Methodological experience with the labour market policy data collection

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1   INTRODUCTION

This paper presents the experience of the Eurostat Labour Market Policy database. This is based on administrative data which provide detailed information for policy makers on monitoring labour market interventions implemented through public financing.

The subject of this Seminar is timely, taking into consideration the discussions held during the 38th Session of the United Nations Statistics Commission, and specifically the Seminar on "Evolution of National Statistical Systems", which took place in New York, February 2007. The keynote address of Dennis Trewin, as well as the papers prepared by M. Lehohla and M. Habermann, provide a good introduction to the discussion on the role played by register-based data to improve social statistics.

M Trewin's paper highlights what he calls the "Mega Trends" that have most influenced the developments in statistical systems during the last 60 years. Among these, he underlines the increasingly important role played by administrative sources concerning:

- the evidence that more and more use is made of administrative sources: *the trend is towards greater provision of statistics outside the National Statistical Offices (NSO). These statistics are often based on administrative systems which potentially provide a rich source of detailed data. There is much greater interest in having a coordinated National Statistical System,*

- the increasing interest of policy makers in decision making based on sound statistics: *User engagement has improved greatly in most countries. ... Statistics are increasingly being used for political and administrative or regulatory purposes such as distribution of funds…*

- the advantages that the use of administrative data can bring to solving certain problems: *Response rates in most ... countries have tended to deteriorate. This has caused NSOs to look at different ways of collecting data to reduce respondent burden including greater use of administrative data…*

- the fact that only by making use of all available sources of data will the existing difficulties be overcome: *National Statistical Offices have become more involved in analysis ... Another form of analysis that is becoming more prevalent is the linking of statistical data sets. These include longitudinal links through longitudinal surveys or administrative systems…*

Discussants of Mr. Trewin's keynote address, gave detailed examples of the extended use of administrative sources, mainly based on what they call the Nordic Model.

Since the United Nations Statistics Commission has placed this issue so high on the agenda this year, there is no need for us to go back into the history of the first publications by Eurostat of register-based statistics in Denmark (1995), or to the first Seminars on the "Use of administrative sources for statistical purposes" (1997). It is clear that there is a long history supporting the use of register based statistics and this trend is increasing.

Nevertheless, unfortunately the problem of data unavailability would require more political will in order to ensure a complete and trouble-free data provision

2 A TOOL FOR THE MONITORING OF THE EUROPEAN EMPLOYMENT STRATEGY (EES)

The labour market and the employment policy of the EU were radically modified in 1997 by the Amsterdam Treaty, which assigned to the Community several important new tasks. These were the establishment of Economic and Monetary Union (EMU), the drive towards higher levels of employment and social protection, and the promotion of a high degree of competitiveness as a condition for sustained growth. The Amsterdam Treaty highlights the need for a strong employment policy which would improve labour market performance and contribute positively to the EMU.

Various activities designed to enhance the effectiveness of the Member States in developing a coordinated strategy for employment were outlined in Title VIII on Employment, namely:
The employment strategy should help to make progress towards a skilled, trained and adaptable workforce; labour markets should be responsive to economic change; employment policy must be consistent with the broad economic policy guidelines; moreover, an open method of co-ordination was introduced, based on policy coordination and benchmarking. A monitoring mechanism was set in place, involving a joint annual report by the Council and the Commission on the employment situation, adoption of guidelines for the Member states to take into account in their employment policies, National Action Plans (old NAPs, now replaced with the National Reform Plans) for the carrying out of these policies, and recommendations from the Commission to Member States and the establishment of an advisory Employment Committee.

This process (known as the Luxembourg Process after the extraordinary summit on employment in Luxembourg in 1997), had to be underpinned by a set of consistent and comprehensive statistics to make possible the multilateral surveillance of the convergence of economic performance, the monitoring of labour market reform and the requisite benchmarking procedures.

Eurostat undertook several steps to deal with the new challenge:
- the continuous labour force survey (LFS) was modified to provide quarterly and annual results on employment and unemployment,
- an EU operational definition on unemployment was adopted to improve the comparability of the unemployment rate,
- the four-yearly structural business surveys on earnings and labour costs were launched in 2000 and 2002,
- a quarterly labour cost index is available from 1996 onwards,
- in the second quarter of 2003, data collection began of the quarterly job vacancy rate,
- the labour market policy database was created in order to provide comparable data on public interventions designed to integrate the unemployed and other disadvantaged groups into the labour market.

3 DEVELOPMENT OF THE LABOUR MARKET POLICY DATABASE PROJECT

In 1996, the Commission's Directorate General of Employment (DG-EMPL), Eurostat and the OECD began to discuss the shortcomings of the available data on LMP expenditure, (the OECD database was at that time the only statistical information available on Labour Market Policies). The main limitations were considered to be the following:
(i) Lack of methodological guidelines, therefore the data provided by each country varied substantially in scope and coverage, and as a consequence concerns were voiced among

researchers and policy makers as to the comparability of the data provided.

(ii) Lack of (comparable) data on participants benefiting from labour market interventions, which did not allow for the monitoring of the number of unemployed affected by public interventions.

(iii) Lack of detailed data, by type of action implemented and even less at the level of individual programmes. Accordingly, no monitoring was possible on how public money was spent.

In addition, the European Employment Strategy, launched at the European Council in 1997 (also called "Employment Summit"), provided a new framework when the Commission expressed the need to monitor progress made by Member States in implementing the Employment Guidelines. All these reasons contributed to the decision of DG-EMPL and Eurostat to develop a new instrument which could overcome the above mentioned limitations and provide comparable data on public expenditure and participants in labour market policy measures.

