

STUDY

Requested by the ECON Committee



The RRF's role in strengthening active labour market policies and public employment services

Italy, Spain and Croatia



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Supporting EU economic governance scrutiny



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Abstract

This study analyses the measures addressing Pillar 4 (social and territorial cohesion) of the Recovery and Resilience Facility (RRF). It focuses on two policy domains: active labour market policies and public employment services. The study zooms in on the reforms and investments included in the RRF plans of three EU Member States (Italy, Spain and Croatia) and assesses their relevance, effectiveness and coherence.

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LIST OF ABBREVIATIONS

ALMP	Active Labour Market Policy
ANPAL	Italian National Agency for Active Labour Market Policies
CES	Croatian Employment Service
CIGS	Italian Short-Time Work Scheme
CISOK	Croatian Lifelong Career Guidance Centre
CPI	Italian Public Employment Centre
CSR	Country-Specific Recommendation
EASE	Effective Active Support to Employment
EES	European Employment Strategy
EQF	European Qualifications Framework
ESCO	European Skills, Competences, Qualifications and Occupations
GDP	Gross Domestic Product
GOL	Italian National Programme for Employability Guarantee
INAPP	Italian National Institute for Public Policy Analysis
LEP	Italian Essential Level of Performance/Services
M&T	Milestones and Targets
NASPI	Italian Social Insurance for Employment
NEET	Youth Not in Employment, Education or Training
NGEU	Next Generation EU
NRRP	National Recovery and Resilience Plan
OECD	Organisation for Economic Co-operation and Development
PAPE	Spanish Annual Employment Policy Plan
PES	Public Employment Services
REI	Italian Inclusion Income
RRF	Recovery and Resilience Facility
SIU	Italian Unitary Information System
VET	Vocational Education and Training
YG	Youth Guarantee

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EXECUTIVE SUMMARY

The Recovery and Resilience Facility (RRF) dedicates a pillar to social and territorial cohesion. This includes reforms and investments that contribute to supporting employment, skills development and the creation of high-quality, stable jobs in the post-pandemic recovery. Activation policies and efficient public employment services (PES) are two key measures to achieve these objectives. This study examines the active labour market policies (ALMPs) and specifically the PES reforms and investments included in the RRF plans of Italy, Spain and Croatia, assessing their relevance, effectiveness and coherence.

The study finds that the measures included in the plans are all relevant to addressing part of the existing problems and needs of the ALMP and PES systems in each of the three Member States. In the case of Italy, both the launch of the Employability Guarantee and the National Plan for New Skills correctly address the four key problems of the Italian ALMP system: i) low funding; ii) too much focus on subsidies for hiring, and comparatively low focus on upskilling and reskilling; iii) high heterogeneity in service provision across regions; and iv) low coordination between active and passive labour market policies.

With respect to Spain, the measures (mostly reforms) included in the plan address specific needs and problems: low public spending on ALMP; too much focus on incentives for hiring; limited effectiveness of PES; lack of a digitalised system; low uptake from most disadvantaged groups; and low coordination between social and employment services.

Finally, the Croatian plan correctly targets the low effectiveness of activation policies, especially the low uptake among the most vulnerable groups (above all the long-term unemployed), as well as the poor efficiency of the PES, which justifies the priority given in the plan to strengthening these policies.

In terms of effectiveness, the study identifies a number of concerns linked to the limitations of the milestones and targets system used to monitor the RRF's implementation. In the case of the Italian ALMP and PES reforms and investments, the problem concerns the use of aggregated targets, which do not allow the territorial implementation of the RRF measures to be identified. In the case of Spain, the inclusion of measures that would nonetheless be adopted, without any clear definition of the milestones to be achieved, undermines the possibility of monitoring these measures. This leaves the government with a high level of discretion in their implementation. By contrast, in the case of Croatia, both the milestones and targets contain a high level of detail, which allows implementation of the measures included in the plan to be monitored properly. Even in this case, however, there are no territorial targets, which can also be explained in light of the centralised governance of the ALMP and PES.

In terms of coherence, the study finds that the criterion is not applied systematically, i.e. there is no check that the measures to implement reforms and public investment projects represent coherent actions. In the case of Italy, even though the RRF measures introduce some important improvements in terms of defining common standards, increased budget for training and upskilling/reskilling, and better coordination between passive and active labour market policies, the institutional governance remains the same. Similarly, the Spanish plan ignores structural problems such as low funding, high fragmentation of PES quality across regions, understaffing and personnel who are not always correctly qualified. Finally, the same coherence problems emerge with the Croatian plan, which leaves concerns related to territorial disparities in service provision and understaffing unaddressed.

The analysis of the plans is then completed with five recommendations to the European Parliament on how to address the key shortcomings that emerge from the study.

1. INTRODUCTION

The agreement of the European Council on Next Generation EU (NGEU) of July 2020 has been welcomed by commentators as a potential path-breaking innovation. The Recovery and Resilience Facility (RRF), at the heart of the NGEU package, has been acknowledged as proof of European solidarity and a concrete manifestation of the European Union's commitment to address the pandemic crisis (Ferrera et al., 2021). Endowed with EUR 672.5 billion to support the post-pandemic recovery, mostly of Southern, Central and Eastern European countries (Alcidi and Corti, 2022), the RRF marks a leap forward in the development of the EU towards a greater redistributive capacity and a 'clear break with the precedent', in terms of instruments and institutional mechanics (Buti and Papaconstantinou, 2021; Schelkle, 2021).

Remarkably, the RRF moves away from the 'austerity-oriented' conditionality of the economic adjustment programmes, which linked the disbursement of loans to the implementation of sweeping structural reforms and social spending cuts. Rather, it introduces a new expansionary-oriented framework, which makes access to grants conditional upon the presentation of forward-looking reform and investment plans (Armingeon et al., 2022). The key objective of the RRF is indeed not only to adjust – by mitigating the socio-economic consequences of the COVID-19 crisis – but rather to enhance the EU's economic, social and territorial cohesion and convergence, by supporting the green and digital transition, and by contributing to the implementation of the European Pillar of Social Rights. The social cohesion dimension of the recovery is given particular prominence in the RRF, which explicitly aims to 'contribut[e] to the upward economic and social convergence, restoring and promoting sustainable growth and the integration of the economies of the Union, fostering high quality employment creation' (RRF Regulation, Article 4).

One of the key objectives of the RRF is to contribute to implementing the Recommendation on Effective Active Support to Employment (EASE), as well as the Recommendations on the reinforced Youth Guarantee (YG). The former defines the measures that Member States should take for a post-pandemic job-rich recovery. Its focus is on how to use EU funds, including the RRF, to strengthen active labour market policies (ALMPs). Notably, the EASE Recommendation focuses on three policies: i) incentives for hiring and entrepreneurial support; ii) upskilling and reskilling opportunities; and iii) enhanced support from employment services, with specific attention on disadvantaged groups. The reinforced YG focuses on promoting youth employment and reducing youth unemployment and inactivity by defining how Member States should design their youth employment policies, including the type of support to be provided, the institutional involvement of public employment services (PES) and the channels to be put in place to guarantee access to all socio-economic groups.

