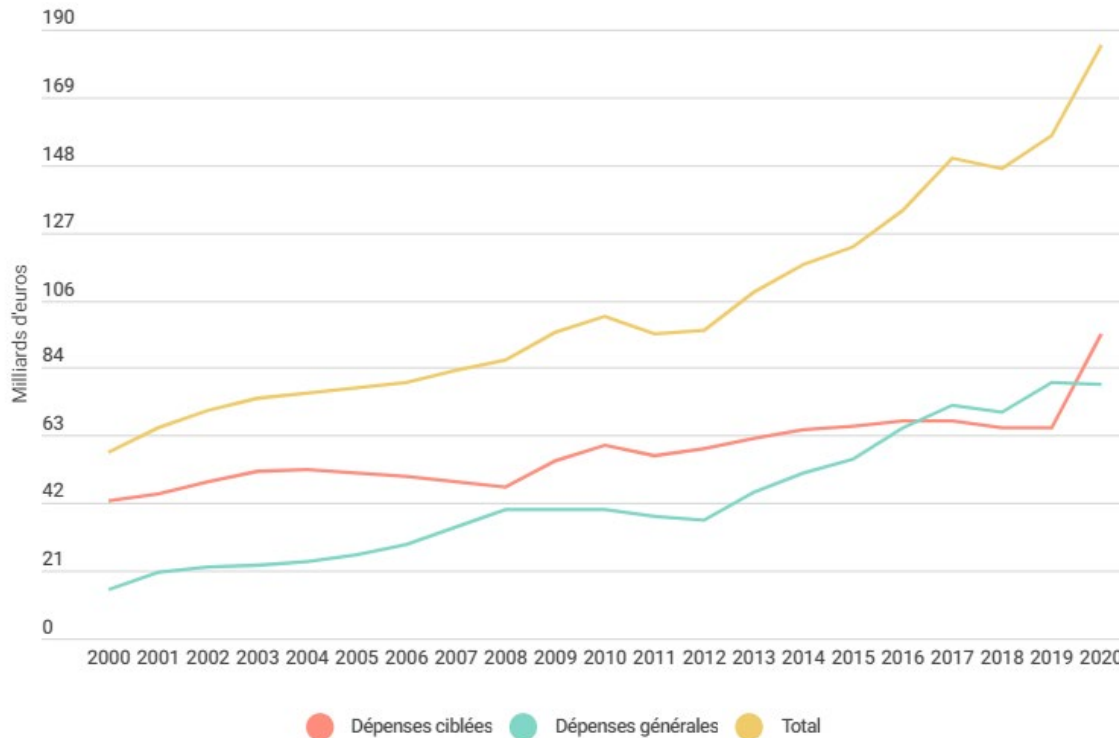
Figure 8: Expenditure on employment policies in France



Source: DARES.

Note: "Other aid to companies not directly targeted at employment" refers to financial aid available to companies that is not primarily aimed at supporting employment but more generally at supporting the company's activity (e.g., state-guaranteed loans and the VSE-SME emergency fund).

Figure 9: Total expenditure on employment policies since 2000



Source: DARES.

2.1.5. Significant differences in the types of general social minima and the proportion of disability and early retirement pensioners between countries

2.1.5.1. General social minima

The countries studied differ significantly in the nature and level of their general social minima, which should be distinguished from specialized minima for the disabled, migrants or other specific groups.

All European countries have a more or less complex and generous system of minimum social benefits. However, their calculation parameters are quite different, whether in terms of the amount of the benefit and the way it is determined, the eligibility of the youngest, or parameters such as the conditions of prior residence or the recourse to the obligation to provide maintenance or the recovery of inheritance, or even the taking into account of assets before granting.

The services of the European Parliament estimated in 2017⁷ that Denmark, Spain and Sweden had a relatively simple minimum income system, while France, Germany and Belgium had a more complex system in common. They also considered Denmark to be the most generous country in terms of its general social minimum, followed by Belgium, then Spain, France and Germany, with Sweden coming in last⁸.

⁷ European Parliament, *Minimum Income Policies in EU Member States*, Study for the Employment Committee, 2017.

⁸ Based on the protection they offered at the time against the extreme poverty line (set at 40% of median income). The situation may have changed since then.

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Here again, the raw data must be tempered by taxation. In fact, although they are often not taxable, minimum social benefits are included in the income tax base in Denmark.

As far as the articulation between unemployment benefits and the social minimum is concerned, one can distinguish **almost as many configurations as countries**:

- ◆ **Germany merged unemployment assistance and the social minimum in the *Hartz reforms* into the SGBII benefit paid by the *Jobcenters***, and there is also a social minimum SGBXII for those who are not able to work, which is paid by the intermunicipalities. Denmark also does not distinguish between the unemployment benefit and its social minimum, which are paid by the municipalities;
- ◆ **France distinguishes between the unemployment assistance benefit (ASS), paid by Pôle Emploi, and the minimum social benefit, the RSA, paid by the CAFs but financed by the departments**;
- ◆ In Sweden, there is no unemployment benefit as such, but instead a social minimum ("*ekonomiskt bistånd*") paid temporarily by the municipalities to anyone who cannot afford to support themselves;
- ◆ In Belgian Flanders, contributory unemployment benefits are paid without time limit for those who have paid sufficient contributions and there is a minimum social integration income (RIS) under conditions that can be paid by the Public Centre for Social Action to anyone over 18 years old;
- ◆ In Catalonia, as in the rest of Spain, the Active Insertion Income (RAI), which is the minimum social benefit, is given to unemployed people who have exhausted their rights to unemployment insurance, and is paid by the SEPE, like unemployment insurance, for a maximum of eleven months.

Moreover, according to a recent study by the CNAF⁹, France takes good care of the situation of single-parent families but is, on the other hand, less generous with regard to child allowances if one does not take into account the family quotient, which is a French specificity.

An important point to emphasize is that, as far as young people are concerned, **France is the only one of the countries studied by the mission in which the minimum income is not paid at the age of majority, and one of only four European countries in which it is**. In addition, Denmark pays a student income to all young people who study.

The majority of PES surveyed by the *Bundesagentur für Arbeit* state that the social minima they pay are paid without time limits. Only Denmark and, until recently¹⁰, Germany, have the possibility of significantly reducing the amount of the social minimum SGB 3.

2.1.5.2. Disability and early retirement pensions

To assess the role of PES accurately, it is also important to take into account the proportion of people who receive disability pensions (partial and especially full) and early retirement benefits instead of unemployment assistance or a general minimum social benefit such as the RSA or the SGBII benefit in Germany (a merger of unemployment assistance and minimum social benefit) and who are thus permanently withdrawn from the labor market. This proportion varies from country to country and depends on the retirement age and PES practices.

⁹ CNAF, Collombet et alii, *Les minima sociaux au sein de l'Union européenne*, December 2020.

¹⁰ Due to a court decision.

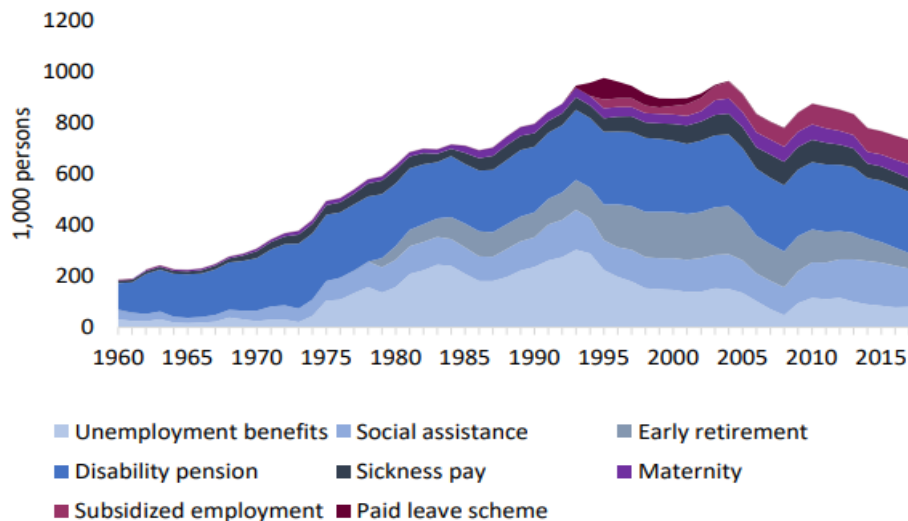
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In Denmark, where the legal retirement age is currently 67, there were 227,000 disability pensioners in the third quarter of 2022, or 8% of the working population¹¹. To this must be added two other categories:

- ◆ beneficiaries of flexi-jobs, a scheme created at the end of the 1990s for those with reduced employability, which numbered nearly 100,000 at the same time;
- ◆ Persons who are within 6 years of the legal retirement age and whose health condition prevents them from working more than 15 hours per week in their usual occupation are eligible for a senior pension (*seniorpension*). You must have worked at least 27 hours per week for 20-25 years. The amount paid is the same as a disability pension. The recipient must not have an income of more than DKK 212,360 per year (about €30,000).