Intensive work to develop a new database on Labour Market Policy public interventions started in 1998 with the allocation of resources to the project. Eurostat, in close co-operation with all Member States and supported by external consultants developed a methodology, ran a pilot data collection scheme, adjusted the methodology, oversaw the design and implementation of an "ad-hoc LMP-software" for the data provision, as well as the development of an LMP database, and started the regular data collection. Countries covered at that time were the 15 EU Members and Norway. The methodological outputs - definitions, classification of LMP interventions - were soon adopted by the Employment Committee. All Member States were advised to use Eurostat LMP classification categories in their reporting about National Action Plans (NAPs). LMP data were used to produce some of the indicators agreed in the "Employment Guidelines", to complete the joint annual report and to correct some LMP-related indicators.

Work in 2005 and 2006 gave priority to the inclusion of the new Member States. All new participating countries completed some very demanding preparatory work for inclusion in the LMP database. Preparatory work included (1) Establishing a network of data providers, most often including the Ministry of Labour and Social Security, and the Public Employment Services or the Employment Agency, working frequently under the co-ordination of the National Statistical Institute, (2) Establishing the national Inventory of LMP interventions as defined by the National authorities in each country, (3) Translation into the national language of the LMP Methodology, (4) Undergoing a training seminar on the contents and application of the LMP Methodology as well as in the use of the LMP software for data provision, (5) Preparation of detailed descriptions for each LMP measure, in order to allow checking compliance with the LMP methodology and input of all requested qualitative information into the LMP database, (6) Launching a pilot data collection, and if possible, also a full data collection, (7) Contributing to the validation of data for publication.

Most new Member States joined successfully the LMP database, starting with the reference year 2004, and in the last data collection – reference year 2005 – 15 of the 17 new Member States participated in the project, (Malta and Cyprus are expected to join in the coming 2006 data collection). At this moment, March 2007, eight regular data collections - reference years 1998 through 2005 - have been implemented and the results made available through Eurostat publications and New Cronos database. Cooperation with the OECD resulted in the adoption of the LMP methodology and the backdated revision of their data. In 2006 (reference year 2004), the OECD officially informed all countries of the adoption of Eurostat's Methodology and the inclusion of Eurostat LMP data in its publication "Employment Outlook" (Table H).

4   OVERVIEW OF THE LMP DATABASE: SOURCES, DATA, METADATA

Labour Market Policy interventions have a limited scope compared to other employment policies and are defined as: *Public interventions in the labour market aimed at reaching its efficient functioning and correcting disequilibria and which can be distinguished from other general employment policy interventions in that they act selectively to favour particular groups in the labour market (LMP Methodology §1).*

Data sources - There are typically two main data sources for expenditure, the registers of the Ministry of Labour (or Employment) and those of the Public Employment Services (PES or Labour Market Board, Employment Agency, etc.). In general, the Ministry is the custodian of the registers on expenditure, and the PES holds the registers for participants. In some countries, social security registers are used for reporting on both, participants and expenditure –or foregone revenue- in employment incentive's type of measures. However, in some countries, data collection is more time consuming, since each one of the Regional Government Departments responsible for employment needs to be separately contacted (e.g. Belgium and Spain). There are also countries where most data are collected from one source, the National Accounts (when these are based on microdata) or the Register on Labour Market measures (Denmark and Norway[1]). Data on participants are collected from the same sources, although different units deal with data on expenditure and participants.

4.1 - EXPENDITURE - The LMP database collects data on the public expenditure associated with each intervention. For each intervention, the expenditure required should cover all the transfers and foregone revenue provided to the direct recipients as a result of the intervention. LMP expenditure is then classified following two criteria: type of interventions financed and direct recipient of the expenditure (individuals, employers or service providers). In addition, a record is kept of whether the payment is actually a disbursement or simply a type of foregone revenue (reductions in taxes or social contributions).

Analysis of the data collected enables a number of key questions on expenditure for the monitoring of public interventions to be answered, such as:

- **Total expenditure** - How much money is spent? In 2005, public expenditure on Labour Market Policies (LMP) in the European Union was 2.3% of GDP. Denmark was greatly above the average with LMP expenditure of over 4% of GDP. The Netherlands, Belgium, and Germany also spent more than 3% of GDP. Public expenditure on LMP support (mainly unemployment benefits), accounted for the largest share of total LMP expenditure in every country, except Lithuania and Bulgaria. (Graph 1 - Public expenditure on LMP as a percentage of GDP 2005).

- **Expenditure by category** - Which type of interventions are privileged? As regards the share of LMP expenditure by category for 2005, measures providing training accounted for the largest share of EU-25 active expenditure (39%). Indeed, training is the most significant area of expenditure on active measures in twelve of the twenty-five countries for which data are available. In the United Kingdom, Austria and Estonia, training accounted for more than 70% of expenditure on LMP measures. The second most important category of active expenditure was employment incentives, which accounted for 23,5% of the EU-25 total. These measures support the recruitment of unemployed people into regular market jobs, typically through wage-subsidies or exemptions to employer's social contributions. The extent to which employment incentives are used as an instrument of active labour market policy varies considerably between countries. In

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[1] Norway, although not an EU member, joined the LMP data collection from the start in 1998.

