

Chapter 5

Activating the Unemployed: What Countries Do

Strategies to “activate” the unemployed with the help of high-quality employment services can help ensure that benefit recipients have a better chance to find employment. The essence of such activation strategies is to encourage jobseekers to become more active in their efforts to find work and/or improve their employability. What are the main instruments used by employment services to activate jobseekers and implement the principle of “mutual obligations”? How do they monitor independent job search? How intensive is the jobseeker follow-up by means of obligatory intensive interviews and other contacts? Which countries make participation in programmes such as training or subsidised jobs compulsory after a period of unsuccessful job search?

Introduction

Over the past few years, strategies to “activate” the unemployed with the help of high-quality employment services have loomed larger in the policy debate. If well designed, such strategies can help ensure that benefit recipients have a better chance of obtaining employment. They are also crucial to minimise the risk that high or long-lasting unemployment benefits reduce work incentives – as emphasised in the Restated OECD Jobs Strategy, which noted under its Pillar B that employment services should have adequate resources to implement well-designed active labour market policies, while strictly enforcing work-availability criteria as a condition for benefit payment (see OECD, 2006b).¹

The essence of activation strategies is to encourage jobseekers to become more active in their efforts to find work and/or improve their employability. They feature, *inter alia*, i) early intervention by the Public Employment Service (PES) in the unemployment spell and a high contact density between jobseekers and employment counsellors; ii) regular reporting and monitoring of work availability and job-search actions; iii) direct referrals of unemployed clients to vacant jobs; iv) the setting-up of back-to-work agreements or individual action plans; and v) referral to active labour market programmes (ALMPs) to prevent loss of motivation, skills and employability as a result of longer-term joblessness. These strategies aim to apply the principle of “mutual obligations”, and in particular to monitor benefit recipients’ compliance with eligibility conditions and implement, when necessary, temporary sanctions or benefit exclusions. Further, the introduction of contestability and quasi-market mechanisms is a novel feature of the employment services market in a few OECD countries, where private providers are being tasked with implementing activation policies.

Despite the fact that many countries now espouse a strategy of activation based on mutual obligations, relatively little is known about how they go about implementing this strategy in detail. The aim of this chapter is to remedy this knowledge gap. It does so by documenting measures undertaken by OECD countries along the above dimensions, and by drawing out some general policy lessons with respect to how employment services can help jobseekers obtain employment. The chapter is based on replies to an OECD Secretariat questionnaire on “Interventions in the Unemployment Spell”, to which 29 countries replied.²

There are a number of difficulties in accurately summarising information obtained through the questionnaire. In particular, country replies do not always distinguish between legal regulations or PES headquarter guidelines on the one hand, and actual practices, on the other. They may in fact cite policies that PES management would like to implement but lacks the ability or the resources to actually do so. Moreover, when a procedure (for example, profiling or the set-up of individual action plans) exists, but has low *de facto* coverage, countries nevertheless tend to report it. Coverage can be low because participation in the intervention is formally voluntary, or because implementation has declined to a low level as new priorities are imposed on the PES without additional resources.³

Despite these caveats, the chapter and its background document posted on the OECD website (OECD, 2007) give a reasonable overall picture of the ways in which the PES

intervenes during the unemployment spell and assists jobseekers through specific “activation” measures. The chapter also compares current practices with those obtained from a similar survey undertaken in 1999, a general description of which can be found in OECD (2001a).

The chapter is structured as follows. Section 1 focuses on actions and interventions undertaken by OECD countries during the initial stages of unemployment (registration procedures, benefit entitlement and confirmation of status). Section 2 examines how OECD countries monitor job-search efforts on the part of jobseekers. The next three sections examine key components of job-search support and monitoring in more detail: Section 3 discusses direct referrals to vacant jobs – a practice which may help ensure that jobseekers continue to be available for work; Section 4 discusses countries’ interview practices and the set-up of individual action plans; and Section 5 presents some findings concerning participation in ALMPs. Further, Section 6 takes up the issue of the costs of activation measures and the need for evaluation evidence that their benefits exceed their costs. The chapter ends with some concluding remarks and a discussion of issues which deserve further analysis.

The detailed information supplied by countries responding to the OECD questionnaire, as well as the questions themselves, are listed in the online document (OECD, 2007). That document also attributes scores to country practices, with the long-range aim of constructing a composite indicator of “interventions” or “activation”.

Main findings

- *Countries seem to be increasing the number and variety of instruments used to “activate” jobseekers, focusing on density of contacts, verification of job search, the set-up of individual action plans and referrals to ALMPs after a period of unsuccessful job search. However, these practices vary considerably across countries.*
- *Registration for placement is in most countries a precondition for benefit payment. Registration of full jobseeker details and assessment of work availability are key instruments for ensuring that intervention occurs early and in an organised manner. However, there is also a sizeable group of countries where entitlement to unemployment benefits starts from the date of loss of work, and benefits can be paid retroactively even when registration with the employment service is delayed. In other countries, registration for benefit precedes that for placement, while another group of countries may allow substantial delays before holding a full registration interview at which a detailed file on the jobseeker is established. As a result of these practices, it is possible that a certain number of potential matches of jobseekers to suitable vacancies are missed, at a time when benefit is already being paid. By contrast, half of OECD countries delay the payment of unemployment benefit by means of a waiting period (often a week).*
- *Many recent evaluations have shown that job-search assistance and monitoring can have a sizeable impact on re-employment rates. Reflecting this, an increasing majority of countries now have relatively explicit job-search reporting procedures. There are, however, substantial cross-country differences in terms of the frequency of such reporting: 13 countries require reporting of job search between every two weeks and monthly, with three of these requiring proof of eight or more job-search actions per month (Australia, United Kingdom and most US states); another large group requires job-search reporting at longer (two to six months) or variable intervals. And a few countries (Greece, Italy, Poland and Turkey) appear not to verify job search in principle or practice.*

- *Half of all OECD countries verify unemployment status through requiring periodical in-person attendance at a local office, and a further group requires regular declarations to be sent in by post or Internet or to be made by telephone. Such regular reporting may not only avoid errors in benefit payment, but also creates opportunities for the PES to encourage job search and deliver up-to-date information on vacancies and other services. By contrast, four countries do not require regular reporting, but rather a declaration of changes in situation, when relevant (Germany, Italy, New Zealand and Turkey).*
- *As part of job-search assistance and monitoring, almost all countries follow a practice of intensive obligatory interviews between the jobseeker and an employment counsellor. The frequency of such interviews varies, however. At least ten countries have set up a fixed schedule of interviews during the unemployment spell, five of them (Czech Republic, France, Korea, Slovak Republic and the United Kingdom) on a monthly basis or less. Other countries have fixed schedules (or guidelines) varying by jobseeker category or by duration of the unemployment spell. Based on the available evidence, it can be concluded that half of all countries achieve four or more intensive interview-equivalent contacts per unemployed per year. In other countries intervals may depend on counsellor assessment or an agreed number laid down in an individual action plan. By contrast, Italy, Japan, Poland and Turkey have no guidelines in this respect.*
- *Almost all countries (apart from Turkey) have established some sort of individual action plan, sometimes for the totality or large majority of newly registering unemployed, sometimes destined for particular target groups; in most of them (exceptions are Canada, the Czech Republic and Japan), jobseeker participation in the plan is obligatory. In about a third of the countries, an action plan is supposed to be in place for all unemployed within one month of registration. However, some employment services may lack office capacity to establish such plans and follow up on their implementation in accordance with official PES guidelines.*
- *Referring jobseekers to vacancies not only helps reduce the risk of prolonged unemployment, but also acts as a work test. However, the average number of direct referrals to jobs per unemployed person is relatively low (it is highest – in that order – in Austria, Switzerland, Spain and the United Kingdom). There are therefore grounds for promoting this practice and not relying exclusively on self-referrals by jobseekers to open or semi-open vacancies.*
- *Compulsory participation in ALMPs after a period of unsuccessful job search can help reduce the risk of either long-term unemployment or labour market exit. Yet, only four countries (Australia, Denmark, Sweden and the United Kingdom) can be considered to have such obligatory programmes for all benefit recipients passing a well-specified spell of unemployment. In the Netherlands, the contracting out of unemployed persons who are not immediately job-ready to private and community providers could be considered the functional equivalent of an active labour market programme; and in Germany, existing regulations ask that that all unemployment assistance (“unemployment benefit II”) recipients below the age of 25 are immediately placed either into a job, a public works programme or a training measure. In most of the other countries participation of jobseekers referred to labour market programmes is obligatory, although no timing for such compulsory participation is specified.*
- *It is advisable to leave participants in ALMPs some time for job search, which may facilitate them finding work even before the end of the programme. For many types of programme – vocational training programmes which are expected to deliver a certificate upon*

completion should probably be an exception – the principle of continuing job-search verification with a requirement to take up any suitable job offer seems reasonable. However, over half of the review countries currently exempt programme participants from any job-search requirements.

- A number of studies show significant effects of intensive intervention measures on duration of benefit spells or on job-finding rates. However, there is a case for conducting more evaluations regarding the cost effectiveness of measures, which would include both staff and operational costs involved and the (expected) benefit savings.

1. Registration procedures, benefit entitlement and confirmation of status

Registration with the placement service and assessment of jobseeker availability are in most countries a precondition for benefit payment. This is important to allow the PES to intervene so as to minimise unemployment as well as benefit payment, in particular through quick referrals of the applicant to vacant jobs. That is why the full registration of jobseeker details is desirable as early as possible after loss of employment.⁴ The assessment of jobseeker availability and personal characteristics also ensures that contacts with the PES start with a “work focus” rather than a “benefit focus”.⁵ Likewise, regular reporting and confirmation of unemployment status (which may include reporting of intermittent work spells) creates opportunities for PES counsellors to keep up the work focus and encourage job-search activity.

1.1. Entitlement to benefit

OECD countries follow different practices as regards the *sequence* between registration for placement and that for benefit. The largest group of countries states, explicitly or implicitly, that both occur simultaneously or are part of the same procedure.⁶ A smaller group emphasises that registration for placement precedes that for benefit. By contrast, in Australia, Belgium, France, Ireland and Switzerland, registration for benefit comes first. Further, in Canada, depending on provincial practices registration with placement services is not necessarily a precondition for benefit payment. This also applies to certain jobseekers in the United States: while registration for job-search assistance is usually automatic and happens at the time of application for benefits, the sizeable category of unemployed who are temporarily laid off with a specific date for recall by their employer are entitled to benefit receipt without having to register for placement.

Due to procedural delays, the first benefit payment usually occurs at least a week or two after lay-off or first contact with the PES. Days of unemployment that generate entitlement to benefit may begin upon lay-off from the previous job or they may be counted as from the date of first contact with the PES, subject in some countries to a waiting period (usually up to one week) in case of an initial claim.⁷

Table 5.1 (Column 1) classifies OECD countries in terms of whether entitlement to benefit payment starts before, simultaneously with, or after registration with the placement service that could allow referral to a vacant job:

- In Canada, the Czech Republic, Italy, Luxembourg, the Netherlands, Spain and Turkey after initial registration entitlement to benefit can be retroactive back to the date of loss of work. In Ireland, as well, such backdating is possible, but only if claimants convince deciding officers that there is a good reason for doing so. However, the extent of such back pay is limited to one week prior to initial registration in the Netherlands, two weeks in Luxembourg and Spain, and four weeks in Canada and Turkey. It is also reduced by a waiting period in Italy (one week) and Canada (two weeks).