Logically, the share of social benefits for disability, sickness and accidents at work was particularly high in the same country as a proportion of GDP, which somewhat tempers Denmark's excellent unemployment record.

Figure 10: The share of disability pensions in benefits paid in Denmark (1960-2017)



Source: Statistics Denmark.

Note: Aid recipients are aged 16-64; the chart excludes student aid.

Box 7: Early retirement pension

The Danish social security system provides for the possibility of receiving an early retirement pension, at the earliest 3 years before reaching the legal retirement age (currently set at 67). For this, you must have participated in the labor market for at least 42 years between the age of 16 and 61.

Thus, having participated in the labor market for 42 years allows one year's advance in the liquidation of one's pension compared to the legal retirement age. 43 years of service entitles you to 2 years of early retirement. Finally, after 44 years of participation in the labor market, it is possible to receive an early pension for 3 years.

Participation in the labor market includes both employment (salaried or self-employed) and receipt of unemployment or sickness benefits. Periods of parental leave are also taken into account, up to a maximum of 12 months per child.

In addition to this length of service, the insured must continue to maintain a link with the labor market (be still active or a member of an unemployment fund) immediately prior to retirement (during the 9 months preceding the date of liquidation of the pension by 3 months, without interruption).

¹¹ Statistics Denmark: <https://www.dst.dk/en/Statistik/emner/sociale-forhold/offentligt-forsoergede/folke-og-foertidspensionister>. There are also just over 1.06 million pensioners in Denmark.

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In 2022, the full early pension amounts to a maximum of DKK 13,740 gross per month. A full pension is only granted to people who have resided in Denmark at least 9/10ths of the time since their 15th birthday. People who have lived or worked abroad can receive a partial pension, which is proportional to the time spent in Denmark. The amount of the early pension is also reduced if the insured person combines his or her pension with income from work exceeding DKK 24,700 per year.

The early pension is not available to recipients of a disability pension, senior citizens' pension or unemployment benefits.

At the legal retirement age, the early pension is abolished in favor of an old-age pension.

Source: CLEISS.

In contrast, with just over 830,000 disability pensioners (at the end of 2018), or only 2.8% of its working population, France stands out for the modesty of its spending in this area (1.7% of GDP, including spending on sick leave and work-related accidents).

Table 11: Social benefits for disability, sickness and work accidents as a % of GDP

Country	of GDP
Germany	2,30%
Belgium	3,00%
Denmark	4,90%
Spain	2,40%
France	1,70%
Sweden	3,80%

Source: OECD, 2017 except France 2018.

2.2. PES are complex ecosystems with a wide range of configurations

Because of the increasingly dynamic nature of today's labor markets, and the multiplicity of actors, the ILO emphasizes the value of analyzing PES as the central component of an ecosystem of stakeholders and resources that interact at the local, regional and national levels.

The ILO points out that in recent years, many PES have progressively strengthened their links with different actors, including public agencies in charge of economic and territorial development, but also the private sector and the associative fabric in terms of job creation, skills development and labor market insertion.

2.2.1. PES are complex ecosystems

The French PES is a good example of a complex ecosystem, organized in several concentric circles, with a large number of public and private operators¹².

The **first circle of PES** includes, according to the Labor Code:

- ◆ State services responsible for employment (DGEFP, DREETS, DDETS) and local governance bodies (CREFOP, SPEL);
- ◆ Pôle emploi, the main PES operator with 53,000 employees;
- ◆ The National Agency for Adult Vocational Training (AFPA);
- ◆ Association pour l'emploi des cadres (APEC);

¹² The 2016 WCC report on coaching contains a table, attached to this appendix, that illustrates the complexity of the actors and instruments of the coaching function.

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- ◆ UNEDIC, which defines its missions, now restricted, as follows: to inform and enlighten the social partners and the French people; to prescribe and secure the rules of unemployment insurance; to guarantee the financing and accompany the implementation of unemployment insurance.

The **second circle of PES** includes local authorities and local missions:

- ◆ **the regions** participate in the coordination of public employment service actors on their territory and, since the NOTRe law of 2015, the State has introduced the possibility to delegate to them the animation of public employment service operators (local missions, employment centers, Cap emploi, PLIE...), with the exception, however, of Pôle Emploi. The regions are also responsible for training young people and job seekers and for guidance;
- ◆ **departments and municipalities** can contribute to the public employment service:
 - the départements are responsible for financing and implementing support for RSA recipients (and, with some exceptions, for financing the "social minimum" component of the RSA), who are often also users of the public employment service; the départements are co-financers of structures for integration through economic activity and sometimes head local missions for the professional integration of young people (see *below*);
 - the labor code provides that "*in localities where there is no [Pôle emploi] office or office of organizations that have concluded an agreement with [it] [...], mayors are responsible for receiving and recording declarations from job seekers and transmitting them to these organizations or, in the absence of an agreement, to [Pôle emploi].*" In addition, "*the municipalities may receive job offers and carry out placement operations for their citizens seeking employment, after having concluded an agreement to this effect with the State and [Pôle emploi].*" Mayors chair most of the local missions for youth employment (see *below*).
- ◆ **local missions for the professional integration of young people.** Present throughout the country with more than 6,800 sites, the 436 local missions carry out a local public service mission to enable all young people aged 16 to 25 to overcome the difficulties that stand in the way of their professional and social integration. 1.1 million young people are accompanied each year by the local missions, which have nearly 13,600 employees.

The **third circle of PES** includes:

- ◆ Placement organizations specializing in the professional integration of disabled people (**Cap Emploi**, currently being merged with Pôle Emploi) and organizations involved in the economic integration of people experiencing particular social and professional difficulties (**SIAE**);
- ◆ public or private organizations whose purpose is to provide services relating to the placement, integration, training and support of job seekers, in particular the **private placement operators (OPP)** used by Pôle Emploi;
- ◆ **Temporary work companies.**

Other PES provide other examples of complex ecosystems whose diversity of actors the ILO has illustrated in the chart below.

Chart 11 PES and their ecosystem



Source: ILO, 2021.

2.2.2. PES are mostly centralized systems with some important examples of decentralized systems

The majority of OECD PES are overwhelmingly based on a centralized model, built around a national operator. There has, however, been some trend towards decentralization in recent decades, often as a corollary of broader institutional developments.

In the European Union, the partially or fully decentralized PES are those of Belgium, Denmark, Spain, Italy and Poland, three of which are regionalized (Belgium, Spain and Italy) and Denmark, Norway and Poland are municipality-based.

Outside the European Union, the main decentralized PES are the American, Canadian and Swiss PES, which are part of a federal state framework, and that of Colombia.

Some systems are mixed or dual, such as the German system (see specific annex on PES in that country). The French system is mixed to a certain extent, if we take into account the role of the communes in the local missions, the départements for the socio-professional integration of RSA beneficiaries, and the regions for training and guidance.

2.2.3. PES are distinguished by the existence and role of a national employment agency

Thus, to take only the example of the three countries and two regions studied, we see that :

- ◆ In France and Germany, PES is based on a large national agency (*Bundesagentur für Arbeit* and *Pôle Emploi*) with a network of regional offices and local agencies throughout the country;
- ◆ In Sweden, PES is based on a large national agency (*Arbetsförmedlingen*), but its services have been largely outsourced in 2019;

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- ◆ **In Catalonia and Flanders, PES is decentralized and based on a regional agency** (SOC and VDAB) which also has a network of local agencies;
- ◆ **In Denmark, PES is decentralized at a sub-regional level and is based on *Jobcenters* managed directly by the country's 94 municipalities**, with a national agency (STAR), an arm of the Ministry of Labor, which is responsible for steering and monitoring functions.

2.2.4. PES are differentiated by the number of different counters for their users

The mission's comparative analysis of the career paths of several profile-types shows that France is the country with the highest number of windows, which is not satisfactory.

Table 12: Summary of PES organization comparisons

	Indicator	AL	CAT	DK	FLA	EN	SU
Accompaniment of EDs	Existence of a national operator with a network	Yes	No	No	No	Yes	Yes
	Existence of a specialized youth operator	No	No	No	No	Yes	No
	Existence of an operator specialized in social <i>minima</i>	Yes	No	No	No	Yes	No
	Number of institutional levels involved	2	2	2	1	3	1
	Number of support offices for EDs	2	1	1	1	3	1
Allocations	Unemployment benefits paid / national operator	Yes	No	No	No	Yes	Yes
	Number of allocation offices	2	1	24	2	2	22
Coordination	Accountability of PES actors	Strong	Strong	Strong	Strong	Low	Strong
	Coordination PES / other social policies	Strong	Low	Strong	Low	Low	Low
	Interconnection of information systems	Strong	Low	Strong	Low	Low	Low

Source: Mission.

