



**ADDRESSING THE LABOUR MARKET CHALLENGES OF THE ECONOMIC DOWNTURN:
A SUMMARY OF COUNTRY RESPONSES TO THE OECD-EC QUESTIONNAIRE**

This document was prepared as background for Chapter 1, “The Jobs Crisis: What Are the Implications for Employment and Social Policy”, of the 2009 edition of the *OECD Employment Outlook* and for the meeting of the OECD Employment, Labour and Social Affairs Committee at Ministerial level, 28-29 September 2009, OECD Conference Centre, Paris. It incorporates information made available to the OECD Secretariat reflecting policy announcements made up to May 2009 (or July 2009 for some countries).

ADDRESSING THE LABOUR MARKET CHALLENGES OF THE ECONOMIC DOWNTURN: A SUMMARY OF COUNTRY RESPONSES TO THE OECD-EC QUESTIONNAIRE

Introduction

1. In January 2009, the OECD and the European Commission distributed to their respective member countries a questionnaire on the employment and social policy responses to the current economic downturn. The responses were updated in May 2009 (and additional material added in July 2009 for some countries) to reflect recent policy changes. This paper presents a compilation of the responses received from 29 OECD member countries.¹

2. Most countries have implemented macroeconomic or sectoral reforms to stimulate aggregate demand or support employment in severely impacted sectors. These include measures such as increasing household spending power, investment in infrastructure, housing or alternative energy projects, giving priority for government purchasing to small businesses and direct subsidies or access to credit for industries or firms particularly hard hit by the downturn (e.g. car manufacturing, small and medium-sized businesses). While these packages are likely to stimulate aggregate demand and employment, they are not included in this paper, which focuses more narrowly on new and extended labour market and social policy measures. Automatic expansions of existing programmes as unemployment increases (e.g. increase in the number of unemployment benefit recipients under pre-existing entitlement rules) are also outside the scope of this paper, despite their importance in the current economic context. More information on the scale and relative importance of fiscal stimulus packages and automatic stabilisers is available in the 2009 edition of the *OECD Employment Outlook*.

Overview of labour market policy responses

3. Table 1 summarises the main changes in labour market policy that have been made in response to the economic downturn. All countries have implemented one or more changes to directly sustain labour demand, either through expanding job subsidy or public sector job creation programmes, lowering employer social contributions, establishing or expanding short-time work schemes, or some combination of the three. In the area of policies to improve the employment prospects of the unemployed, much of the focus is on expanding the capacity of public employment services, job search assistance and training programmes. Relatively few countries have formally altered activation or mutual obligation requirements in response to worsening labour market conditions, and where they have, requirements have been tightened in most cases. Around half of OECD countries have moved to increase the incomes of job losers by increasing the generosity of unemployment benefits or extending covering to those previously excluded. A number of countries have also provided new or expanded support for job losers through social assistance, training allowances, housing support or health insurance. While most of the policy responses have focused on those out of work as the result of the downturn, a number of countries have stepped up resources for training existing workers or apprentices to improve their labour market prospects or provide income support for low income earners through the tax system. The following sections will examine these policy changes in more detail.

1. No response was received from Iceland.

Table 1. Discretionary changes in labour market policy in response to the economic downturn

	Labour demand			Measures to help unemployed find work					Income support for job losers and low-income earners				Other training measures	
	Job subsidies, recruitment incentives or public sector job creation	Reductions in non-wage labour costs	Short-time work schemes	Activation requirements	Job search assistance and matching	Job-finding and business start-up incentives	Work experience programmes	Training programmes	Generosity or coverage of unemployment benefits	Social assistance	Other payments or in-kind support	Fiscal measures for low earners	Training for existing workers	Apprenticeship schemes
Australia	X			X	X			X			X	X	X	X
Austria			X			X		X			X		X	X
Belgium		X	X		X				X	X	X			
Canada	X	X	X		X		X	X	X		X	X	X	X
Czech Republic		X	X	X							X			
Denmark			X	X				X						X
Finland		X	X	X	X	X		X		X	X	X	X	X
France	X	X	X		X		X	X	X	X	X	X	X	X
Germany		X	X		X			X			X	X	X	
Greece	X				X			X		X	X	X	X	
Hungary	X	X	X							X	X			
Ireland			X	X	X		X	X						X
Italy			X	X	X			X			X			
Japan	X	X	X		X	X	X	X	X	X	X			
Korea	X		X	X	X	X	X	X		X				
Luxembourg	X		X											
Mexico	X	X	X		X	X		X		X			X	
Netherlands			X		X			X					X	X
New Zealand		X	X		X		X	X		X	X			X
Norway			X		X		X	X						
Poland	X	X	X	X	X			X	X	X			X	
Portugal	X	X		X		X	X	X	X	X				
Slovak Republic	X	X	X			X					X		X	
Spain	X	X			X	X		X		X	X	X	X	
Sweden	X	X			X		X	X			X		X	
Switzerland			X											
Turkey		X	X	X				X			X			
United Kingdom	X			X	X	X	X	X		X	X	X	X	X
United States	X				X		X	X		X	X	X	X	

Note: Refers only to federal government initiatives. Additional measures undertaken at regional level are outlined in Annex "x" for some countries. In Denmark and Switzerland, active labour market expenditure increases automatically when the unemployment rate increases (or is expected to increase). Neither these automatic increases, nor increases in expenditure on unemployment benefits as a result of growing numbers of unemployed, are shown in the table.

Source: Responses to OECD/EC questionnaire.

Measures to preserve or increase labour demand and employment

4. Table 2 shows changes to job subsidy schemes, recruitment incentives and public sector job creation schemes and measures taken to reduce non-wage labour costs. Seventeen countries have implemented new job subsidy or public sector job creation schemes or expanded existing programmes. Most new subsidised jobs have been targeted at vulnerable jobseekers (e.g. apprentices in Australia, older

workers and youth in Belgium, France, Japan and the United States, youth in Korea, long-term unemployed in the Slovak Republic, Sweden and the United Kingdom). Greece and Luxembourg have extended existing public sector schemes to private sector firms, while Japan, Korea, Mexico and Spain have announced additional public sector placements. In Portugal, a combination of hiring incentive payments and/or exemptions from employer social contributions are targeted at small businesses, older workers, long-term unemployed and youth.