Table 5.1. **Registration procedures, benefit entitlement and confirmation of status**

	Benefit entitlement starts before (B), simultaneously with (S) or after (A) registration for placement ^a R = benefit pay retroactive back to date of loss of work	Length of waiting period (for which benefit is not payable at the start of unemployment), if any	Timing of first intensive interview and extent of profiling and individual action plan (IAP) at that interview	Reporting of status, by being regular (R) or not, length of intervals, and in-person attendance (P) or not
Australia	B	Seven days	At registration, often with profiling and IAP	R, P, every two weeks
Austria	S	–	Often at registration, with IAP	R, P, usually weekly
Belgium	B	–	At registration	R, once a month
Canada	B, R	Two weeks	No timing specified	R, every two weeks
Czech Republic	B, R	–	Within a week	R, P, every two weeks
Denmark	S	–	Within a month, with profiling	R, every month
Finland	A	Seven days (UI benefit) Five days (assistance)	Within a month, with profiling	R, every month
France	B	Seven days	Within five days (up to 2007, eight days), with profiling and IAP	R, every month
Germany	S	–	Usually within ten days, with profiling and IAP	No regular declaration
Greece	S	–	Immediately or within two/three days	R, P, every month
Hungary	S	–	“As soon as possible”, with profiling and IAP	R, P, monthly for regular benefit recipients
Ireland	B, R (if justified)	Three days	After one month	R, once a month, P (in most cases)
Italy	B, R	Seven days	Large variance across offices, from registration to three months	No regular declaration
Japan	A	Seven days	At registration	R, P, every four weeks
Korea	A	Seven days	At registration, with profiling and IAP	R, P, one to four weeks
Luxembourg	B, R	–	Within 2 weeks	R, P, every 2 weeks
Netherlands	B, R	–	At registration, with profiling	R, every month
New Zealand	B	One to ten weeks (under review)	Within a week, with profiling and IAP	No regular declaration
Norway	A	Four days	Within three weeks	R, every two weeks
Poland	A	Seven days	Not specified	R, every month
Portugal	S	–	At registration, with profiling	R, P, every two weeks
Slovak Republic	S	–	At registration	R, P, every two weeks
Spain	B, R	–	Within two weeks, with IAP	R, P, quarterly
Sweden	A	Five days	Within ten days, with IAP	R, every two weeks
Switzerland	B	Five days	After 16 days on average	R, P, every month
Turkey	B, R	–	No information available	No regular declaration
United Kingdom	S	–	Usually within a week	R, P, every two weeks
United States	B	Usually seven days	Within one to three weeks, with IAP (only if profiled as probable benefit exhaustees)	R, every two weeks

– Not applicable.

a) Classification as B = before includes countries that offer retroactive pay, and those where the first contact with the PES has no or little placement contact. Note, however, that where there is a waiting period, the first placement interview could roughly coincide with the end of that period.

Source: Compendium of national replies to the OECD Secretariat questionnaire on “Interventions in the Unemployment Spell”.

- In Austria, Denmark, Germany, Greece, Hungary, Portugal, the Slovak Republic and the United Kingdom, entitlement to benefit begins on the day of registration and no backdating is possible. In all these countries, if a jobseeker registers late, he or she loses the benefit that would have been due (although, if unemployment persists, the lost days may be made up at the end of the benefit period). Out of concern to promote rapid placement, Germany has recently tightened registration requirements: a jobseeker registering on his first day of unemployment can be sanctioned for not having registered earlier, for example after receiving notice, or otherwise learning of pending unemployment. By contrast, in Portugal a jobseeker can register up to 90 days after loss of work, and still be entitled to the normal benefit duration.
- In Australia, Belgium, France, Ireland, Switzerland and the United States, the first contact with the PES determines the start of benefit entitlement, although it has no or limited placement content (*e.g.* it mainly records personal identification and lay-off details) – in fact, in most of these countries first contact is with the benefit office. Entitlement to benefit starts after a waiting period of three days in Ireland, five days in Switzerland and one week in Australia, France and most US states.
- A waiting period is also attached to benefit receipt in Norway (four days), Sweden (five days), Finland, Japan, Korea and Poland (one week), as well as New Zealand.⁸ Altogether, 14 OECD countries have instituted a waiting period before benefit starts (Table 5.1, Column 2).⁹

1.2. Placement efforts at initial registration

Most responding countries report or imply that availability for work is evaluated at initial registration, as a precondition for benefit. However, there are indications that the intensity of this evaluation varies considerably and may consist only of accepting a statement by the jobseeker, or his/her signature on a standard form.¹⁰ When registration for placement and a first screening of availability are preconditions for benefit entitlement, the PES can intervene immediately with offers for placement, so that – at least theoretically – there may be no need to process the benefit application further. The country replies, however, usually imply that applications for benefit will not be delayed when a job is immediately offered: a number explicitly state that they cannot be delayed.¹¹ A few countries nevertheless indicate or hint how often the placement service asks applicants to apply for one or more job vacancies at initial registration:

- Canada, Denmark, Italy and Sweden either note or imply that benefits are not conditional on applying for vacancies, or that administrative processes for benefit application do not usually lead to referral to vacancies at initial registration.
- Several more countries (Czech Republic, Finland, Germany, Greece, Hungary, Korea, Luxembourg and the Slovak Republic) note that jobseekers should apply for every vacancy proposed, implying that this also applies to referrals made at initial registration. These countries usually add that a benefit sanction can be applied if a job offer (including one made at registration) is refused.
- Austria, Belgium (VDAB), the Czech Republic, France, Germany, Greece, New Zealand (within one or two days), Norway, Portugal, Switzerland, the United Kingdom and the United States explicitly note a practice of referral to job vacancies at first contact. Poland reports an obligation for the PES to check the availability of suitable vacancies, when

determining the right to benefit. The United Kingdom is the only country that can quantify referrals at first contact, noting that 12% of them tend to result in a submission for a job and 1% in a job entry.

- In Australia, Japan, the Netherlands, Spain and Turkey, work readiness is assessed at registration, but it is not clear from the replies whether that implies referral to vacancies. For the Netherlands, however, other available information indicates that referrals at registration occur to some extent. In fact, the Centre for Work and Income (CWI) operates under a target, included in its annual agreement with the government, to prevent inflow into regular unemployment benefit (through early job starts or withdrawal of application) during the first eight days after initial registration, i.e. the time needed to process a benefit application. This “prevention quota” is currently set at about 20% (SZW, 2006; Tergeist and Grubb, 2006).

1.3. The detailed registration interview

Countries may only record some basic personal data at initial registration for placement. In this case, the employment service needs to hold a full registration interview in order to obtain more detailed information on the jobseeker (qualifications, previous work history, hours constraints, etc.) so as to allow successful matching and referral to vacant jobs or, if necessary, integration into a relevant ALMP. These interviews also may be used to explain the full range of PES services available (including the self-service facilities) and the rights and duties of the jobseeker.¹² In addition, they can provide the occasion to apply a profiling instrument – if this has not already been done during initial registration – or to set up an individual action plan. Key features of the detailed registration interviews are presented in Table 5.1, Column 3.

Australia, Austria (in 60% of the cases), the regional placement agencies in Belgium, Japan, Korea, Portugal and the Slovak Republic state that a first intensive interview takes place already at the jobseeker’s first contact with the employment service.¹³ In a further five countries (Czech Republic, France, Greece, New Zealand and in a majority of cases in the United Kingdom), the detailed interview usually occurs within a week; in another four countries (Germany, Luxembourg, Spain and Switzerland) it may take about a fortnight.

However, several OECD countries allow sometimes considerably longer delays. These can be up to one month or even longer in Denmark, Finland, Ireland, Sweden and in some regions of Italy. Individual US states may, as well, wait up to three weeks before inviting those profiled as likely to exhaust their benefit to more detailed (often collective) orientation sessions. In Ireland, it seems that individuals registering for benefit are even discouraged from immediately registering with the placement service.¹⁴ As a result, due to such delays before full registration and recording of relevant jobseeker details occurs, it is possible that a certain number of potential matches of jobseekers to suitable vacancies are missed – at a time when benefit payment has already started. It might be considered desirable that in the case of new unemployment spells benefits are not paid before full registration with a possibility of referral to suitable vacancies has taken place. However, this may not be possible in some countries with heavily under-resourced PES networks, since initial registration can take up a significant proportion of PES staff time.

Hungary and Poland did not report an average delay before the first intensive interview. Canada, where registration for placement is not obligatory, notes however – without specifying the delays involved – that clients are recommended to contact an Employment Assistance Services provider for a needs assessment interview. The Netherlands and Australia, where

most employment services are contracted out, are special cases. In the Netherlands, the initial registration interview at the Centres for Work and Income (CWI) is already relatively intensive and, for example, includes a profiling instrument; subsequently, those who are not considered to be job-ready receive another intensive interview (“profiling intake”), before being transferred to a reintegration provider where the registration and interview procedure starts again to determine a suitable “reintegration trajectory”.¹⁵ Similarly, in Australia, Centrelink assesses jobseekers’ eligibility for income support and employment services, after which another intake interview will usually occur with a Job Network provider.

The use of profiling instruments at the first intensive interview is explicitly or implicitly mentioned by Australia, Denmark (the *Job Barometer*), Finland, France, Hungary, Korea, the Netherlands (the *Kansmeter*) and the United States – although in fact profiling at this stage is now used by other countries as well, for example Canada, Germany and New Zealand.¹⁶ The setting up of an individual action plan or an agreement of required activities at this stage is mentioned by Australia, Austria, France, Germany, Hungary, Korea, New Zealand, Spain, Sweden, the United Kingdom and the United States (see Section 4 below). Finally, organising other events such as collective information sessions for the newly registered is reported as common practice for the PES in half of the responding countries [Austria, the Czech Republic, Finland, Germany, Ireland, Japan, Korea, Luxembourg, the Netherlands (for those profiled as easy-to-place), New Zealand, Norway, Sweden, Switzerland and the United States], although it is not always specified whether these are optional or mandatory (see also the discussion of collective information sessions in Section 4 below).

1.4. Regular reporting and confirmation of unemployment status

Regular reporting and confirmation of status may not only avoid errors in benefit payments (when there was a brief work spell), but also creates opportunities for the PES to encourage job search and deliver information on vacancies and other services. Three main methods are used to report and confirm status during the unemployment spell: i) a regular (usually fortnightly or monthly) declaration in person at a local office; ii) a similar declaration by mail, telephone or Internet; and iii) no regular declaration, but instead an obligation to declare (usually immediately) changes of situation relevant for unemployment status, and therefore benefit payment. Table 5.1, Column 4, shows country practices in this respect.

Half of the review countries (Australia, Austria, the Czech Republic, Greece, Hungary, Japan, Korea, Ireland, Luxembourg, the Slovak Republic, Spain, Switzerland, the United Kingdom and, since January 2007, also Portugal) verify unemployment status through requiring periodical in-person attendance at a local office. Beyond mere confirmation of status, such in-person visits may also be used for discussing the client’s job-search evidence; going through the vacancy register expecting the jobseeker to agree to apply for particular vacancies; and for providing further information, for example on collective information or training sessions offered by the local office. Attendance is usually required every week in Austria; every fortnight in Australia,¹⁷ the Czech Republic, Korea, Luxembourg, Portugal, the Slovak Republic and the United Kingdom; every four weeks in Japan; monthly in Greece, Hungary, Ireland¹⁸ and Switzerland, and quarterly in Spain.

Belgium, Canada, Denmark, Finland, the Netherlands, Norway, Poland, Sweden and the United States require regular declarations to be sent in by post, Internet or telephone (or dropped off in a letter box): usually by post in Belgium, Finland, the Netherlands and Poland, by post or Internet in Denmark, Norway and Sweden, and commonly by telephone

or Internet in Canada and the United States. France lets the jobseeker choose among Internet, telephone or personal appearance. Declarations are usually fortnightly in Canada, Norway, Sweden and the United States and monthly or four-weekly in Belgium, Denmark, Finland, France, the Netherlands and Poland.

Germany, Italy, New Zealand and Turkey do not require regular declarations, but request a declaration (usually immediate) of relevant changes of situation.¹⁹ The Slovak Republic adds that even in the absence of such declaration, the benefit services immediately learn of deregistration via continuous data matching. Declared earnings from a few days' work would normally entail a benefit suspension or temporary reduction of the benefit amount, while longer work spells (above six days in Italy) require a renewed application for benefits.

1.5. Changes since 1999

The 1999 OECD survey had identified five countries where benefit could be paid for days prior to initial registration for placement (OECD, 2001a). Based on the recent survey, this number is now significantly higher. There is, first, a sizeable group where entitlement can start before registration with the PES, so that benefits are paid retroactively; and, second, another group where entitlement starts with registration for benefit, which has little or no placement-related content. At the same time, several more countries – there are now 14 of them in total – now report a waiting period before entitlement to benefit begins.²⁰

As to the reporting of unemployment status, the number of countries allowing or expecting respective declarations to be made by telephone and Internet has, not surprisingly, increased since 1999 – there now seem to be at least six countries where declarations can be made by Internet. The policy of Internet reporting rather than in-person visits does, taken in isolation, reduce the intensity of in-person contacts. But if the PES resources freed by Internet reporting are devoted to other interventions such as intensive interviews, Internet reporting may not reduce the overall intensity of interventions as covered in the questionnaire.