2.2.5. PES also differ according to the scope of the competences of their main operator

We also note that:

- ◆ **PES has the broadest scope in Germany** due to the extended competencies of the *Bundesagentur für Arbeit* itself and the *joint-venture* arrangement between the *Bundesagentur für Arbeit* and the Kreis (inter-municipalities) in three quarters of the country. This scope includes in particular the guidance of young people, which in France is the responsibility of the regions and the ONISEP;
- ◆ **The Danish PES has an almost equally broad scope, as the 94 municipalities are responsible for both employment and social matters and receive a share of the income tax for this purpose. However, unlike Germany, unemployment benefits are administered by separate unemployment insurance funds;**
- ◆ **Pôle Emploi includes in its scope the payment of unemployment benefits but is limited to the field of employment/occupational integration;**
- ◆ **The Catalan PES has an even narrower scope**, as it is not responsible for paying unemployment benefits, even though its offices are located in the same premises as the local employment offices of the SOC ;
- ◆ **The Flemish VDAB has a perimeter quite similar to that of the Catalan SOC;**
- ◆ **the main operator of the Swedish PES, Arbetsförmedlingen, has the narrowest scope.**

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Table 13: Tasks entrusted to the main PES operator

	Germany Bundesagentur for Arbeit	Catalonia SOC	Denmark Jobcenters	Flanders VDAB	France Pôle Emploi	Sweden Arbetsför- mendingen
Home-information	Yes	Yes	Yes	Yes	Yes	Yes
Support and implementation of ALMPs	Yes	Yes	Yes	Yes	Yes (with ML, DE...)	Largely outsourced
ED compensation	Yes	No (ECCE)	No (A-Kasse)	No	Yes	No
Direct management of training centers	No	Yes	No	Yes	No	No
Youth Orientation	Yes	No (Municipalities)	N.D.	No	No (ONISEP)	No
Payment of minimum social benefits	Yes	No	Yes	No (CPAS)	No (CAF)	No
Payment of housing allowances	Yes	No	No	No	No (CAF)	No
Payment of family allowances	Yes	No	No	No	No (CAF)	No

Source: Mission.

The fact that they are responsible for a wide range of services, measures and benefits is an asset that enables PES concerned to offer more comprehensive support to their clients, particularly those who are furthest from employment and the most vulnerable. It

However, one should not underestimate the difficulty of ensuring good coordination between the different services and units of the same operator and understand that the essential thing is, basically, the existence of a one-stop shop for the jobseeker, regardless of the governance that is organized, as long as there is a clear accountability framework and effective coordination between the stakeholders (information systems and customer pathways).

2.2.6. PES places increasing, but still variable, emphasis on private sector partnerships

Private employment services are now a very important sector in Europe and worldwide. In 2020, their turnover will represent €465 billion¹³. Dominated by large multinationals such as Ranstad, Adecco or Manpower, in a sector where more than 190,000 companies coexist, employing 3.7 million people and placing 58 million people in 2020, including 58 million in temporary employment, private employment services have five main activities:

- ◆ **Temporary staffing**, which represents 78% of global turnover;
- ◆ **headhunting**, mainly for executives, which accounts for 13% of revenues, as well as *outplacement* or reclassification activities;
- ◆ **delegated recruitment management (8%)**;
- ◆ **other HR services**. In most countries, they are called upon to cooperate with public PES operators.

¹³ World Employment Confederation, *Economic Report*, 2022.

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Partnerships between public employment service agencies and private organizations that provide employment services with public or nonpublic funds are growing rapidly as the labor market evolves.

The main objective of these partnerships is to combine the activation and coaching expertise of both sectors for the benefit of job seekers. Several models of collaboration exist:

- ◆ The most frequent is the subcontracting to private employment services of all or part of the management of support services provided by PES for certain groups;
- ◆ Other forms of partnership exist, such as joint job fairs, joint job offers and databases, or participation in PES governance. In some countries, joint *ventures* between private and public employment services exist to formalize cooperation.

The OECD classifies PES according to the degree of use of private placement operators as shown in the table below¹⁴. Some countries still rely mainly on public operators, such as Germany and Denmark among the countries studied by the mission. Others use private placement operators, but in a rather modest and complementary way: this is the case of Spain according to the OECD. Finally, France, Belgium, Sweden and Italy are classified by the OECD in the same category of countries that have partially or completely subcontracted the support of job seekers to the private sector, even if in practice there are significant differences between these countries.

**Table 94: Ranking of Selected OECD PES by Intensity of
by intensity of use of private employment services**

Mainly public operators	Private placement operators in addition to public operators	PES partially or totally delegated to private placement operators
Czech Republic, Denmark, Canada, Germany, Japan, Estonia	Spain, Netherlands, Greece	France, Belgium, Italy, Finland, New Zealand, United States

Source: OECD, Institutional set-up of active labour market policy provision in OECD and EU countries: Organisational set-up, regulation and capacity, 2021.

2.2.7. PES differ according to the place they give in their governance to local elected officials and social partners

On this last point, the social partners and/or representatives of local authorities are more closely involved in the governance of PES in most of the countries studied than in France. This is done in different ways.

In countries and regions where PES is decentralized to the regional or municipal level, such as Flanders, Catalonia and Denmark, local elected officials have, as a matter of principle, a key role in the management of PES. The social partners are also closely involved in PES in two of these three countries and regions, where the unionization rate is very high:

- ◆ In Flanders, the VDAB board is composed of equal numbers of employee and employer representatives;

¹⁴ For a recent review of the financing of private job placement operators, see Kristine Langenbucher and Matija Vodopivec, *Paying for results: Contracting out employment services through outcome-based payment schemes in OECD countries*. OECD, 2021.

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- ◆ In Denmark, national rules for PES are adopted within a tripartite framework (representatives of employees, employers and the state), which has been at the heart of the social model since the end of the 19th century. An Employment Council, which advises the Minister of Employment on all aspects of PES, is composed of 20 social partners out of 26 members. 8 regional labor market councils involve 13 social partner representatives out of 21 members. The unemployment insurance funds are also managed entirely by the social partners.

In Germany, which applies the principle of co-management in the social market economy, the board of directors of the *Bundesagentur für Arbeit* is controlled by the social partners. It is composed of one-third employee representatives, one-third employer representatives and only one-third representatives of public entities, including representatives of the *Länder* and the *Kreise*. In addition, the board of directors has the initiative to name the director of the agency, who is nevertheless formally appointed by the federal government¹⁵. At the inter-municipal level, the involvement of the social partners in governance is weak for the support of unemployment insurance beneficiaries and strong for the support of social minimum beneficiaries, as the *jobcenters* are co-managed by this level.

Sweden does not include the social partners in the governance of its national agency, but they play a key role in setting social regulations.

Box 8: The different forms of outsourcing of support in OECD countries

Some countries practice some form of outsourcing for all categories of jobseekers (e.g., Colombia, Denmark, Italy, Norway, Sweden) or for jobseekers willing to work in particular (e.g., France).

Other countries outsource specialized support services for specific groups, such as young people (e.g., Korea, New Zealand), people with disabilities or health problems (e.g., United Kingdom (England and Wales)), older jobseekers (e.g., Austria, Belgium (Brussels)), and the long-term unemployed (e.g., Ireland, Poland).

After the global financial crisis, large-scale outsourced employment services programs were initiated in the United Kingdom (*Work Programme*, in 2011) and Ireland (*JobPath*), in 2015 to facilitate the return to employment of the large number of long-term unemployed.

Source: OECD Employment Outlook, 2021 and OECD, Institutional set-up of active labour market policy provision in OECD and EU countries: Organisational set-up, regulation and capacity, 2021.

3. Faced with similar challenges, many PES have been reformed, sometimes profoundly, over the past ten to twenty years

3.1. PES faces common challenges in all countries that have been exacerbated by the pandemic

As the OECD points out in its latest Employment Outlook (2022), the majority of PES were already facing serious challenges before the pandemic, including problems with funding, the quality of labor market policy tools, the ongoing need for investment in PES IT infrastructure, shortages of mainly skilled staff, and the challenges of working effectively with other organizations.

¹⁵ In January 2023, the former SPD minister of labor will head the agency.

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Many PES also had serious problems providing appropriate support to job seekers with severe barriers to employment and to young job seekers, not to mention migrants, ethno-racial minorities, and other vulnerable populations (such as workers with disabilities). The pandemic has exacerbated these issues.