5. Twelve countries have moved to reduce non-wage labour costs for both new and continuing employees while Sweden has allowed employers to defer social contributions and taxes for up to 12 months to assist businesses facing cash flow or credit constraints. In most cases, these measures are temporary for one or two years and apply to all continuing workers and new hires. However, Belgium and the Czech Republic have targeted reductions at low-wage workers, Portugal at small businesses and older workers and Poland at older workers. Seven countries have targeted non-wage labour cost reductions at firms hiring new workers. In general, these changes are designed to improve incentives to hire from disadvantaged groups: low-wage workers and apprentices in France; formal-sector workers in Mexico; older workers in Poland; older workers, youth or long-term unemployed in Portugal; unemployed parents in Spain; and women or youth in Turkey. In Spain and Portugal, employers only qualify for a reduction in social contributions if they hire workers on permanent, full-time contracts, while exemptions apply to the newly-self-employed rather than employees in the Slovak Republic. The duration of the exemptions or reductions ranges from one to five years.

Table 2. Changes to job subsidies, recruitment incentives and public sector job creation schemes and reductions in non-wage labour costs

	New or expanded job subsidies, recruitment incentives and public sector job creation schemes	Reductions in non-wage labour costs for new and continuing workers	Reductions in non-wage labour costs targeted at new hires
Australia	New wage subsidy for firms hiring laid-off apprentices and trainees in 2009 and 2010.	..	..
Belgium	Flanders: Increase in wage subsidy in first year for hiring older unemployed (50+ years) in permanent contracts. Wallonia: Additional subsidised jobs for youth in SMEs.	Federal: Permanent simplification of reduction in employer social contributions leading to stronger targeting of reductions on existing low-wage workers from January 2010.	..
Canada	New subsidised jobs programme targeted at Aboriginal people, youth and for SMEs to hire science or business graduates for up to one year.	Freeze on employer and employee employment insurance contribution rates for 2009 and 2010	..
Czech Republic	..	Temporary reduction in social insurance contributions for employers of low-wage workers until end 2010. The size of the insurance deduction decreases with increasing wage, with a limit at the level of the average wage	..
Finland	..	Reduction (in 2009) and eventual abolishment (in 2010) of employers' contribution to the universal pension scheme. Employer and employee contributions to the earnings-based pension scheme are planned to increase annually in 2011-2014.	..

	New or expanded job subsidies, recruitment incentives and public sector job creation schemes	Reductions in non-wage labour costs for new and continuing workers	Reductions in non-wage labour costs targeted at new hires
France	Expansion of number of subsidised jobs in 2009, with new places targeted at older workers and young people without qualifications and bonus payments for employers hiring apprentices.	..	Reduction in employer social contributions for firms with less than 10 employees hiring new low-wage workers in 2009. The reduction is largest for workers hired at the minimum wage and declines as the wage increases to 1.6 times the minimum wage. Suppression of employer social contributions for enterprises hiring apprentices.
Germany	..	Reduction in employer and employee unemployment insurance contribution rate for 2009 and 2010	..
Greece	Permanent extension to the public sector of scheme to pay unemployment benefit to employers that hire unemployed for the period of benefit eligibility and introduction of similar scheme for seasonal workers in the tourism sector. Temporary expansion of job creation programmes for employment and self-employment with some targeted at youth, unemployed or seasonal workers.	..	..
Hungary	Temporary new programme of wage support for firms that hire workers laid off by other firms.	Planned reduction in employer social contributions.	..
Italy	Consolidation of youth employment funding.	..	..
Japan	Increase in size of subsidies for job creation in SMEs hiring people with difficulties in employment, expansion of eligibility for wage subsidies for employers of older workers to include workers aged 65+ years and new temporary subsidies for hiring former-irregular workers aged 25-39 as regular workers. Temporary new fund for job creation in local government.	Reduction in employer and employee employment insurance contribution rates for 2009.	..
Korea	Temporary expansion and greater coordination of public sector job creation schemes, changes to rules governing job-creation in social enterprises to improve quality of jobs created and new youth internship programme for SMEs with wage subsidies for hiring interns on regular contracts at conclusion of internship.	..	..
Luxembourg	Expansion to private sector of existing public/non-profit sector scheme to reimburse some wage and supervisory costs for new hires of low skilled workers.	..	..

	New or expanded job subsidies, recruitment incentives and public sector job creation schemes	Reductions in non-wage labour costs for new and continuing workers	Reductions in non-wage labour costs targeted at new hires
Mexico	Temporary expansion of public-sector temporary employment programme for unemployed and underemployed workers over 16 years to cover all municipalities (previously limited to communities of up to 15000 people) and extension of maximum allowed days on temporary work from 88-132 days; expansion of programme giving women a one-off payment to start a child care centre.	Temporary reduction in employer social contributions and deferred payment of up to 50% of contributions.	Partial reimbursement of employer social contributions for new hires registered for social security during 2009.
New Zealand	..	Permanent reduction in compulsory employer retirement savings contribution and reduction in minimum employee contribution	..
Poland	Permanent increase in reimbursement payment for costs of equipment for firms hiring unemployed.	Permanent reduction in employer social contributions (to labour fund) for workers of pre-retirement age (5 years before statutory retirement age) and permanent exemption (36 months) for employees returning to work after maternity or parental leave	Permanent reduction in employer social contributions (to labour fund) for first 12 months for new hires of older unemployed (50+ years)
Portugal	Temporary hiring incentive payment plus exemption from employer social contributions for two years (or three years social contribution exemption without hiring payment) for new hires of long-term unemployed or youth (up to 35 years) in full-time, permanent jobs and support for integration of unemployed in non-profit institutions for up to one year.	Temporary reduction in employer social contributions for micro and small businesses (less than 50 employees) and for workers older than 45 years	Temporary exemption from employer social contributions for two years (plus hiring payment, or three years social contribution exemption) for new hires of long-term unemployed or youth (up to 35 years) in full-time, permanent jobs. 50% reduction in employer social contributions for new hires of older unemployed (55+ years). Temporary exemption from health insurance payments for up to 24 months for persons entering self employment after a period of 3 months on the jobseekers register.
Slovak Republic	Temporary new subsidies for employers that hire unemployed (with at least three months registered unemployment) in jobs lasting at least 12 months and temporary easing of restrictions on social enterprises to reduce compliance costs and enable them to hire more non-disadvantaged job seekers.	..	..
Spain	New funding for job creation in 2009 for public work jobs carried out by local authorities and improvement of incentives for hiring part-time (less than one third of full-time hours) so that they are proportionally superior to those for full-time contracts.	..	Reduction in employer social contributions for first two years of employment for new hires in 2009 and 2010 of unemployed people with children in full-time permanent contracts. Reduction in social contributions for youth or disabled workers who start up businesses as self-employed.
Sweden	Permanent increase in hiring payment for employers who recruit those who have been unemployed or sick for more than a year and newly-arrived immigrants.	Deferment of two months of employer social security contributions and taxes for up to 12 months for payments due during 2009.	..
Turkey	..	Permanent reduction in employer contributions to disability, old-age and survivor pensions and reimbursement of employer social contributions for firms with 50 or more workers who must employ 3% disabled workers.	Permanent reduction in employer social contributions for the first five years of employment for new hires of unemployed women and youth (aged 18-29 years).