At the same time, a few countries no longer require any regular declaration of days worked and of continuing unemployment status. A number of factors may favour this development:

- Declines in the frequency of very short-term employment spells (*e.g.* day labouring) in favour of temporary contracts of somewhat longer duration.
- A refocusing of PES strategies away from verification of formal requirements and towards placement assistance and assisting and monitoring independent job search.
- Increased use of computer data matches which can detect work performed by people who are also receiving unemployment benefits. The replies from the Slovak Republic, Spain and New Zealand refer to data matching directly, but it is now probably performed (in some cases with a considerable lag, *e.g.* monthly) by many more countries.²¹

2. Job-search requirements

While self-motivated unemployed will often look for jobs effectively, for other types of individuals, job-search assistance and monitoring may be required to ensure that they search actively for work. This feature is definitely on the rise in member countries, and a clear majority now seem to have explicit regulations for job-search reporting and monitoring. This is not surprising as several studies have shown that such a policy can have a considerable impact on re-employment rates (Benus and Johnson, 1997; Borland and Tseng, 2007; see also

the discussion in OECD, 2005). Other studies (e.g. Boone, Sadrieh and van Ours, 2004) have argued that job-search obligations coupled with a credible threat of benefit sanctions can partially offset disincentives generated by generous unemployment benefits.

However, there remains a risk that too-rigid requirements, with high minimum frequencies to be reported, may generate perverse effects, such as: i) employer cynicism about too many solicitations; or ii) pressure on jobseekers to quickly accept job matches that do not maximise their individual productivity. On the latter point, several studies have pointed out the economic gains resulting from an unemployment insurance system which provides the necessary “breathing space” for looking for an efficient match (Acemoglu and Shimer, 2000; Polachek and Xiang, 2005).

2.1. Frequency of reporting

As shown in Table 5.2, Column 1, half of OECD countries require reporting of job search (in most cases) every two weeks or at least monthly: these are Australia, Austria, the Czech Republic, Finland (after an action plan has been signed), Hungary (in the case of regular benefit recipients), Japan, Korea, the Netherlands, the Slovak Republic, Switzerland, the United Kingdom and the United States. In most of these, job-search reporting is combined with the verification of unemployment status. The reporting and verification techniques used are quite varied, but most of these countries use relatively standardised procedures: for example, requiring employer confirmation of applications, or handing out standard forms where individual job applications should be listed. The information is normally transmitted without face-to-face contact (e.g. on paper) in the Netherlands (standard forms sent to UWV) and the United States, but through an in-person counselling interview in Australia (in most cases), Austria, the Czech Republic, Finland, Korea, Slovak Republic, Switzerland and the United Kingdom.²²

Other countries verify job search within the context of intensive interviews: France once a month (starting at the fourth month of an unemployment spell), New Zealand every six weeks, Spain on average six times a year, Denmark and Norway every three months. Among these countries, documentation does not appear to be required in Hungary and Spain, while documentation requirements are relatively precise in Norway and documentary proof of job search seems also required in Denmark and New Zealand, although the exact format is flexible.

The regional placement agencies in Belgium (FOREM and VDAB), Canada, Germany, Ireland and Sweden describe procedures for reporting or verification of job search, but do not state how frequently such reporting takes place. The Belgian benefit agency (ONEM) evaluates job-search efforts within intervals depending on age and on the results of previous assessments, permitting multiple types of evidence, including declarations “on my honor”. In Germany, specific requests for evidence of job search are not excluded, but normally related activities are discussed in the context of intensive interviews (whose number varies by jobseeker category; on average, six such interviews can be assumed in a given year, see OECD, 2007, item 5b).

Greece, Poland and Turkey do not require reporting of job-search activities, while Italy in principle requires active job search, but does not currently monitor it in a concrete way. Finally, Luxembourg and Portugal which did not require job search in the past, have introduced respective requirements in 2007.²³

Table 5.2. **Job-search requirements**

	Frequency at which unemployed have to report their job-search activities	Number of actions to be reported in a month
Australia	Every two weeks	From 8 to 20
Austria	Once a month	Not specified
Belgium	Variable requirements at placement agencies; after 15/21 months at ONEM (benefit agency)	Not specified
Canada	Variable requirements	"Reasonable" efforts expected
Czech Republic	Every two weeks	Not specified
Denmark	At least once every three months	Variable requirements (depending on IAP)
Finland	From one week to one month	Variable requirements (depending on IAP)
France	Once a month (after fourth month)	Variable requirements
Germany	Depends on profiling category: on average six times per year	Not specified
Greece	No specific requirements	Not specified
Hungary	Monthly for regular benefit recipients	Variable requirements (depending on IAP)
Ireland	Variable requirements	Not specified
Italy	Job-search monitoring is rare, despite a legal requirement	Not specified
Japan	Once every four weeks	Two
Korea	Variable, from once a week to once every four weeks	Two
Luxembourg	No specific requirements up to 2006; variable requirements starting in 2007	Not specified
Netherlands	Every four weeks	Four
New Zealand	Every six weeks	Variable requirements (depending on IAP)
Norway	Every three months	Not specified
Poland	No requirements	No requirements
Portugal	No specific requirements up to 2006; variable requirements starting in 2007	Variable requirements (depending on IAP)
Slovak Republic	Variable, from once a week to once every four weeks	One action per contact
Spain	Every two months (estimated average)	Not specified
Sweden	Every six weeks on average (adults six to eight weeks; youth two to three weeks)	Not specified
Switzerland	Once a month	From four to ten
Turkey	No requirements	No requirements
United Kingdom	Every two weeks	Ten
United States	Every two weeks	Ten

Source: Compendium of national replies to the OECD Secretariat questionnaire on "Interventions in the Unemployment Spell".

2.2. Number of actions to be reported

As to the minimum number of job-search actions to be undertaken by the registered unemployed (Table 5.2, Column 2), many countries report that this is determined in an individual action plan or by a placement officer on the basis of client characteristics and the local labour market. In these cases, usually no information about a typical or average required number of actions is available. Thus, no relevant information has been located for Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, Germany, Hungary, Ireland, New Zealand and Spain, although many clients there will have a rough idea about the number of employer contacts or other job-search actions expected from them.

Typical numbers of required job-search actions per month are between eight and twenty in Australia,²⁴ ten in the United States and the United Kingdom, between four and ten in Switzerland, four in the Netherlands, and about two in Japan, Korea and the Slovak Republic.²⁵ In Norway and Sweden, there is a general requirement that some job search be reported, a condition that appears to be possible to satisfy with relatively infrequent job-search acts. At

the other end of the scale, the number of actions that have to be reported is or approaches zero in countries with no reporting requirements or little monitoring, i.e. Greece, Italy, Poland and Turkey, as well as (up to 2007) Luxembourg and Portugal.

Finally, it should also be noted that countries or even local offices may use varying definitions as to the characteristics of job-search actions. Often not only application letters or lists of employers contacted, but also personal accounts (written or verbal) of less precise activities, spontaneous “walk-in” applications, efforts to set up business, etc. may be accepted as evidence. Thus, requirements are usually less rigid than they may appear at first sight.

2.3. Changes since 1999

In at least eight of the countries that reported both in 1999 and 2005-07, there is evidence that the intensity of job-search monitoring has increased. A clear and increasing majority of reporting countries now monitor job search in a relatively explicit way. Belgium and Finland had no procedures for reporting independent job search in 1999, and have them now. Finland, for example, now includes a requirement for such reporting in individual action plans, which are established after five months of unemployment at the latest. In Austria, verification procedures are now more precise than in 1999 (on average monthly reporting, with employer contact details and evidence of written applications). The change is striking when current practice is compared to the 1996 OECD review of the public employment service in Austria when, although there was already a formal legal requirement, benefit claimants were not required to supply proof of job search (OECD, 1996b, p. 49). Procedures in Denmark have also changed considerably. In 1999, job search was reviewed in six-monthly eligibility reviews by the unemployment insurance funds, while currently it is verified at least every three months during contact meetings at the PES.

The description of procedures in the Czech Republic, Germany (based on a 2002 change in legislation), New Zealand and Sweden also now more clearly indicates regular verification of job search actions. For example, New Zealand in 1999 reported that “A beneficiary who is long-term unemployed or is considered to be at risk is likely to be required to make more regular contact”, and reported to the more recent survey that reviews of job-search activities are every six weeks.²⁶

Following these changes, now only four reporting countries (Greece, Italy, Poland and Turkey) appear to not verify active job search in principle or practice. Poland may have decreased the intensity of its monitoring (it mentioned in 1999, but not in 2006, that an oral report of individual effort was required), and some decline in intensity may also have occurred in the United States where fortnightly reporting is now most often done through automated telephone systems.

As to the minimum number of required job-search actions, due to the paucity of data, no general trend can be observed. In 1999, the estimated frequency per month of job applications or other actions to be reported was eight per month in the United Kingdom and the United States, and the estimates given now are ten per month. In the United Kingdom, the *Jobseeker's Allowance (Amendment) Regulations* in 2004 (www.opsi.gov.uk/si/si2004/20041008.htm) raised the usual requirement from two to three per week in 2004, but exceptions are allowed and it is not clear how much impact this change had on local office practice. In Switzerland, until 1997, ten job-search actions per month were required, but flexibility to set lower requirements was already in place by 1999.

3. Direct referrals to vacant jobs

The term “direct referrals” is intended to refer to occasions when the PES offers a specific vacancy to the jobseeker, not including referrals when the jobseeker himself/herself selected the vacancy. “Closed” vacancies are always handled by direct referral, while an employment service can also make direct referrals to advertised (“open” or “semi-open”) vacancies. Direct referrals can be contrasted with “self-referrals”, where the jobseeker takes the initiative to select and apply for an advertised vacancy.

Without a doubt there has been a trend in recent decades towards transparency of vacancies through the use of self-service facilities. In general, the more information is attached to a vacancy, the less need there is for PES intervention to fill it. Nevertheless, direct referrals can still serve important purposes, notably to: i) speed up the matching process; ii) bring jobseekers who use inefficient job-search strategies into contact with vacant jobs that might otherwise be ignored; iii) serve as a work-test and remind jobseekers of the “mutual obligations” requirement; and iv) in the final analysis reduce aggregate unemployment spell durations. Further, feedback on referral outcomes (including negative ones) may help improve register information and develop more effective mediation strategies in the future.

3.1. Referral procedures and vacancy types

A few countries report a practice of keeping a significant share of vacancies under “closed” procedures. The proportion of notified vacancies handled using such procedures is reported as 9% in Austria, 20% in the Czech Republic and Finland, one-quarter in Denmark, over 40% in Germany and the majority in Spain. While most employment services would keep vacancies “closed” if asked to do so by an employer who wants only candidates pre-selected by the PES, the proportion is given as zero or insignificant in Belgium, Canada, Luxembourg and Sweden.