Box 9: PES and the pandemic

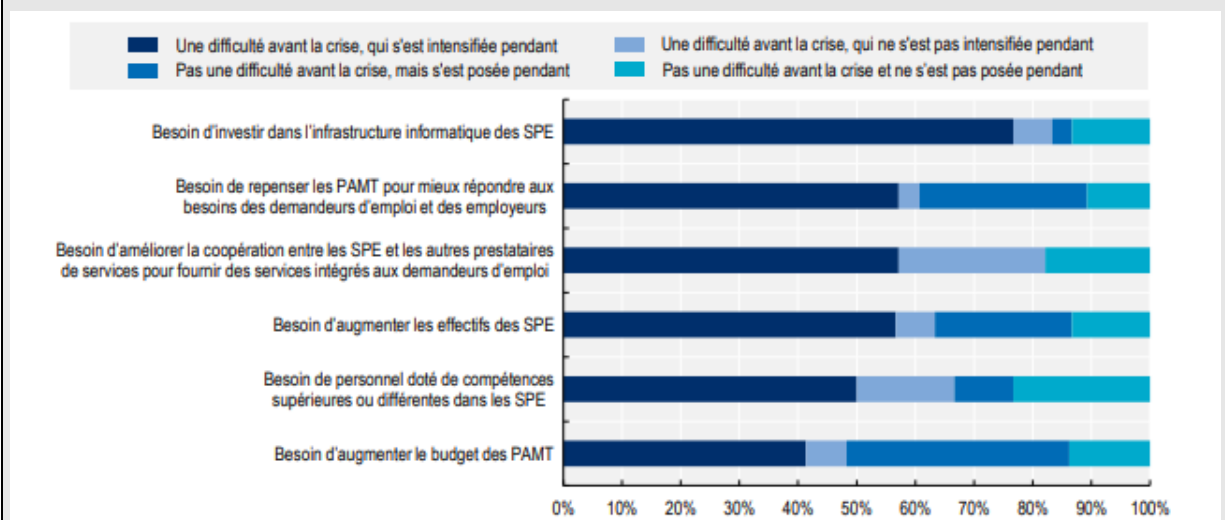
In response to the COVID-19 crisis, PES in OECD countries have adapted their strategies and business models to improve their delivery. About two-thirds of OECD countries are spending more on public employment services since the beginning of the COVID-19 crisis. In nearly three out of four countries, PES have changed the way they work with employers. For many countries, this type of transformation has gone hand-in-hand with increased digital transformation of services and procedures, including online communication efforts and the implementation of digital matching and recruitment services.

Thus, in almost all areas in which PES business models and strategies have been, or are to be, reformed, the changes are associated with greater efforts in the digital direction. These include better communication with jobseekers and inactive people (e.g., the creation in Italy of apps to connect with young unemployed people), improved client profiling (e.g., Luxembourg's use of artificial intelligence in a new method of profiling jobseekers), and improved matching (e.g., Flanders' implementation of Talent APIs to compare supply and demand for new vacancies with clients' files and CVs).

Many countries have also embarked on larger-scale reforms of PES strategies and operating models. Among them is the new Nordic labor market service model in Finland, which came into effect in May 2022 and aims to promote rapid employment and re-employment **by introducing more intensive and time-sensitive assistance to jobseekers than previously**. The adoption of this model precedes an even broader reform, under which employment services will be transferred to municipalities in 2024.

In Australia, the Workforce Australia reform aims to modernize and enhance its service offering with the aim of empowering ready jobseekers to manage their own return to work using digital services. The digital employment services platform will also facilitate skills upgrading, active employer engagement and job matching. Sweden is expanding outsourcing.

Figure 12: Main difficulties faced by PES, as a proportion of OECD countries



Source: OECD.

Note: Statistics based on responses from 30 countries (AUS, AUT, BEL, CHE, CHL, CRI, CZE, DEU, DNK, ESP, EST, FIN, FRA, GRC, HUN, IRL, ISL, ITA, KOR, LTU, LUX, LVA, MEX, NZL, POL, PRT, SVK, SVN, SWE)

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Source: OECD Employment Outlook 2022 and Mission.

Better support for the unemployed and addressing sectoral shortages of skilled and unskilled labor are now top priorities for countries emerging from the COVID-19 crisis, particularly in Southern European, Nordic and Baltic countries. According to the OECD, the measures envisaged within PES some time ago, in the wake of the pandemic, were as follows

- ◆ changes in the way job seekers are profiled and services are targeted (Spain, Latvia);
- ◆ more extensive dematerialization of the service offer (Spain, Finland, Ireland, Latvia, Lithuania, Poland, Switzerland);
- ◆ an increase in the number of employees (Finland, Ireland);
- ◆ decentralization of service provision (Finland);
- ◆ improved collaboration with private employment services (Spain, Sweden).

Specific challenges have emerged in the various countries visited by the mission. For example, in addition to the implementation of the "citizen's income" reform decided by the government coalition, the German PES is particularly confronted with the difficulty of attracting and integrating a large foreign workforce (estimated needs of 400,000 net entrants to the market per year) to compensate for the demographic decline and maintain the active population. The main challenge for the Danish PES is to cope with a budget reduction of around 30% in the coming years, as the new government wishes to do in agreement with the social partners. The challenge facing the Swedish PES is to absorb the consequences of the 30% reduction in its workforce and the outsourcing to private service providers of a significant part of its missions decided in 2019. In Catalonia, the current challenge is to achieve multi-annualization of resources and to improve the partnership with local authorities.

3.2. PES in the countries studied have undergone more profound reforms than in France

In general, PES in Germany, Denmark, Flanders, Catalonia and Sweden have undergone significant structural reforms over the past twenty years.

Important PES reforms took place in the 1990s and 2000s in Denmark, Germany, Catalonia and Flanders:

- ◆ Denmark has undertaken numerous reforms to implement, since 1994, a new flexicurity model based on
 - a more flexible labour market;
 - a less generous compensation system for jobseekers (duration of compensation reduced from 48 months to 24 months, minimum contribution period increased from six months to one year and amount of unemployment compensation capped at 90% of previous salary);
 - a public employment service focused on more active and intensive support for the unemployed to return to work. In 1994, the Danish Labour Market Agency, managed by the Ministry of Employment, was decentralized to the four regions and then, from 2007, to the 98 municipalities that provide the link with job seekers.
- ◆ In Germany, in the 2000s, the *Hartz* laws radically changed the functioning of the labor market, unemployment compensation and PES (*Hartz III* law of 2003, creating the *Bundesagentur für Arbeit* on the basis of an operator created in 1952; and *Hartz IV* law creating the *Jobcenters* common to the *Bundesagentur für Arbeit* and to the intermunicipalities);

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- ◆ In Catalonia, and more generally in Spain, the National Institute for Employment (INEM), created in 1978, was decentralized to the autonomous communities and a Catalan autonomous body, the SOC, was established in 2002;
- ◆ in Flanders, the VDAB was created in 1989 as part of the "third reform of the Belgian state" which gave the regions the competencies for job placement and labor market information, and then in 2004 the VDAB was made autonomous from the Flemish government. Vocational training was decentralized to the regions in 2016;
- ◆ in Sweden, the national agency, *Arbetsförmedlingen*, was created in 2007 by recentralizing the competencies of the country's 21 regions.

Profound reforms continued in the 2010s and early 2020s:

- ◆ In Sweden, the *Arbetsförmedlingen* has been deeply restructured in 2019 by liberalizing the support of job seekers and outsourcing a large part of its activity, as well as reducing its staff by about 30%;
- ◆ in Denmark, the STAR agency, responsible for steering and financing municipalities, was created in 2014. And after the 2022 elections, a new reform of PES is planned, which could lead to a reduction of around 30% of its resources;
- ◆ In Germany, the coalition led by Chancellor Scholz has planned to implement a new social minimum, the "citizen's income", which has many implications for PES.

The merger of the ANPE and the UNEDIC in 2008 and the current merger of the Cap Emploi and the implementation of the CEJ do not constitute reforms of equivalent political ambition.

Box 10: the findings and recommendations of the Cap 22 report - proposal 10 - empowering job seekers to build their job search

Findings

The French public employment service has undergone profound reforms over the past 10 years, but the difficulties remain. First of all, it is characterized by its complexity. In addition to Pôle Emploi, there are other players in charge of specific groups (Cap Emploi for people with disabilities, local missions for young people ...) or with a generalist vocation (employment centers) that often depend on simultaneous funding from several players (State, Pôle Emploi, local authorities, social partners ...). This leads to problems of coordination and governance of the various actors, as emphasized by the prefects, and undermines the legibility and effectiveness of the job-seeker integration measures.

In addition, the results of the creation of Pôle Emploi are mixed. While its recent developments, particularly in terms of reliability in the payment of benefits, service differentiation, digital transformation and data openness, seem to be bearing fruit in terms of user satisfaction, the issue of activation and empowerment of jobseekers still remains.

Finally, in a context of rising unemployment, the public employment service has seen a significant increase in its workforce. Personnel costs have therefore risen sharply and are not very flexible in the face of a downturn in the economy.

Objectives

The proposed solutions meet two major objectives: to make claimants more responsible for building their career development plans and to make Pôle Emploi more flexible and adaptable to changes in unemployment.