	New or expanded job subsidies, recruitment incentives and public sector job creation schemes	Reductions in non-wage labour costs for new and continuing workers	Reductions in non-wage labour costs targeted at new hires
United Kingdom	New subsidised jobs programme for young people and jobseekers in areas of high unemployment to work in local authorities and other community organisations and new incentive payments for employers who employ and train unemployed with more than six months of unemployment	..	..
United States	Expansion of existing programme of tax credits to apply to employers hiring unemployed veterans or disconnected youth (16-24 years) in 2009 and 2010 and increase in wage subsidy rate and duration for programme-eligible older workers (50+ years) who lose their jobs as a result of import competition or offshoring and find re-employment at a lower wage.	..	..

Note: Does not include work experience programmes, which are shown in Table 5.

Source : Responses to OECD/EC questionnaire.

6. Many OECD countries have short-time work or partial unemployment benefit schemes to allow firms and workers to reduce working hours, with income support for employees provided either directly from unemployment insurance schemes or through subsidies paid to employers. As economic conditions have deteriorated, most countries with existing schemes have seen an expansion in the number of firms and workers claiming short-time work allowances. In addition, Table 3 shows that many countries have increased their generosity, either by prolonging the duration of benefits/subsidies (e.g. Austria, Canada, France, Germany, Switzerland, Turkey), extending coverage to workers or firms not previously eligible (e.g. Belgium, France, Germany, Italy, Japan), increasing the replacement rate for workers on reduced hours (e.g. Belgium, France, Japan, Korea, Turkey) or by increasing funding for and/or availability of training for short-time workers (e.g. Austria, France, Germany, Italy, Switzerland). Hungary, the Czech Republic, Mexico, New Zealand, Poland and the Slovak Republic have (or plan to) introduced new schemes while Ireland has set up a pilot scheme. Many of the new schemes combine short-time work with training. The Netherlands has replaced its existing scheme with a part-time unemployment benefit, with the innovation that employers must pay back 50% of employee benefits if an employee loses his/her job during or in the three months following short-time work.

Table 3. Changes to short-time working or partial unemployment benefit schemes

	Changes to eligibility for short-time work schemes	Changes to duration or generosity of benefits/subsidies	Other changes to short-time work schemes
Austria	Temporary reduction of necessary minimum working hours to qualify for short-time working; reduction of working time: 10 to 90%.	Temporary extension of maximum duration from 3 to 6 months, with possible subsequent extensions up to a total of 24 months. Employer contributions for hours not worked are fully refunded from the 7th month of short-time work.	Possibility for short-time working to be combined with training grants (effective from March 2009).
Belgium	Federal: Permanent extension of short-time work scheme (for blue collar workers only) to some temporary workers. For blue and white collar workers, temporary reduction in employer social contributions for workers on reduced working hours for six months (with possible extension).	Federal: Temporary increase in compensation for short-time workers in 2009 and 2010.	..

	Changes to eligibility for short-time work schemes	Changes to duration or generosity of benefits/subsidies	Other changes to short-time work schemes
Canada	..	Extension of duration of work sharing from 38 to 52 weeks during 2009 and 2010.	..
Czech Republic	New short-time work scheme with up to 100% wage subsidy for hours not worked.	..	Size of subsidy for short-time work depends on participation in training during hours not worked, type of training and size of firm. Larger subsidies are given to firms providing general rather than specific training programmes.
Denmark	...	..	Temporary introduction of greater flexibility into the work sharing scheme for one year.
Finland	..	Permanent removal of 36 month duration limit for part-time unemployment benefit scheme (maximum payment period of 500 full working days will remain).	..
France	Extension of eligibility for partial unemployment schemes to temporary agency workers, part-time workers (less than 18 hourly minimum wages per week) and project workers and extension of definition of closure to include an establishment or production unit of a company.	Temporary extension of the maximum duration of short-time working from 600 to 800 hours per year (1000 hours in some industries), temporary increase in replacement wage paid to employees and wage supplements paid to employers and creation of "long-lasting partial activity" (higher benefits with 75% previous gross wages, new conditionality for employers to maintain jobs).	Increased access to training for short-time workers with various combination of training schemes & partial unemployment time or combination of multiple jobs with partial unemployment time (to maintain adequate level of salary for workers)
Germany	Simplification of procedures for qualifying for short-time work. Extension of short-time allowance to temporary agency workers with a maximum duration until the end of 2010.	Temporary extension of the maximum duration of short-time working from 6 to 24 months and partial refund of social contributions for hours not worked. Social contributions are fully refunded from the 7th month of short-time work, or earlier if employees take part in training.	Introduction of subsidised training for short-time workers.
Hungary	New short-time work scheme for employees of firms hit by the downturn working reduced hours combined with training.	Employers are reimbursed social contributions, training costs and up to two times the minimum wage for hours not worked for 6-12 months.	Firms decide what type of training they need based on the skill demands of the firm and the sector.
Ireland	Pilot short-time work programme where workers work for three days and receive unemployment benefits and training for two days each week for up to one year.	..	..
Italy	Temporary extension of short-time work scheme to small businesses not usually covered.	..	Provision of training for short-time workers.
Japan	Expansion of coverage of short-time working to workers with less than 6 months of unemployment insurance coverage.	Temporary increase in subsidy paid to employers for short-time working. Temporary introduction of short-time work subsidies for firms maintaining employment by reducing over-time work in reaction to a sudden and temporary decrease in demand.	..