Most countries report more or less regular use of direct referrals, although the vacancies involved are usually open or semi-open and therefore also invite self-referrals. For a number of them (Australia, the Czech Republic, France, Germany, Greece, Hungary, Italy, Japan, the Netherlands, Poland, the Slovak Republic and the United States), no estimate of the number of direct referrals per unemployed jobseeker in a given time period is available. In those cases where referral rates were either indicated by the responding country or estimated by the OECD Secretariat, they were from one to three per unemployed person-year in Belgium (VDAB), Denmark, Finland, Ireland, Korea, New Zealand, Norway, Portugal and Sweden; between four and five in France, Japan and Luxembourg, and between six and eight in Austria, Spain, Switzerland and the United Kingdom (see Table 5.3, Column 1). Although it can be argued that referrals should be tailor-made and employers not be overwhelmed by large numbers of applicants, these figures may be considered surprisingly low, given the advantages of direct referrals mentioned above, and given the opportunity counsellors have during intensive interviews to orient the client to newly-advertised vacancies. However, it is difficult to gauge the extent to which the events reported here as “direct referrals” are fully comparable.²⁷

Typical referral rates of about two or three per year are much lower than requirements on unemployed people to make independent job applications (i.e. often two per month, ranging up to eight or ten per month in a few countries, see Section 2 above). But even three direct referrals per year can influence unemployment spell durations. For example, if the probability of a direct referral is 1/4 per month and one in ten direct referrals results in

Table 5.3. Referrals to vacant jobs

	Referral rates (annual number of direct referrals per registered unemployed) ^a	Special reports on application outcomes required from employer (ER) and/or jobseeker (JS)
Australia	n.a.	No formal requirements
Austria	8.1	ER, JS
Belgium	1.4 (VDAB)	ER, JS (VDAB); JS (FOREM)
Canada	0	No formal requirements
Czech Republic	n.a.	JS
Denmark	2.4	ER, JS
Finland	1.1	ER, JS
France	4.8	ER, JS
Germany	n.a.	ER, JS
Greece	n.a.	ER, JS
Hungary	n.a.	ER, JS
Ireland	1.5	No formal requirements, variable practice
Italy	n.a.	ER (if hiring occurs)
Japan	4.2	ER
Korea	2.4	ER, JS
Luxembourg	5	ER
Netherlands	n.a.	ER
New Zealand	1.8	ER
Norway	2.8	ER, JS
Poland	n.a.	ER
Portugal	1.4	ER
Slovak Republic	n.a.	ER
Spain	6.5	ER
Sweden	2.8	JS
Switzerland	7	ER, JS
Turkey	n.a.	ER
United Kingdom	6 ^b	JS
United States	n.a.	JS

n.a.: Not available.

a) Numbers refer to 2004 in Belgium, Spain and the United Kingdom; 2005 in Denmark and New Zealand; and 2006 in Austria, Finland, France, Ireland, Japan, Korea, Luxembourg, Norway, Portugal, Sweden and Switzerland.

b) The UK reports almost 30 million submissions for notified vacancies, an average of six submissions annually per client of Jobcentre Plus. These clients include incapacity benefit, lone parent and jobseeker allowance recipients. If only the latter category were counted, the figure would rise to over 20.

Compendium of national replies to the OECD Secretariat questionnaire on “Interventions in the Unemployment Spell”.

a hiring, then 2.5% of the unemployed enter work through this channel each month. This can make a significant contribution to overall rates of exit from unemployment (which are often about 10% or 15% per month in Europe). And in practice, direct referrals may be targeted on a subgroup of the unemployed, while relying on independent job search in the majority of cases.

As to the degree of “openness” of advertised PES vacancies, Australia, Greece, Italy, Luxembourg, Portugal, the Slovak Republic and New Zealand report that advertised vacancies are mainly semi-open, implying that interested applicants need to request employer contact details from the PES officer. Other countries making extensive use of semi-open advertising (although no exact proportions were indicated) are Denmark, Hungary, Japan, the Netherlands, Switzerland and the United Kingdom. Countries where advertising is fully open in the majority of cases (i.e. includes employer contact details) include Austria, the Czech Republic, Finland, Germany, Ireland, Korea and the United States. Finally, advertised PES vacancies are almost

always fully open in Belgium, Canada, Norway and Sweden. In Spain, as well – where the majority of vacancies are “closed” – those that are advertised are usually fully transparent.²⁸

With a view to managed or direct referrals, the OECD survey enquired as to how common were “pre-selection” interviews of candidates at PES offices. Of the countries responding to this question, 11 indicated that their employment services did not hold pre-selection interviews, or held them very rarely. The reply by the Slovak Republic is representative for many of these: the counsellor matches vacancies to jobseekers based on his personal knowledge of them and on standard criteria used by the office. It may also be the case that improvements in the initial registration procedures and in electronic data processing enable the PES to make accurate referrals without further personal contact.

Only Denmark, Germany and Portugal replied that job offers are usually discussed with jobseekers before referral to verify whether qualifications, experience and personal abilities match a particular vacancy. Belgium, Finland, Luxembourg, New Zealand and Spain indicated that this is sometimes the case, for example if qualifications recorded in the information system are unclear (Finland); to address any potential barriers to employment (New Zealand); or to carry out skill and psychological tests at the office (Spain). In addition, eight countries (Austria, the Czech Republic, Finland, Germany, Hungary, Ireland, the Netherlands and the United States) mention that they undertake more intensive pre-screening of candidates on the special request of employers, with most of them adding that this practice is rare (in 9% of all direct referrals in Austria, for example), and some implying that the service is paid for by employers.

Usually, some pre-selection also takes place in the case of self-referrals to semi-open vacancies. When jobseekers approach the desk to obtain an employer’s contact details, these may in some cases be provided by junior staff with little screening, but often be provided by a counsellor who first checks the applicant’s computer file and/or engages the person in a brief conversation to check their suitability for the post.

3.2. Reports on application outcomes

Feedback on application outcomes – either positive or negative – can supply important information for an employment service. However, replies by countries to the question on post-referral feedback are less detailed than would have been desirable. For example, while countries usually note whether employers and/or jobseekers are asked by the PES to report on outcomes, the replies give no information on the proportion of cases where this is actually done, and answers are often not precise as to the way such reports should be or are actually made (for example, reporting on a standard form, by other means of communication or through special follow-up visits).²⁹

Yet, countries can be grouped by whether they put equal emphasis on both employer and jobseeker feedback, or whether they stress reporting by either one of the parties involved (see Table 5.3, Column 2). Countries that regularly ask *both* employers and jobseekers to report on referral outcomes are Austria, Belgium (VDAB), Denmark, Finland, France, Germany, Greece, Hungary, Norway, Korea, Poland, the Slovak Republic and Switzerland.

Countries that seem to stress employer responses are Luxembourg, Japan, Portugal, Spain and Turkey, with Japan noting expressly that jobseekers are not required to report on interviews. Spain, for example, specifies that the employer is asked to report the reasons why candidates were not selected. The Netherlands and New Zealand also belong to this group: in these countries the employer is usually contacted after referral, while jobseekers

can postpone any reporting until their next regular interview at the office. *De facto*, this will also be the case with some countries in the previous group, namely in those cases where jobseekers do not comply with the PES request to report immediately after the interview. On the other hand, countries that stress jobseeker reporting, while not normally expecting feedback from employers, are the Czech Republic, Sweden, the United Kingdom and the United States (in some states).

The classifications in Table 5.3 do not consider what seems to be a requirement in all countries: that applicants who have been accepted and sign an employment contract need to report this fact immediately to the employment service, with a view to cancelling any benefit. However, information on failed applications are equally important for the placement service, with a view to improving the matching process.

As to the form that this reporting takes, a number of countries (Austria, Belgium [VDAB], Greece, Japan, Korea, Luxembourg, Portugal and Switzerland) require employers to report the outcome of every referral by filling out standard forms to be returned to the employment office. For jobseekers, reporting requirements seem to be most rigid in the United Kingdom, where they need to list details of every application at each fortnightly signing. Finally, Australia and Canada mention that there are no formal reporting requirements (although Australia considers it best practice for Job Network providers to obtain the relevant feedback), and Italy notes that such information is sought only rarely (in the main, employers are asked to report a hiring).

3.3. Changes since 1999

Given the difficulty of estimating referral rates per unemployed jobseeker, estimates for both 1999 and a recent date are available for only a few countries. Among these, direct referral rates appear to have fallen most in Luxembourg (from about ten to five) and Sweden (from about six to three). By contrast, they increased in Denmark and Korea (from one to over two), Switzerland (from three to seven) and Spain (from about 1.5 to over six). The increased rate of direct referrals reported in Denmark may reflect a policy shift to case-management methods of activation, while in Spain it largely reflects a reported change from sending three candidates per vacancy to sending six candidates per vacancy.

Under the item of feedback on referral outcomes, there are now more countries than in 1999 (11 instead of five), where both the employer and the jobseeker are required to report rapidly on referral outcomes (see Table 5.3, Column 2, as well as item 4d in OECD, 2007). This may be because employment services are now putting more emphasis on follow-up than previously. However, it needs to be kept in mind that little information was obtained in the recent survey as to the extent to which these requirements are followed; indeed, in the previous exercise more information about the *actual* employer response rates had been obtained.

4. Intensive interviews, collective information sessions and individual action plans

Country practices concerning the first intensive interview (often at registration), usually held to obtain more detailed information on the jobseeker so as to allow successful matching, have been noted under Section 1 above. Regular intensive interviews later in the unemployment spell are another important element in the counsellor's "tool kit" for maintaining the client's work focus. They are often coupled with monitoring of job-search

efforts (see above) and discussion/modification of individual action plans where these have been set up (see below). While the average interval between intensive interviews is important, fixed interview schedules are not necessarily preferable. Thus, the interview intensity and frequency need not be identical for all types of jobseekers, in particular where profiling has identified those groups that are likely to engage in successful job search on their own. In practice, the interview frequency is often constrained by inadequate staff/client ratios, i.e. overly high caseloads per counsellor.

4.1. Frequency and length of intensive interviews in the unemployment spell

A large number of responding countries report that intervals between intensive interviews can vary considerably, depending on counsellor assessment, jobseeker attributes or profiling category (Canada, Finland, Greece, Germany,³⁰ the Netherlands, Portugal, Sweden, Switzerland and the United States). Other countries stress that there are no rules or guidelines in this respect (Italy, Japan and Poland). Austria and Norway list a *minimum* number of four intensive interviews per year, implying the possibility that some clients have more frequent interview contacts, while in Spain varying practices add up to an average number of six interviews per year. In Ireland, clients receive on average 11 “interventions”, starting at three months unemployment, up until they have been either placed in employment or have completed a labour market programme and are considered job ready; however, it is up to the PES counsellor how many of these are interviews, phone calls, letters, etc.

By contrast, a fixed schedule of intensive interviews during the unemployment spell is mentioned by ten countries: every two weeks in the case of the Czech Republic and of fortnightly signings in the United Kingdom; at least once a month in Slovakia and Switzerland; every six weeks in New Zealand; every two months in Luxembourg; and every three months in Denmark, Hungary, Norway and in the case of the *13-week reviews* in the United Kingdom. In addition, Korea has made its previous two-week schedule more flexible: interviews are now fixed at between once a week and once every four weeks, depending on jobseeker category. Australia also cites fixed schedules that vary by jobseeker category and unemployment duration (for example, four times in the first year for Intensive Support clients, but 14 times in the second year). Further, France and the regional placement agencies in Belgium note that intensive interviews set in after an unemployment duration of three and six to nine months, respectively, and then usually occur on a monthly basis.

Based on the available evidence, it can be concluded that Belgium, the Czech Republic, France, Germany, the Slovak Republic, Spain, Sweden, Switzerland and the United Kingdom reach a standard of at least five intensive interview-equivalent contacts per unemployed client per year.³¹ Australia (when calculating interviews on the basis of a two-year unemployment spell), and Korea after its recent PES reform, can probably be added to this group. This set of countries is followed by another group with on average four intensive contacts annually that includes Austria, Denmark, Hungary and Norway. By this account, over half of all review countries have four or more intensive contacts annually.³²

The duration of intensive interviews varies again considerably, not only between but also within countries. The most typical reported duration is 30 minutes, although countries are likely to note that the actual duration depends very much on client needs and circumstances. The shortest durations mentioned are ten minutes (UK fortnightly signings) and 15 minutes (cited as minimum duration in Canada and the Czech Republic, and as average duration in Luxembourg). On the other end of the spectrum, Finland and Switzerland note that intensive interviews can last up to 1½ hours.

4.2. Voluntary interviews

A majority of countries note that no information is available on the proportion of intensive interviews that take place upon the request of unemployed clients (countries report, for example, that “the PES booking system does not distinguish between voluntary and non-voluntary interviews”). Austria, France, Luxembourg, the Netherlands, Norway and the Slovak Republic report that the proportion of such interviews is not significant; Luxembourg, for example, reports only about 200 such interview requests per year, which corresponds to no more than 2% of the unemployed stock. It would seem, however, that jobseekers should have an interest in requesting meetings with their counsellor, if only to update their personal file, for example in case they have acquired a new qualification.

Replies from Belgium, Canada, Greece, Ireland, Japan, Korea, Portugal, Spain and the United Kingdom indicate that a certain number of voluntary interviews are indeed occurring. Belgium (FOREM) notes that 20% of interview time is reserved for jobseeker requests. Japan lists as recurring themes of such meetings help in CV writing and job search and interview training. Spain mentions the wide offer of guidance services, including those of non-profit organisations collaborating with the PES, and the large number of intensive interviews at these services requested by jobseekers. The United Kingdom has calculated that over half of JSA recipients arrange a voluntary meeting – perhaps a surprising piece of information in view of the tight mandatory scheduling.