These objectives are enshrined in one of the six pillars of the RRF that define its scope, as listed in the RRF Regulation, Article 3 on 'social and territorial cohesion'. Under this pillar, the RRF includes all the reforms and investments that should contribute to supporting employment, developing skills and creating high-quality, stable jobs. These include: adult learning, including continuous vocational education and training (VET); the modernisation of labour market institutions, including employment services; and (non-youth) employment support and job creation, including hiring and job transition incentives and support for self-employment. In its early assessment of the 'employment support' and 'modernisation of labour market institutions' measures included in the plans, the European Commission noted how these were the key aspects of the recovery and resilience plans for the majority of Member States (European Commission, 2021a). In particular, it observed how countries were investing in a variety of activation policies to support job creation and the employability of the working population, 'focusing in particular on improving the efficiency of their public employment services,

activation support for jobseekers, and increasing participation of women, young people, and vulnerable groups in the labour market' (European Commission, 2021a, p. 4).

Against this background, the objective of this study is to zoom in on the ALMPs, and notably on the measures to strengthen the institutional capacity of PES in the Member States' national recovery and resilience plans (NRRPs). The purpose is to go beyond a simple description of the measures included in the plans. It aims to provide a more in-depth assessment of the extent to which these measures contribute to addressing specific needs, and what we can realistically expect from their implementation. To this end, the study does not simply assess the extent to which the measures included in the plans meet the specifications set out in the Council implementing decisions and related Commission documents. It first provides a critical assessment of the relevance of the measures by looking at the pre-pandemic challenges in terms of the availability, accessibility and quality of services and territorial-specific needs. Second, it discusses the effectiveness of the measures by looking at the appropriateness of the milestones and targets (M&T) in place to monitor progress towards achieving their stated objectives. Finally, the study identifies the risks that may stem from the obstacles or delays currently encountered by public administration in its execution of the plans.

The remaining sections of this study proceed as follows. Section 2 illustrates the analytical framework of the study. Section 3 presents the case selection, data collection and methodological approach. Section 4 illustrates the interventions included in the plan and assesses their relevance, effectiveness and coherence. Section 5 concludes and provides policy recommendations.

2. ANALYSING THE RRF'S CONTRIBUTION TO ALMP AND PES

Defining a sound analytical framework for studying the role of the recovery and resilience plans in strengthening active support to employment, notably to PES, is not an easy exercise, not least because of the difficulties encountered by the traditional comparative welfare state literature in classifying 'models' of activation policies. It entails the definition of what we consider as 'active' labour market policies, compared to traditional 'passive' policies, and also the identification of analytical dimensions to compare different policies across countries. Part of the difficulty relates to the recent and in part truncated evolution of the activation policies. The origin of ALMPs dates back to the 1950s in Sweden (see the Rehn-Meidner model). In the 1960s, other European countries (Italy, Germany and France) tried to adopt similar measures, these being mainly influenced by the Organisation for Economic Co-operation and Development (OECD) (Scarano, 2021), but their political situation at national level led to contrasting results, although some progress was also made (Bonoli, 2010).

ALMPs resurfaced in the political debate in the 1990s after a turbulent period with an oil crisis and rising unemployment. The OECD's 1994 job study report offered a first attempt to systematically advance a coherent and common approach to activation policies with its 10 recommendations. These recommendations contributed to the adoption in the same year of the five guidelines of the Essen European Council¹ (1994). As observed elsewhere (Hemerijck and Corti, 2022), since then the EU has served as an umbrella under which academics across Europe carrying out comparative welfare research have been able to raise the stakes for ALMPs. After Essen, in fact, activation policies found space in 1997 at the Social Summit in Luxembourg, where the European Employment Strategy (EES) was initiated. The EES launched the multilateral coordination of employment policies. More recently, the EU reiterated its commitment to activation policies both in the 2013 Social Investment Package and the European Pillar of Social Rights. This notwithstanding, the recalibration of European welfare states towards activation remains asymmetric across the EU, and each country is following a different path. For this reason, before delving into an analysis of the measures included in the NRRPs, it is worth recalling some key definitions.

A recent definition is provided by Clasen et al. (2016), who define ALMPs as a 'range of public programmes aimed at increasing employment, enabling people to move into jobs and achieving a better match between labour supply and demand'. The OECD, similarly, defines ALMPs as policies aimed at bringing more people into the effective labour force, counteracting the potentially negative effects of unemployment and related benefits on work incentives by enforcing their conditionality on an active job search and participation in measures to improve employability, and to manage employment services and other labour market measures in a way that they effectively promote and assist the return to work (OECD, 2013). In other words, ALMPs refer to the ensemble of measures aimed at removing non-legislative obstacles to entering and staying in the labour market, which can serve different purposes (Dar and Tzannatos, 1999). They can: i) increase the allocative function of the labour

¹ These include:

- i) improving employment opportunities for the labour force by promoting investment in vocational training;
- ii) increasing the employment-intensiveness of growth through: more flexible organisation of work, in a way that fulfils both the wishes of employees and the requirements of competition; a wage policy that encourages job-creating investments, and in the present situation requires moderate wage agreements below increases in productivity; and the promotion of initiatives, particularly at regional and local level, creating jobs that take account of new requirements, e.g. in the environmental and social-services spheres;
- iii) reducing non-wage labour costs extensively enough to ensure that there is a noticeable effect on decisions concerning the hiring of employees, in particular unqualified employees;
- iv) improving the effectiveness of labour-market policy; and
- v) improving measures to help groups that are particularly hard hit by unemployment.

market; ii) steer the distributive outputs; iii) increase the political acceptability of the reforms; and iv) correct market failures or shift the outputs from economically efficient to socially desirable objectives.

A well-established and accurate typology of ALMPs is provided by Bonoli (2010), who distinguishes between the following measures:

1. Incentive reinforcement, which aims to create new work incentives through subsidies and tax breaks, or through the use of negative conditionalities;
2. Employment assistance, mainly in the form of job search support, counselling and job matching;
3. Occupation, with PES or non-profit providers seeking to avoid the depletion of human capital of the unemployed;
4. Human capital investments, mainly developed in the framework of learning programmes.

Bonoli further distinguishes ALMPs based on their orientation (i.e. how they activate beneficiaries), which can be in two directions: i) human capital investment, where there is a train-first approach, usually considered positive activation (Taylor-Gooby, 2004); or ii) incentive-based policies, which are often referred to as workfare policies because the focus is on the transition from unemployment to employment, usually considered negative activation (ibid). Over the years, various contributions have attempted to further refine the typology elaborated by Bonoli, better specifying the types, goals of activation policies and instruments that can be deployed to achieve the different objectives (for an overview see Scarano, 2021). The table below summarises the different ALMPs, their goals and instruments.