The Committee proposes several avenues of reform to achieve these goals:

- respond to the demand for autonomy of job seekers in the construction of their professional development projects. To do this, we recommend :

- to grant the applicant a "professional development checkbook" allowing him or her to access various services to help him or her return to work (training, mobility aids, counseling, etc.) while taking full advantage of the competitive nature of these services;

- improve job seekers' access to the results of service providers (effectiveness in terms of return to work, satisfaction rates, etc.) in order to facilitate job seekers' choices. A system for regulating and labeling placement operators would also be set up by the State;

- strengthen the coordination and cooperation of public employment service actors. In concrete terms, this means :

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- continue to open up the available data (on job offers and job seeker profiles) between the operators of the public employment service, in order to create a pool of usable data. This pool of data would be useful, in particular, for steering and for defining new services. The wide opening of employment data (in an anonymized form) would allow private partners to integrate it into their services and thus better define their service offer;
- improve the interoperability of the information systems of the public employment service operators, in order to facilitate the monitoring of job seekers within a global integration pathway logic;
- put an end to the monopoly of certain operators of the public employment service on support tools (future contracts, youth guarantee) and harmonize the conditions of remuneration between the systems (youth guarantee, Epide, second chance school);
- improve and strengthen the national steering of the Cap Emploi and local mission networks;
- resize Pôle Emploi so that its workforce varies according to the economic cycle and encourage the development of an associative and private sector. This implies :
- limit recruitment in anticipation of the expected drop in the unemployment rate and renegotiate the Pôle Emploi collective agreement, in order to make greater use of fixed-term contracts (to deal with temporary surges in activity);
- open up the market for job search assistance and career counseling. However, this sector should be regulated by an independent authority or by the Ministry of Labor;
- Concentrate Pôle Emploi's staff on its core missions (compensation and control) and on the missions of accompanying the least autonomous jobseekers, for which its added value is the greatest.

Source: report of the Public Action 2022 Committee, June 2018.

4. The support of job seekers by PES and, more broadly, the activation policies implemented by PES have a definite, but difficult to quantify, impact on the level of employment and unemployment

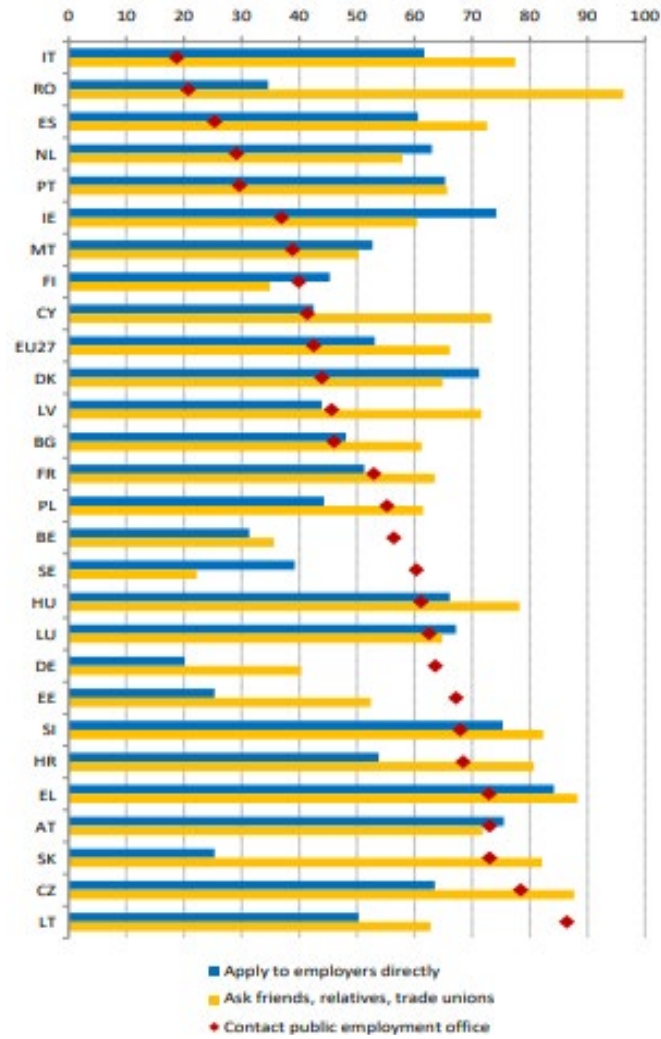
4.1. PES is, with some exceptions, not the most common way for job seekers to look for work.

The share of jobseekers who use PES agencies to look for work varies significantly across EU member states: from a low of 20 percent in Italy and Romania, to a high of 25 percent in Spain, to a high of 60 percent in Belgium, Sweden, and Germany, and even more than 75 percent in the Czech Republic and Lithuania¹⁶. France and Denmark are in a middle position, around 40-45%. Direct applications to employers and the use of networks of colleagues and friends are often more frequent methods.

¹⁶ According to the latest Joint Employment Report of the European Commission adopted by the EPSCO Council on 14 March 2022.

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Chart 13: Share of job seekers reporting use of a particular a particular job search method (2020)



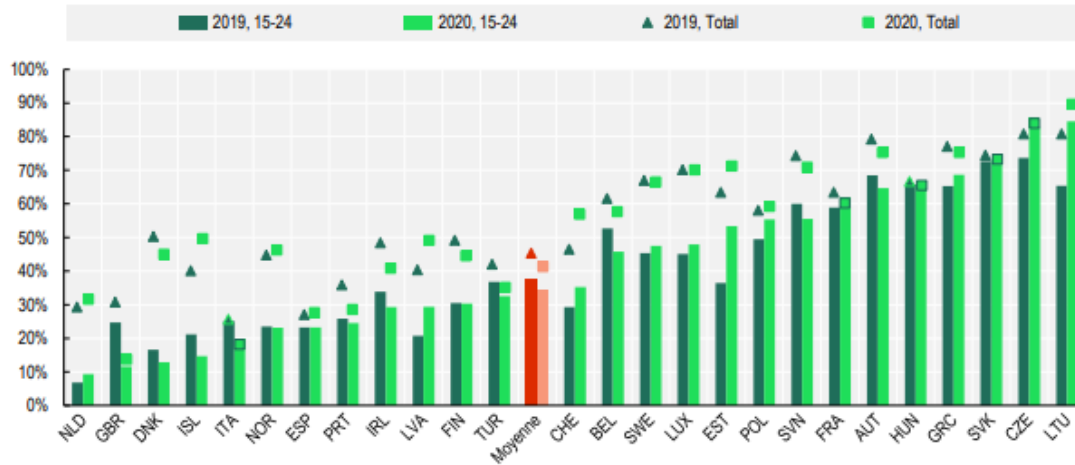
Source: European Commission, Joint Employment Report 2022.

The proportion of young people who contact PES to find work is also, with some exceptions, relatively low, and varies greatly from country to country.

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Figure 14: Youth use of PES to find work

Part des chômeurs (15-24 ans et ensemble des chômeurs) qui ont contacté le SPE pour trouver du travail en 2019 et en 2020 (T2-T4)



SPE : **service public** de l'emploi.

Note : La moyenne est pondérée et englobe l'UE27, l'Islande, la Norvège, le Royaume-Uni, la Suisse et la Turquie.

Source : Enquête européenne sur les forces de travail.

StatLink <https://stat.link/cprxbv>

Source: OECD, *Employment Outlook 2021*.

Box 11: To which placement intermediary do young people turn when looking for a job in France? looking for a job in France?

Between 2015 and 2017, on average each year 440,000 young people who have never worked, or more than half of an age group, are looking for their first job. 38% of them are registered with Pôle emploi, well under half. Most of them are women, young people who still live with their parents or whose parents were born in France, and who are from modest social backgrounds. 27% prefer other placement intermediaries, public or private, which include in particular the local missions. These are mostly men, young people with at least one parent born abroad, and residents of priority city neighborhoods. Finally, 35% of young people are not accompanied by any placement intermediary. This is the case for those living in rural areas and in the Paris area, those without diplomas and those who have been looking for a job for less than six months. Also unaccompanied are young people from privileged social backgrounds, who can mobilize their personal and professional networks in the search for a first job.

Source: DARES Analyses. January 2022. N°1.

4.2. The support of job seekers has become a central element of PES action

Support for jobseekers as we understand it today has not always been a central element of employment policies and PES action. Until the 1990s, the focus of support for job seekers was on income support. With the realization of the need to activate job seekers and accompany them in their efforts, several waves of reform have aimed to structure support¹⁷.

¹⁷ See Centre d'analyse stratégique, *L'accompagnement des demandeurs d'emploi : bilan d'une politique active du marché du travail en Europe et enseignements pour la France*, June 2011, n° 228. See also a report that is still very relevant: Nicolas Grivel, Nathalie Georges and Dominique Méda, *Rapport sur les prestations et services d'accompagnement des demandeurs d'emploi. International comparisons of Sweden, the Netherlands and the United Kingdom*, CEE and IGAS. October 2007.