Altogether, however, the replies seem to confirm that on average voluntary contacts are not very frequent and that PES scheduling is necessary to maintain intensive contact with unemployed clients.

4.3. Collective information sessions

Employment services can ask jobseekers to attend collective information sessions, to inform them of their rights and responsibilities, familiarise them with PES services, including self-service facilities and, more generally, help maintain the client’s work focus. Collective sessions can save valuable staff resources, since the provision of certain information and other services does not necessarily require one-on-one encounters between jobseekers and counsellors. Information sessions can also be combined with, or lead up to group training sessions on job-search and interview techniques.

Regarding the frequency and content of collective information sessions, ten countries report participation of jobseekers in at least one obligatory information session during a given year, often early in the unemployment spell (Austria, the Czech Republic, Finland, Japan, Korea, Luxembourg, Portugal, Sweden and Switzerland), or at a certain duration of the spell (Belgium [FOREM]).

Next, Greece, New Zealand, Norway, the Slovak Republic and Spain report that a significant number of jobseekers attend collective information sessions, if directed (or strongly encouraged) to do so by their PES counsellors. In New Zealand, new benefit claimants are encouraged to attend the WRK4U (Work for You) seminars, which provide information on job-finding techniques and are meant to convey the general message that work is available and should be considered ahead of benefit payment. By contrast, a complete absence of collective sessions, or their very rare occurrence, is reported by Italy, Turkey and the United Kingdom. The replies by the remaining countries imply that such sessions exist, but are impossible to quantify, with participation either voluntary or obligatory only for certain individuals or sub-groups. In Canada, for example, clients are obliged to participate once this is laid down in their

return-to-work action plan, while in the United States only clients profiled as likely to exhaust benefits need to attend orientation sessions at one-stop career centers.

Most countries that reported on the content of collective sessions refer to job-search and interview techniques. The Czech Republic notes that, in addition to one information session at the start of unemployment, jobseekers are required to attend Job Clubs (group training sessions in job-search techniques) after three or six months of unemployment. Australia, Belgium (FOREM), Canada, Finland, Greece, Ireland, Japan, Korea, New Zealand, Poland and the United States also mention the holding of job-search training sessions, which are often obligatory or strongly encouraged.

In addition, Austria cites collective sessions for women returnees, the Czech Republic reports on meetings focusing on competency assessment, and Finland and Sweden hold information sessions on planned training courses. Further, Finland and Greece organise sessions dealing with enterprise start-up, Hungary offers courses for disabled persons, and Korea has set up confidence-building modules. The report from Hungary is also interesting since it states that collective sessions are usually requested by employers for candidate selection.

A few countries gave information on participation levels, although it is not always clear whether voluntary or in principle obligatory sessions/courses are meant. In New Zealand, the large majority of newly registering unemployed participate in the WRK4U seminars noted above, while approximately 30% of the unemployed stock participate in the IN2WRK programme, an intensive one-week course for people who need more intensive job-search support. Belgium (FOREM) reports a participation rate of about 50% for its voluntary sessions, distinguishing between a response rate of 15 to 20% to a general mailing on the one hand, and of 80 to 90% after direct contact with a counsellor, on the other. Luxembourg reports a participation rate of 50% “upon convocation”. In Spain, the same proportion of persons participate in collective sessions after having gone through an intensive interview (further broken down into 20% opting for job-search skills; 10% for interview techniques; and 8% attending self-employment support training), while Korea notes that about 30% of jobseekers advised by their counsellors to attend a session or programme actually do so. Participation rates in the Czech Republic and Poland, with 10% and 4% respectively, are lower.

4.4. Participation in individual action plans

Setting-up individual action plans with unemployed clients has become an increasingly important element of activation strategies. Their name may vary (guidance plan, job-seeking agreement, activity agreement, etc.), but in each case an individual action plan is a written document to be signed by both parties, describing the jobseeker’s situation, laying down certain actions to be taken by the client and listing commitments by the employment service.

Almost all responding countries now mention the establishment of some sort of individual action plan, sometimes for the totality of unemployed inflows, sometimes destined for particular target groups. The main exception is Turkey where no such plans are prepared. The replies imply that they are also rare in Poland and the United States. They are voluntary in Canada, the Czech Republic (except for youth), Japan, and were until recently voluntary in Luxembourg, but are obligatory – by law, if not always in actual practice – in all remaining countries.

There are wide differences as to the moment in the unemployment spell when an individual action plan is created (Table 5.4, Column 2). In Australia, the Activity Agreement

is created at the initial registration with Centrelink, and Italy notes as well that in many PES offices individual action plans are established at initial registration. In seven countries, according to existing guidelines or regulations, individual action plans are set up within a week to a month after registration (Austria, Germany, France, Greece, Hungary, Sweden and the United Kingdom). In New Zealand, as well, they are usually set up within a week, although the legal deadline for adults is 13 weeks. The target date is three months in the Slovak Republic and Switzerland (as well as for youths in the Czech Republic, Luxembourg and Portugal); five months or less in Finland (the national target is now set at one month);

Table 5.4. **Intensive interviews and individual action plans**

	Intensive interview schedule during the unemployment spell	Duration of unemployment when an individual action plan is created
Australia	1st year: four interviews; 2nd year: up to 14	At initial registration
Austria	At least every three months	Within one month after registration
Belgium	Flanders: every month, starting at or before six to nine months of unemployment	Flanders: after six to nine months
	Wallonia: every month, starting at or before two months (youth) to seven months (adults) of unemployment	Wallonia: after two months for youth, before seven months for adults
Canada	Not specified; all interviews are voluntary	Not specified (voluntary)
Czech Republic	Usually twice in a month	Within two to three months for youth; within six months for adults (voluntary)
Denmark	Every three months	After six months for unemployed under 30 and over 60; after nine months for others
Finland	By mutual agreement; more frequent for youths	After five months at the latest; target now set at one month
France	Variable practice in the first three months; at least monthly thereafter	Usually within five days (up to 2007, eight days)
Germany	Six per year (estimated average)	Usually within ten days
Greece	By mutual agreement, as laid down in IAP	Preferably within a week
Hungary	Every three months	Shortly after registration
Ireland	Estimated at three to four on average, between three and twelve months of unemployment	At three months
Italy	Not specified	At initial registration or during first intensive interview
Japan	Not specified	Not specified (voluntary)
Korea	Variable, from once a week to once every four weeks	Two weeks after registration
Luxembourg	Every two months	Within three months for youth; within six months for others (obligatory as from 2007)
Netherlands	Wide variation at CWI; more intensive at contracted providers	CWI "reintegration advice" set up for hard-to-place clients within one month
New Zealand	Every six weeks	Usually in a week
Norway	At least every three months	Obligatory only for certain categories (the vocationally disabled; those in need of training)
Poland	Not specified	Only applied to young persons who recently left school
Portugal	Not specified (depends on individual action plan)	Within three months for youth and six months for adults
Slovak Republic	At least once a month	Within six months
Spain	Six per year	At six months for youths and twelve months for adults
Sweden	Every six weeks on average	Within 30 days of registration
Switzerland	On average once a month	After three months at the latest
Turkey	Not specified	No practice of action plans
United Kingdom	Jobseeker reviews every two weeks; more intensive reviews every three months	Within two weeks
United States	No fixed schedule; much variance by state	Only in a minority of cases; no defined duration

Source: Compendium of national replies to the OECD Secretariat questionnaire on "Interventions in the Unemployment Spell".

and six months for youths in Denmark and Spain and for adults in the Czech Republic, Luxembourg and Portugal. It is nine months for prime-age unemployed in Denmark and for all adults in Spain.

In Belgium, the situation varies by region: while in Flanders the action plan is set up after six to nine months, depending on age and educational level, the time frame for Wallonia is two months for youth and (up to) seven months for adults. In the Netherlands, where the bulk of employment services is outsourced to private providers, the situation is even more varied: first, the CWI puts proposals for action into its reintegration advice for clients that are not considered job-ready, and second, many private providers subsequently conclude a detailed agreement with jobseekers about the job-search efforts expected from them.

There is little information on the content of individual action plans, but if such plans are prepared in the initial phase of unemployment, they usually specify availability requirements as well as job-search activities and strategies. An action plan at a later stage in the unemployment spell will tend to warn that at a certain point in time, if no employment has been found, the client will or may be placed in an ALMP.

Importantly, there may be some discrepancy between PES guidelines requesting the establishment of individual action plans on the one hand, and the actual capacity of PES offices to establish such plans with all newly registered unemployed and follow up on them efficiently, on the other. Based on available information from evaluations and other literature, Germany, Greece and Hungary are some (but probably not the only) examples of countries that have found it difficult in the past to implement existing guidelines in this respect (see WZB/Infas, 2006; NAP Greece, 2004; NAP Hungary, 2004).³³

Concerning the frequency of interviews for reviewing or revising the individual action plan, most countries note that several such interviews are held in a given year, with four sessions being the most common figure. Since most countries now run individual action plans, they tend to include their review in all or most intensive interviews, so country replies referring to action plan interviews tend to overlap with their indication of the frequency of intensive interviews overall.

4.5. Changes since 1999

Compared with the 1999 OECD survey, the number of countries with a fixed schedule of jobseeker interviews has increased from five to ten (or even to twelve, if Australia and Korea which have fixed schedules varying by jobseeker category are included). In those countries that reported a number of annual interviews both in 1999 and 2005, their average number increased by one-quarter. The fact that individual action plans now tend to be established early in the unemployment spell and are continuously reviewed, seems to explain part of this increase. Little change was observed as to the average length of interviews and the (usually low) frequency of voluntary interviews initiated by jobseekers.

As to the set-up of individual action plans, these have become more widespread and have a tendency to start earlier in the unemployment spell than in 1999. While the 1999 survey found four countries that established an action plan for all unemployed within a month of initial registration, this group includes at least ten countries in 2006. By contrast, individual action plans were not known or rare in seven countries in 1999, but in only three countries in 2006. The content of action plans remains varied; they have a focus on job-search activities in a large number of cases, but may also include proposals for referral to ALMPs.

5. Referral to active labour market programmes (ALMPs)

Substantial cross-country differences persist in both the overall level of spending on active labour market programmes (ALMPs) and in their composition. However, a number of recent macro-econometric studies on the impact of ALMP spending on aggregate unemployment have found that active programmes speed up re-employment for benefit recipients and other jobseekers. Further, microeconomic studies have identified the relative returns to various types of programmes, where job-search assistance and continuing vocational training (after taking account of the “lock-in effect”³⁴) often rate well, while public job creation programmes are often disappointing.³⁵

These findings have led to suggestions – expressed among others in the Restated OECD Jobs Strategy of 2006 – that in situations of longer unemployment duration, compulsory participation in active labour market programmes can help improve employment prospects. Also, referral to ALMPs under threat of benefit sanctions has been shown to lead to increases in the hazard rates off benefit into work around the formal deadline for programme entry – mainly through so-called “motivation effects” (for further study, see Bassanini and Duval, 2006; Betcherman, Olivas and Dar, 2004; Kluve, 2006; OECD, 2005; and OECD, 2006a).³⁶

5.1. Compulsory or voluntary entry

Table 5.5 takes up the issue as to whether countries provide for obligatory or voluntary entry into ALMPs. The table shows, *inter alia*, that countries with obligatory programmes for those unemployed passing a certain threshold in their unemployment spell are Australia (after six months for ages 18 to 49), Denmark (nine months for ages 30 to 60), Sweden (28 months for all) and the United Kingdom (22 months for ages 25 to 49). Two of these countries have a lower threshold for youths: Denmark at six months, and the United Kingdom at ten months.³⁷ Denmark also has a six-month threshold for older workers over 60 years of age.³⁸

In addition, Finland indicates that offers usually start at 12 months for adults and three months for youth, and they tend to be obligatory when the respective activity is contained in the client’s individual action plan (which is often the case). The Dutch response presents the contracting-out of unemployed persons, judged to be at some distance to the labour market, to private and community providers as a functional equivalent of an active programme. And Germany adds that all unemployment assistance (“unemployment benefit II”) recipients below the age of 25 are immediately referred to an active labour market programme, if no jobs are available for them.³⁹

Thirteen other countries (Austria, France, Hungary, Ireland, Italy, Luxembourg, New Zealand, Norway, Poland, Portugal, Spain, Switzerland and regional organisations in Belgium) note that, while there is no general obligation to enter programmes at a certain stage in the unemployment spell, benefit recipients nevertheless need to comply with a referral to an ALMP by a PES counsellor. In Switzerland, for example, referrals targeting the low-skilled are often decided at six months duration of unemployment and they are binding for the target group. By contrast, seven countries, generally those with relatively short-duration UI entitlements, indicate that participation in ALMPs is not compulsory.