	Changes to eligibility for short-time work schemes	Changes to duration or generosity of benefits/subsidies	Other changes to short-time work schemes
Korea	Temporary reduction in proportion of workers required to be reassigned and minimum training hours to be eligible for short-time work subsidy.	Temporary increase in employer subsidy for short-time work.	Tax breaks for SMEs and preferential treatment in business support programmes (e.g. R&D, export, government purchasing, skilled migration) for firms participating in job-sharing schemes.
Luxembourg	..	Temporary increase in the number of hours for which the employer is reimbursed and additional flexibility by allowing hours reductions of 50% of normal hours averaged over a reference period	..
Mexico	Temporary introduction of short-time work subsidies during 2009 where the firm and employees have agreed to a reduction in working hours in reaction to a sudden and temporary decrease in demand, with strong focus on sectors exporting durable goods.	..	..
Netherlands	Temporary introduction of new part-time unemployment benefit for workers on short-time arrangements. Employers are required to reimburse the employee benefit scheme for half of the benefit paid to the employee if the employee loses his/her job during or in the three months following short-time work.	Part-time benefits are paid initially for three months but can be extended twice for up to six months each time.	Employees undergo training in the period of non-work.
New Zealand	Temporary introduction until December 2010 of a job support scheme, targeted at businesses with 50+ employees who negotiate a voluntary reduction in hours of up to 10 hours per fortnight for up to 10 employees for each averted redundancy. Firms must not make employees redundant during the operation of the scheme.	Eligible firms will be able to claim a top-up allowance at the adult minimum wage of 5 hours per fortnight for up to 6 months. Employees must have been working full-time for 2 months preceding the hours reduction.	..
Norway	Easing of eligibility of benefits for workers partially laid off by decreasing the minimum reduction in working time required to access benefits from 50-40% and increased flexibility of revolving lay off schemes whereby lay offs are shared between employees in the same firm by increasing the waiving period from 4-6 weeks within the same benefit period.	..	..
Poland	Planned introduction of short-time work scheme, with three options: (1) reduced working time (2) temporary subsidised leave for employees (3) partially-subsidised training for short-time workers; all options combined with legal changes to allow more flexible working time limits.	Under the new scheme (2), the employer will have to pay for at least 50% of the working time, the other 50% will be subsidised with a maximum amount of half of the minimum wage.	..
Slovak Republic	Introduction of short-time working scheme.	Employer and employee social contributions are reimbursed for hours not worked up to 60 days per year.	..

	Changes to eligibility for short-time work schemes	Changes to duration or generosity of benefits/subsidies	Other changes to short-time work schemes
Spain	..	..	Extension of subsidies for hiring part-time workers to those on short-time work arrangements.
Switzerland	..	Temporary extension of duration of short-time working from 12 to 18 months and reduction in proportion of cost borne by employer.	Restrictions on accessing training during short-time working have been lifted.
Turkey	..	Increase in short-time work payment during 2008 and 2009 and increase maximum duration from three to six months.	..
United States	Expansion of eligibility for short-time compensation programme in Washington State.	..	..

Note: Table does not include expansions in the number of firms or workers operating under short-time work schemes.

Source : Responses to OECD/EC questionnaire.

Measures to speed re-employment or improve long-run employment prospects

7. Table 4 outlines changes to activation, job search assistance, job-finding incentives, work experience and training programmes for the unemployed undertaken in response to the economic downturn. In Denmark and Switzerland, funding for these programmes is indexed to the unemployment rate so increases automatically as the labour market situation deteriorates. In most other OECD countries, funding has been increased as a result of the downturn, although countries with traditionally low levels of spending on active labour market programmes have tended to devote fewer discretionary resources here than to other labour market policy areas (e.g. Czech Republic, Hungary and Slovak Republic).

8. Almost all countries have expanded job search assistance and counselling, offered mainly by public employment services (PES) to job losers in general, or in some cases through tailored assistance programmes for workers affected by firm closures or mass layoffs, often done in their former workplaces (e.g. Austria, Belgium, France and the United Kingdom). Many countries have increased PES staffing to enable them to provide adequate services for the influx of job seekers. Italy and Poland have allowed a greater role for private employment agencies to expand capacity to assist job seekers. Many countries have also stepped up the intensity of job search assistance, notably by offering earlier personalised assistance or career counselling for job seekers (e.g. Australia, Czech Republic, Denmark, Finland, Ireland and the United Kingdom). Only in Korea have activation requirements been relaxed, with more flexibility allowed, fewer interviews and less activation for unemployed who set up an individual action plan.

9. Twenty-three countries have increased provision of training programmes for unemployment benefit recipients and other job losers. Some training is targeted at vulnerable job seekers (e.g. youth in Australia and New Zealand, older workers in Canada, low-skilled and youth in Finland, low-skilled construction workers in Ireland, recent migrants in Norway, youth and women in Turkey and youth in the United Kingdom), but most places are available for all unemployed persons. Japan has implemented a loans programme to provide income support for workers without unemployment insurance to participate in training programmes. In a similar vein, Canada has opened up training places to unemployed without access to unemployment insurance (e.g. self-employed or long-term unemployed). Fewer countries have expanded work experience programmes, and where these have been expanded, they tend to be targeted at disadvantaged groups, notably youth (e.g. Canada, Korea, Portugal, United Kingdom and the United States). A handful of additional programmes have also been established to encourage job seekers to take up jobs or establish small businesses, either through direct payments (Finland, Japan, Spain, United Kingdom), low-interest loans (Korea, Portugal), subsidised social contributions (Slovak Republic) or in-kind assistance with training, child care or travel costs (Belgium, Mexico, United Kingdom).