Spain, Italy, Luxembourg, Hungary, Romania and Sweden, employment incentives represented the most important area of expenditure in 2005. However, in Bulgaria, Germany, the United-Kingdom, and Norway employment incentives were little used and consumed less than 10% of active LMP expenditure (Table 1 – Share of LMP expenditure by category, 2005)**.**

- **Expenditure by direct recipient** – Who receives the money? LMP public expenditure can be directly transferred to the individuals (the unemployed & people at risk), to the employers and to the service providers. In more than half of the countries providing detailed information, the largest share of expenditure on LMP measures (training, employment incentives etc.) is accounted for by transfers to employers – more than 75% of the total in Bulgaria, the Czech Republic, Hungary and Italy; over 60% of the total in Spain, France, Lithuania, Poland and Romania. In Bulgaria, this expenditure relates primarily to direct job creation whilst in the other countries mentioned, employment incentives are more important. At the other extreme, transfers to employers represented less than 9% of expenditure in Germany, Ireland, the Netherlands and the United Kingdom. This expenditure covers transfers of cash (as wage subsidies) but also revenue foregone by the state through reductions or exemptions to obligatory levies. Indeed, in Italy, almost all of the transfers to employers, and 75% of total expenditure on active measures, are accounted for by reductions in employers' social contributions. The direct recipient of expenditure for LMP supports was – as would be expected in respect of unemployment and early retirement benefits - almost exclusively the individual beneficiaries (Table 2 – Share of LMP expenditure by direct recipient, 2005).

4.2 PARTICIPANTS – The second set of data collected is the number of participants or beneficiaries covered by in each labour market intervention. Three variables are requested in order to measure the numbers of participants: stock, entrants and exits. Stock refers to the number of persons participating in an intervention at a given moment. The data required is the annual average stock figure, which is usually calculated as an average of the stock at the end of each month. Entrants refer to the number of participants that join or start on the intervention during the year, i.e. the inflow or new starts. The data required refer to the total number of new starts in the year, i.e. the same individual may be counted as an entrant more than once in a year. Exits refer to the number of participants that leave the intervention during the year, i.e. the outflow. The data required refer to the total number of exits, irrespective of the reason for leaving. For LMP measures where there may be a planned period of participation, persons who leave early (drop-outs) are counted equally with participants that complete the measure. Data on participants include breakdowns by age, by sex, by duration of unemployment before participation in the LMP intervention and destination of participants after exit.

Data analysis offers answers to a number of key questions for the monitoring of public interventions, such as:

- **Total participants by category** – The distribution of participants in active measures shows that *Training* is overall the most important category in terms of participants and this is true for most countries. *Integration of the disabled* is the most important category in terms of participants for three countries: Denmark, Sweden and Norway. *Employment incentives* is the most important category in terms of participants only for Romania, likewise *direct job creation* is the most important category in terms of participants only for Latvia (Graph 2 –Distribution of participants in LMP measures by category).

- **Participants in relation to the population wanting to work** – The numbers of participants in active labour measures compared to the total numbers of unemployed plus people wanting to work is used as an indicator of activation[2]. According to these figures,

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[2] The activation indicator was defined by the Employment Committee Indicators Group in 2006 as

Belgium, Denmark, Spain, France, Ireland, the Netherlands, Portugal and Sweden have an activation rate higher than the EU-15 average of 35%, (Graph 3 Activation Indicator, 2005)

- **Destination of participants after exit** – Currently, the data available in the LMP database on destination of participants remain incomplete for many countries. A key difficulty in collecting such data is that people leaving the Public Employment Services (PES) registers (for any reason) are not obliged to report back, so that information on their destination is often not available. The problem of data availability therefore, remains open in the short term. Although a full cross-country analysis is not possible, it is nevertheless interesting to look at two countries, Austria and Sweden, where data on the destination of exits is complete for training measures and the proportion with unknown destination is low (below 5%). In Austria, almost half of those who participated in an LMP training measure were in employment six months later and the majority of these (almost 90%) had a regular un-subsidised job. However, almost three in ten remained unemployed or became unemployed again. Around 9% were placed onto another active LMP measure (excluding subsidised work) and about the same percentage were not employed or looking for work at the time of observation and were therefore counted as inactive. In Sweden the number of training participants in work after training was much smaller (22%) than in Austria (49%). Moreover, just under half of these were in subsidised employment. More than a third (35%) were unemployed 90 days after leaving training, 29% were on another active LMP measure (excluding subsidised employment) and around 13% were inactive. (Graph 4 – Destination of participants after exit of training measures, 2004)

- **Evaluation of LMP measures** - It is important to understand that these results merely describe the whereabouts of participants some time after exit, and should not be interpreted as demonstrating different levels of success. These observations do not provide an evaluation of the efficiency of the LMP interventions. Evaluation studies will usually be based on LMP data on destination, but need to be completed with an evaluation analysis, isolating the impact of participation in LMP measures from other variables (personal, sociological and economic) playing a role in the final success/failure to get a regular job for the participant. Follow-up data at different times afterwards can be collected through surveys of some or all participants, or by linking registers of the unemployed with registers of social security contributions or similar. The Nordic countries have a history of linking registers for this purpose and some others (e.g. Austria, Slovenia) are now implementing data warehouse solutions based on multiple registers. Sound evaluation studies have been implemented in Sweden, France, Spain, Ireland and several other countries**.**

4.3 METADATA - For each one of the labour market interventions included in the LMP database there is detailed "qualitative information" provided by the LMP delegates. These descriptions allow the reader to understand the aims, implementation methods, main beneficiaries or target groups, sources of finance, legal basis, etc. of public interventions. The LMP descriptions under the form of a "Qualitative Report" for each country can be extracted from the LMP database.

Apart from these general metadata, the LMP database collects detailed information on the sources of the data on expenditure and on participants, as well as on the type of observation used for each participant's variable - stock, entrants, exits. The analysis of metadata has proved a key source of information and ideas for the solution of methodological problems.