Little information is available of the percentage of unemployed reaching the month when an obligation to participate in an ALMP takes effect. In the United Kingdom, only 11% of the inflow reaches the New Deal “gateway” period, and an even smaller share goes on an active measure (“option”) four months later. In the Netherlands, about one third of the CWI inflow is categorised into “phases” (profiling groups) two to four that are soon transferred

Table 5.5. **Participation in active labour market programmes (ALMPs)**

	Compulsory participation after some set unemployment duration (Yes/after how many months/No)	Compulsory when referred by PES (Yes/No)	Continuing job-search requirement (R) and verification (V) during participation in ALMPs
Australia	Yes, six months for all aged 18 to 49	Yes	R, V
Austria	No	Yes	No
Belgium	No	Yes	R, V (VDAB)
Canada	No	No	No
Czech Republic	No	No	R, V
Denmark	Yes, six months for unemployed under 30 and over 60; nine months for all others	Yes	R
Finland	No	Yes, if a measure is contained in an individual action plan	R
France	No	Yes	No
Germany	No, but unemployment assistance (UBII) recipients below age 25 can be referred immediately	Yes	Variable requirements
Greece	No	Participation "strongly encouraged"	No
Hungary	No	Yes	No
Ireland	No	Yes	No
Italy	No	Yes	No
Japan	No	No	No
Korea	No	No	No
Luxembourg	No	Yes	No
Netherlands	Yes, one month/six months (start of "reintegration trajectory")	Yes	No reply
New Zealand	No	Yes, if a measure is contained in an individual action plan	Variable requirements
Norway	No	Yes	No
Poland	No	Yes	No
Portugal	No	Yes	No
Slovak Republic	No	No	R, V
Spain	No	Yes	No
Sweden	Yes, at 28 months at the latest	Yes	R, V
Switzerland	No	Yes	R, V
Turkey	No	No	No
United Kingdom	Yes, ten months for youth, 22 months for adults 25-49	Yes	No
United States	No	No	R and possibly V in some states

Source: Compendium of national replies to the OECD Secretariat questionnaire on "Interventions in the Unemployment Spell".

to an external provider. For the other countries, rough estimates were calculated based on the description of regulations and (LFS-based) shares of total unemployed by duration group. These estimates were about 15% in Sweden and as high as a quarter or more in Australia, Denmark and Finland. Further research would need to be undertaken to substantiate these estimates by means of data on clients' actual enrolment rates in ALMPs.

5.2. Job-search verification during participation in ALMPs

To some extent, it may be considered advisable to leave participants in ALMPs time for continuing job search, and for the PES to verify that job search, since take-up of market-sector jobs would usually have priority over publicly-subsidised employment programmes.

This would suggest that active programmes should not be full-time activities. Exceptions might be certain types of training courses that should not necessarily be terminated before graduation because of a job offer.

In response to the corresponding question as to the extent to which unemployed participants in training and job creation programmes still have to prove continuing independent job search or attend PES interviews, the largest group of countries (16) indicates that such persons were exempt from job-search obligations. This group includes four countries where the unemployed do not have such an obligation in the first place, and 12 where that obligation was apparently waived for them. Characteristic are responses to the effect that ALMP participants “(...) should rather focus on the successful conclusion of the measure” (Germany), or “(...) no longer have a commitment of any kind to the placement service” (Portugal). By contrast, in seven countries (Australia, Belgium [VDAB], the Czech Republic, the Slovak Republic, Sweden, Switzerland and some US states) job-search requirements and verification seem to continue more or less unchanged. In a further four countries, the principle of job search is upheld, but no regular reporting to the PES seems to be required. In sum, most countries waive the job-search test for participants on ALMPs.

5.3. Changes since 1999

OECD (2001a), based on the 1999 survey, already mentioned Denmark, Sweden and the United Kingdom as having obligatory programmes for unemployed passing a certain threshold in the unemployment spell (although the threshold for Sweden was defined differently than in the current exercise). Australia was added to this group of countries because the information it provided was much clearer than before concerning the obligatory character of participation. Further, in the Netherlands a system is now in place where large numbers of unemployed are involved in “reintegration trajectories” managed by private providers. By contrast, in Luxembourg and Switzerland which were presented as part of the group in 1999, the obligatory character of ALMPs seems to have been abandoned. Lower duration thresholds for youth have remained an important characteristic. Finally, the number of countries reporting that requirements and verification of independent job search continues during programme participation appears to be on the rise.

6. Costs of activation

The interventions in the unemployment spell described in this chapter aim to speed up job-finding through a focus on activating the unemployed, as opposed to treating individuals as passive benefit recipients. However, the issue arises whether the benefits of these interventions exceed their costs. Evaluations can as a first step consider whether interventions are *cost-effective*, in terms of savings in benefit expenditure (due to earlier exits from unemployment) relative to their *direct budget costs*.

The OECD Database on Labour Market Programmes provides some information regarding these direct budget costs.⁴⁰ *A priori*, stronger activation of unemployment benefit recipients requires higher spending on PES offices and staff, since appropriate staff-client ratios are necessary to ensure density of contacts, quality of interviews, job-search monitoring, tailor-made referrals to vacancies, etc. The staff and related costs of implementing interventions during the unemployment spell appear in Category 1 (*PES and administration*) of the database. For several reasons, however, these data provide at best a partial measure of the cost of the type of interventions described in the chapter. First, Category 1 expenditure typically includes a variety of other cost items such as buildings and related overheads and

computer systems; and expenditure related to benefit administration, advertising, statistics, financial control, etc. Next, although Subcategory 1.1 (*Placement and related services*) in principle identifies spending on employment services with greater precision than Category 1, in practice this subcategory and Subcategory 1.2 (*Benefit administration*) include only expenditure that has been separately identified.⁴¹

With these caveats in mind, it can be noted that from 1985 to 2002, the average share of Category 1 in total “active” programme spending was about 25% (it is currently about 27%, following some increase in this share in the Czech Republic, Denmark, Germany, Korea and New Zealand – see Table H of the Statistical Annex of this publication).

Figure 5.1 examines the cross-country relationship between expenditure on Category 1 (*PES and administration*) and Subcategory 1.1 (*Placement and related services*) and spending on other active labour market programmes (ALMPs).⁴² In four countries (Australia, Japan, the Slovak Republic and United Kingdom), expenditure on Subcategory 1.1 (*Placement and related services*) alone is higher than on all other ALMPs; in three more countries (Canada, Czech Republic and Norway), expenditure on Category 1 as a whole is higher.

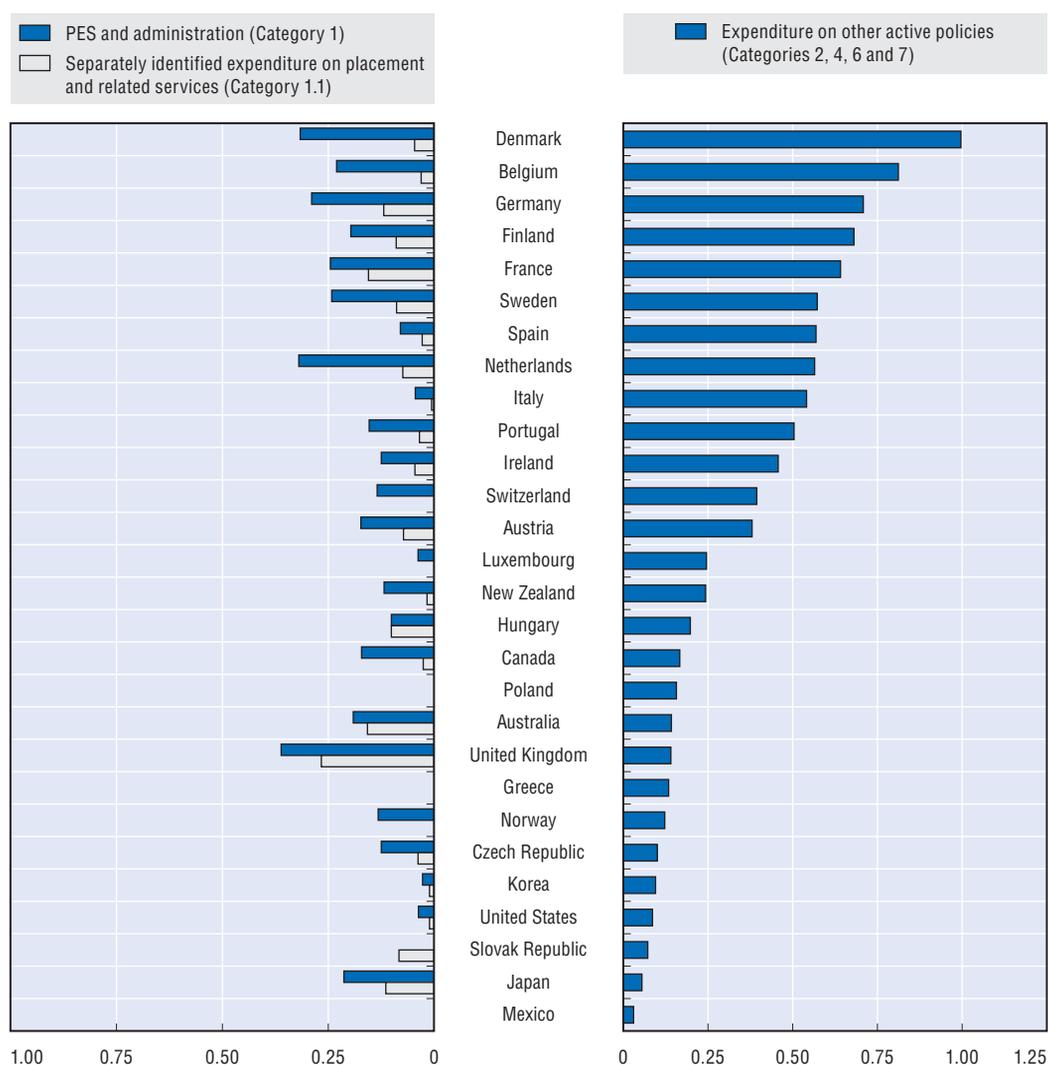
Figure 5.1 also shows that in many countries spending on Category 1 is low compared to total spending on active programmes. These countries could raise their level of Category 1 spending to the highest levels currently observed at an additional cost of about 0.2% of GDP. This additional cost might be expected to permit the implementation of a regime of similar intensity to that of the highest spender, the United Kingdom, which schedules a range of interventions including (for unemployment beneficiaries) brief personal interviews every two weeks. At the same time, five European countries are spending over 2% of their GDP on passive measures and a further six spend over 1% of GDP. Thus, in these countries the adoption of a relatively intensive regime will be cost-effective if it reduces the average duration of benefit spells by 10 to 20% – assuming that the reduction in benefit durations is not counteracted by increased churning, nor achieved primarily through entry to ALMPs which themselves are expensive.

Plausibly, some types of intervention are cost-effective while others are not.⁴³ But relatively few evaluations have directly estimated the cost-effectiveness of specific interventions. This is due partly to the fact that most countries do not separately budget the interventions on a regular basis. Also, it is not possible to fully weigh costs against benefits without broader measures of impact, which are often not available.⁴⁴

Job-search training courses have often been found to be effective, especially given their comparatively low cost. This chapter’s supplementary material (at www.oecd.org/els/employmentoutlook/2007) shows recent positive results in terms of reduced inflows to benefits from work-focused information seminars for potential new claimants in New Zealand. OECD (2005) refers to a number of other findings, including reductions in the average duration of benefit spells after the introduction of stricter job-search requirements (now published as Borland and Tseng, 2007, for Australia; Klepinger, Johnson and Joesch, 2002, for the US State of Maryland); and long-term reductions in the incidence of unemployment after participation in compulsory “Restart” interviews in the United Kingdom (Dolton and O’Neill, 2002). By contrast, insignificant impacts on the job-finding rate emerged from an experiment in the Netherlands involving considerably increased staff/client ratios, and from additional verification of reported job-search contacts by unemployment benefit claimants in the United States prior to the first benefit payment (Gorter and Kalb, 1996; Ashenfelter, Ashmore and Deschênes, 2005). More recently, a major review of 140 evaluation studies by Kluge (2006) found that programmes

Figure 5.1. **Expenditure on labour market programmes, 2004^a**

Percentages of GDP



a) Fiscal years in some cases: see the source for further technical notes.