Table 4. **Changes to activation, job search assistance, job-finding incentives, work experience and training programmes for the unemployed**

	Changes to activation requirements for unemployed	New or expanded job search assistance	Changes in job-finding and business start-up incentives	New or expanded work experience programmes	New or expanded training programmes for unemployed
Australia	Immediate intensive assistance for newly laid-off workers as condition of benefit reciprocity (rather than after three months) from April 2009 and requirement that young unemployed be in full-time school or training to receive benefits.	Additional job search assistance for newly laid-off workers from April 2009 and additional job search support for young job seekers (19-24 years) from July 2009	..	..	Additional pre-vocational training places and entry to apprenticeships for youth (19-24 years) and increased training places for unemployment benefit recipients and newly retrenched workers
Austria	..	Expansion of the circumstances in which labour foundations can be established to provide job search assistance to laid off workers. The establishment of a special labour foundation for youth who are affected particularly by unemployment in the field of temporary employment is planned.	..	..	Temporary expansion in regional training programmes for unemployed and temporary additional training places for unemployed to train as skilled metalworkers or for women in technical occupations.
Belgium	..	Federal: Job search assistance for laid off workers by requiring all firms with over 20 workers making mass dismissals to set up a cell to support workers and targeted job search assistance and career guidance (previously only provided for older workers). Wallonia: Extension of job search support to former temporary workers. Flanders: Increased PES staffing and assistance for former temporary workers.	Wallonia: New payments to cover child care and travel costs for job seekers taking up low paid work.	..	Flanders: Increased access to training programmes for unemployed

	Changes to activation requirements for unemployed	New or expanded job search assistance	Changes in job-finding and business start-up incentives	New or expanded work experience programmes	New or expanded training programmes for unemployed
Canada	..	Additional funding for job search assistance for older workers	..	Additional funding for job experience programme for older unemployed in vulnerable communities and job subsidies for small businesses, non-profit organisations and public sector to offer summer jobs to youth.	Additional funding for training delivered by provinces and territories for unemployment benefit recipients, older unemployed in vulnerable communities and unemployed without access to unemployment insurance training (e.g. self employed, long-term out-of-work).
Czech Republic	Individual action plans now required at 5 months of unemployment	..	..	..	..
Denmark	Right-and-duty to participate in ALMP (principle of mutual obligations) after 3 months of unemployment for all unemployed under 30 years (previously only after 6 months' unemployment).	Automatic increase in funding for ALMPs as unemployment rises	..	ALMP expenditure increases automatically when unemployment rises	ALMP expenditure increases automatically when unemployment rises, educational ALMP (training) measures will be targeted at less-skilled and be directed toward areas with labour shortages, unemployed will receive financial support for training during start-up in a new job to increase willingness of employers to hire workers who are not qualified at day one.
Finland	Increase in job search activity requirement and earlier assessment of job seekers and development of job plan	Temporary increase in funding for PES staff and extension of existing job search assistance and counselling to laid off workers not previously required to register with PES.	Increase in funding for start-up grants for unemployed (and existing workers) who start new businesses	..	Increase in training places for unemployed, with some places in vocational training targeted at low-skilled and youth and more flexibility for unemployed to undertake outside training
France	..	Expansion of support programme for workers affected by mass layoffs and additional PES staffing.	..	Increased support for workers after mass layoff who participate in work placements and training programmes and general increase in ALMP funding	Increased support for workers after mass layoff who participate in work placements and training programmes and general increase in ALMP funding
Germany	..	Additional PES staffing to ensure early placement interviews and counselling	..	..	Additional funding for vocation training and re-training and for unemployed to train as nurses to meet future demand in aged care sector

	Changes to activation requirements for unemployed	New or expanded job search assistance	Changes in job-finding and business start-up incentives	New or expanded work experience programmes	New or expanded training programmes for unemployed
Greece	..	Integrated employment plans adapted to local labour market conditions	..	..	Additional training places for unemployed with job guarantees for 30% of participants, including for tourism and construction sectors
Ireland	Pilot programme of immediate activation for selected unemployed 18-19 year olds	Expansion of PES capacity to cope with additional demand	..	More flexible operation and more places in scheme to help long-term unemployed get on-the-job experience in community service sector and new work experience places for six months those unemployed more than six months (half targeted at unemployed graduates)	Additional training places for unemployed to take part in bridging, skills and traineeship programmes, new funding for training for low-skilled redundant workers in construction sector and additional part-time vocational and degree places reserved for unemployed
Italy	New requirement for UB recipients to register availability for work with PES or accept a training proposal and clarification of penalties for refusing a job offer	Strengthening the role of private employment agencies in placing jobseekers	..	..	Increase in training places and introduction of training vouchers for unemployed
Japan	..	Planned increase in PES staff and counsellors in FY 2009.	Increase in re-employment benefit for unemployed who find work quickly for three years.	Extension of trial employment programme to older unemployed over 65 years.	Provision of income support loan to unemployed not eligible for unemployment benefits to allow them to participate in training programmes
Korea	More flexibility in activation requirements, fewer interviews and less activation for unemployed who set up an individual action plan.	Increase in PES staffing, expanded use of private employment agencies and better linkages between PES and other organisations (e.g. credit counselling, health, small business support).	Low interest loans to low-income lone parents to start a business.	New youth internship programme for SMEs.	Additional funding for ALMPs, expansion of training places for unemployed, greater choice of training providers and more flexibility for training providers.

