

Expenditure on Labour Market Policies, 1998-2003

Statistics in focus

POPULATION AND SOCIAL CONDITIONS

17/2005

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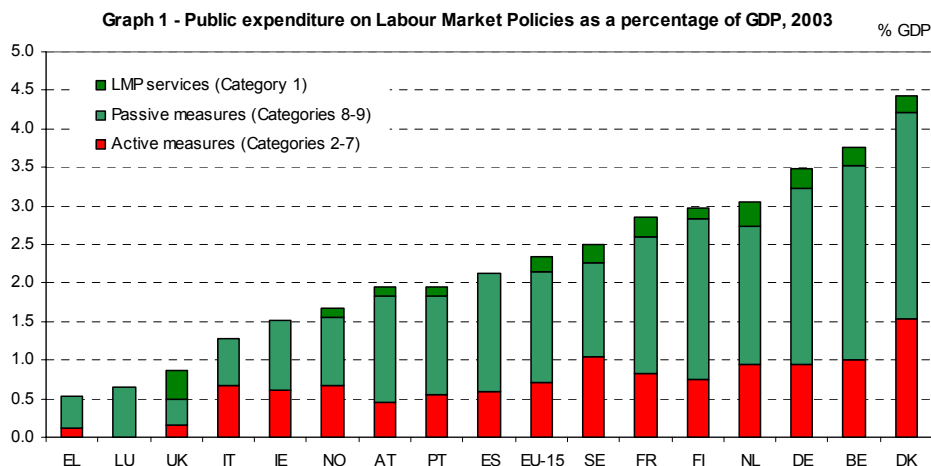
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In 2003, the European Union countries spent 2.3% of their combined GDP on interventions to support the labour market integration of the unemployed and other disadvantaged groups. Of the total expenditure on Labour Market Policies (LMP), over 60% (1.4% of GDP) was spent on passive supports (mainly unemployment benefits). Expenditure on active measures such as training accounted for just 0.7% of GDP.

Between 1998 and 2003 there was very little change in real terms in the level of expenditure on LMP. However, there are important differences between the different types of interventions and between countries.

Training measures still account for the largest share of spending on active measures but the share is declining and employment incentives, together with other smaller categories are becoming more important.

Expenditure on LMP accounts for 2.3% of EU-15 GDP but there are significant differences between countries in the level of expenditure



Source: Eurostat, Labour Market Policy database, June 2005

In 2003, public expenditure on Labour Market Policies (LMP) in the European Union (EU-15) was 2.3% of GDP (Table 1)¹ but there were considerable variations in the level of expenditure between countries (Graph 1). In Denmark, LMP expenditure amounted to almost 4.5% of GDP and Belgium, Germany and the Netherlands also spent more than 3% of GDP. However, Greece and the United Kingdom both spent less than 1% of GDP on LMP².

¹ Refer to the box on the main types of LMP intervention and the methodological notes for information on the breakdown of LMP expenditure. The data currently available on LMP services in category 1 are the results of a pilot data collection, are incomplete and are not yet considered to be fully comparable between countries.

² Data on categories 2-7 are incomplete for Luxembourg.



Table 1: Public expenditure on Labour Market Policies as a percentage of GDP, 2003

LMP expenditure/GDP (%)

	EU-15*	BE	DK	DE*	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	NO
LMP services (cat.1)	0.196	0.231	0.213	0.261	:	0.016	0.250	:	:	:	0.309	0.112	0.129	0.124	0.244	0.368	0.126
Active measures (cats.2-7)	0.701	1.006	1.529	0.948	0.113	0.589	0.836	0.607	0.663	:	0.947	0.461	0.542	0.748	1.042	0.154	0.666
Passive measures (cats.8-9)	1.441	2.514	2.681	2.280	0.411	1.527	1.769	0.914	0.615	0.641	1.795	1.370	1.279	2.095	1.220	0.344	0.882
Total	2.338	3.751	4.422	3.488	0.524	2.133	2.854	1.521	1.278	0.641	3.051	1.943	1.951	2.967	2.505	0.866	1.673

* EU-15 estimated data for categories 1 and 2-7. DE partial data for category 1.

Source : Eurostat, Labour Market Policy database, June 2005

The main types of LMP intervention

In the LMP database the unit of observation is the LMP *measure* or *service* and these are classified by type of action in order to group together similar types of intervention. There are nine different categories by type of action, which can be grouped into three main types:

LMP services. Category 1 refers to *services*, which are mostly undertaken by the PES (public employment service) and where the participants are engaged in job-search as their main activity. Persons benefiting from LMP services usually continue to be counted as registered unemployed (where relevant).