Source: OECD (2006a), *OECD Employment Outlook*, Table H of the Statistical Annex, OECD, Paris.

StatLink  <http://dx.doi.org/10.1787/024302600024>

summarised as “[PES] Services and Sanctions” were associated with a particularly high probability of yielding positive employment effects (this chapter does not take up the issue of benefit sanctions).

Recent studies on the efficiency of specific interventions have become available from Denmark, the Netherlands and the United Kingdom.

- For Denmark, Graversen and van Ours (2006) report an experiment where the programme for the treatment group included early participation in a two-week job-search training course, followed by an intensive interview schedule, and to be later followed (if unemployment continued) by participation in a full-time work-experience or training programme. The control group was subject to much less intensive job-search assistance and monitoring, fewer interviews and a longer time period (12 months) before the expected start of a work or training programme. The job-finding rate of

the treatment group was 30% higher, on average. An analysis of this programme's cost-effectiveness is currently underway.

- For the Netherlands, van den Berg and van der Klaauw (2006) report a controlled social experiment in 1998 and 1999 where the treatment group had an interview every four weeks at the local office of the unemployment insurance (UI) agency (which monitored job search and compliance with an individual action plan). The cost of the intervention was known since the UI agency received a lump-sum “counselling and monitoring” fee per individual. On average the transition rate to employment of the treatment group was about 6% higher, which was enough to generate (under reasonable assumptions) a positive net return from the treatment; but at the same time, due to the small sample size of the experiment, the hypothesis of no treatment effect and a negative net return could not be rejected.
- For the United Kingdom, Eccles and Lloyd (2005) and Middlemas (2006) report pilot evaluations of five alternative intervention regimes during the first 13 weeks of a benefit claim, where the regular intervention regime is a fortnightly job-search review of about nine minutes conducted in person at the local employment office. The alternative intervention regimes were: fortnightly telephone job-search reviews; random contact only during the first 13 weeks; random contact only during the first six weeks; shortened job-search reviews (checking of identity, checking that no work had been performed, and taking signature); and group signing reviews. Flows off benefit during the first six to ten weeks of a unemployment spell were on average about one-sixth lower for the first treatment and one-third lower for the second and third treatments (in later weeks, the survival rates for the treatment and control groups tended to converge) but little different for the fourth and fifth treatments. Freud (2007) reports that the overall cost of the regular interventions regime for the unemployed is about GBP 275 million per year⁴⁵ and that each of the first three treatments described above would allow administrative savings of about GBP 30 million, but the money saved would be more than wiped out by the additional benefit costs (up to GBP 100 million). He concludes that “the existing regime is close to optimal value for money”.

In sum, many studies show positive employment effects of intensive intervention measures. Recent experience in France illustrates the potential high cost of a more intensive intervention regime, while research has generated conflicting evidence about impact (Box 5.1). There is a case for conducting more evaluations regarding the cost effectiveness of measures, which would include both the staff and operational costs involved and the (expected) benefit savings.

Box 5.1. Intensified PES intervention in France since 2001

In France, the *Plan d'aide au retour à l'emploi* (PARE) agreement in 2001 introduced an individual action plan (*Projet d'action personnalisé*, PAP), which was implemented through an intensive interview at the start of the unemployment spell, with further interviews taking place at least every six months thereafter. Under the agreement, the unemployment insurance organisation (UNEDIC) financed new staff in the placement agency (ANPE) to implement 1.5 million PAPs annually for UI beneficiaries at a total cost of about EUR 200 million. UNEDIC also funded increased provision of specialised counselling and guidance services, implemented largely by external providers, at a cost of EUR 270 million. Further, the French state financed similar services for other registered unemployed (many of them on unemployment assistance or social assistance benefits). Thus, the new intervention regime cost about EUR 1 billion annually in total. The additional resources allowed the implementation of about 3 million new PAP per year which (given the duration structure of unemployment) implied an average cost of about EUR 300 per participant-year (ANPE, 2001; Official Experts, 2004).

Box 5.1. Intensified PES intervention in France since 2001 (cont.)

ANPE increased its total staff from 16 000 in 2000 to 28 000 in 2004 (Jeanneau, 2006). In the 18 months to June 2001, the ANPE had conducted 1.8 million jobseeker interviews: in the 18 following months this had increased to 8.2 million (Souvet, 2003). Participation in additional services delivered by or via the ANPE (such as workshops and skills assessments) tripled from 780 000 (23% of registered jobseekers) in 2000 to 2 385 000 (65% of registered jobseekers) in 2003 (Official Experts, 2004). Thus the PARE/PAP led to a sharp increase in the intensity of interventions.

Crépon, Dejemepe and Gugand (2005a, b) evaluated the impact of four specific services offered by the PARE/PAP (job-search support implemented by ANPE, and three counselling and guidance services implemented by external operators), using administrative data for jobseekers who entered the register from July 2001 to September 2003 and a timing-of-events estimation method. Among the specific services involved, the “job-search support” programme increased rates of job entry particularly during the three months of participation. After 12 months, the employment entry rate of its participants was 30% compared with 22% for non-participants (these rates do not include employed individuals who initially exited due to illness or programme entry or without declaring the reason). This programme also had a large estimated impact on unemployment recurrence: the percentage who were unemployed a year after initial entry to a job was 24% among those had received employment support before job entry and 43% among a comparison group that had not received the service. Although these estimated impacts are large, they remain non-experimental and may be biased by variation (across individuals, or through time for a given individual) in unobserved characteristics.

The introduction of the PARE/PAP in 2001 coincided with a cyclical downturn in the economy. However, Debauche and Jugnot (2007) estimate that the rate of stable exits from unemployment (defined as exits for at least six months) in the early stages of implementation between July 2001 and early 2003 was even lower than would be expected on the basis of previous cyclical experience. They conclude that, despite the apparent impact of certain specific services, the PAP did not seem to have increased the overall average rate of return to work among registered jobseekers. However, at the time when the PAP was introduced, benefit degressivity was abolished (*i.e.* the UI replacement rate no longer declines with the duration of the unemployment spell, prior to exhaustion), and this could have counteracted any positive impact from the PAP itself. Thus, evaluations of the PARE/PAP schemes fail to provide a clear conclusion.

In 2005, the ANPE piloted in three regions the *Projet personnalisé d'accès à l'emploi* (PPAE), which has now replaced the PAP. During 2006, monthly interviews with all unemployed registered for four or more months were progressively introduced, approximately doubling the total annual number of interviews as compared to 2005. Jobseekers are allocated to three categories (“accelerated job search”, “active job search” and “assisted job search”) which receive different types of support and interviews are now personalised (*i.e.* the client sees the same ANPE counsellor each time). Cooperation between the placement and the benefit agency has been reinforced: ANPE contacts are in some cases supplemented by obligatory contacts with the UNEDIC (ASSEDIC, at local level), and a unique electronic jobseeker dossier, used by both actors, has been introduced to facilitate effective cooperation. Further use of pilot experiments for evaluating the performance of different intervention regimes is also intended (Gauvin, 2007).

Plausibly due to the increasing effectiveness of these policies, France’s ILO unemployment rate has been falling since 2005. However, part of the fall in registered unemployment arises from the “mechanical” impact of the policies (*e.g.* towards the end of 2006, about 1.6% of registered jobseekers were being struck off the register monthly due primarily to non-attendance at interviews, up from the 2002-05 average of about 1.2%).

Conclusion

The chapter shows that countries use a variety of instruments to “activate” jobseekers. This finding raises several key policy issues. First, the fact that job-search monitoring is definitely on the rise in member countries and that verification procedures have become stricter, indicates a “work-first” approach, with its clear advantages in terms of more rapid re-employment. However, such an approach involves some risk that jobseekers may have to accept jobs too quickly, resulting in lower wages or more rapid return to unemployment. In this context, the objectives of improving job-match quality and job stability may deserve greater attention.

Second, the chapter points out large variations as to when benefit entitlement starts. Some countries seem keen on registering jobseeker details as early as possible so that matching activities can start, while others seem to put less importance on this and continue to have sometimes considerable delays between the start of benefit entitlement and a first intensive interview. Thus, despite the diffusion of a “mutual obligations” rhetoric, there is no common view as to the importance of avoiding benefit payment at a time when the other side of “mutual obligations” is not fully in place. Further analysis of the pros and cons of each approach would be helpful.

Another issue deserving greater attention is whether there should be strict government or PES headquarter guidelines determining the nature and frequency of employment office interventions, or whether there should be more freedom for local employment offices and/or counsellors to shape the type of interventions, depending on client and local labour market characteristics. This issue arises, for example, when determining the intervals between client interviews or the number of job-search actions to be reported by them.

Further, while the Restated OECD Jobs Strategy recommended that effective active labour market programmes be made compulsory after a certain length of joblessness (which may differ across groups), a number of countries seem to have problems with such a policy approach. Only a small minority of them can be considered to have obligatory programmes for benefit recipients passing a specified unemployment duration. This may be considered surprising in view of evaluation findings to the effect that such a policy tends to speed up re-employment for benefit recipients. However, countries may also have good reasons for a more individualised approach, maintaining the obligatory character of participation in ALMPs, but leaving the exact timing to the employment counsellor, or to some mutual agreement. In any event, unemployed clients should be aware that, when their unemployment drags on, interventions are likely to become more intensive.

More fundamentally, there is an obvious need for further empirical analysis to identify good practices and better gauge what works and under what circumstances. As part of this work, additional information is needed on several other components of a successful “activation” approach that have been little discussed in this chapter. First, related to the discussion of cost effectiveness in Section 6, information is needed on whether countries have reached the staff/client ratios needed for the contact density and intervention frequency and quality that are part and parcel of activation strategies.

Next, benefit eligibility criteria and their enforcement are an important element of employment service activities, which has not been touched upon in this chapter. For example, “suitable job” criteria not only determine the nature of PES referrals to vacancies, but can also be used to assess clients’ availability for work, in the sense that persons who appear unwilling to take up a job offer for particular reasons may be considered as not available for work and

therefore be sanctioned. Indeed, an appropriate definition of work-availability is one element of well-designed activation strategies, and in this context benefit sanctions (temporary reductions, suspensions or definite cessation of benefit payments) are a last-resort mechanism in the counsellor's "tool-kit" for enforcing the range of requirements imposed on jobseekers. Information on sanction frequency and sanction regimes, as well as the relationship between these characteristics and the exit rate from unemployment, is therefore needed to complete the analysis of countries' activation strategies.

Further, the impact of activation measures for unemployment benefit recipients can be undermined by poorly-controlled access to non-employment or safety-net benefits (for the disabled, social assistance beneficiaries or lone parents for example), since some of the long-term unemployed enter benefit schemes that facilitate inactivity. There is thus a case for extending the activation principle, first developed for the unemployed, to some recipients of benefits that have typically not been conditional on availability for work. As in the case of unemployment benefits, data are needed on staffing in safety-net benefit administrations, benefit eligibility criteria and sanction patterns.

Finally, the question arises as to whether the material that has been presented in this chapter and the additional material to be collected can be used to construct a composite indicator of activation. This chapter has not summarised the wealth of information emerging from country replies to the OECD questionnaire in a way to immediately allow an assessment as to which countries are closest to an "activation" stance. It should however be possible in the longer-term to achieve a composite indicator on the basis of the available information reflected in Tables 5.1 to 5.5 (and spelled out in more detail in the background documentation in OECD, 2007), and supplemented by new information on benefit eligibility and its enforcement.