	Changes to activation requirements for unemployed	New or expanded job search assistance	Changes in job-finding and business start-up incentives	New or expanded work experience programmes	New or expanded training programmes for unemployed
Mexico	..	Increased funding for PES including job search assistance and job matching, increased collaboration between PES and public-sector temporary employment programme for unemployed and underemployed workers, creation in March 2008 of internet portal for job search and training provision and launch of programme to assist disabled workers to find jobs.	Planned increase in budget of programme to help people with few job prospects start their own business with technical advice, administration assistance and subsidies.	..	Increase in funding for training grants offered by the PES and new internship programme to support students completing vocational placements or work experience for up to six months.
Netherlands	..	Establishment of mobility centres in regions facing higher numbers of mass redundancies as cooperative effort between social partners, educational institutions and job centres	..	..	Greater flexibility in use of training for unemployed, establishment of learning and working service desks in regional employment centres, grants for retraining workers threatened by redundancy
New Zealand	..	Redeployment of PES staff to increase job search assistance and seminars	..	Creation of partnerships with employers to provide training and work placements for low-skilled 16-24 year olds.	Creation of partnerships with employers to provide training and work placements for low-skilled 16-24 year olds.
Norway	..	Temporary increase in PES staffing	..	Temporary increase in number of ALMP places targeted at unemployed	Temporary increase in number of ALMP places targeted at unemployed and increase in funding for training for unemployed or marginally-employed immigrants of two years or more stay who are receiving social assistance
Poland	Stricter sanctions for refusing to take up employment, training or other forms of support	Local labour offices to have special units to improve implementation of ALMPs, further legal changes to allow private employment agencies			Expansion of vocational training programme for unemployed and increase in income support for unemployed taking part in training, on-the-job training or apprenticeships

	Changes to activation requirements for unemployed	New or expanded job search assistance	Changes in job-finding and business start-up incentives	New or expanded work experience programmes	New or expanded training programmes for unemployed
Portugal	Additional activation requirements before end of unemployment benefit receipt	..	Subsidised credit to unemployed to start new businesses and no loss of contribution periods for future unemployment benefits in cases of quick return to employment	Creation of new training places for young graduates in areas of high unemployment	New training places for unemployed in high unemployment areas and income support payment for up to 9 months for unemployed to improve qualifications
Slovak Republic	..	..	Reimbursement of social contributions for unemployed starting new businesses and new allowance for two years to former UB recipients who find a new job	..	..
Spain	..	Increase in funding for PES for job search assistance and administrative reforms to increase effectiveness of PES	Increase in payment for unemployed who use UBs to start up a new business as self-employed and specially targeted programme for older workers (45+) to start up businesses as self-employed	..	Increase in funding for PES for training programmes and vocational education
Sweden	..	Temporary increase in resources for PES, expanded job search coaching	..	Increase in number of places in job placement schemes for unemployed	Introduction of practical skills development for unemployed with previous employment and increased financial aid for unemployed undertaking training or education
Switzerland	..	Increased funding for PES operations (including ALMPs) varying by cantonal jobseeker rates.	..	Increased funding for PES operations (including ALMPs) varying by cantonal jobseeker rates.	Increased funding for PES operations (including ALMPs) varying by cantonal jobseeker rates.
Turkey	Requirement that unemployed benefit recipients take part in training (if possible) or suffer sanctions	..	..	..	Expansion of training places for unemployed, youth and women and to increase employability in some regions

	Changes to activation requirements for unemployed	New or expanded job search assistance	Changes in job-finding and business start-up incentives	New or expanded work experience programmes	New or expanded training programmes for unemployed
United Kingdom	Reform of system of personal support for unemployed with level of support and mutual obligation requirements increasing with length of unemployment	Additional PES staffing and funding for job search training and assistance, including additional targeted support for firms making mass redundancies, communities affected by multiple redundancies, newly unemployed facing significant barriers to finding a job or those unemployed more than six months	Additional funding for small business advice and funding for first months of operation for those unemployed longer than six months	Increased funding for work-focused volunteering opportunities for those unemployed more than six months and guaranteed job or work-focused training place for all 18-24 year olds before reaching 12 months of unemployment.	Increased funding for short-term pre-employment training for those at risk of job loss or recently made redundant and guaranteed job or work-focused training place for all 18-24 year olds before reaching 12 months of unemployment.
United States	..	Expansion in funding for job search assistance and career counselling provided through state employment services	..	Expansion of funding for youth activities with particular emphasis on providing summer job opportunities for young people and building projects employing at-risk youth undertaking vocational training; expansion of programme of subsidised part-time jobs for older workers.	Expansion of training programmes for unemployed and dislocated workers, expansion of training grants for adult employment and training activities with priority given to public assistance recipients and other low-income individuals; and additional funds for construction, rehabilitation or acquisition of Job Corps centres (Job Corps is a residential training programme for 16-24 year-olds)

Source : Responses to OECD/EC questionnaire.

10. As well as training for the unemployed, several of countries have increased training places for existing workers or made changes to apprenticeship schemes (Table 5). Australia, Canada and France have introduced bonus payments for employers for hiring or retaining apprentices. Australia and Ireland have implemented measures to help redundant apprentices complete their training by encouraging other employers to take on redundant apprentices and making it easier for apprentices to complete off-the-job training while they wait for job prospects to improve.

Table 5. **Training programmes for existing workers (not including short-time workers) and apprentices**

	New or expanded training programmes for existing workers	Changes to apprenticeship schemes
Australia	Additional training places for existing workers	Bonus payments to employers for successfully completed apprenticeships or traineeships, preferential treatment in government tendering for firms employing apprentices and trainees and ability for redundant apprentices to complete off-the-job training through registered training organisations
Austria	Modification of existing further training leave programme so that training costs are now co-financed (50%) by the provincial government (available in nine provinces).	All school leavers looking for apprenticeship training will be guaranteed a company-based or supra-company place ("Guaranteed training" up to 18 years). It is planned to increase the number of participants in 2009 from 10,300 to 12,000.
Canada	Temporary expansion of graduate scholarships and internship places.	Introduction of bonus payment for completion of apprenticeships.
Denmark	..	Political agreement on increasing the number of apprentices in initial vocational training by improving economic incentives for companies to establish training placements and by allocating funds to information and campaign activities targeting companies at national and local level. Political agreement on establishing adult vocational training centres (VEU-centre) by January 2010, providing stronger infrastructure for the local/ regional provision of adult vocational training, targeting needs of low-skilled and skilled labour and improving coordination with providers of general adult education.
Finland	Increase in vocational training places targeted at youth and low-skilled workers.	Apprenticeship training extended to those with higher education degrees.
France	Creation of social investment funds (for two years duration) to coordinate measures supporting employment and vocational training, new agreement between government and social partners to increase funding for training for existing workers and job seekers, particularly in sectors facing major difficulties and additional funding of regional authorities to provide training measures.	Increase in number of apprenticeship contracts in 2009 and 2010 and provision of bonuses for employers hiring apprentices.
Germany	Expansion of vocational training programme for workers threatened by unemployment, older workers in SMEs or TWA workers rehired by their agency.	..
Greece	Expansion of in-company training for SMEs and funding for joint action by social partners to improve adaptability of workers and firms.	..
Ireland	..	Additional support for redundant apprentices to allow them early access to next stage of off-the-job training, access to on-the-job training through rotation with selected employers, access to other training opportunities and establishment of a register of redundant apprentices requiring work placements.

