



# LINKING INCOME SUPPORT MEASURES TO ACTIVE LABOUR MARKET POLICIES

2nd meeting of the G20 Employment Working Group

16 April 2021

International Labour Organization

International Social Security Association

Organisation for Economic Co-operation and Development



INTERNATIONAL SOCIAL SECURITY ASSOCIATION



# Addressing the immediate consequences of the COVID-19 pandemic while preparing the recovery

---

## **The COVID-19 pandemic had a devastating impact on labour markets:**

- A large reduction in hours worked, rising numbers of discouraged workers, (long-term) unemployed, persons at risk of unemployment and inactive persons.
- Certain groups were particularly exposed to the crisis: women, youth, informal workers and the low skilled.
- The crisis has created skill mismatches between the jobs lost during the crisis and those created as economic growth resumes.

## **Policy challenges for the crisis and the recovery:**

- Withdrawing support gradually in tandem with the recovery of the economy
- Ensuring adequate income support for groups at risk of being left behind in the recovery
- Encouraging and enabling people to find good quality jobs by providing effective employment support measures
- Ensuring that the support provided by employment and social protection schemes complements each other.

# Close co-ordination of income support and active labour market policies is essential as we move beyond the pandemic

---

- The labour market effectiveness of income support and active labour market policies (ALMPs) is maximised when they are designed and implemented in an integrated and gender-responsive manner
  - **Integrating income support and ALMPs can create synergies**, which improve medium to long-run employment effects.
  - **Guaranteed income security can increase the take-up and effectiveness of ALMPs** especially during crises. Need to design policies in a way that encourages participation.
- Designing integrated income support and active labour market policies that enables people to better navigate life and work transitions.
- Interventions need to centre around the needs of individuals. Barriers including skills mismatch, health issues, childcare responsibilities or others need to be addressed.
- Effective communication with the public is important. Using multiple channels and highlighting opportunities rather than conditions.
- More broadly, good design and careful implementation are necessary.

# COVID-19 has brought about significant changes to the delivery and scope of active labour market policies

---

## Countries have adapted quickly their ALMPs

- Public employment services (PES) switched to crisis- management mode: focus on delivering ALMPs, processing job retention schemes, managing unemployment benefit applications.
- Increased funding for ALMPs in 2020 (further increases expected in 2021): remains to be seen if budget increases will be sufficient.
- Technology-enabled services have been critical for PES to activate, augment and expand support to jobseekers, workers and employers during the crisis.
- Proliferation of digital provision of training and support to mitigate social distancing requirements.
- Extensive use of short-time work schemes and employment subsidies to support jobs.

## But further investments may be needed

- Further budget increases may be needed to support jobseekers, workers and employers.
- Digitalisation and accompanying technologies offer great potential for improved targeting, more evidence-based decision-making and faster response times.
- Adapting the basket of ALMP to address the changing needs of PES clients and labour markets, with a greater emphasis on training and job matching.

# Active labour market policies for the recovery

---



## **Public & private employment services in the frontline for jobseekers, workers and employers**

- Additional staff to support higher caseloads
  - Innovative responses
  - Uphold to principles of equal treatment, fairness, social inclusion, privacy and protection of personal data
- 



## **Vocational education & training to support re-allocation to expanding sectors**

- Both short and longer training programmes can be particularly effective during recessions
  - Act early and in a coordinated way to prevent the negative effects from potential displacement
  - An increased importance of investing in digital training and digital skills
- 



## **Moving from preserving jobs to supporting (re-)integration of workers in decent jobs**

- Time-limited, well-designed and targeted hiring subsidies are a cost-effective way to reduce unemployment, strengthen the employability of workers and support vulnerable population groups
  - A well-designed package of employment support that addresses key barriers is more effective than individual measures
- 



## **Holistic approaches to vulnerable groups**

- A good understanding of which groups need extra support and their labour market obstacles
  - Proactive outreach, in co-operation with other public service providers
  - Close coordination with social protection
-

# Going forward

---

## Focus on:

- **Holistic and coordinated policy design:** Designing a comprehensive package of ALMPs in tandem with income-support
- **Mutual obligations:** Ensuring that income support is employment friendly and encourages effective job search and training while preventing perverse off-benefit incentives
- **Digitalisation and data exchange:** Developing agile, resilient and coordinated employment and social protection service delivery
- **Budget allocation:** Investing further in enhancing social protection and PES institutional capacities, coordinated income support measures and ALMPs
- **Effective and efficient institutional set-up**
  - Strengthening cooperation between stakeholders
  - Promoting responsive regulatory and organisational frameworks of income support and ALMP provision
- **A longer-term approach** to develop a coordinated income support and ALMP approach to work and life transitions

**Thank you**

**More information can be found  
in the background paper**



Background paper

**Linking income support measures to active  
labour market policies**

Prepared for the 2nd Employment Working Group meeting under the  
2021 Italian presidency of the G20

International Labour Organization (ILO)  
International Social Security Association (ISSA)  
Organisation for Economic Co-operation and Development (OECD)