Active measures. Categories 2-7 refer to “active” *measures* where the main activity of participants is other than job-search - i.e. they are involved in training, work experience or similar. Participants in active measures usually cease to be counted as registered unemployed.

Passive measures. Categories 8-9 refer to *measures* providing *passive* supports – primarily unemployment and early retirement benefits.

See *Methodological notes* for further details.

The results of the 2003 pilot data collection on category 1 *Labour market services*, which must be considered as preliminary data and treated with some caution, show that this type of intervention is particularly important in the United Kingdom, where expenditure on client services was the highest observed (0.4% of GDP) and represented the largest element of UK expenditure on LMP.

Total expenditure on “active” measures in categories 2-7 accounted for more than 1.5% of GDP in Denmark, and 1% of GDP in Belgium and Sweden. In the Netherlands and Germany expenditure was also higher (over 0.9% of GDP) than the average of 0.7% throughout the Union (EU-15).

In 2003, public expenditure on “passive” measures (see box) accounted for the largest share of total LMP expenditure in every country except Italy and the UK, and for just over 1.4% of GDP in the Union as a whole (EU-15). In four countries - Denmark, Belgium, Germany and Finland – expenditure on categories 8-9 accounted for more than 2% of GDP, whilst in the United Kingdom it accounted for only 0.3% of GDP.

There are significant disparities between Member States in the levels of spending on LMP. Excluding Greece and Luxembourg, where data are incomplete, there is a five-fold difference between the highest and lowest expenditure (Denmark and the UK respectively). The disparity is almost ten-fold for active measures in categories 2-7 and eight-fold for passive measures in categories 8-9 ratio (Denmark and the UK are again the highest/lowest in both cases).

Eliminating price differentials only slightly reduces differences between countries in the level of LMP spending

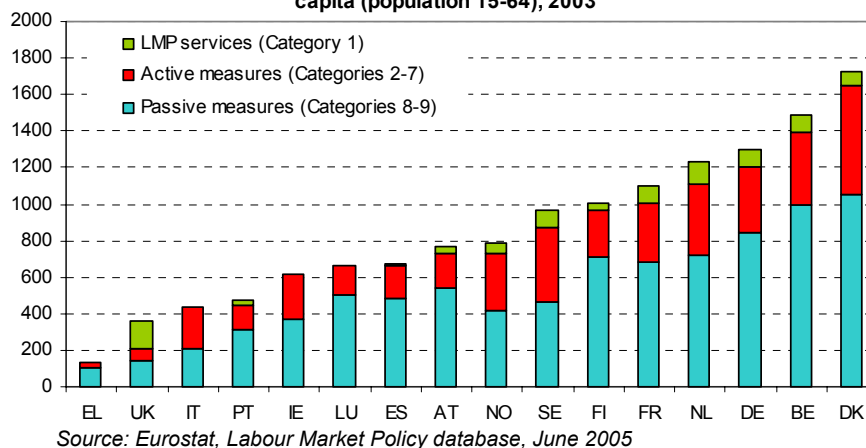
Expressing expenditure in PPS (purchasing power standards) theoretically eliminates price differentials between countries and therefore allows a fairer comparison of spending. Figure 2 shows LMP expenditure in PPS per person of working-age (15-64), which represents the part of the population that may want to work and could therefore be eligible to benefit from any form of labour market intervention.

This measurement still shows Denmark to have the highest level of LMP expenditure in the EU-15 (1,730 PPS per capita), followed by Belgium (1,488 PPS per capita), with Germany and the Netherlands the only other countries to have expenditure above 1,200 PPS per capita. On the other hand, LMP expenditure in 2003 was less than 450 PPS per capita in Greece, the United Kingdom, Italy and Portugal.

Excluding Greece, the ratio between the EU-15 country spending the most (Denmark), and the one spending the least (the UK) is slightly lower (4.8) than when measured in relation to GDP. This same ratio is 9.1 for active measures in categories 2-7 and 7.4 for passive measures in categories 8-9 – again showing slightly less divergence than when measured against GDP.

National differences are partly the result of different levels of wealth, but also reflect the diversity of Labour Market systems, demographic trends, unemployment rates and other institutional, economic and social factors.