Table 1. ALMP types, goals and instruments

Type	Goal	Instrument
Job orientation and active search for employment	Improve information available to users and support them in job search	Counselling / job orientation, profiling, skills assessment
Job matching	Intermediate job vacancy with subjects looking for employment	Placement, selection and pre-selection of personnel
Upskilling and reskilling	Assist in acquisition/refinement/consolidation of individual skills	Upskilling courses for transversal or professional skills, traineeship
Employment incentives	Highlight advantages of employment over receipt of benefits	Positive: in-work benefits Negative: conditionality
Subsidised employment	Incentivise employers to hire long-term unemployed with low productivity	Direct transfers to employers, tax credits, tax breaks on employees' salaries
Self-entrepreneurship	Create and promote new micro and small businesses	Technical assistance, credit access to start a business

Type	Goal	Instrument
Public work	Avoid skills depletion linked to long-term unemployment	Publicly financed projects of public interest

Source: Authors' compilation based on Scarano, 2021

Key actors when it comes to the organisation of labour market policies are employment services. They are essential in the organisation of both active and passive labour market policies. Their main activities consist of improving the matching of labour supply and demand, while reducing frictions in the labour market (Scarano, 2021). In the EES, employment services were identified as a key pillar to support the recalibration of employment policies in the Member States. The EES attributed to employment services the responsibility to: i) obtain substantial access to vacancies; ii) develop arrangements for the systematic case management of all registered unemployed jobseekers; iii) contribute to the coordinated delivery of all public services to jobseekers, with a focus on their reintegration into the job market; and iv) develop strong partnerships with other relevant actors in the market.

The idea of public employment services (PES) conveyed both in the EES and especially in the 1998 Commission Communication on the Modernisation of Public Employment Services in Europe followed the principles of the so-called 'New Public Management' approach, which conceives PES as operational agencies and users as clients. More recently, the importance of employment services has been reiterated, especially with the launch of the Social Investment Package in 2013. Within this framework, in 2014 the European Network of Public Employment Services was launched, with the purpose of comparing PES' performance through benchmarking, identifying evidence-based good practices and fostering mutual learning.

Despite the benchmarking practices and the attempt to coordinate PES policies across countries, the types of employment services vary significantly across Europe in terms of both institutional features and functions (Weishaupt, 2011).

Starting with the **institutional features**, these can be analysed along two dimensions: vertical and horizontal (see Table 2). The former refers to the different internal levels of organisation of employment services. We can distinguish between centralised management at national level or a local management model. In the first case, the policies are decided at national (ministerial) level, while local branches are solely responsible for the provision of the service. In the second case, responsibility is shared with one (or more) of the subnational levels. These can act in cooperation with the central level, or have exclusive competence in the organisation of the services.

Moving to the horizontal dimension, this refers to the relationship between public and private providers. Institutional systems indeed vary depending on the types of operators providing employment services: private for-profit, private non-profit and public. Private for-profit providers can take the form of employment agencies, which can operate independently or in liaison with PES. Private non-profit providers usually include NGOs, stemming from either a philanthropic or a religious organisation (mostly in Nordic countries). Furthermore, depending on the degree of involvement of these operators, one can distinguish between public-oriented and private-oriented governance of employment services. The table below summarises the institutional features of employment services.

Table 2. Governance of employment services: institutional features

Vertical level		Horizontal level				
Relationship between institutional level		Relationship between public and non-public operators				
		Operators			Degree of involvement	
National management	Local management	Private for-profit	Private non-profit	Public	Public orientation	Private orientation

Source: Rizza and Scarano, 2019

Moving to the **functions** of employment services, Rizza and Scarano (2019) distinguish between two dimensions. The first looks at the relationship between operators and users, while the second looks at the objectives of the services. With respect to the former, employment services can have an administrative or a managerial approach governing the relationship between the operator and the user. An administrative approach could be defined as the one in which the state plays a significant role in the monopoly of the services, characterised by public bureaucracy, a hierarchical relationship with users, central definitions of objectives and a low level of autonomy for local operators.

A managerial approach, on the other hand, exists in a system where users are considered as clients, and a contractual relationship defines the specific duties and rights of both the user and operator. Moreover, measurable indicators and objectives are defined *ex ante* in a transparent process (usually in coordination with national authorities), there is a prominent level of externalisation and monitoring, and *ex post* evaluation practices are in place. In this case, an elevated level of decision-making and financial autonomy is likely to be observed at the local level among the agencies, which stipulate the contractual relationship with the central government. With respect to the objectives, employment services can pursue either economic or social objectives. The former refers to the efficiency and effectiveness of the services provided, while the latter favours equity in the provision of services, trying to reach out to the social groups furthest away from the labour market. The table below summarises the main elements of the employment services' functions.

Table 3. Governance of employment services: functions

Relationship between operator and user		Objectives	
Administrative approach	Managerial approach	Economic objectives	Social objectives
- Bureaucracy - Centralisation	- Performance - Autonomy - Decentralisation	- Efficiency - Effectiveness	- Equity in access

Source: Authors' compilation based on Scarano, 2021

3. CASE SELECTION, DATA AND METHODOLOGY

To answer our research question, i.e. to what extent the RRF plans contribute to achieving the objectives stated in Pillar 4 on social and territorial cohesion, notably strengthening ALMPs and PES, we investigate three case studies: Italy, Spain and Croatia². These Member States have been selected based on the following five criteria:

- First, in the 2019 or 2020 European Semester cycle, all three Member States received recommendations on strengthening their ALMPs, notably their PES systems.
- Second, they presented similar challenges in terms of low labour market participation before the pandemic, based on the Country Reports prepared by the Commission in 2019 and 2020.
- Third, all three Member States include investment or reforms to strengthen their ALMPs, notably their PES.
- Fourth, they are large beneficiaries of the RRF. Indeed, Spain, Italy and Croatia receive an envelope equal to 5.8% (EUR 69.5 billion), 4.1% (EUR 68.9 billion) and 12.2% (EUR 6.3 billion) respectively of their national gross domestic product (GDP).
- Finally, the selected Member States represent a heterogeneous sample in terms of employment service governance. The table below provides a summary of the selection criteria for our case studies.

Table 4. Criteria for selection of case studies

	2019/2020 CSRs	Social scoreboard – employment rate (2019)	RRF envelope (% GDP)	Employment service governance	ALMP/PES key measures in plan
IT	CSR 2019 (2) Ensure that active labour market and social policies are integrated effectively, and reach out notably to young people and vulnerable groups	Critical situation	4.1	Local management Mixed providers Quasi-managerial approach Mixed objectives	ALMPs and vocational training Strengthening of PES
ES	CSR 2020 (2) Support employment through arrangements to preserve jobs, effective incentives for hiring and skills development	Critical situation	5.8	Local management Mixed providers Managerial approach Social objectives	Digitalisation of PES for modernisation and efficiency Modernisation of ALMP Governance and boost of policies to support activation Digitalisation of PES with digitalisation of central government
HR	CSR 2019 (2) Strengthen labour market measures and institutions, and their	Critical situation	12.2	National management Public providers Administrative approach	Development and implementation of new targeted ALMPs for the purpose of green and digital transition of the labour market Strengthening of the system of inclusion and monitoring of vulnerable groups in

² Please note that Belgium, Cyprus, Greece, Finland, Lithuania and Romania also include measures (investments or reforms) in their NRRPs on ALMP, specifically on PES. These Member States will not be analysed in this study.