"Number of participants in LMP measures (training, retraining, work experience or other employability measure)/in assisted activation programmes divided by the number of persons wanting to work (LFS unemployed plus labour reserve)".

5   DEALING WITH PROBLEMS

Completing participants' data – In some cases, expenditure is available for all measures included in a category but the number of participants is not available for all measures, thus the total number of participants for that category is unknown, whereas the total expenditure is known. Under these circumstances, the total number of participants was not published during several years. However, these are key data for the monitoring of labour market interventions which need to be published.

In order to provide this key information, starting in 2006, a new approach was taken: the number of participants reported in each category, was published under the condition that they account for at least 80% of the total expenditure in the category. By flagging, this provides a kind of underestimation or completion indicator. Although there is no evidence that there is a one-to-one relation participants-expenditure, this method to complete participant totals, seems to be the best possible solution up to now. It is still difficult for most countries to provide fully detailed data on participants by age, sex, duration of unemployment and the number of requested breakdowns, but at least now the information on participants is richer.

Different observations for stock of participants – During the first years of collecting data on participants, although the guidelines defining stocks appeared to be clear, a number of different observations of stock were provided. This was mainly because different observations were readily available at the administrations source of the data, and was also due to a lack of tradition of reporting data on participants, and consequent lack of experience in following common guidelines for harmonisation. In order to overcome this difficulty, Member States were requested to complete detailed **metadata,** explaining the type of observation that was being used for the stock of participants' value. Analysis of the metadata showed eight different observations: (1) Average of daily figures, (2) Average of weekly figures, (3) Average of monthly figures, (4) Average of quarterly figures, (5) Average of two-year-end figures, (6) End-year figure, (7) Other one-off observation, (8) Calculation based on paid allowances.

Among all those observations, the use of the average of monthly figures was recommended in the methodology, and it has remained the most frequent observation for stock of participants in the LMP database since.

Treatment of double counting of participants - When adding up participants for each intervention in a category, there is an implicit assumption that each intervention (i.e. the unit of observation) is mutually exclusive and that a person can participate in only one intervention at a time. LMP measures in active categories 2-7 (see annex 1), refer to activities that are mostly full-time and therefore comply with this assumption. However, in some cases, participants may get benefits in kind (e.g. training) from one measure and at the same time receive cash benefits or reimbursements (e.g. of travel or accommodation costs) from another measure. In this case there can be a double-counting of participants that needs to be taken into account when creating aggregates.

It is also possible for double-counting to occur for other types of intervention. For example in category 8 (see annex 1) there could be a supplementary allowance that is used to top-up unemployment benefit payments and in this case the participants could be double-counted. In order to handle double-counting, a new dummy intervention is added to the database and classified to the appropriate category with the double-counting suffix (e.g. 2A). The intervention name indicates that it is a double-counting adjustment.

Selecting a meaningful denominator for activation indicators – The "natural" denominator for an indicator on activation would be the target group that can be reached with the measures (total number of unemployed and people at risk). However, there are at least two meaningful measurement methods of unemployment, the harmonised unemployment rate, measured with

the Labour Force Survey LFS), and the national numbers of registered unemployed, counted in the Public Employment Services (PES) register. Both figures differ, for several reasons, in particular it has been observed that three groups of population are subject to a special treatment by the registers of some countries (see bibliography n° 9). These three groups are (a) *young people*, and first job seekers, (b) persons in *marginal or minimal jobs* and (c) *older people*. The special treatment given to these groups in the registers explains its under-representation (young people) or its over-representation (persons in marginal jobs) in certain countries. In addition to this, there is a fourth particular group (d) of *"Unemployment Benefit Recipients"* which explains the differences between registered unemployed and harmonised unemployed, but this happens only in two countries, Ireland and the United Kingdom, since only those persons receiving benefits are included in the "Live Register" which is the closest to the PES register in other countries.

Considering the different national rules that define the numbers of registered unemployed in each country, it seemed the most reasonable approach to use the largely accepted harmonised figure of LFS unemployed, plus the numbers of persons wanting to work.

6 CONCLUSION

The identification of small groups of persons, for example the unemployed population by age, sex, and labour market intervention in which they eventually participate, is best described via registers. For the follow-up of such groups of population, the registers provide the necessary details. Ideally, the link between different registers with survey data would provide all necessary information to monitor labour market interventions on a sound basis. In particular, follow-up data at different times after exit from LMP interventions could be collected through surveys focused on some or all participants, or by linking registers of the unemployed with registers of social security contributions or similar. Although some countries do operate routine surveys of participants leaving PES-run programmes, these do not cover interventions implemented by other bodies and therefore do not cover all LMP actions. The experience of the Nordic countries in linking registers has provided very comprehensive evaluation studies and this model is spreading over to other countries. However, the linking and coordination of multiple registers and survey data demand very close cooperation between different organisations that can take time and effort to develop.

The problem of data unavailability shows that more political will is needed in order to ensure a complete and smooth data provision. Under an ideal scenario, the necessary human resources would be allocated to the implementation of the LMP database in each country, encouragement and support would be made available to coordinate and develop the national registers and to establish longitudinal registers (already existing in several countries), in order to follow-up the destination of LMP beneficiaries. It is encouraging to note that since the start of the project, "old" Member States have greatly improved LMP data availability and data provision, and the new Member States with only one year's experience are catching up rapidly. The next steps in the development of the LMP database are designed to achieve complete data provision, including not only still missing participants' details (e.g. breakdowns by age, sex, unemployment duration, etc), but also some data on regional interventions that are at present incomplete for some countries. The register based Labour Market Policy data collection is a useful instrument to monitor public interventions aimed at the integration of unemployed and people at risk into the labour market. However, those involved in its development as well as in using its data are aware that its full usefulness as a monitoring instrument is conditioned to the development of good registers and its link with specific surveys.