Graph 2 - Public expenditure on Labour Market Policies in PPS per capita (population 15-64), 2003



Source: Eurostat, Labour Market Policy database, June 2005

Spending on passive measures accounts for more than two-thirds of expenditure on LMP measures¹

In 2003, expenditure on passive measures (LMP categories 8-9) accounted for 67.3% of EU-15 expenditure on LMP measures and the largest share of expenditure in almost all countries (Table 2). The most important part of this expenditure relates to the provision of different forms of

unemployment benefit (full, partial, and part-time), which are covered by sub-categories 8.1 to 8.3. In total, these account for over 60% of total expenditure on LMP measures (categories 2-9).

Table 2 - Share of LMP expenditure between active and passive measures, 1998 and 2003.

	Passive measures						Active measures	
	Total categories 8-9		Sub-categories 8.1 - 8.3 ** (Unemployment benefits)		Category 9 (Early retirement benefits)		Categories 2-7	
	1998	2003	1998	2003	1998	2003	1998	2003
EU-15*	66.7	67.3	61.1	61.7	5.1	4.1	33.3	32.7
BE	69.4	71.4	52.4	55.7	15.3	12.8	30.6	28.6
DK	64.1	63.7	43.5	44.6	20.3	18.4	35.9	36.3
DE	70.7	70.6	68.9	67.0	0.1	1.2	29.3	29.4
EL	70.2	78.9	70.2	78.9	-	-	29.8	21.1
ES	76.5	72.2	71.3	69.9	1.4	1.1	23.5	27.8
FR	61.0	67.9	51.5	64.1	9.5	3.7	39.0	32.1
IE	61.1	60.1	57.0	50.9	4.1	4.3	38.9	39.9
IT	60.8	48.1	46.5	39.8	14.2	8.3	39.2	51.9
LU	:	:	:	:	:	:	:	:
NL	71.2	65.5	71.2	65.5	-	-	28.8	34.5
AT	81.2	74.8	69.9	52.2	3.7	13.8	18.8	25.2
PT	70.6	70.3	50.6	60.0	14.4	9.5	29.4	29.7
FI	71.7	73.7	59.2	55.0	12.1	18.1	28.3	26.3
SE	45.7	53.9	41.5	51.1	2.8	-	54.3	46.1
UK	75.3	68.1	75.3	68.1	-	-	24.7	31.9
NO	42.2	57.0	41.2	48.8	-	-	57.8	43.0

* EU-15 estimated data for categories 2-7.

** 8.1 Full unemployment benefits; 8.2 Partial unemployment benefits; 8.3 Part-time unemployment benefits

Source: Eurostat, Labour Market Policy database, June 2005

Expenditure on passive supports is most important in Greece (79% of the total), and Austria (75%). Italy, by contrast, allocates the smallest share of expenditure to categories 8-9 (48%) and spends less than 40% of total LMP expenditure on compensation/support for unemployed persons. Norway and Sweden are the only other countries to use less than 60% of LMP expenditure (categories 2-9) on passive measures.

In addition to unemployment benefits, the other main component of passive expenditure is early retirement benefits, which are covered by LMP category 9. These benefits accounted for just 4% of total LMP expenditure (categories 2-9) in 2003, down from 5% in 1998. Given the increased focus on active ageing policies in the Employment Guidelines it might be anticipated that the importance of early retirement

will decline still further in the coming years.

In 2003, expenditure on early retirement benefits accounted for more than 18% of total LMP expenditure in both Denmark and Finland. In both cases the benefits are unconditional and are not linked to the recruitment of unemployed persons in place of the older workers.

In 2003, just under a third (32.7%) of total LMP expenditure (categories 2-9) was spent on active measures (categories 2-7). Italy was the only country in which expenditure on active measures exceeded half of the total (52%) but Sweden, Ireland (and Norway) also used 40% or more of LMP expenditure to finance active interventions. By contrast, Finland, Austria and Greece all used less than 27% of total LMP expenditure on active measure.