	New or expanded training programmes for existing workers	Changes to apprenticeship schemes
Mexico	New support package for low-income workers in the tourism sector, including income support from the PES for up to two months to take part in training. Firms must not make layoffs and must continue to pay social contributions while their workers take part in training. Expansion of funding for training and advice for entrepreneurs.	..
Netherlands	Increase in tax credit for employers to compensate for training costs for existing workers and reimbursement of training costs for employers allowing unskilled workers to take part in an accreditation of prior learning programme.	Guarantee of a traineeship place for all school-leavers unemployed for at least three months.
New Zealand	..	Extension of number of weeks from 6-12 that an apprentice can stay attached to a training body after redundancy.
Poland	More flexible and widespread use of training funds for employers providing training to existing workers, new access to PES training for existing employees and the self-employed and expansion in eligibility for income support for training to employed persons aged 45+ years and spouses or household members of farmers	..
Slovak Republic	Counselling/training and a preliminary assessment of the business plan for entrepreneurs interested in starting a new business and counselling and education for the business sector.	..
Spain	Unification of the systems of training for employees and unemployed and improvement in the quality of training.	..
Sweden	Expansion of post-secondary vocational training and municipal upper secondary education and training places for adults and reallocation of higher education resources to meet demand	..
United Kingdom	Increase resources to make training programmes more accessible for employers to train their existing workforces	Additional traineeship places for young people in the care sector.
United States	Competitive grants for training and job placement in high-growth and emerging industry sectors, with emphasis given to careers in the energy efficiency and renewable energy industries and the health care sector. Expansion in funding for adult employment and training activities. Additionally, programme-certified workers may receive approved training when threatened with separation from employment adversely affected by international trade.	..

Source : Responses to OECD/EC questionnaire.

Income support for job losers and low-income earners

11. Table 6 outlines changes to unemployment benefit schemes and other income and in-kind support for job losers implemented in response to the economic downturn. Changes to eligibility rules in Finland, France, Japan, Sweden and the United States should make it easier for temporary or irregular workers to access benefits. In Italy, former project-contract workers who are usually ineligible for unemployment benefits can access a lump-sum payment. The United States and Portugal have increased the maximum duration of benefits (as have Canada and Japan for some groups of recipients) and a number of countries have increased the replacement rate for benefit recipients (e.g. Belgium, Finland, Greece, Turkey). Increases in the replacement rate in the Czech Republic and Poland have been financed by reductions in the duration of benefits. In Canada, both the generosity of and eligibility for benefits expands in response to worsening local labour market conditions. In Australia, where unemployment benefits are means-tested rather than insurance-based, the asset test has been relaxed to make it easier to access benefits.

12. As well as unemployment benefits, job losers may be eligible for social assistance and other support. Belgium and Poland have or plan to increase social assistance payments for job losers, while France has made one-off payments to social assistance recipients. In Mexico, which has no unemployment insurance, workers are now able to access more easily funds from their individual retirement accounts in case of job loss, with the government increasing co-contributions to individual accounts. Other new support measures include a guarantee of severance pay to former workers of insolvent firms in Canada, assistance with mortgage payments for job losers in Hungary and the United Kingdom, extension of the health insurance coverage period in Mexico, subsidised health insurance in the United States and assistance for employers who continue to provide housing to laid-off workers in Japan.

Table 6. Changes to unemployment benefits and social assistance for job losers

	Changes to eligibility for unemployment benefits	Changes to generosity of unemployment benefits	Changes to social assistance for job losers	Other payments or in-kind support for job losers
Australia	Increase in the asset threshold for claiming unemployment benefits for two years until March 2011 and change to benefit eligibility for young unemployed (under 17 years must be in full-time school or training; under 25 years will be provided with a training place).	..	..	Government negotiated with banks to provide greater flexibility for retrenched workers for mortgage or personal loan repayments.
Belgium	..	Federal: Permanent increase in replacement rate for first year of receipt of benefits.	Federal: Permanent increase in social assistance payments	..
Canada	Earlier access to benefits for workers who use severance pay to fund training and automatic adjustment to increase eligibility and duration as unemployment rate rises.	Temporary national provision of an extra five weeks of employment insurance benefits (previously offered as part of a pilot project only in specific regions with high unemployment).	..	New severance pay guarantee for former workers of insolvent firms
Czech Republic	..	Permanent reduction by one month of unemployment benefit duration to fund an increase in payment rate in the first two months of receipt and temporary increase in duration and replacement rate for unemployment benefits for those who have worked 24 months in the last three years until end 2010.	..	..
Finland	Permanent reduction in length of employment required to be eligible to receive unemployment insurance allowance and increase in minimum age for receiving additional days of unemployment benefit after exhausting standard entitlement (500 days) from 59 to 60 years in 2011.	Increase in unemployment benefits during activation period (max. 200 working days) and extension of raised unemployment benefit period from 185 to 200 working days for "change security" system.	..	Easing access for long-term laid-off and unemployed persons with long fixed-term work history to the "change security" system, removal of waiting period for unemployed to access training allowance for self-directed studies agreed in job-search plan and training allowances in self-directed studies and labour market training made equal to raised UB during activation period.
France	Change in eligibility for unemployment insurance benefits from 6 months worked in previous 22 months to 4 months worked in previous 28 months (36 months for workers over 50 years)	Change so that benefit duration is proportional to the affiliation period, resulting in higher coverage of precarious workers.	One-off lump sum payment to social assistance recipients and social partners' agreement that laid off workers are entitled to the extra social protection scheme of their previous company for 6 months.	Domestic services voucher for job seekers to be used for home help, child care, cleaning, tutoring, etc.