Tables and Graphs

Graph 1 – Public expenditure on LMP as a percentage of GDP, 2005
Table 1 – Share of LMP expenditure by category, 2005
Table 2 – Share of LMP expenditure by direct recipient, 2005
Graph 2 – Distribution of participants in LMP measures by category, 2005
Graph 3 - Activation indicator, 2005
Graph 4 – Destination of participants after exit of training measures, 2004

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Tables and Graphs

Graph 1 - Public expenditure on LMP as a percentage of GDP, 2005

1. Public expenditure on LMP as a percentage of GDP, 2005

Legend:
- LMP services (cat. 1)
- LMP measures (cats. 2-7)
- LMP measures (cats. 8-9)

Source: Eurostat, LMP database. Date of extraction 28/03/07

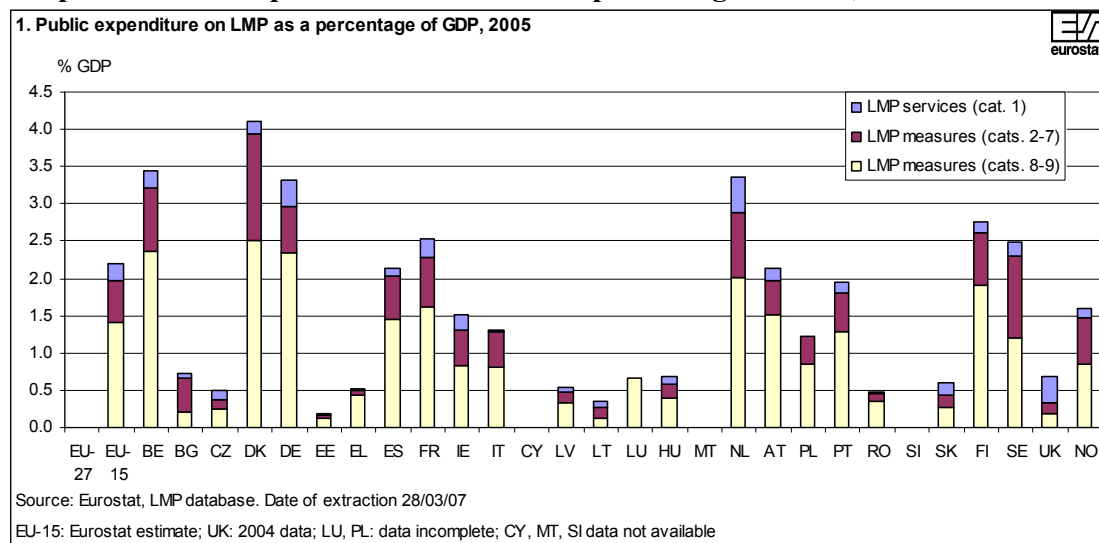EU-15: Eurostat estimate; UK: 2004 data; LU, PL: data incomplete; CY, MT, SI data not available

Table 1 – Share of expenditure on LMP measures by category, 2005

	2 - Training	3 - Job rotation and job sharing	4 - Employment incentives	5 - Supported employment and rehabilitation	6 - Direct job creation	7 - Start-up incentives
EU-27	39.2	0.6	23.5	16.8	13.9	6.0
EU-15	37.7	0.6	24.3	17.1	14.1	6.2
BG	15.2	0.0	9.4	2.0	71.9	1.5
CZ	10.9	0.0	34.1	28.7	23.1	3.1
DK	35.5	0.0	31.1	33.4	0.0	0.0
DE	40.4	0.1	8.3	20.5	15.9	14.8
EE	71.5	0.0	17.5	0.0	0.0	11.0
EL	64.3	0.0	33.5	0.0	0.0	2.2
ES	25.3	1.5	49.8	3.3	11.3	8.8
FR	43.4	0.0	18.9	9.9	27.2	0.6
IE	44.2	0.0	11.0	1.8	43.0	0.0
IT	43.3	0.5	43.9	0.0	2.2	10.1
CY	:	:	:	:	:	:
LV	68.3	0.0	10.1	4.8	16.8	0.0
LT	35.4	0.0	29.1	0.9	34.5	0.0
LU	33.0	0.0	57.5	2.9	6.5	0.2
HU	19.6	0.0	50.9	0.0	29.4	0.0
MT	:	:	:	:	:	:
NL	16.8	0.0	20.5	62.7	0.0	0.0
AT	71.2	0.0	11.5	7.7	8.3	1.2
PL	28.6	0.0	12.1	44.8	7.0	7.5
PT	55.9	0.0	30.3	7.4	5.9	0.5
RO	11.8	0.0	51.5	0.0	36.2	0.5
SI	:	:	:	:	:	:
SK	14.3	0.0	16.3	5.2	35.6	28.6
FI	51.9	6.7	15.6	13.6	9.5	2.7
SE	31.1	4.4	41.3	20.1	0.0	3.2
UK	83.6	0.0	6.2	6.9	3.0	0.3
NO	59.6	0.0	5.4	23.3	11.3	0.4