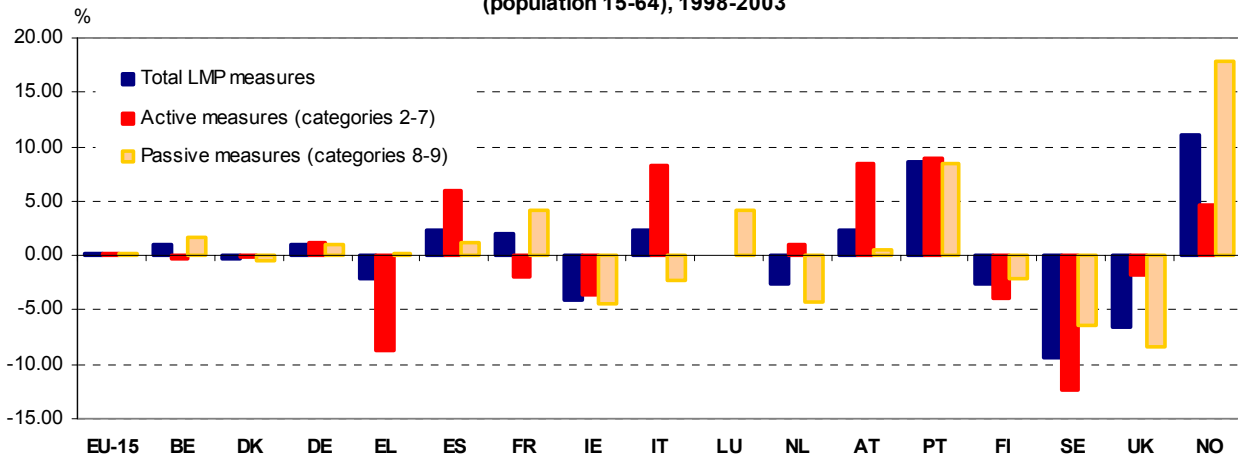
¹ Expenditure on LMP measures only – i.e. categories 2-9 only and excluding category 1, which refers to LMP services (see box).

LMP expenditure in real terms has changed little in the period 1998-2003 but there are differences between countries and between types of measure.

Between 1998 and 2003, real per capita expenditure on LMP (i.e. expenditure at constant prices per head of working-age population) in the EU-15 changed only slightly, with an overall increase of just 0.8% or an average of 0.16% per annum (Figure 3). However, there were different patterns of growth amongst the individual countries. High rates of real

expenditure growth were seen in Portugal (8.6% per annum) and outside of the EU-15 in Norway (around 11% per annum). On the other hand, in real terms, per capita expenditure decreased in Sweden, the United Kingdom, Ireland, Greece, the Netherlands, and Finland.

Graph 3 - Annual average growth in expenditure on LMP measures, real terms per capita (population 15-64), 1998-2003



Source: Eurostat, Labour Market Policy database, June 2005

There were also variations in the trend for the different types of LMP measures. For **active measures** in categories 2-7, there was an annual increase in expenditure of 0.22% - slightly higher than that for total expenditure on LMP measures (categories 2-9). However, some countries appear to have significantly increased their efforts on active interventions and there were increases in expenditure in real terms of over 5% in Portugal, Austria, Italy and Spain. On the other hand, in Greece and Sweden, per capita expenditure on active measures decreased more than 10% per annum in real terms. There were also significant declines in expenditure in Finland and Ireland (almost 4% per annum).

In real terms per capita, expenditure on **passive measures** in the EU-15 hardly changed between 1998 and 2003 with an overall rise of less than 1% and an average annual growth of 0.13%. However, this conceals differences amongst the different types of financial support offered. Expenditure related to compensation/support of unemployed persons (sub-categories 8.1-8.3) increased by nearly 0.4% per annum in real terms even though the rate of unemployment across the EU-15 declined by more than 1 percentage point over the same period (Table 3).

This apparent anomaly can be observed in several countries, though the three countries with the largest increase in expenditure on unemployment benefits were also those with over 1 percentage point increase in the unemployment rate (Norway, Portugal and Luxembourg). Further, the two countries with the largest decrease in expenditure, the United Kingdom (8.5% per annum) and Ireland (6.3% per annum) were also amongst those enjoying a significant decline in the unemployment rate.

Whilst expenditure on unemployment and related benefits increased, expenditure on early retirement benefits (category 9) decreased by just over 4% per annum. Indeed, a decline was noted in most countries where early retirement benefits are used, the exceptions being Austria and Germany, where there were substantial increases in expenditure.