	2019/2020 CSRs	Social scoreboard – employment rate (2019)	RRF envelope (% GDP)	Employment service governance	ALMP/PES key measures in plan
	coordination with social services			Economic objectives	the labour market through improvements to employment service processes Establishment and implementation of a voucher system for adult education, training and upskilling Digitalisation and computerisation of Croatian Employment Service (CES) (eHZZ)

Source: Authors' compilation

To assess the contribution of the measures included in the RRFs of the Member States in the study, a three-step approach has been taken.

First, we assess the relevance of the measures included in the plans, based on the extent to which the envisaged interventions address the needs and country-specific challenges, starting from those identified in the European Semester's Country-Specific Recommendations (CSRs). Notably, we look at whether the measures contribute to strengthening the availability, accessibility and quality of PES. To this end, we build on an extensive review of both academic and grey literature, including the Country Reports issued by the Commission in 2019 and 2020 under the European Semester framework, as well as official sources of national information (e.g. official reports and national employment legislation). Information on the measures included in the plans is retrieved from an original dataset constructed in the framework of the CEPS RRF Monitor project³. The data collected on the measures include detailed information on: i) type of intervention (reform or investment); ii) allocated RRF budget; iii) alignment with the CSRs; iv) milestones and targets; and v) timeline for the fulfilment of milestones and targets. Moreover, under the scope of this project, the database has been extended with information retrieved from the Operational Arrangements signed with the Commission (for Italy, Spain and Croatia). Finally, for Italy and Spain, to account for the territorial impact of the intervention, we assess whether the envisaged measures foresee specific criteria to address existing in-country territorial disparities.

The second step consists of assessing the effectiveness and coherence of the investments and reforms included in the plans. This requires an assessment of the proposed implementation strategy (i.e. of the M&T included in the plans and the proposed timeline), as well as an assessment of the proposed policy vis-à-vis the existing provisions. As a first step, we describe the M&T and their distribution over time. Second, we assess the plausibility and expected effects. To this end, we rely on 12 semi-structured interviews conducted between September and October 2022 with national experts in ALMP and specifically on PES, as well as PES officials responsible for implementing the RRF investments (see Annex I). The interviews are also used to understand their judgement on whether the measures included in the plan are considered relevant vis-à-vis the challenges that exist, effective in light of the specific institutional governance and design of the intervention, and coherent with other provisions in place.

The last step consists of identifying the risks that may stem from the measures chosen, and gaps that remain unaddressed in the broad policy areas underpinning the set of measures. This final step builds on the combination of the previous two steps for the identification of missed opportunities and persisting gaps, and of the obstacles or delays currently encountered in the execution of the plans.

³ For further information, see <https://rrfmonitor-ceps.eu/>

4. RRF INTERVENTION

In line with the Better Regulation criteria for policy evaluation, before any assessment is made about the relevance, effectiveness and coherence of a certain measure, an in-depth understanding of the functioning of the policy under study is a fundamental preparatory step, as well as identification of the needs and problems that the intervention aims to address. Annex II provides a detailed account of the functioning of the ALMP and PES systems, building on the analytical framework described above to analyse both the orientation of the ALMP in each Member State, and the institutional setup and functional objectives of the existing PES. It further describes the key challenges (needs and problems) of the ALMP and PES in the three Member States in the study before the RRF intervention. Building on this analysis, Section 4 first illustrates the content of the measures (reforms and investments) included in the recovery and resilience plans, then assesses their relevance, effectiveness and coherence.

4.1. Italy

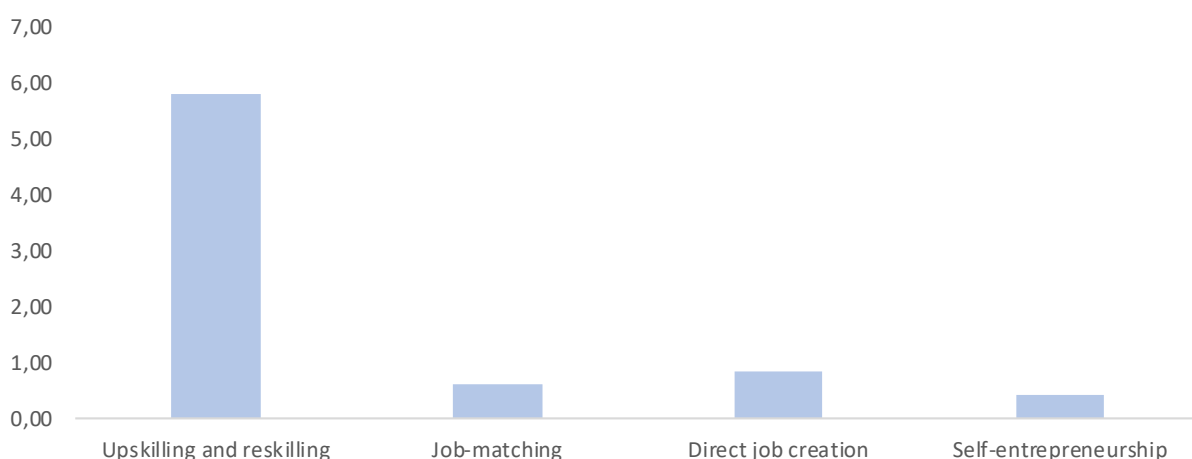
4.1.1. Measures adopted

Italy is dedicating a total of EUR 6.66 billion to its labour market policies for two reforms and five investment projects. The purpose is to accompany the transformation of the labour market with adequate tools that facilitate employment transitions, improve the employability of workers and raise the level of protection through training. The strategic objectives of the plan are to increase the female employment rate, reduce the skills mismatch, and increase the quantity and quality of upskilling and reskilling programmes for the unemployed, especially the young unemployed. The Italian plan intervenes in the ALMP with the establishment of a new National Programme for Employability Guarantee (GOL), which provides for a single system to take charge of the unemployed and people in transition to employment (beneficiaries of the citizens' income, unemployment benefit (NASPI) and the short-time work allowance (CIGS)). The tools for taking charge of the unemployed are redefined with active policies that, starting from the profiling of the individual, allow the construction of personalised paths for the requalification of skills and accompaniment to work. At the same time, a 'National Plan for New Skills' has been adopted through the establishment of training standards for unemployed people registered with employment centres, and the strengthening of the vocational training system, promoting a territorial network of education, training and work services through public-private partnerships (active employment and training policies reform).

Employment centres are also being strengthened, with the renewal of the national network of employment services, improving the integration of regional information systems with the national system and increasing proximity to citizens. New technologies are also being used to favour integration with the education and training system through the network of private operators (investment project: 'Empowerment Centres for Employment'). Regarding gender equality, a project to support female entrepreneurship is envisaged, as well as specific intervention to define a national gender equality certification system (investment projects: 'Support for Female Entrepreneurship' and 'Gender Equality Certification System'). To promote the employment of young people and the acquisition of new technical and transversal skills, the dual system and apprenticeship institution will be strengthened, with a view to matching education and training with work (dual system investment).

Finally, the Universal Civil Service is being strengthened, with the aim of having a higher number of young people who, through the Civil Service, follow a non-formal learning path to increase their knowledge and skills and better orient them towards the development of their own professional lives (investment project: 'Universal Civil Service').