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A first wave of reform in the 1990s aimed to personalize the care of job seekers. It led to the definition of a support model based on several elements:

- ◆ regular follow-up by a unique referent;
- ◆ the construction of a personalized support project;
- ◆ the contractualization between the job seeker and his advisor around this project, with a risk of sanction for the job seeker in case of non-compliance with the terms of his contract;
- ◆ the mobilization of different mechanisms depending on the target audience. Specific populations can be considered based on criteria such as age or duration of unemployment. We can also define a certain number of channels according to the risk of unemployment. Economic layoffs are also often the subject of adapted measures;
- ◆ In Denmark, the 1994 reform aimed to reduce compensation expenses (duration reduced from 4 to 2 years) in favor of the development of activation services. This combination, supported by trade unions and employers' organizations, led to a sharp drop in unemployment from 11% to 5% between 1994 and 1999, and unemployment has remained very low since then.

A second wave of reforms in the early 2000s focused on the organization of support actors, with the outsourcing of certain tasks carried out by PES to external operators (capacity outsourcing and specialty outsourcing) and strengthened partnerships between actors. Australia and the Netherlands have gone the furthest in outsourcing the tasks normally entrusted to the public service.

Another important development in support concerns all workers, and results from the extension of the need for and offer of support throughout the career path, whether or not the person is in employment. In France, this priority is the result of the increasing importance given by public policies to the logic of securing professional careers, in which the imperative of maintaining and developing the employability of employees takes on a central dimension.

The reforms continued in the 2010s after the economic crisis of 2008, which put PES under great strain (see below).

4.3. Support and, more broadly, the activation policies implemented by PES play a role that is difficult to quantify in the fight against unemployment

The evaluation of labor market policies has been the subject of numerous studies, which have not always led to conclusions as solid as would be justified by the size of the resources mobilized and the importance of the political, economic and social stakes of unemployment.

In a recent review article, Card et alii¹⁸ drew the following **four lessons from an analysis of several hundred evaluations published in recent years:**

- ◆ **Active labor market policies have little effect on average in the short term (less than one year after the end of the program) but a greater impact in the medium (one to two years) and long term (more than two years);**
- ◆ **The impact of active labor market policies varies over time depending on the type of program:**
 - **Job-search assistance programs that rely on "employment first" tend to have similar short- and long-term impacts, while programs that emphasize training and private sector employment have a greater medium- to long-term impact;**

¹⁸ David Card et al. *What works? A meta analysis of recent active labor market program evaluations*. Journal of the European Economic Association 2018 16(3):894-931.

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- **public employment subsidies have a limited or even negative impact in both the short and long term;**
- **The impact of different labor market policies varies across population groups, with greater effects for women and the long-term unemployed and less impact for seniors and youth.** Some programs work better for certain subgroups: job-search assistance programs are more effective for vulnerable participants, while training and private sector job aids are more effective for the long-term unemployed;
- **Active labor market policies have greater effects during recessions, especially if they are short-lived.**

Within active labor market policies, there are relatively few studies on the effects of coaching itself. Most studies, however, generally conclude that there is a positive effect on the return to employment.

On the theoretical level, as the Conseil d'Orientation pour l'Emploi (COE) points out in its report on "support to and in employment" published in 2016, the objective of a support policy is simple *a priori*: to improve the labor market prospects of the people supported, whether in terms of employment or salary or, more generally, the quality of the job.

Box 12: The notion of support, a concept with shifting boundaries

In its broadest sense, accompaniment corresponds to any personalized measure aimed at improving an unemployed person's chances of returning to work. In this sense, accompaniment is based on two types of interventions: personalized advice to the unemployed (individualized pathways, definition of a professional project, focus on skills and personal barriers to employment, etc.), and the wide range of measures that can accelerate the return to employment (from a workshop to help write a CV to long-term professional training, placement in a subsidized job, etc.).

In other words, the logic of accompaniment considers the individual from two distinct angles: that of the person as a unique "client" with specific needs, and that of this person as belonging to predefined categories of employment policy (young people, long-term unemployed, disabled workers, etc.). This is why support must correspond to both an individualization of the care of job seekers and a policy of increased targeting. However, these two aspects are not necessarily easily compatible and underline the internal paradoxes of the use of the notion of support.

The temporal dimension of support is also a matter of debate: the personalization of the unemployed person's relationship with PES implies that this relationship is a long-term one, and therefore that the dynamic factor is taken into account. It is common to present support as a linear and sequential process, a pathway, a defined "path to employment" that should be followed. This apparent linearity does not seem to take into account the evolution of the unemployed person's situation over time, nor the intermediate results of the services received, nor, above all, the state of the labor market and the demand, nor the phenomena of recurrence of unemployment.

In France, several main support schemes coexist:

- the most traditional support scheme follows a linear approach which consists, once a preliminary diagnosis has been made, in removing the obstacles to employment one after the other before trying to get the person into employment. For people who are farthest from employment, the so-called peripheral obstacles (housing, transport, health, etc.) are often dealt with before the start of the vocational support strictly speaking, or in parallel with the vocational support;
- Two alternative strategies have been developed to address specific issues: i) comprehensive support strategies that aim to address both professional and peripheral issues simultaneously; ii) iterative strategies such as active mediation based on the multiplication of job placements from the beginning of the support process and the use of "feedback".

Source: CEE-IGAS report, 2007 and COE report, 2016.

From a theoretical point of view, support can influence the return to employment through several channels¹⁹ :

- ◆ **an increase in the search effort** by increasing the number of offers consulted, CVs sent and interviews conducted;
- ◆ **an increase in the profitability of this effort;**
- ◆ **adjustment of the reservation wage** through better knowledge of the state of the labor market and greater objectivity of the individual's situation;
- ◆ **better matching between employers and employees** through improved search orientation with the expected effect of increased productivity, reduced labor market friction and a positive impact on employment levels.

In a book published about ten years ago²⁰ , François Fontaine emphasized the usefulness of differentiated and early support and regular monitoring, as well as of intensified control. But he also rightly emphasized that support policies, like all public policies, have an impact on the entire labor market, and not necessarily on those who benefit from them; and these aggregate, potentially negative effects are difficult to measure.

Targeted enhanced support programs generally significantly reduce unemployment durations and help job seekers return to employment, including fairly stable jobs²¹ .

Statistical profiling methods, which were developed in response to the limitations of profiling based solely on the expertise of counselors, have also been evaluated. The results show that although these methods do not always allow for the correct prediction of the risk of long-term unemployment, their effectiveness is significantly improved by mobilizing sufficiently rich databases. Statistical profiling can be a useful decision-making tool that can complement profiling based on counselors' expertise alone.

Coaching can also play an important role in providing job seekers with the information they may lack in a changing labor market. The COE cites a 2015 study in Germany that confirms the positive effect of providing information to job seekers in even the simplest format.

Research on the contractualization of the job search process shows contrasting and heterogeneous effects depending on the profile. Again, this is what emerges from an evaluation of the German case: **the signing of a contract by jobseekers setting out their rights and obligations vis-à-vis PES contributes to a significant reduction in the duration of unemployment** only for men registered by PES in the intermediate categories of "activation or support" support.

Box 13: Ten priorities for support to and in employment according to the COE

In its report on the subject, the WCC put forward ten priorities for action:

- All employees must be made more aware of the issues involved in managing their career paths;
- the support offer must be adapted to the needs and aspirations of the people;
- The support must be based on a detailed and reinforced knowledge of the labor market and its evolution prospects and on the objective evaluation of the person's skills and aptitudes;
- the support offer must be better known and more legible;
- Support approaches, which are still largely based on activity status or benefits, must better take into account the diversity of the paths and aspirations of the active population;
- the professionalization of the support function must continue;
- the consequences of digital transformation must be better integrated into the support offer;

¹⁹ Cf. Employment Policy Council, *Support to and in Employment*. June 2016.

²⁰ François Fontaine and Franck Malherbet, *Accompagner les demandeurs d'emploi. En finir avec le retard français*. Les presses de Sciences Po. 2013.

²¹ See the WCC report cited above.

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- support practices must take better account of the results of academic evaluation work and feedback;
- social experimentation should be encouraged;
- the culture of evaluation and performance monitoring must be generalized.

Source: WCC Report, 2016.

All in all, it is not possible to establish a direct causal relationship between the size of the resources mobilized by PES and the quality of its organization and functioning on the one hand, and the level of the employment rate and the unemployment rate of a given country on the other. Nevertheless, **PES play a key role in supporting structural labor market reforms.**

Box 14: The effectiveness of active labor market policies according to the Blanchard-Tirole report

The evidence on the impact of ALMPs is mixed. Numerous studies and meta-analyses find that training programs, especially those for youth, provide uncertain benefits (Heckman et al., 1999; Kluve and Schmidt, 2002; Kluve, 2010; Card et al., 2010; Caliendo and Schmidl, 2016). Employment subsidies and public employment programs are also not proving particularly effective. A recent study states, "Overall, the findings regarding the employment impact [of ALMPs] are only partially promising. While job search assistance (with and without follow-up) has extremely positive effects, we find more mixed effects for training and wage subsidies, with the effects of public employment programs being clearly negative." (Caliendo and Schmidl, 2016).