Table 3 - Annual average growth in expenditure on passive LMP measures, real terms per capita (population 15 - 64), and the unemployment rate, 1998-2003

	Total passive measures (Categories 8-9)	Category 9 (Early Retirement)	Sub-categories 8.1-8.3 (Unemployment benefits)*	Unemployment rate (% labour force)	
				1998	2003
EU-15	0.13	-4.04	0.37	9.3	8.0
BE	1.63	-2.59	2.24	9.3	8.0
DK	-0.44	-2.30	0.21	4.9	5.6
DE	1.06	75.22	0.50	8.8	9.0
EL	0.15	-	0.15	10.9	9.7
ES	1.16	-3.08	1.93	15.3	11.5
FR	4.18	-15.38	6.55	11.1	9.5
IE	-4.49	-2.92	-6.33	7.5	4.6
IT	-2.29	-8.08	-0.77	11.3	8.4
LU	4.20	-4.36	11.88	2.7	3.7
NL	-4.27	-	-4.27	3.8	3.7
AT	0.60	32.86	-3.54	4.5	4.3
PT	8.52	-0.20	12.39	5.1	6.3
FI	-2.07	5.59	-4.03	11.4	9.0
SE	-6.34	-100.00	-5.54	8.2	5.6
UK	-8.46	-	-8.46	6.2	4.9
NO	17.86	-	14.84	3.2	4.5

* 8.1 Full unemployment benefits; 8.2 Partial unemployment benefits; 8.3 Part-time unemployment benefits

Source: Eurostat, Labour Market Policy database, June 2005

Training measures still account for almost 40% of active LMP expenditure but employment incentives are increasing in importance

Table 4 shows the composition of active LMP expenditure by category for 1998 and 2003. In 2003, measures providing **training** (category 2) accounted for the largest share of EU-15 active expenditure (39%). Spending on training measures was particularly important in the United Kingdom where it represented more than 80% of total

expenditure on active measures. The share of training was also well above average in Austria, Portugal, Finland and Germany (65% through to 47%). The share of active expenditure allocated to training measures was lowest in Belgium (18%), Spain (20%) and the Netherlands (21%) and also, outside the EU, in Norway (13%).

Table 4 - Share of expenditure on active LMP measures by category in 1998 and 2003

EU	2. Training		3. Job rotation and job sharing		4. Employment incentives		5. Integration of the disabled		6. Direct job creation		7. Start-up incentives	
	1998	2003	1998	2003	1998	2003	1998	2003	1998	2003	1998	2003
EU-15**	44.1*	39.4	0.5*	0.3	14.5*	19.7	13.3*	16.4	25.4*	19.4	2.2	4.9
BE	14.7	17.9	7.5	-	24.2	21.5	10.7	11.5	42.7	48.6	0.2	0.5
DK	42.8	33.8	0.2	-	27.5	31.8	17.3	34.3	9.7	0.1	2.6	-
DE	45.3	46.8	-	0.1	6.2	12.3	11.8	16.1	33.3	15.1	3.5	9.5
EL	53.7*	28.9	-	-	19.0*	16.1	16.5*	20.1	-	-	10.9	34.8
ES	30.6	20.0	0.1	1.3	37.8	43.0	10.2	11.9	15.3	16.2	5.9	7.7
FR	42.0	36.9	-	-	18.9	10.1	8.3	10.6	30.7	41.9	0.1	0.4
IE	23.7	36.5	-	-	13.1	22.2	3.4	6.2	53.8	35.1	6.1	-
IT	54.5	36.8	0.3	0.0	30.1*	50.3	0.5	1.0	12.9	4.2	1.7	7.6
LU	:	:	-	-	:	:	:	:	:	:	:	:
NL	9.7	21.0	0.0*	0.0	4.9	3.4	51.1	50.0	34.3*	25.6	-	-
AT	61.8	64.6	0.0	0.0	13.2	13.1	13.4	12.1	11.4	9.2	0.1	1.0
PT	62.6	53.0	-	0.0	12.2*	28.9	2.8	10.2	14.7	7.3	7.7	0.6
FI	52.5	47.4	6.1	8.3	6.1	17.3	9.0	13.4	24.7	12.0	1.7	1.5
SE	63.7	37.5	-	0.7	4.4	14.2	25.1	44.1	3.3	-	3.6	3.5
UK	72.1*	81.9	-	-	10.2*	1.6	10.3	13.2	7.2*	3.1	0.2	0.3
NO	17.0	13.0	1.9	0.0	6.3	6.4	74.2	80.3	0.1	0.1	0.5	0.1

* Estimated data

** Excluding Luxembourg

Source : Eurostat, Labour Market Policy database, June 2005

The second most important category of active expenditure was **employment incentives** (category 4), which support the transition of unemployed people into regular market jobs, typically through wage-subsidies or exemptions to employers social contributions. Such incentives accounted for 20% of EU-15 active LMP spending in 2003 but there are important differences between countries. In Italy and Spain, employment incentives were the most important form of active measure and accounted for 50% and 43% of expenditure respectively. Spending was also above average in Denmark (32%), Portugal (29%), Ireland and Belgium (both 22%). However, in the Netherlands and United-Kingdom employment incentives were little used and consumed 3% or less of active LMP expenditure.