The figure below illustrates the distribution of Italian RRF funding by type of active employment policy.

Figure 1. Breakdown by type of ALMP included in the Italian plan (EUR billion)

Source: Authors' compilation

In what follows we zoom in on the two main interventions included in the plan that are specifically relevant to this study: i) the ALMP reform, which introduces GOL; and ii) the National Plan for New Skills and investment plan for the strengthening of PES.

ALMP reform

The aim of this intervention is to increase the efficiency of ALMPs through the provision of 'personalised labour market activation plans' and specific employment services. It is composed of the GOL Programme, which aims to provide tailor-made services to the unemployed, a National Plan for New Skills and a definition of national essential levels of vocational training. These are expected to develop an inclusive lifelong learning system and groundbreaking upskilling and reskilling pathways.

The reform, which has been allocated an amount of EUR 4.4 billion for the three-year period 2021-2023, is structured along two specific lines of action:

- Adoption, in agreement with the regions, of the GOL Programme; a national programme for taking charge, providing specific services and personalised professional planning. GOL intends to learn from the experience of previous initiatives (notably the YG), and aims to overcome – with an approach based on the definition of essential levels of performance (LEPs) – the excessive heterogeneity of services provided at the local level. It further aims to intervene to improve the proximity of the interventions and the network integration of territorial services.
- Adoption of the National Plan for New Skills, promoted by the Ministry of Labour and Social Policies in collaboration with the National Agency for Active Labour Market Policies (ANPAL) and in agreement with the regions. The aim of the plan is to reorganise the training of workers in transition and the unemployed by strengthening the system of professional training and the definition of essential quality levels for upskilling and reskilling activities, in favour of i) beneficiaries of unemployment benefits (NASPI and DIS-COLL); ii) beneficiaries of the citizens' income; and iii) workers who benefit from extraordinary instruments or who are in the short-time work scheme (CIGS).

For employed workers, the New Skills Fund (initially tested in 2020) has been strengthened to allow companies to reshape their working hours, in order to encourage training activities based on specific collective agreements with trade unions. In this way, once the training needs for a specific company, sector or territory have been identified, the required professional updating is ensured by allocating the cost of the hours spent in training to the fund's resources. The costs associated with training (teachers

and classrooms) are still borne by the enterprises, which can use the interprofessional funds. The New Skills Fund can also be activated for companies that use the CIGS.

With respect to the timeline, the legislative act that established GOL was formally approved in December 2021 (see [here](#)). It defines the essential levels of PES, including skills forecasting, personalised training plans, guidance and job coaching, to ensure the effective provision of personalised employment services according to common and uniform standards throughout the national territory. The GOL Act further defines the alignment between upskilling and reskilling training activities provided by PES and the National Plan for New Skills, including digital skills. It sets a minimum target of 25% of beneficiaries of the GOL Programme as recipients of relevant training. It also focuses on the most vulnerable groups, and sets new mechanisms that strengthen and give structure to the cooperation between public and private systems, including in relation to the identification of the relevant skills needs and provision of job offers. All in all, GOL identifies five different paths:

- Job reintegration: for people closest to the labour market, guidance and intermediation services for accompaniment to work.
- Updating (upskilling): for workers further away from the market, but in any case with expendable skills, mainly short-term training intervention with professionalising content.
- Retraining (reskilling): for workers far from the market and skills not adequate to meet the required needs, more in-depth vocational training, generally characterised by an increase in qualification levels / EQF compared to the level of education.
- Work and inclusion: in cases of complex needs, i.e. in the presence of obstacles and barriers that go beyond the working dimension, in addition to the previous services, the activation of the network of territorial services (depending on the case, educational, social, social health, conciliation) as already happens for the citizens' income and previously for the inclusion income (REI).
- Collective relocation: assessment of employment opportunities on the basis of the specific corporate crisis situation, the professionalism of the workers involved and the territorial context of reference to identify suitable solutions for all the workers.

The second step in the implementation of GOL, after the approval of the legislative act at national level, consists of the presentation of the regional plans for the programme's implementation, to be submitted by the end of 2022. All regions have presented their plans for the implementation of GOL. Furthermore, in its first year of activity, GOL has already reached the agreed milestone of 300 000 beneficiaries (i.e. people who have been taken in charge and subscribed to one of the five paths described above by 31 December 2022). In addition to the milestone agreed with the Commission, the Italian government set a more ambitious 600 000 beneficiary target to be reached by the fourth quarter of 2022. As of 30 November 2022, there were over 619 000 participants in the GOL Programme, as disclosed in the ANPAL monitoring note. With respect to the types of paths provided in the personalised service agreement, over half of the beneficiaries are included in path 1, identifying people closest to the labour market. The remainder are distributed largely between paths 2 and 3 (26% and 19.6% respectively) towards updating or requalification, while the share of those who need complex work and inclusion courses is around 3.7%. Looking at the characteristics of the beneficiaries, the female component represents 56.3% of those taken in charge. With regard to age, under 30s represent 26.4% and over 55s count for 18.3%. The percentage of foreign citizens involved in the programme is 14%.

The third and final step in the implementation of GOL consists of the completion of the reform. It is stated as part of the targets to be achieved that: 'i) at least 3 000 000 people benefit from the GOL programme, at least 75% of the beneficiaries being women, long-term unemployed, people with disabilities or people under 30 or over 55; ii) one fourth of the beneficiaries (800 000) shall be

participating in vocational training activities, at least 300 000 of these beneficiaries being part of digital skills training exercises; iii) at least 80% of PES in each region have met the criteria of the essential level of PES services as defined in the GOL programme' at the end of the programme, i.e. by the end of 2025.

The National Plan for New Skills Act (see [here](#)) was approved in November 2021, as foreseen in the RRF plan. The National Plan defines common standards and essential levels of vocational training throughout the national territory. These common standards and essential levels include customisation of the offer, accessibility of the offer (including via the unique information system) and usability of the offer (e.g. recognised qualifications, territorialised skills). In the case of GOL, this consists of providing tailored paths of training, relocation, inclusion and reintegration, as illustrated above. In the case of the dual system, the paths include school-work alternation and the dual apprenticeship. The National Plan for New Skills serves as an umbrella for GOL, the dual system and the National Skills Fund, and indeed targets the unemployed, young people and the employed, with the goals of enhancing their digital skills and encouraging lifelong learning. The plan further identifies skills and relevant standards based on cooperation between the public and private systems, and considers the different needs of each of the target groups. The plan further encompasses all relevant sectoral strategies – so as to have a comprehensive approach, including the national strategic plan for adult competencies – and incorporates a provision for the development of a forecasting system for new competencies needed in the short to medium term within the labour market.

Based on the timeline provided in the Operational Agreement between Italy and the Commission, all milestones under this project have been achieved. On top of the GOL targets mentioned above to be completed by 2025, the other target to be achieved by the fourth quarter of 2025 is that: 135 000 additional people, compared to the baseline, have participated in the dual system and obtained the relevant certification in the five-year period 2021-2025. The distribution of resources to the regions for the strengthening of the dual system shall take place on the basis of the number of students enrolled in VET courses.