Source: Eurostat, LMP database. Date of extraction 28/03/07

EU-15, EU-27: Eurostat estimates; UK: 2004 data; LU: data incomplete; CY, MT, SI data not available
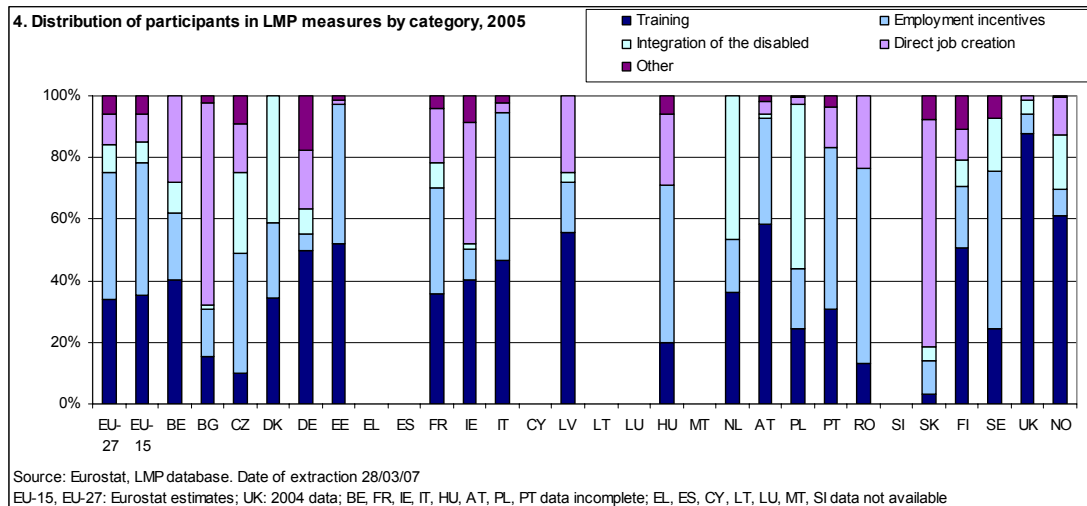
Table 2 - Share of LMP expenditure by direct recipient, 2005

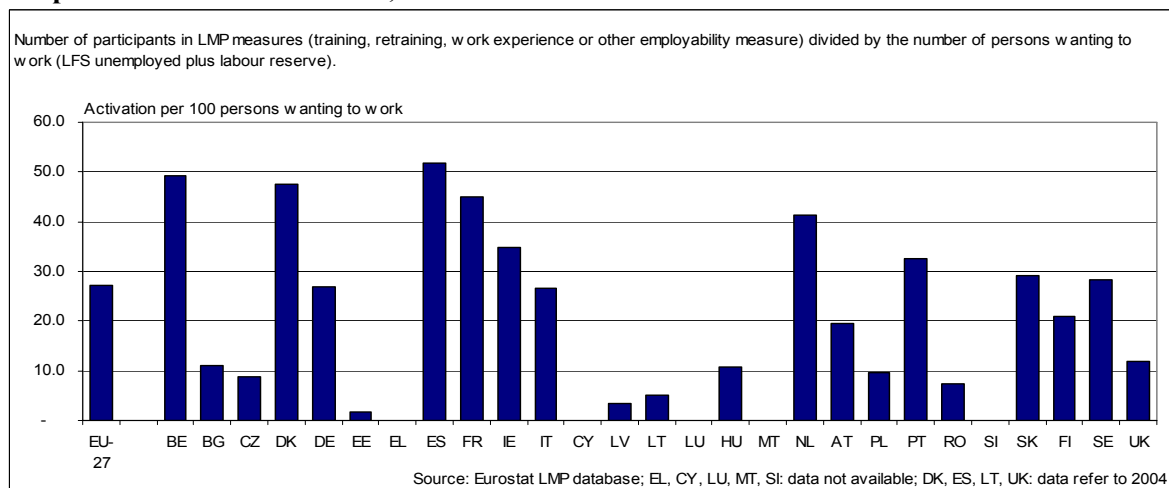|		LMP measures (categories 2-7)					LMP supports (categories 8-9)			
eurostat	Total	Transfers to individuals	Transfers to employers	Transfers to service providers	Not specified	Total	Transfers to individuals	Transfers to employers	Transfers to service providers	Not specified
EU-27	100.0	24.5	41.6	29.4	4.5	100.0	98.3	1.7	0.0	0.0
EU-15	100.0	24.5	40.9	30.0	4.7	100.0	98.3	1.7	0.0	0.0
BE	100.0	27.3	54.9	15.1	2.7	100.0	100.0	0.0	0.0	0.0
BG	100.0	2.4	87.3	6.1	3.2	100.0	100.0	0.0	0.0	0.0
CZ	100.0	3.4	85.9	10.7	0.0	100.0	100.0	0.0	0.0	0.0
DK	100.0	41.7	51.8	6.4	0.0	100.0	100.0	0.0	0.0	0.0
DE	100.0	34.5	6.2	45.4	14.0	100.0	96.6	3.4	0.0	0.0
EE	100.0	43.0	17.5	39.5	0.0	100.0	100.0	0.0	0.0	0.0
EL	100.0	55.8	5.6	10.5	28.1	100.0	100.0	0.0	0.0	0.0
ES	100.0	8.0	69.2	22.8	0.0	100.0	100.0	0.0	0.0	0.0
FR	100.0	19.3	65.0	15.7	0.0	100.0	99.9	0.1	0.0	0.0
IE	100.0	66.8	1.0	19.0	13.2	100.0	89.7	10.3	0.0	0.0
IT	100.0	13.4	78.2	8.4	0.0	100.0	100.0	0.0	0.0	0.0
CY	:	:	:	:	:	:	:	:	:	:
LV	100.0	2.9	31.6	65.4	0.0	100.0	100.0	0.0	0.0	0.0
LT	100.0	11.6	64.5	23.9	0.0	100.0	100.0	0.0	0.0	0.0
LU	100.0	56.4	43.5	0.1	0.0	100.0	94.8	5.2	0.0	0.0
HU	100.0	13.0	87.0	0.0	0.0	100.0	100.0	0.0	0.0	0.0
MT	:	:	:	:	:	:	:	:	:	:
NL	100.0	6.9	7.4	85.6	0.0	100.0	100.0	0.0	0.0	0.0
AT	100.0	44.6	25.8	21.6	8.1	100.0	85.4	14.6	0.0	0.0
PL	100.0	33.1	62.7	4.2	0.0	100.0	100.0	0.0	0.0	0.0
PT	100.0	44.5	37.1	18.3	0.0	100.0	100.0	0.0	0.0	0.0
RO	100.0	13.8	73.2	13.1	0.0	100.0	100.0	0.0	0.0	0.0
SI	:	:	:	:	:	:	:	:	:	:
SK	100.0	37.2	56.0	6.8	0.0	100.0	100.0	0.0	0.0	0.0
FI	100.0	51.0	28.4	20.6	0.0	100.0	100.0	0.0	0.0	0.0
SE	100.0	40.0	50.7	9.2	0.0	100.0	100.0	0.0	0.0	0.0
UK	100.0	0.3	8.5	74.3	16.8	100.0	100.0	0.0	0.0	0.0
NO	100.0	63.5	11.1	16.6	8.8	100.0	84.0	0.0	0.0	16.0