In the Union as a whole (EU-15) expenditure on **direct job creation** (category 6) represented 19% of total expenditure on active measures and was the most important category in Belgium (49%) and in France (42%).

Direct job creation measures, which use public money to create community and similar non-market jobs for the unemployed, were also of above average importance in Ireland (35%) and the Netherlands (26%). On the other hand, direct job creation measures accounted for only 4% of active expenditure in Italy, 3% in United-Kingdom, less than 1% in Denmark and were not used at all in Greece or Sweden.

Integration of the disabled (category 5) groups together all LMP measures exclusively in favour of disabled persons and the EU-15 average of 16% of active expenditure in 2003 conceals considerable differences between Member States.

These differences are, at least in part, a reflection of policy design since countries with a policy of mainstreaming disadvantaged groups are likely to have less expenditure in this category than those that prefer to provide tailored interventions for the disabled and other groups.

In 2003, measures for the disabled constituted the largest share of active LMP expenditure in the Netherlands (50%), Sweden (44%) and Denmark (over 34%). Elsewhere the category accounted for between 10 and 20% of active expenditure, the exceptions being in Ireland (6%) and Italy (1%). Outside of the EU-15, integration of the disabled was the main area of effort in Norway, where it accounted for 80% of active LMP expenditure.

Start-up incentives (category 7), which aim to promote entrepreneurship by encouraging the unemployed and other target groups to start their own business or to become self-employed, are utilised by all countries except Denmark, Ireland and the Netherlands. Overall the category is relatively small, accounting for around 5% of EU-15 expenditure on active measures. However, in Greece – where almost a third of the working population is self-employed¹ – start-up incentives are the most important type of active intervention and accounted for 35% of active LMP expenditure in 2003.

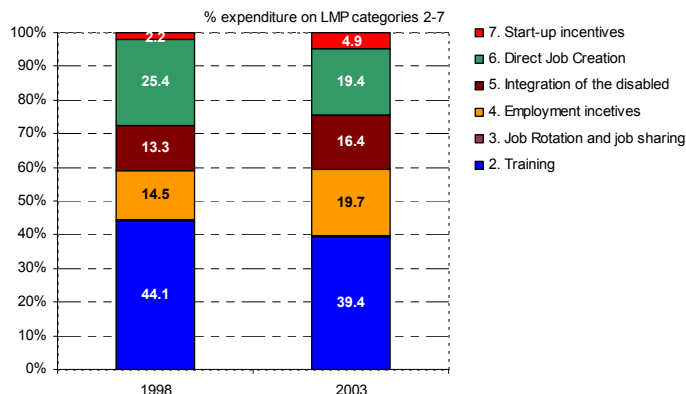
Finally, expenditure on **Job rotation and job sharing** measures (category 3) - where unemployed people replace fully or partially employees on leave or reducing hours - accounts for less than half a percent of all active expenditure in the Union (EU-15). Indeed, this type of measure is not used

¹ Source: Eurostat, Labour Force Survey, 2003

in seven countries and is only significant in Finland, where it consumes 8% of expenditure.

The share of active expenditure by category in the EU-15 was relatively stable during the period 1998-2003 (Graph 4), though the shares of the important categories of training and direct job creation decreased by nearly 5 and 6 points respectively. These reductions are partly influenced by large swings in particular countries – for example, the share of training has declined by more than 20 points in Sweden and in Greece and the share of direct job creation has gone down by more than 18 points in Germany and Ireland (see Table 4). At the same time the share of EU-15 expenditure on employment incentives and integration of disabled grew by 5 and 3 points respectively. These changes are supported by an increase of more than 20 points for employment incentives in Italy and increases of more than 17 points for integration of the disabled in Sweden and Denmark.