Strengthening of PES

The reform in the field of active labour and training policies is accompanied by a specific intervention to strengthen the system of employment centres, in order to favour processes that improve the supply of quality services, analysis of skills needs, definition of individual training plans, effective reception, guidance and care services. The PES Strengthening Plan 2021-2023 has an envelope of EUR 0.6 billion. The measure includes infrastructure investments, the development of regional labour market observatories and interoperability between regional and national information systems, and training activities for centre operators. The plan builds on the existing 2019 PES Strengthening Plan, by legislative decree (see [here](#)), which allocated EUR 0.467 billion for 2019 and EUR 0.4 billion for 2020 to increase the personnel capacity of the PES and additional resources for ANPAL. The 2019 plan also reinforced the PES capacity by introducing the role of so-called 'navigators', formally employees of ANPAL seconded to the regions.

The EUR 0.6 billion thus in part covers the projects from the 2019 plan that are still outstanding (EUR 400 million) and in part adds additional resources (EUR 200 million). The resources that have already been allocated are distributed based on the additional staff units provided for in the National Employment Centre Strengthening Plan, financed by national resources (Article 12, para. 3-bis, DL 4/2019 and Article 1, co. 258, l. 145/2018). Operators' training interventions and other intervention priorities are provided by the regions as part of the Regional Employment Centre Strengthening Plans, in line with the guidelines contained in the National Plan (Ministerial Decree, 22 May 2020). The additional resources (EUR 200 million) are functional to the implementation of initiatives to strengthen employment centres, including: i) structural investments to favour the proximity of services; ii) the

development of regional labour market observatories to facilitate the balance of supply and demand; iii) the interoperability of regional and national information systems; iv) the design and implementation of training to update the skills of workers; v) needs analysis (for example on the issues of service standards, consultation of the Unitary Information System and the alignment of skills with the needs of enterprises); vi) the promotion of skills identification, validation and certification services as part of the National Skills Certification System; vii) the design and implementation of the content and communication channels of the services offered; and viii) the promotion of the territorial integration of employment services with other services, especially social services and those providing education and training.

Based on the Operational Arrangement signed by the Italian government and the Commission, the RRF investment should finance the renewal and refurbishment of the premises of 500 employment centres, an upgrade of their IT systems to achieve interoperability with other systems, the training of their employees and institutional communication. Notably, by the end of 2022, at least 250 PES benefiting from this investment should complete at least 50% of the activities envisaged in the plan. By the end of 2025, as is the case with the GOL Programme, all the activities have to be completed and all the envisaged PES have to be benefiting from the investment.

4.1.2. Assessment and implementation obstacles

As observed in the previous section, the interventions included in the Italian recovery and resilience plan aim primarily to address the key challenges identified in the CSRs and target the main challenges of the ALMP system, as well as the key criticisms of PES. With respect to the latter, the plan to strengthen the personnel capacity of PES and the investments in the renovation and refurbishment of the employment centres represent two relevant measures. In a similar vein, the reform of the ALMP system, notably the launch of the Employability Guarantee and the National Plan for Skills, correctly addresses the four key problems of the Italian ALMP system (see interview IT-EXP-ALMP-1 in Annex I⁴) i) low funding; ii) too much focus on subsidies for hiring, and comparatively low focus on upskilling and reskilling; iii) high heterogeneity in service provision across regions; and iv) low coordination between active and passive labour market policies.

If the proposals included in the plan are relevant, the risk is that their effectiveness remains limited. Starting with the plan to strengthen PES, the new intervention largely relies on the 2019 plan, with the idea to reinforce and extend it. As stressed by our interviewees, the 2019 plan suffered significant delays in the procedures to hire new personnel [IT-EXP-PES-1] [IT-EXP-PES-2]. The table below provides a detailed account of the additional personnel to be hired per region under the RRF funding, which aims to more than double the number of employees in the Italian PES (from 8 000 to circa 20 000). As we can observe, the hiring plan on paper considers the territorial differences in service provision across regions. Yet, it is still suffering significant delays and – based on the available information – the new personnel who took service as of October 2022 are still half of what is planned, with significant delays in the southern regions, with the notable exception of Puglia and Sardinia. According to our interviewees, these delays are due to two main factors [IT-EXP-PES-1] [IT-EXP-PES-2].

First, for some of the regions there have been delays in publishing the call for vacancies. This is especially the case of southern regions suffering from lack of capacity to put forward the call on time. In many cases, such as in Calabria but also Campania, Sicily and Molise, the call for new positions in regional PES has been issued, but administrative errors in the publication of the call, as well as the length of the selection procedure, have translated into delays in hiring. In other cases, the response to

⁴ A list of the interviews is provided in Annex I.

the call has just been low [IT-EXP-PES-2]. This is due, in both the northern and southern regions, to several factors: higher remuneration in the private sector; the highly administrative nature of the work, which excludes necessary candidates such as psychologists; better working conditions (i.e. a higher level within the civil service scale) offered by other public competitions; or the legal limitation on carrying out another job (navigators were allowed to carry out a second job). All of these factors together represent a high disincentive to apply for the new positions, with the consequence that calls for new personnel did not succeed [IT-EXP-PES-1][IT-PES-EXP-2].

Table 5. Implementation of the plan to strengthen PES

Region	Total additional units to 2021	Regional quota (%)	Additional units covered (latest available data)	Vacancies to cover (% total)
Abruzzo	255	2.2	37	218 (85%)
Basilicata	114	0.99	0	114 (100%)
Calabria	623	5.39	0	623 (100%)
Campania	1 840	15.91	757	1 083 (59%)
Emilia-Romagna	655	5.66	590	65 (10%)
Friuli-Venezia Giulia	165	1.43	47	118 (75%)
Lazio	1 130	9.77	586	544 (48%)
Liguria	258	2.23	190	68 (26%)
Lombardy	1 303	11.92	855	448 (34%)
Marche	194	1.68	66	128 (66%)
Molise	75	0.65	0	75 (100%)
AP Bolzano	14	0.12	14	0 (0%)
AP Trento	14	0.12	14	0 (0%)
Piemonte	716	6.19	492	224 (31%)
Puglia	1 129	9.76	1 129	0 (0%)
Sardinia	357	3.09	309	48 (13%)
Sicily	1 246	10.78	264	982 (78%)
Tuscany	643	5.56	244	399 (62%)
Umbria	129	1.12	10	119 (92%)
Valle d'Aosta	22	0.19	22	0 (0%)
Veneto	606	5.24	436	170 (28%)
Total	11 563	100	5,946	5 733 (48%)

Source: Authors' compilation, based on *Piano straordinario di potenziamento dei Centri per l'Impiego e delle Politiche attive del lavoro* (2021) and consultation of regional portals

The delays in hiring new personnel are particularly problematic for two additional reasons. The first is that the contracts of the navigators – temporarily hired by ANPAL and seconded to the regional PES – expired by the end of 2022, leaving a staffing gap. This has been further aggravated by the fact that between 2019 and 2022, the regular PES staff decreased by 30% due to the retirement of older personnel. As stressed by our interviewees, the fact that the navigators have terminated their employment contracts is a loss in terms of expertise and know-how, since over the past three years

they have acquired the skills needed to perform profiling and orienting tasks in the PES [IT-EXP-PES-1] [IT-PES-EXP-2] [IT-EXP-ALMP-1]. Furthermore, the selection process for new personnel hired via the extraordinary plan financed by the RRF highlights some of the problems already seen during the selection process of the navigators. As observed by Giubileo (2018), most officials working in PES are experts in administrative law, with very good skills in registering those available for work, adapting regional ministerial decrees and ANPAL guidelines. By contrast, only a few of them have degrees in psychology or sociology, and thus the skills necessary to assist the most vulnerable jobseekers [IT-EXP-PES-2]. In this case, the experience of the navigators shows that more than bureaucrats, PES need case managers, experts in labour psychology and staff who are capable of guiding jobseekers.