Any composite indicator of activation would also need to stand the test of relevance under different labour market characteristics. For example, certain procedures (such as registration or compulsory ALMP entry) do not have the same significance in labour markets characterised by short vs. long unemployment spells. Other issues emerging in this context are: i) if unemployment is high and there are few jobs available, how much real difference do activation strategies focused on the unemployed client make? ii) are tight activation measures a more suitable solution *vis-à-vis* loosening labour market rigidities that create barriers to hiring? iii) can activation measures be less rigid in contexts of low benefit duration and/or low benefit levels, considering that in these cases there may be less need for other job-search incentives? OECD work on these issues continues.

Notes

1. Employment services have in the past been the subject of many country and thematic reviews by the OECD Secretariat. For example, between 1990 and 2001, the Secretariat carried out country reviews of labour market policies and employment services in 20 OECD countries. Results of these reviews were published in a series of country studies (the last of which being *Innovations in Labour Market Policies: The Australian Way*, OECD, 2001b), and used for several *Employment Outlook* chapters (OECD, 1995, Chapter 3; OECD, 2000, Chapter 4), and separate publications (OECD, 1996a; OECD, 1997; OECD, 2001a). The Secretariat is also currently working on an audit of the public employment service in Luxembourg.
2. The questionnaire was issued in November 2004. A summary of the responses was prepared in 2006, and many countries subsequently sent in further or revised information. Iceland did not reply to the questionnaire. The reply from Mexico has not been used for this chapter, since the country has no unemployment benefit system and a "mutual obligations" approach is therefore of

little relevance. However, replies from Mexico are summarised in a separate background document (OECD, 2007). As to Belgium, the chapter reflects answers sent in separately by the federal PES (ONEM) and the regional placement agencies from Wallonia and Flanders (FOREM and VDAB).

3. In addition, some questions may have been difficult to answer because of conceptual issues, for example because countries do not always have distinct procedures under each of the question headings, and a particular question may not make sense in a specific national context. Finally, country responses may also reflect a misinterpretation of the question or, conversely, the Secretariat, not fully understanding the context, may have misinterpreted the answer. Since the Secretariat did not collect information from independent additional sources systematically and for all countries, various problems of this type will remain in the data. More generally, the summary information below should not be seen as a substitute for information on detailed practices in their national context.
4. Full registration of jobseeker details is, however, expensive and not in all cases cost-effective.
5. This emphasis on options for returning to work as from the very first contact with the jobseeker is, for example, explicitly spelled out in the SUWI Act in the Netherlands (Act on implementation structure for work and income) (MISEP, 2003).
6. To give one example, the reply from Germany noted: "The registration as unemployed is tantamount to the application for benefit, and separate applications are not required".
7. Renewal claims following a short break in the unemployment spell, or any new spells within the same year, may be exempt from the waiting period.
8. New Zealand's "stand-down" period can be as high as ten weeks (depending on previous income and separation payments); however, legislation before parliament currently seeks to reduce the maximum period to two weeks.
9. Waiting periods here refer to cases of involuntary unemployment – all OECD countries normally apply a waiting period to cases of voluntary quit.
10. One indication of the possible lack of depth of the initial assessment of availability is found in Luxembourg, where the SAPDE (personal counselling of jobseekers) branch of the placement service, which offers intensive follow-up to youths after three months and to adults after six months of unemployment, finds that the majority of the clients assessed face multiple barriers which prevent them from taking decisions oriented towards employment (ADEM, 2005). Some degree of ambiguity commonly arises: in the United Kingdom the employment service itself does not usually describe particular client groups on unemployment benefit as "not job ready", but labour market actors and researchers more generally do use this term.
11. In fact, authorities in some countries may not take a social assistance application when a job can be offered immediately. A number of US states, for example, require "applicant job search" or participation in work activities for periods of one to six weeks before an initial welfare payment (TANF) can be made (<http://aspe.hhs.gov/hsp/isp/diverzn/IV3V2.htm>).
12. The UK Jobcentre Plus normally uses this occasion for demonstrating its "better-off" calculation, presenting evidence that return to work will normally be more lucrative than remaining on benefit.
13. The Belgian VDAB defines this interview as "leading to an immediately employable file".
14. This policy is based on the assumption that many claimants sign off from the Live Register within a month, and it would not be worthwhile for the placement service to spend time on them.
15. After the radical restructuring of the Dutch employment service over the past decade, the main actors are the CWI, which represents the remaining public employment service; the social insurance agency UWV, which pays unemployment insurance and disability benefit; and the municipalities, which provide social assistance. The CWI transfers clients profiled as having a large distance from the labour market to UWV and municipalities which, in turn, usually contract out placement and reintegration services to private and community providers (de Koning, 2004; Sol and Hoogtanders, 2005).
16. See IAB (2005) and OECD (2002), Annex 4C, for recent overviews of jobseeker profiling, and the discussion of early identification/profiling instruments in selected OECD countries in OECD (1998).
17. In Australia, while benefit recipients must usually submit a standard form in person, in some instances (for example in remote areas) they may be allowed to report by phone, fax or paper mail, and/or to report less frequently.
18. This requirement applies to benefit recipients who reside within 16 kilometers of their local social welfare office; for others, attendance is quarterly.
19. In addition, unemployment status is usually verified during scheduled interviews.

20. However, these increases are probably related to the wording of the question for the current survey, which explicitly requested information on both retroactive entitlements (for days of unemployment which occurred before the benefit application and/or registration) and waiting periods. By contrast, the number of countries indicating that the placement service tries to place applicants already at the time of initial registration has not changed much (about ten countries).
21. Situations reported from France and the Netherlands in the 1990s, where it was possible to work through a temporary employment agency while not declaring the earnings to benefit authorities, have generally been tackled.
22. Austria and the Czech Republic state that counsellors review documents (lists of employers contacted, employer statements or job application forms, but not on standardized forms), while Finland and the Netherlands do not mention any documentation.
23. Recent legislation in Luxembourg envisages, as from the second half of 2007, laying down job-search requirements in an individual activation agreement (*Convention d'activation individualisée*) for jobseekers who have been registered for six months (three months for youth).
24. While the default number of job-search actions required in Australia is ten per fortnight, the actual number laid down in the Activity Agreement can be lower, but should not fall below four. The default number is usually applied to adult jobseekers in large urban labour markets. Four job-search actions applications per fortnight are expected, for example, from participants in public work programmes or for clients from small regional areas.
25. These differences appear to be correlated with national rates of labour turnover, suggesting there may be some objective basis in the labour market for differences in the national norms in this area. For example, in 2004, the proportion of employees with job tenure less than one year was 23% in the United States and Australia, 19% in the United Kingdom, 16% in Switzerland, and 8% in the Netherlands and Japan (OECD labour market database and European Labour Force survey).
26. This finding is consistent with a review undertaken in 2006 on the basis of OECD Economic Surveys, which showed that, following the initial OECD Jobs Study in 1994, ten countries increased their job-search monitoring procedures (OECD, 2006a, Table 3.4).
27. For example, in Australia, vacancies are matched to jobseekers, and jobseekers are subsequently notified automatically of job leads by methods such as email or SMS. Depending on how tight the matching and follow-up procedures are, automatic notifications of this kind could become similar to targeted vacancy advertising. The notifications are recorded electronically and placement results can be recorded against the referrals, so follow-up action is possible. In the United Kingdom, there is probably no administrative procedure for recording cases where counsellors take the initiative, so the reported number of almost 30 million referrals in 2004 is likely to include cases of self-referral to semi-open vacancies (i.e. where the jobseeker approaches a counsellor for contact details). By contrast, the procedures described for two other countries with high referral rates, Luxembourg and Spain, appear to relate to direct referrals strictly defined.
28. A PES website may display many vacancies that are not directly processed by the PES. In Australia, about two-thirds of the vacancies that can be accessed on the government's "Australian JobSearch" website are listed by private employment agencies or fed through automatically from private job websites, and in the Netherlands 40% are entered directly by private business. However, the intention here is to describe the display and processing of vacancies that have been specifically notified to the PES (or in some cases, have been specifically entered into the database by PES staff, e.g. from newspapers).
29. In the 1999 survey, ten countries had actually indicated the proportion of employer feedback reports, which ranged from 40% in Greece to over 80% in Denmark, Norway, Poland and Spain.
30. In Germany, current PES guidelines envisage between three and seven interview contacts per year for recipients of the main unemployment benefit, varying by jobseeker (profiling) category.
31. The large number of countries without a fixed schedule or set number of interviews per year shows the difficulties of a scoring exercise. Avoiding double-counting of time spent on job-search monitoring (item 3a) and action plan review (item 7b/c) during such interviews also poses a problem. In a large number of cases, intensive interviews are used, *inter alia*, for action plan review and discussion of previous job-search activities, while the time spent on each of these two items is difficult to measure. Different from the situation in the 1990s, action plans are now often established already at initial registration or the subsequent intensive interview. When scoring replies to item 5b in the website document (OECD, 2007), it was decided to adjust the number of interviews only on the basis of interview length, i.e. score them only partially when they are on average below 30 minutes (as in the case of fortnightly signings in the United Kingdom). *De facto*, the scoring under item 5b implies therefore a degree of double counting with the scoring under items 3a and 7b/c, which is difficult to avoid in the absence of more detailed information (see scores and scoring methodology in OECD, 2007).

32. OECD (2001a) had noted that, on average, "(...) thirty minutes of general counselling every two months with each unemployed person seems a good target". While most OECD countries still fall short of this target, it might be said that about half of them are now approaching it.
33. Complete coverage will be rarely reached and may not necessarily be required, for example in cases where it can be assumed that the current unemployment spell will end in the near future (through an imminent new job start, military service, pregnancy, etc.).
34. The "lock-in effect" occurs when job-entry rates tend to fall during programme participation, due to a decline in job-search efforts.
35. OECD (2005) and OECD (2006a) review international evaluation findings showing long-run positive effects of some training programmes, positive effects of hiring subsidies (although these tend to reflect selection bias or be offset by substitution effects, *e.g.* see Boockmann *et al.*, 2007) and little or negative impact of public sector job-creation programmes.
36. On the other hand, such a motivation or programme-avoidance effect could provoke less efficient job matches.
37. The thresholds given for the United Kingdom (22 months/10 months) are those for participation in a New Deal "option", while obligatory participation in a New Deal "gateway period" (assisted job-search) starts at 18/6 months.
38. Beyond the six months/nine months thresholds, Denmark has another cut-off point at 30 months, when UI beneficiaries must participate for the remainder of their benefit period of altogether four years ("full-time activation"). Before that time, measures usually last only one or two months, and are repeated every six months, if necessary.
39. Perhaps surprisingly, EU countries made little reference to duration targets in existing EU employment policy guidelines which ask member countries to ensure that "every unemployed person is offered a new start before reaching six months of unemployment in the case of young people and 12 months of unemployment in the case of adults in the form of training, retraining, work practice or other employability measure (...)".
40. It remains difficult to deduce from these data whether spending on active programmes is effective, because high spending tends to arise in situations of greater problems: either higher levels of benefits which require stronger activation measures to offset their disincentive effects, or higher levels of unemployment for other reasons.
41. In some countries the budget(s) of the main PES organisation(s) is (are) not wholly allocated across these two subcategories. For example, an integrated PES which performs both placement and benefit administration functions may have only one register and computing system, which makes it difficult to cost these functions separately. Also, other types of "active" spending enhance the effectiveness of the direct spending on interventions in the unemployment spell, *e.g.* direct referrals to vacancies depend on work maintaining the vacancy register and relations with employers; and the effectiveness of interventions generally is enhanced by the effective administration of benefit eligibility criteria.
42. Including training, employment incentives, direct job creation and start-up support, but not programmes for the disabled whose participants will less often be targeted by PES interventions in the unemployment spell.
43. For example, the use of the full battery of intervention measures on "job-ready" client groups in their initial phase of unemployment, or in high-turnover labour markets, might not be cost-effective. Thus, Finland waits one month before undertaking a full registration interview, and Ireland even discourages jobseekers who ask for benefit from registering with the placement service within the first month of unemployment.
44. OECD (2005, Chapter 5) argues that the benefits from labour market programmes for the unemployed should be evaluated in terms of their long-term impact on $(B+tW)$, where B is the negative of benefit costs, t is a tax rate and W is earnings in work. This formula includes savings in benefit expenditure associated with shorter spell durations, but is also influenced by any impacts on the frequency of repeat claims and on wage rates for some years after the initial return to work.
45. However, total spending on Jobcentre Plus "placement and advisory functions" is much higher, about GBP 2 billion per year in 2004 (Eurostat, 2006).

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