Graph 4 - Share of expenditure on LMP active measures by category, 1998 and 2003, EU-15



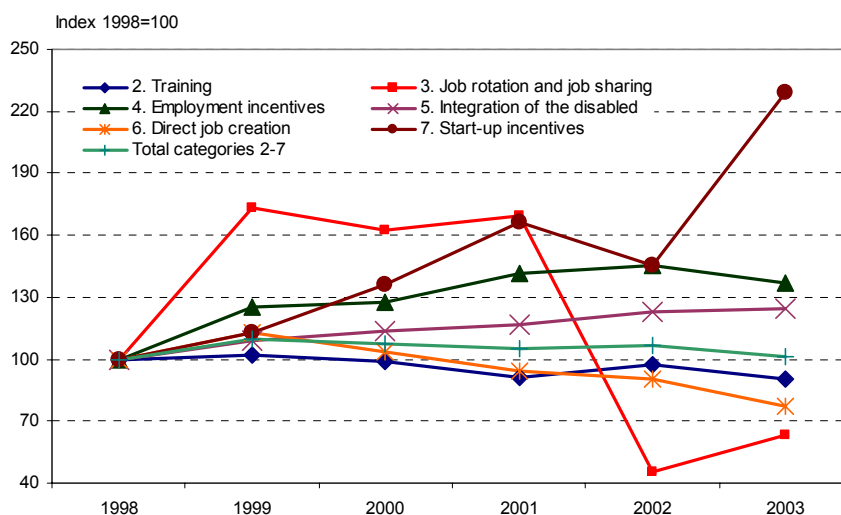
Source: Eurostat, Labour Market Policy database, June 2005

The different types of active LMP intervention show different patterns of growth

Over the last few years there have been differing patterns of growth in real terms for the various categories of active measures (Graph 5). The observed differences are the results

both of changing needs in each country and of the changes made to national legislation on labour market policies.

Graph 5 - Trends in expenditure on LMP active measures (categories 2-7), real terms per capita (population 15-64), EU-15, 1998-2003



Source: Eurostat, Labour Market Policy database, June 2005

In real terms, EU-15 per capita expenditure on **employment incentives** (category 4) increased by 36% between 1998 and 2003 – an average growth of 6.5% per annum (Table 5). The increase was particularly strong in Portugal and Italy, where there was more than 20% annual growth in real terms, and there was also strong growth in Germany and Finland (both over 15% per year). On the other hand, although the EU-15 trend increased over the period, there was a major decline in expenditure on employment incentives in the UK (estimated at 33% per year) and to a lesser extent in France (decline of more than 13% per year).

Expenditure on **integration of the disabled** (category 5) also increased over this period in most countries, with 24% growth (4.5% per annum) in real terms per capita for the Union as a whole (EU-15). As with employment incentives, Portugal and Italy showed the highest growth (41% and 25% per annum respectively), though it should be noted that in both cases this growth is from a low level as in 1998 the category accounted for less than 3% of active expenditure compared to an EU-15 average of 13%. Growth in real terms was also high in

Denmark (more than 14% per annum) and as a result efforts in favour of the disabled have overtaken training and employment incentives to become the most important category of measures. Only in Greece and Sweden was there a decline in real per capita expenditure on integration of the disabled but in both cases the rate of decline was less than that for active expenditure overall.

Expenditure targeted at **start-up incentives** (category 7) increased more rapidly in real terms than any other category of active expenditure in the EU-15 (18% per annum), though from a low base (2% share of active expenditure in 1998). Increases of between 24 and 59% per annum were observed in Germany, France, Italy and Austria. These large increases appear to be linked to the introduction of new measures.


On the other hand, EU-15 expenditure on **direct job creation** measures (category 6) fell by more than 23% in real terms over the same period, with the decline especially pronounced from 2000 onwards. In general the largest falls in real expenditure occurred in countries where spending on direct

job creation was previously high (over 30% of active expenditure). For instance, in Ireland expenditure on category 6 fell in real terms by around 12% per year and the share of active expenditure fell from 54% to 35%. Within the Union (EU-15) there were small increases in real spending on direct job creation (up to 7% per year) in just four countries - Spain, France, Austria and Belgium.

EU-15 expenditure on **training** (category 2) decreased in real terms by just under 10% between 1998 and 2003 (2% per year). This translated into a reduction in the share of active expenditure from 44% in 1998 to 39% in 2003. However, there

was not a consistent pattern to the trends shown by individual Member States. Sweden demonstrated a very high decline in training expenditure (21% per annum), though this was from a starting point in 1998 where training accounted for more than 63% of active expenditure. A significant decline in real expenditure also occurred in Denmark and France (more than 4.5% per annum). On the other hand, expenditure on training increased significantly in Austria (9% per annum), Portugal, Ireland (both more than 5% per annum) and most notably in the Netherlands (nearly 18% per annum).