Moving to the Employability Guarantee, as observed above, since the law was passed in December 2021, the regions have presented their plans. Beyond the adoption of regional GOL plans, the milestone agreed upon in the Operational Arrangement to monitor implementation of the measure and to authorise the RRF disbursement is the number of jobseekers taken in charge by the PES. This target has been doubled at national level (from 300 000 to 600 000 people). A key limit that might hamper the effectiveness of the measure is that the target is set at a national level and not a regional one. As reported in the table below, which provides an update as of 7 September 2022 and 30 November 2022 of the number of jobseekers profiled with GOL, there are huge regional differences in its implementation. In this respect, even though both the 300 000 and 600 000 objectives for 2022 have been achieved, these achievements are likely due to the overperformance of some regions and the underperformance of others.

What emerges from the table is first that almost all regions have achieved the RRF milestone. Yet, with respect to the national target, only eight regions have already achieved it, specifically Friuli Venezia Giulia and Sardinia, which have also abundantly exceeded it, in addition to Umbria, Puglia, Lombardy, Tuscany, Marche and Campania. Four other regions must be added to these (Piedmont, Emilia-Romagna, Basilicata and Calabria), which at the time of the latest survey were close to doing so. The decision to identify two different targets, EU and national, seems problematic in two respects. On the one hand, the fact that the national target is the double the EU one questions the credibility of the former (maybe too ambitious). On the other hand, the choice of aggregated targets, which do not account for the asymmetric implementation of GOL at regional level, does not help to shed light on the actual effectiveness of the measure in place to overcome one of the biggest challenges for the Italian PES system, i.e. regional asymmetry.

Table 6. Number of jobseekers taken in charge by GOL, by region

Region	RRF milestone (2022)	National target (2022)	7 September 2022		30 November 2022	
			Total jobseekers taken in charge	% Achievement RRF target	Total jobseekers taken in charge	% Achievement RRF (national) target
Abruzzo	7 140	14 280	1.788	25	9.023	126.4 (63.2)
Basilicata	3 300	6 600	2.459	74.5	6.406	194.1 (97.1)
Calabria	13 560	27 120	7.569	55.8	25.866	190.8 (95.4)
Campania	40 710	81 420	17.662	43.4	86.031	211.3 (105.7)
Emilia-Romagna	19 020	38 040	6.710	35.3	36.960	194.3 (97.2)
Friuli-Venezia Giulia	4 890	9 780	8 986	183.8	19 123	391.1 (195.5)
Lazio	28 560	57 120	7 098	24.9	48 418	169.5 (84.8)

Region	RRF milestone (2022)	National target (2022)	7 September 2022		30 November 2022	
			Total jobseekers taken in charge	% Achievement RRF target	Total jobseekers taken in charge	% Achievement RRF (national) target
Liguria	7 260	14 520	4 333	59.7	12 047	165.9 (83)
Lombardy	34 530	69 060	36 722	106.3	77 849	225.5 (112.7)
Marche	7 290	14 580	5 253	72.1	16 110	221 (110.5)
Molise	1 530	3 060	44	2.9	1 490	97.4 (48.7)
AP Bolzano	2 280	4 560	482	21.1	1 905	83.6 (41.8)
AP Trento	2 940	5 880	1 614	54.9	4 221	143.6 (71.8)
Piemonte	19 260	38 520	14 434	74.9	38 138	198 (99)
Puglia	23 550	47 100	18 648	79.3	60 659	257.6 (128.8)
Sardinia	11 190	22 380	10 741	96	37 988	339.5 (169.7)
Sicily	32 340	64 680	7 618	23.6	58 655	181.4 (90.7)
Tuscany	17 280	34 560	14 482	83.8	38 329	221.8 (110.9)
Umbria	3 840	7 680	1 913	49.8	10 521	274 (137)
Valle d'Aosta	630	1 260	369	58.6	1 104	175.2 (87.6)
Veneto	18 900	37 800	6 177	32.7	28 663	151.7 (75.8)
Total	300 000	600 00	175 132	58.4	619 516	206.5 (103.3)

Source: ANPAL, *Sistema Informativo Unitario e dati di fonte regionale* (available [here](#))

This is not to say that the RRF investment in the new GOL mechanisms is not important. Yet, as is the case of the investment in PES, GOL is an instrument that builds on existing governance of the ALMP system in Italy. Even though it is true that the reform introduces some important improvements in terms of the definition of common standards, increased budget for training and upskilling/reskilling, and better coordination between passive and active labour market policies, it still relies on the same institutional governance [IT-EXP-ALMP-1]. ALMP indeed remains largely a competence of the regions, which will ultimately decide on how to implement the services and whether they will rely on public (e.g. Emilia Romagna) or private (e.g. Lombardia) services. This in part explains why the number of jobseekers changes so significantly across the regions, and why despite the distribution of GOL resources addressing the specific needs of the territories and explicitly pursuing a cohesion objective, the same difficulties that existed before the RRF intervention remain.

In this respect, an additional limitation is the lack of a unique platform for the exchange of data on jobseekers and services at national level. One of the key objectives of GOL is to harmonise and overcome the heterogeneity across the regions. To do so, in addition to the need to harmonise services (which is not happening), one should also think about creating a single platform where jobseekers can register and look for a placement or training. This is also not happening, however, since each region remains the holder of its own data collection and information system, and the unique system that is intended to be created at national level by 2023 is not a job-matching platform, but rather an online portal for regions to report on project implementation and resources spent.

Finally, an additional problem that might hamper the effectiveness of the new ALMP reform is the lack of a proper monitoring and evaluation system [IT-EXP-ALMP-1]. At the moment, in fact, evaluation

remains in the hands of the regions. This remains highly problematic since it does not allow a critical assessment of whether the ALMPs are working. In this respect, an objective evaluation would be useful to understand to what extent the current ALMP system is able to reach out to all vulnerable groups. On paper, the new GOL has a specific target for the unemployed. Yet, the empirical evidence shows how the targeted population by the ALMP in Italy includes in large part a group of unemployed people who would have found a job without support, while the long-term unemployed and inactive are often excluded from these interventions [IT-EXP-PES-1] [IT-PES-EXP-2].

To sum up, the ALMP and PES measures included in the Italian RRF plan are relevant, and are expected to strengthen territorial and social cohesion within the country by reducing the heterogeneity in service provision and supporting the most disadvantaged territories. Yet, the lack of a proper monitoring system and the definition of aggregated national targets instead of regional objectives, as well as the lack of a proper coherent framework that aligns reforms and investments, overcoming some structural problems of the Italian system, risk undermining the effectiveness of the measures included in the plan.