In other words, the programs that absorb the bulk of ALMP resources have a poor track record.

The good news is that a specific approach to vocational training, called "sectoral training programs" in the United States, is showing much more encouraging results. These programs differ from general training offerings in that they focus on the needs of specific employers and involve greater cooperation with them. As evidenced by the Project Quest program in San Antonio, Texas, they are usually run by non-governmental organizations such as community-based organizations or private agencies. They typically involve behavioral skills training and training for specific occupations or sectors, partnerships with local academic centers and employers, follow-up employment services beyond job placement, and a dual-client approach involving both employers and job seekers.

Source: Blanchard-Tirole Commission.

5. PES mobilize significant resources in the service of users whose number and profile are very varied and evolving

5.1. According to the European Commission and the OECD, the operation of PES accounts for approximately 9% to 12% of labor market policy expenditures

²²

Comparing the resources mobilized by the different PES is not an easy task. The 2011 IGF report highlighted the methodological difficulties that exist, which are due to the **difference in audiences** (unemployment insurance, unemployment assistance, social minima), the **different perimeters and organizational methods of PES, and the lack of data or reliable data on large parts of the perimeter that are considered to be outside of employment spending** (for example, spending by departments on the socio-professional integration of RSA beneficiaries in France; spending by municipalities on social support for job seekers; spending on social minima)

Several categories of data can be analyzed to compare their means.

²² For analyses based on the analysis of PES budgets at as close a scope as possible, see the specific annex devoted to this subject.

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First, the European Commission and the OECD, which relies on the Commission's data, partly reprocessing it, nevertheless track and compare expenditures on "labor market services", i.e., the operation of PES, in their annual statistics (see Box 4 below for the cases of Germany and France).

In total, in 2019, according to the European Commission²³, **spending on employment in the EU-27 accounted for €229.9bn, or 1.65% of GDP**. Within this, **spending on "labor market services," i.e., the operating expenses of PES²⁴, accounted for €26.9bn in 2019, or 11.7% of total spending**. This is about half as much as other spending on active labor market measures (23.8% of the total) and five to six times less than spending on passive measures (63.1% of the total).

Table 15: Data on employment policies in Europe and the OECD

	Labour Market Services	Other active expenses	Passive expenses	Total
EU-27				
In M€	26 935	54 635	148 297	229 867
As a % of GDP	0,193	0,391	1,062	1,646
As a % of total	11,7	23,8	64,5	100
OECD				
As a % of GDP	0,12	0,59	0,66	1,37
As a % of total	8,8	43,1	48,1	100

Source: European Commission.

²³ European Commission, *Labour Market Policy. Expenditure and Participants. Data 2019*. 2021. See the methodology of the OECD Employment and Labour Market Statistics database (<https://doi.org/10.1787/data-00312-fr>) and the European Commission's Labour Market Policy database.)

(<https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8126&furtherPubs=yes>).

²⁴ The precise definition given by the OECD is as follows: the provision by public providers (or private providers receiving public subsidies) of counseling and case management services for job seekers, assistance with the costs of job search or job-related geographic mobility, and placement and similar services to employers, with similar services provided by private providers with public financial participation also falling under this category. Also included in this category is the administration of benefits such as unemployment benefits, job retention schemes, and severance or bankruptcy pay.

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Figure 15: German PES expenditure by type of service (in million euros)

Category, intervention number and name			15.1 Total	15.2 Transfers to individuals	15.3 Transfers to employers	15.4 Transfers to service providers	15.5 Not specified	Notes
1	Labour market services		11 727.9 e	286.3 e	0.0	11 441.7 e	-	
1.1	63	[Component] PES administrative expenditure (cat 1-9) - Individual case management (administration costs)	2 512.3 e	-	-	2 512.3 e	-	
	63	[Component] PES administrative expenditure (cat 1-9) - Information services (administration costs)	1 454.6 e	-	-	1 454.6 e	-	
	65	Specialised integration services	92.0 e	-	-	92.0 e	-	1
	66	Vocational guidance	59.3	-	-	59.3	-	
	76	Accompanying support (§16a SGB II)	: n	-	-	: n	-	2
	86	Vocational guidance and tests for disabled	0.0	0.0	-	-	-	3
	91	Distance study	0.0	0.0	-	-	-	3
	92	Other rehabilitation related assistance	54.6 e	54.6 e	-	-	-	
	106	Individual re-integration budget	160.3 e	160.3 e	-	-	-	
	107	[Component] Activation and re-integration interventions - Measures provided by employers	1.4 e	0.0	-	1.4 e	-	
	107	[Component] Activation and re-integration interventions - Identification, reduction or removal of placement obstacles	279.4 e	0.0	-	279.4 e	-	
	107	[Component] Activation and re-integration interventions - Familiarisation with the training or labour market	780.3 e	0.0	-	780.3 e	-	
	107	[Component] Activation and re-integration interventions - Placement into insurable employment	503.9 e	0.0	-	503.9 e	-	
	107	[Component] Activation and re-integration interventions - Combination	451.3 e	0.0	-	451.3 e	-	
	107	[Component] Activation and re-integration interventions - Stabilisation after having taking up employment	48.2 e	0.0	-	48.2 e	-	
1.2	63	[Component] PES administrative expenditure (cat 1-9) - Other administration costs	851.8 e	-	-	851.8 e	-	
	63	[Component] PES administrative expenditure (cat 1-9) - Administration of active measures	1 518.8 e	-	-	1 518.8 e	-	
	63	[Component] PES administrative expenditure (cat 1-9) - Administration of interventions in categories 8-9	2 880.8 e	-	-	2 880.8 e	-	
	112	Discretionary support (SGB II, 16f)	71.4 e	71.4 e	-	-	-	
	129	MobiPro EU	7.6	: n	-	7.6	-	4

Source: European Commission; OECD.

French PES expenditure by type of service (in millions of euros)

Category, intervention number and name			15.1 Total	15.2 Transfers to individuals	15.3 Transfers to employers	15.4 Transfers to service providers	15.5 Not specified	Notes
1	Labour market services		5 596.9 p	66.8	0.0	5 530.1 p	-	
1.1	43	Managerial employment agency (APEC)	125.2	-	-	125.2	-	
	44	Local centres for youth (16-25) (Mission locale)	467.2 p	-	-	467.2 p	-	1
	66	Mobility support	26.4	26.4	-	-	-	
	74	Employment centres for disabled (Cap Emploi)	78.9	-	-	78.9	-	
	102	Public employment service (Pôle Emploi)	4 459.9	-	-	4 459.9	-	
	117	[Component] Career Security Agreement (CSP) - Career Security Plan	118.9 p	0.0	-	118.9 p	-	
	130	[Component] Youth Guarantee - YG support	193.4	0.0	-	193.4	-	
	132	Follow-up level 1 - basic	0.0	-	-	0.0	-	2
	133	Follow-up level 2 - accompanied	0.0	-	-	0.0	-	2
	134	Follow-up level 3 - intensive	0.0	-	-	0.0	-	2
	136	Follow-up level 4 - global	0.0	-	-	0.0	-	2
	138	Contractualised support programme for employment and autonomy (PACEA)	40.3	40.3	-	-	-	
1.2	87	Local employment centres	4.7	-	-	4.7	-	3
	103	Unemployment insurance scheme (UNEDIC)	38.4	-	-	38.4	-	
	135	Subsidy for the Agency for services and payment (ASP)	43.4	-	-	43.4	-	

Source: European Commission, Labour Market Policy. Expenditure and Participants. Data 2019. 2021.

According to these data, as a proportion of total labor market expenditures, Spain invests the least in the operation of its PES, followed by France.

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In contrast, Germany, followed by Sweden and Belgium, invests the most in the operation of its PES among the countries studied. Denmark would be in a median position for its share of total labor market expenditures but in the lead when considering the proportion of its PES operating expenditures in GDP.

Table 16: Total Labor Market Expenditures and PES Expenditures as % of GDP

	Total labour market expenditures as a proportion of GDP	Expenditure on PES as a proportion of GDP	Share of PES expenditures in total labor market expenditures
Germany	1,31%	0,34%	25,90%
Belgium	1,99%	0,34%	17,10%
Denmark	2,84%	0,38%	13,30%
Spain	2,22%	0,13%	5,90%
France	2,58%	0,25%	9,70%
Sweden	1,44%	0,26%	18,10%

Source: OECD, 2019.

The European Commission provides another interesting piece of information.

For example, if we relate active labor market expenditures outside PES to the number of "people wanting to work,"²⁵ (i.e., the ILO unemployed plus those neither employed nor unemployed), **Denmark is again in the lead, followed by Sweden and Belgium by a considerable margin. France and Germany are at about the same level, followed quite far behind by Spain, which is below the EU-27 average.**

If we relate PES operating expenses alone to the number of "people wanting to work", Germany is far ahead (with €3,150), followed by Denmark and Belgium (between €2,200 and €2,300), and then France and Sweden, which are almost equal (around €1,300). Spain is at the very bottom of the pack (less than €400), well below the EU-27 average.