Table 5 - Annual average growth in expenditure on LMP categories 2-7, real terms per capita, 1998-2003

	2. Training	3. Job rotation and job sharing	4. Employment incentives	5. Integration of the disabled	6. Direct job creation	7. Start-up incentives	Total categories 2-7
EU-15**	-2.0*	-8.8*	6.5*	4.5*	-5.1*	18.1	0.2
BE	3.6	-	-2.6	1.0	2.3	16.2	-0.3
DK	-4.7	-	2.9	14.6	-63.1	-	-0.1
DE	1.8	-	15.8	7.7	-13.7	23.9	1.1
EL	-18.8*	-	-11.1*	-4.4*	-	15.9	-8.7
ES	-2.7	63.6	8.7	9.1	7.1	11.4	5.9
FR	-4.5	-	-13.5	3.1	4.3	38.1	-1.9
IE	5.1	-	7.1	8.5	-11.6	-	-3.7
IT	0.1	-26.9	20.0*	24.7	-13.3	45.4	8.2
LU	:	-	13.5	18.7	11.9	17.4	:
NL	17.7	0.9*	-6.3	0.5	-4.8*	-	0.9
AT	9.4	50.4	8.2	6.3	3.8	59.2	8.4
PT	5.3	-	29.5*	40.6	-5.4	-33.7	8.9
FI	-5.9	2.2	18.3	4.1	-16.8	-5.8	-4.0
SE	-21.1	-	10.9	-1.9	-	-12.6	-12.3
UK	0.0*	-	-33.0*	2.4	-17.7*	9.9	-1.7
NO	-0.7	-60.4	5.0	6.3	12.4	-21.7	4.7

* Estimated data

** Excludes LU

Source : Eurostat, Labour Market Policy database, June 2005

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Definition of LMP categories by type of action

LMP services

1 – *Labour market services*: all services and activities undertaken by the PES 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.

- 1.1 Client services
- 1.2 Other activities

Active measures

2 - *Training*: Measures which aim to improve the employability of the unemployed and other target groups through training, and which are financed by public bodies. Measures included here should include some evidence of classroom teaching, or if in the workplace, supervision specifically for the purpose of instruction.

- 2.1 Institutional training
- 2.2 Workplace training
- 2.3 Integrated training
- 2.4 Special support for apprenticeship

3 - *Job rotation and job sharing*: 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.

- 3.1 Job rotation
- 3.2 Job sharing

4 - *Employment incentives*: Measures which 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. The majority of the labour cost is normally covered by the employer.

- 4.1 Recruitment incentives
- 4.2 Employment maintenance incentives

5 - *Integration of the disabled*: Measures that aim to promote integration of disabled persons into the labour market.

- 5.1 Regular employment

5.2 Sheltered employment

5.3 Other rehabilitation and training

6 - *Direct job creation*: 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. The majority of the labour cost is normally covered by the public finance.

- 6.1 Permanent
- 6.2 Temporary

7 - *Start-up incentives*: Measures that promote entrepreneurship by encouraging the unemployed and target groups to start their own business or to become self-employed.

Passive measures

8 - *Out-of-work income maintenance and support*: Measures which aim to compensate individuals for loss of wage or salary through the provision of cash benefits.

- 8.1 Full unemployment benefits –
- 8.2 Partial unemployment benefits
- 8.3 Part-time unemployment benefits
- 8.4 Redundancy compensation
- 8.5 Bankruptcy compensation

9 - *Early retirement*: Measures which facilitate the full or partial early retirement of older workers 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.

- 9.1 Conditional
- 9.2 Unconditional

Basis of data

The observation unit in the LMP database is the labour market policy *measure* or *service* (category 1). For each country, the data by category is an aggregate of one or more measures/services. When publishing data on expenditure, category totals are not calculated unless values are complete for all measures in that category or missing values are known to be small (<1%). This ensures that the relative importance of each category is not misinterpreted due to significant missing values not being taken into account.

Further information:

Reference publications

Title ["Labour Market Policy – Expenditure and participants" – European Social Statistics, Data 2003](#)
Catalogue No KS-DO-05-001-EN-N

Databases

[EUROSTAT Website/Long-term indicators/Population and social conditions/Labour market/Labour market policy/Public expenditure on labour market policy measures](#)

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