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Institutional and regulatory set-up of ALMP provision in Iceland



MAIN STAKEHOLDERS



The Ministry of Social Affairs

- The ministry in charge of employment policy.
- The Labour Market Measures Act (LMMA) assigns a significant role regarding ALMPs to the Minister. The Minister is in charge of labour market policies and can assign additional tasks to the Directorate of Labour.
- The Minister is supported by the Department of Labour Market Affairs and Vocational Rehabilitation.

The Directorate of Labour

- The Directorate of Labour (Vinnumálastofnun/VMST) carries out the implementation of the LMMA under the authority of the Minister of Social Affairs.
- The VMST fills the function of the public employment service in Iceland, bearing the overall responsibility for public job mediation and ALMP provision.
- As the LMMA describes ALMP provision on a very general level, it is up to the VMST to design specific ALMPs (target groups, conditions, organisation of provision).



THE STRATEGIC MANAGEMENT OF VMST

The Board of Directors of the VMST is a tripartite body:

- 10 members (trade unions 4 representatives, employers 2, the government 3 and municipalities 1).
- The Minister of Social Affairs appoints the Board of Directors for a four-year term.
- The Board oversees the operation and activities of the VMST regarding ALMPs.
- The Board is expected to discuss and approve the annual work plan and annual budget of the VMST presented by the CEO of the VMST.

Regional dimension of strategic management:

- The social partners are involved in the system of ALMP provision also at the regional level.
- The Minister of Social Affairs appoints seven regional labour market councils.
- The seven regional labour market councils advise the VMST on the organisation and selection of ALMPs regionally.



COOPERATION

The Ministry of Social Affairs

The Ministry of Social Affairs cooperates frequently with the VMST.

- The CEO of the VMST and the Department of Labour Market Affairs and Vocational Rehabilitation meet frequently to discuss developments and challenges regarding the labour market and ALMPs.
- The VMST provides various reports to the Ministry upon request.
- The CEO of the VMST has generally good access to both the relevant staff in the Ministry as well as to the Minister when needed. The Minister cannot however intervene in the implementation of ALMPs (i.e. how the VMST serves individual citizens).
- No regulations nor formal agreements of this cooperation is in place regarding ALMPs, i.e. cooperation is based on good will.



The Directorate of Labour



COOPERATION



Cooperation is a widespread practice in the whole system.

- Iceland is a small country with short communication channels and short chain of command. As such, involving stakeholders and building partnerships are common practices.
- The VMST collaborates actively with numerous partners in the public, private and third sector, both on the national and regional level.
- Temporary bodies can be set up to coordinate specific topics across policy fields.
- Social partners can easily provide their inputs for policymaking, as the representatives of social partners are represented in the strategic management bodies of the VMST (for ALMPs and unemployment insurance) and consulted with on the regional level.
- The cooperation practices in Iceland ensure coherence between ALMPs and broader national strategies and objectives.



ALMP REGULATION



- The main legal document regulating ALMP provision is the Labour Market Measures Act (LMMA). The aim of the LMMA is to provide individuals with the appropriate assistance to participate actively on the labour market. In addition, the act is intended to promote a balance between supply and demand for labour in Iceland.
- The LMMA provides a general framework for ALMP provision, stating that the VMST arranges and organises ALMP provision and puts contracts with service providers in place to execute ALMPs.
- While the initiative to design and redesign ALMPs comes from the VMST, it is a practice to consult and cooperate with other stakeholders during this process.
- Different targets and target groups for ALMPs are set in the yearly work plan that is approved by the Board of Directors of the VMST.
- The LMMA is closely related to the Unemployment Insurance Act that stipulates the general activity requirements for benefit recipients.



WHO ADOPTS THE REGULATION OF ALMP PROVISION?

	Act (passed by the Parliament)	A decree or order implementing the act, by the Government	A decree or order implementing the act, by the Minister	A decision by the PES supervisory body	A decision by the PES executive management
General groups eligible for ALMPs	X		X		
General aim of ALMP provision	X		X		
Set-up and purpose of PES	X		X		
List of specific ALMPs					X
Aim of specific ALMPs					X
Conditions of specific ALMPs (duration, sums)					X
Target groups of specific ALMPs					X
(Annual) budget for ALMPs	X				
(Annual) budget for each ALMP					X



SUMMARY OF GOOD PRACTICES IN THE SYSTEM

The system is very responsive to the changes on the labour market

- The possibility to quickly and flexibly draw up new ALMPs or redesign the existing ALMPs in case necessary

Agile and quick processes

- Low level of resources needed for administration (efficiency)

Flexibility in reallocating budget for specific ALMPs within the overall budget

The system is largely consensual

- Input of all relevant stakeholders are strongly represented