	Changes to eligibility for unemployment benefits	Changes to generosity of unemployment benefits	Changes to social assistance for job losers	Other payments or in-kind support for job losers
Germany	..	..	..	Increase in subsistence payments for children of jobseekers from July 2009 to November 2011.
Greece	..	Permanent increase in unemployment benefit rate and bonus Christmas payment to recipients	..	Additional lump sum payments (varying by region) to UB recipients and flexibility for additional payments up to 1000 EUR to unemployed (UB recipients and non-recipients)
Hungary	..	..	..	A new fund to provide temporary aid to job losers who are unable to make mortgage repayments
Italy	Lump sum payment to unemployed former project contract workers	..	..	..
Japan	Easing of employment insurance contribution requirement for fixed-term workers	Extend benefit duration for hard-to-employ job seekers for three years	Temporary creation of a living allowance for unemployed without access to employment insurance to take part in vocational training	Temporary subsidies for employers who continue to provide housing to dismissed workers and additional advice through PES for job losers with housing problems
Korea	..	..	Permanent easing of criteria for payment of extended unemployment benefits from 2009.	..
Mexico	..	..	..	Easing of eligibility criteria for unemployed to access individual retirement account funds, increased amounts available for the unemployed to access individual retirement account funds, increase in government co-contribution to retirement accounts, increase in coverage period for health and maternity benefits for unemployed and their dependents and temporary mortgage relief for job losers
New Zealand	..	..	..	Financial assistance for low and medium income families who have been made redundant from full-time work including child and housing support.
Poland	..	Permanent increase in unemployment benefit level and reduction in duration of benefits from January 2010.	Planned increase in minimum payment rate for social assistance temporary benefits to 100% of the difference between the income criteria and family income.	Planned additional funding to local governments to provide targeted benefits to those in need for food, medicines, fuel, etc., extension of free meals programme. Planned interest-free loans for unemployed to help with mortgage repayments for up to two years.

	Changes to eligibility for unemployment benefits	Changes to generosity of unemployment benefits	Changes to social assistance for job losers	Other payments or in-kind support for job losers
Portugal	Unemployed who return to the labour market in less than six months will retain full eligibility of previous contribution periods for future unemployment allowances	Temporary extension of duration of benefits for long-term unemployed	..	New programme of income support for unemployed who have or will undertake training to improve their qualifications
Spain	Temporary measures whereby short periods of time spent on reduced working hours or suspension of work contract will not reduce eligibility for unemployment benefits.	Removal of waiting period for accessing unemployment benefits until end 2009.	..	Postponement of mortgage payments for job losers.
Sweden	Proposed reduction in length of membership required to draw on unemployment insurance in 2009.	..	..	..
Turkey	..	Permanent increase in unemployment benefit rate	..	..
United Kingdom	..	..	..	Temporary reduction in waiting time for job losers to receive support for mortgage payments and one-off increase in rate of statutory redundancy pay
United States	Temporary incentive payments to states that have included provisions relating to benefit eligibility in their unemployment insurance laws. Such provisions include eligibility of persons seeking part-time work and using recent work history when determining eligibility, among others.	Supplement to increase weekly unemployment benefit until end of 2009, suspension of income tax payments on part of benefits in 2009 and extension of the (temporary) Emergency Unemployment Compensation program, which provides additional weeks of benefits, until end 2009 for applications and May 2010 for receipt of benefits. Under certain conditions, States may temporarily extend eligibility for the (permanent) Extended Benefit Program, which provides for additional weeks of benefits. In addition, the federally-funded share of extended unemployment benefits is increased from 50% to 100% until June 2010.	..	Increase in subsidy for health insurance premiums for some groups of job losers

Note: Includes only payments and in-kind support targeted specifically at job losers or the unemployed so does not include payments to households such as family or child benefits that are payable regardless of employment status. Canada has employed extra staff to process additional employment insurance claims. The United States Federal Government has increased spending on administration of unemployment insurance and implemented an interest waiver on loans by state unemployment trust funds.

Source : Responses to OECD/EC questionnaire.

13. Around half of responding countries have taken measures to increase the incomes of low-income earners through the tax system. Austria, New Zealand and the Slovak Republic have introduced in-work benefits/tax credits for low-income earners, while a number of other countries (e.g. Belgium, Canada, United States) have modified existing in-work benefits to increase their generosity. Other countries (e.g. Canada, France, Germany, Greece, Slovak Republic) have reduced tax rates and/or modified tax brackets to reduce the tax burden on low-income earners (although such changes to bottom tax brackets benefit higher-rate taxpayers as well).

Table 7. **Fiscal measures raising the net incomes of low earners (in-work benefits and targeted tax reduction)**

Australia	One-off tax credit for low- and middle-income earners
Austria	A modified In-work benefit targeted at the elderly, handicapped persons and those returning to work, who have unemployment spells longer than six month, will start from July 2009.
Belgium	Increase in tax credit for low-wage workers
Canada	Increase in working tax credit, increase in tax-free bracket and second and third personal income tax brackets
Finland	Change in taxation for low-income entrepreneurs to increase net income
France	Reduction in income tax for low-income tax payers and introduction of tax credit to avoid a threshold effect.
Germany	Increase in tax brackets and reduction in lowest tax rate to provide targeted tax relief to low-income earners
Greece	Increase in tax-free bracket for employees and pensioners
Hungary	Planned increase in income tax thresholds
New Zealand	Introduction of an independent earner tax credit for low and middle-income earners in paid work who do not receive core assistance from the government
Slovak Republic	Reduction in tax burden for low and middle income earners by lowering tax brackets and introducing working tax credit
Spain	One-off reduction in tax burden and flexibility/postponement of taxes for workers in difficulties and small companies.
Sweden	Introduction of a third step in the earned income tax credit (planned prior to downturn) has increased net incomes of low- and middle-income earners more than high-income earners
United Kingdom	Campaign to raise awareness about working tax credits among groups where take-up has been low (singles and working families)
United States	One-off refundable tax credit for low and middle-income earners, temporary increase in the earned income tax credit for workers with three or more children and a temporary expansion in eligibility for the additional child tax credit.

Source : Responses to OECD/EC questionnaire.