Source: Eurostat, LMP database. Date of extraction 28/03/07

EU-15, EU-27: Eurostat estimates; UK: 2004 data; LU: data incomplete (LMP measures); CY, MT, SI data not available
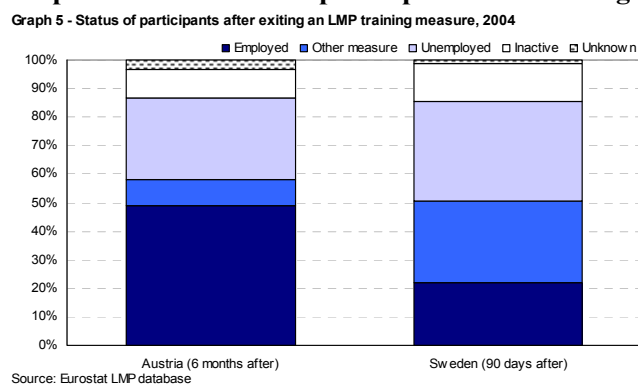
Graph 2 – Distribution of participants in LMP measures by category, 2005

4. Distribution of participants in LMP measures by category, 2005

Legend: Training | Employment incentives | Integration of the disabled | Direct job creation | Other

Source: Eurostat, LMP database. Date of extraction 28/03/07

EU-15, EU-27: Eurostat estimates; UK: 2004 data; BE, FR, IE, IT, HU, AT, PL, PT data incomplete; EL, ES, CY, LT, LU, MT, SI data not available

Graph 3 – Activation indicator, 2005

Number of participants in LMP measures (training, retraining, work experience or other employability measure) divided by the number of persons wanting to work (LFS unemployed plus labour reserve).

Activation per 100 persons wanting to work

Source: Eurostat LMP database; EL, CY, LU, MT, SI: data not available; DK, ES, LT, UK: data refer to 2004

Graph 4 – Destination of participants after exiting a training measure, 2004

Graph 5 - Status of participants after exiting an LMP training measure, 2004

Legend: Employed | Other measure | Unemployed | Inactive | Unknown

Austria (6 months after) | Sweden (90 days after)

Source: Eurostat LMP database

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ANNEX 1 - LABOUR MARKET POLICY DATABASE DEFINITIONS

SCOPE

The scope of the LMP database covers all labour market *interventions* which can be described as: *Public interventions in the labour market aimed at reaching its efficient functioning and correcting disequilibria and which can be distinguished from other general employment policy interventions in that they act selectively to favour particular groups in the labour market.*

TYPES OF INTERVENTION

Services refer to labour market interventions where the main activity of participants is job-search related and where participation usually does not result in a change of labour market status[3].

Measures refer to labour market interventions where the main activity of participants is other than job-search related and where participation usually results in a change in labour market status[3]. An activity that does not result in a change of labour market status may still be considered as a measure if the intervention fulfils the following criteria:

- the activities undertaken are not job-search related, are supervised and constitute a full-time or significant part-time activity of participants during a significant period of time, and

- the aim is to improve the vocational qualifications of participants, or

- the intervention provides incentives to take-up or to provide employment (including self-employment).

Supports refer to interventions that provide financial assistance, directly or indirectly, to individuals for labour market reasons or which compensate individuals for disadvantage caused by labour market circumstance.

CLASSIFICATION OF INTERVENTIONS

LMP SERVICES (CATEGORY 1)

Labour market services (category 1) are all services and activities undertaken by the PES (Public Employment Service) together with services provided by other public agencies or any other bodies contracted under public finance, which facilitate the integration of unemployed and other jobseekers in the labour market or which assist employers in recruiting and selecting staff. The scope of category 1 covers all activities of the PES plus client services provided by other publicly funded bodies.