Table 17: Active labor market spending and PES operating expenses per person willing to work (in 2019)

In € PPA - 2019	Active labor market expenditure per person willing to work, excluding PES (EU, 2019)	PES operating expenses per person willing to work (EU, 2019)
EU-27	1 946	959
Germany	2 387	3 149
Belgium	3 790	2 228
Denmark	7 824	2 273
Spain	1 618	373
France	2 632	1 267
Sweden	4 446	1 309

Source: European Commission.

²⁵ People who want to work" are the ILO unemployed plus inactive people who want to work but are either not actively looking for work or are not immediately available for work (i.e. people who are considered neither employed nor unemployed).

5.2. PES reach a large number of users with very different profiles that have evolved with the pandemic

5.2.1. PES have many users with a wide range of profiles

The total number of users, or clients in the terminology used by some PES, of the main PES operators varies across countries. The number of users registered with Pôle Emploi seems particularly high compared to other countries, notably Germany.

Table 108: Number of registrants at the main operator

Country	ALL	CAT	DK	FL	EN	SUE
Number of registrants to the main operator	3 621 000 ²⁶	369 158 ²⁷	N.D.	182 255 ²⁸	5 153 000 ²⁹	N.D.

Source: Mission.

PES in the countries studied are used by recipients of unemployment insurance and assistance benefits, but also, in some countries, of minimum social benefits (SGBII in Germany, RSA in France, etc.). PES also receive jobseekers, sometimes in large numbers, who combine unemployment benefits with part-time work.

²⁶ BA press release and statistical compendium. The recurrent users of the *Bundesagentur's* services were taken into account, *i.e.*, persons receiving unemployment insurance and the number of "communities of need", *i.e.*, communities of need (one application per community) receiving the social minimum, which may include persons not counted as jobseekers in the sense of the ILO and/or the ED. Individuals dealing with the BA for partial unemployment are not included, as significant variations in beneficiaries over time in recent years have not affected staff levels.

<https://www.arbeitsagentur.de/news/arbeitsmarkt> and
<https://statistik.arbeitsagentur.de/DE/Navigation/Statistiken/Fachstatistiken/Grundsicherung-fuer-Arbeitsuchende-SGBII/Grundsicherung-fuer-Arbeitsuchende-SGBII-Nav.html>

²⁷ SOC Annual Report 2021 - https://serveiocupacio.gencat.cat/web/.content/01_SOC/01_Qui-som-i-que-fem/Informe_Anuar_SOC_2021.pdf

²⁸ Belgian press - <https://www.7sur7.be/monde/le-chomage-en-flandre-augmente-pour-la-premiere-fois-depuis-plus-d-un-an-et-demi~a36c7a15/>

²⁹ Pôle Emploi statistics (categories A, B, C) - <https://statistiques.pole-emploi.org/stmt/publication>

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Table 19: Types of PES users according to their status

Country	Unemployment insurance (maximum compensation period)	Unemployment assistance	Social minimum	No social benefits, even if the tax household has income
Germany	SGBIII (12 months)	SGBII (if fit for work) ^[1]		No
Flanders	Contributory unemployment benefit (no time limit for those with sufficient contributions)	Integration allowance for young people under 25 ^[2]	Social integration income from age 18	No
Denmark	A-degpenge (24 months)	Cash assistance (kontanthjælp for those over 30), training assistance (<i>Uddannelseshjælps</i> , for those under 30 without training) and transition assistance (<i>Danes who have lived abroad for more than 9 years</i>)		No
Catalonia	Unemployment insurance benefit (up to 6 years)	Subsidio por desempleo (21 months maximum)	Active inclusion income (11 months maximum)	Yes, after expiration of the active integration income
France	ARE (18 months)	ASS	RSA registered <u>and</u> not registered at Pôle Emploi	Yes
Sweden	Unemployment insurance benefit (300 days)	Optional unemployment assistance	Minimum income	No

Source: Mission.

It is true that the registration procedures differ from one country to another: compulsory registration of EDs or not, compulsory registration of people likely to be unemployed, benefits open to all. The share of young people, older people, foreigners and people furthest from employment among PES users also varies greatly from one PES to another.

5.2.2. Profiles that have evolved with the pandemic

The OECD points out that "groups that were hit hardest by the COVID-19 crisis - and who had already suffered particularly badly from the 2008 financial crisis - had less contact with PES overall during the pandemic. Unemployed youth, in particular, are much less likely than other age groups to use PES, and this gap has widened over time. Overall, in Europe and Turkey, only 34% of unemployed people aged 15-24 contacted their PES to find work in 2020, compared to an average of 41% for all age groups.

The pandemic has also led to a significant change in the way people contact PES, with a very significant increase in the use of the telephone, video-conferencing and the Internet, as the mission was able to observe in Germany in particular. This development is supported by the fact that employment counselors are now increasingly working from home several days a week.

^[1] Workers deemed unfit for work benefit from another social minimum (SGB XII) managed by the municipalities.

^[2] There is also a social minimum.

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Box 16: PES and Mental Health

Because of the COVID-19 pandemic, CPS clients are at particular risk for mental health problems. In any economic situation, inactivity can have deleterious effects on health, particularly mental health. A global health crisis accompanied by restrictions on social interactions and activities can exacerbate stress, anxiety and feelings of loneliness, and increase substance use.

When the COVID-19 crisis occurred, the incidence of mental distress and mental health problems rose sharply in OECD countries. PES can play a crucial role in the early detection of mental health problems as they are usually the first public agency that people come into contact with after a layoff.

PES counselors should be aware that poor mental health severely limits the chances of finding a job and is a major risk factor for long-term unemployment. While it is not appropriate to make the provision of benefits conditional on mandatory participation in psychological counselling services, it may be appropriate for PES workers to advise their clients to seek help if they perceive a need for it.

As the OECD Council Recommendation on Integrated Mental Health, Skills and Employment Policy points out, awareness and understanding of mental health issues is essential to enable job seekers with mental health problems to access appropriate psychological help quickly.

Whether or not PES offers in-house psychological counseling services, it is necessary for PES to refer clients to appropriate service providers-e.g., social services, health services, PES-contracted providers, or in-house PES providers. Individuals may be more likely to turn to counseling services if they are provided in a more discreet manner and if the client has a choice of provider.

Source: OECD, Employment Outlook, 2021.

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Table 2: Approaches to Job Seeker Profiling in Selected OECD Countries, 2013

Method	Approach	Description	Pros and cons	Country examples
Caseworker-based profiling	Caseworker-based segmentation	Caseworkers are at the core of the PES's <i>profiling function</i> . In addition to diagnostics, caseworkers outline activity plan, decide interventions, and perform monitoring.	<i>Pros:</i> significant emphasis on individual job seekers' needs <i>Cons:</i> subjective assessment and significant emphasis on large human resources	Germany implements a four-phase PES model that includes profiling, setting of targets, activation of interventions, and follow-up. Caseworkers play a central role in all four phases.
	Time-based segmentation	Administrative rules stipulate the <i>threshold</i> in length of unemployment spell required for referral of job seekers for services.	<i>Pros:</i> simple mechanism with less demand for human resources <i>Cons:</i> ignores job seeker heterogeneity with respect to unemployment prospects; undercuts early interventions; potentially wastes resources	Prior to the 2008 crisis, Ireland adopted a "wait-and-see" approach. Job seekers on welfare benefits would be referred to national PES agency, only after being unemployed for at least six months. The United Kingdom also conducted a "market test" phase at the beginning of registration for clients who have the potential to find a job for themselves.
Rules-based profiling	Demographic segmentation	Administrative rules stipulate eligibility conditions based on observables such as age or gender for activating employment programs.	<i>Pros:</i> straightforward and clearly defined segmentation rules; potentially less costly to implement <i>Cons:</i> ignores heterogeneity among job seekers	Many OECD countries have ALMP programs targeting youth or other marginalized communities. One example is the Youth Job Program in Sweden, which targets youth aged 16–24 years.
	Statistics-based segmentation	Statistical methods analyze registry and survey data to segment job seekers based on the risk scores that predict their expected unemployment spells.	<i>Pros:</i> objectified standardized assessment; calculation of <i>individual</i> risk scores; support of early intervention; potential to direct resources only to high-risk groups; potential to increase policy makers' flexibility regarding level of resources <i>Cons:</i> poor data may inflate misidentification; dynamic changes in the economy reduce predictive power of <i>statistical</i> models; setup costs need to be weighed as part of a cost-benefit analysis	The United States implements a statistical profiling model named the Worker Profiling and Reemployment Services (WPRS) in different states. Sweden has started implementation of a statistical profiling model titled the Assessment Support Tool (AST). Australia implements the Jobseeker Classification Instrument (JSCI).
Data-based profiling				