LMP MEASURES (CATEGORIES 2 -7)

Training (category 2) covers measures that aim to improve the employability of LMP target groups through training, and which are financed by public bodies. All training measures should include some evidence of classroom teaching, or if in the workplace, supervision specifically for the purpose of instruction.
The category of training includes three sub-categories (see below) that are distinguished by the proportion of training time spent in the classroom and/or the workplace.
Short courses that only develop a person's ability to get a job - e.g. counselling in job application methods or interview techniques - should be considered as a form of job-search assistance (category 1). Advice in business management provided as part of a start-up initiative should be considered as part of the start-up measure in category 7. In the case that participants in training continue to receive unemployment benefits the related expenditure should be included here and not in category 8

Job rotation and job sharing (category 3) covers measures that facilitate the insertion of an unemployed person or a person from another target group into a work placement by substituting hours worked by an existing employee. Schemes facilitating educational leave for employees without substitution by an unemployed person or a person from another target group should not be included here.

Employment incentives (category 4) covers measures that facilitate the recruitment of unemployed persons and other target groups, or help to ensure the continued employment of persons at risk of involuntary job loss. Employment incentives refer to subsidies for open market jobs which might exist or be created without the public

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[3] In "services", a participant who is registered unemployed always continues to be counted as registered unemployed. In "measures", in most countries a participant who is registered unemployed usually ceases to be counted as registered unemployed .

subsidy and which will hopefully be sustainable after the end of the subsidy period. The jobs that may be subsidised are usually in the private sector, but public or non-profit sector jobs are eligible too and no distinction is requested. With employment incentives the public money represents a contribution to the labour costs of the person employed and, typically, the majority of the labour costs are still covered by the employer. However, this does not preclude cases where all costs are covered by the public money for a limited period.

Measures that relate to temporary placements for the purpose of in-work training and where there is an identifiable training input should be included in category 2.

Supported employment and rehabilitation (category 5) covers measures that aim to promote the labour market integration of persons with reduced working capacity through supported employment and rehabilitation. Persons with reduced working capacity refer primarily to those registered as *disabled* according to national definitions. However, it also covers persons temporarily incapacitated after an accident or illness, recovering drug-addicts and other groups who are not work-ready and may benefit from rehabilitation.

Direct job creation (category 6) covers measures that create additional jobs, usually of community benefit or socially useful, in order to find employment for the long-term unemployed or persons otherwise difficult to place. Direct job creation refers to subsidies for temporary, non-market jobs which would not exist or be created without public intervention (i.e. the jobs are *additional* to normal market demand). The jobs are created in order to provide an opportunity for persons to maintain an ability to work, to improve skills and generally increase employability and typically involve work of benefit to the community. The jobs are usually in the public or non-profit sector, but projects of community interest or similar within the private sector may also be eligible and no distinction should be made. With direct job creation measures the public money usually covers the majority of the labour costs of the employers. Provisions for lifetime sheltered work in a non-productive employment are considered to act outside the open labour market and are therefore considered as social policy and outside the scope of the LMP database.

Start-up incentives (category 7) covers measures that promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed. Assistance may take the form of direct cash benefits or indirect support including loans, provision of facilities, business advice, etc. Advice in business management provided as part of a start-up initiative should be included only in this category and not considered separately as training (category 2).

Generally available business start-up measures should not be included. Loans or incentives to help people start-up businesses are covered only when the programmes are targeted specifically to one or more LMP target groups.

LMP SUPPORTS

Out-of-work income maintenance and support (category 8) covers supports which aim to compensate individuals for loss of wage or salary through the provision of cash benefits when:

- a person is capable of working and available for work but is unable to find suitable employment,

- a person is on lay-off or enforced short-time work or is otherwise temporarily idle for economic or other reasons (including seasonal effects),

- a person has lost his/her job due to restructuring or similar (redundancy compensation).

Early retirement (category 9) covers supports which facilitate the full or partial early retirement of older persons who are assumed to have little chance of finding a job or whose retirement facilitates the placement of an unemployed person or a person from another target group. Early retirement benefits normally cease when the beneficiary becomes entitled to an old age pension. Moreover, benefits paid to beneficiaries over the standard retirement age as established in the reference pension scheme should not be recorded here.

Table A: Classification of interventions by type of action – Broad categories
LMP Services
1 Labour Market Services
LMP Measures
2 Training
3 Job rotation and job sharing
4 Employment incentives
5 Supported employment and rehabilitation
6 Direct job creation
7 Start-up incentives
LMP Supports
8 Out-of-work income maintenance and support
9 Early retirements

Table B: Classification of interventions by type of action – Broad categories and sub-categories

1   Labour market services
    1.1   Client services
        1.1.1   Information services
        1.1.2   Individual case management
    1.2   Other activities of the PES
        1.2.1   Administration of LMP measures
        1.2.2   Administration of LMP supports
        1.2.3   Other services / activities

2   Training
    2.1   Institutional training
    2.2   Workplace training
    2.3   Alternate training
    2.4   Special support for apprenticeship

3   Job rotation and job sharing
    3.1   Job rotation
    3.2   Job sharing

4   Employment incentives
    4.1   Recruitment incentives
        4.1.1   Permanent
        4.1.2   Temporary
    4.2   Employment maintenance incentives

5   Supported employment and rehabilitation
    5.1   Supported employment
    5.2   Rehabilitation

6   Direct job creation

7   Start-up incentives

8   Out-of-work income maintenance and support
    8.1   Unemployment benefits
        8.1.1   Unemployment insurance
        8.1.2   Unemployment assistance
    8.2   Partial unemployment benefits
    8.3   Part-time unemployment benefits
    8.4   Redundancy compensation
    8.5   Bankruptcy compensation

9   Early retirement
    9.1   Conditional
        9.1.1   Full
        9.1.2   Partial
    9.2   Unconditional
        9.2.1   Full
        9.2.2   Partial