4.2. Spain

4.2.1. Measures adopted

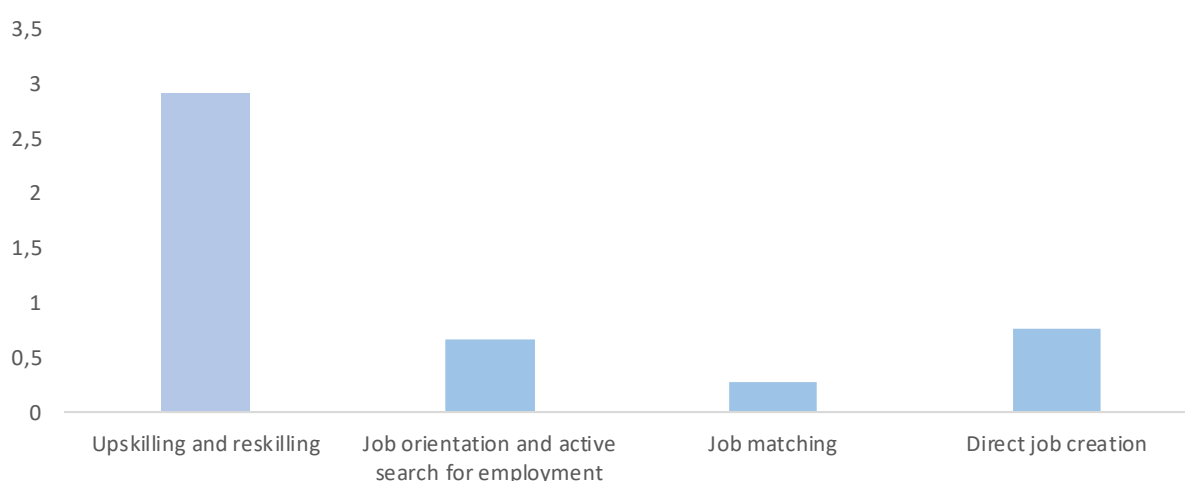
Spain dedicates an entire component of the NRRP to labour market reforms and investments (n. 23) devoted to 'new public policies for a dynamic, resilient and inclusive labour market'. The ambition is to reform the Spanish labour market to adapt it to the current reality and needs, in order to correct structural weaknesses. Among the key challenges identified, the issues that stand out are: structural unemployment and youth unemployment, the duality of contracts, poor human capital, decreasing collective bargaining coverage, and low efficiency of public employment policies and ALMP. With respect to ALMP and PES, the key reforms contained in the plan include the modernisation of the ALMP, the review of subsidies and bonuses for labour hiring, and the digitalisation of the *Servicio Público de Empleo Estatal*. The plan indicates ALMPs as a key piece in the fight against unemployment, and a fundamental element in the configuration of a market for sustainable work that is currently facing the challenge of demographic ageing.

The reform of the ALMP is intended to achieve these objectives via: the modernisation and reinforcement of training for employment and the configuration of individualised trajectories of orientation for employment; the promotion of specific employment windows for young people and the rethinking of the Youth Guarantee; the strengthening of qualification programmes and help for older workers; the improvement of PES tools and better coordination between employment and social services; and reinforcement of the social dialogue. The reform of hiring incentives, which represent a quarter of the Spanish ALMP yet without delivering the expected results, is considered a prerequisite for improving the effectiveness of the investments and producing a lasting impact. For this reason, the plan indicates the need to simplify the incentives and requirements of beneficiary companies, improve training programmes and ensure greater coordination between all administrations. Finally, the third pillar of the Spanish strategy to strengthen the ALMP system revolves around the modernisation and improved efficiency of the PES. As will be illustrated in detail below, the objective of this reform is to transform all employment-related services to improve the service provided to citizens and companies, specifically via the improvement of PES governance, the digitalisation of the services, improved data collection and information exchange, and an investment in making PES more accessible to citizens.

These reforms are accompanied by an investment of around EUR 4.61 billion for a total of seven projects. As in the case of Italy, the largest share goes to upskilling and reskilling policies (EUR 2.91

billion). EUR 1.26 billion is being invested in training programmes for the employed and unemployed population, focusing on young people and labour force with very limited digital skills, EUR 1.22 billion in reskilling and upskilling the labour force linked to professional qualifications, and EUR 0.43 billion in reskilling workers at risk of displacement. EUR 0.77 billion is allocated to direct job creation with ad hoc reinforcement of the YG, supporting the creation of subsidised jobs for young unemployed in public administration and public research bodies. EUR 0.28 billion is earmarked for the reinforcement of the PES, of which EUR 0.11 billion is allocated to the creation of a network of 20 centres of orientation, entrepreneurship and innovation for employment, which support the PES. EUR 0.17 billion forms part of the Spanish Public Administration digitalisation strategy, which also includes ad hoc intervention on PES. Finally, EUR 0.66 billion is allocated to job orientation and active search for employment, of which EUR 0.11 billion is allocated to improving labour market integration of women, and EUR 0.56 billion is going to 68 new territorial projects dealing with the demographic challenges existing in Spain, and aiming to transform the Spanish productive structure to make it greener and more digital. The figure below summarises the distribution of funds by type of ALMP.

Figure 2. Breakdown by type of ALMP included in the Spanish plan (EUR billion)



Source: Authors' compilation

In what follows we zoom in on the two main interventions included in the plan that are specifically relevant to this study: i) the ALMP reform; and ii) the reform of the PES.

Modernisation of ALMP reform

The purpose of the ALMP reform is sixfold: i) developing individual pathways for counselling; ii) preventing abuses in work-based training (such as traineeship and training contracts); iii) reinforcing the system of adult learning and the recognition of competences; iv) setting up a one-stop shop for young people; v) improving the coordination between employment and social services and with the regions; and vi) and improving public-private partnership. To achieve these objectives, the reform envisages the adoption of several legal texts to be approved between 2021 and 2022:

- Adoption (2Q2021) of the 2021-2027 Action Plan to tackle youth unemployment connected with the EU Youth Guarantee Plus, which shall include a review of the traineeship/apprenticeship contracts and the approval of a Statute of Trainees.
- Adoption (by 4Q2021) of the 2021-2024 Spanish Employment Activation Strategy⁵, setting out so-called 'common services', whose new strategic objectives shall be:

⁵ The new Spanish Employment Activation Strategy 2021-2024 can be found [here](#).

1. Approach centred on people and companies;
 2. Coherence with productive transformation;
 3. Orientation towards results;
 4. Improvement of the capacities of the PES;
 5. Governance and cohesion of the National Employment System.
- Amendment (by 4Q2022) of Royal Legislative Decree 3/2015 of 23 October 2015, which approves the consolidated text of the Employment Law to strengthen the instruments of action and coordination of the National Employment System, focusing on:
 1. Revision of the Spanish Strategy for Employment Activation and Annual Employment Policy Plan (PAPE);
 2. Reform of Active Labour Market Policies;
 3. Revision of the governance of the National Employment System, with reinforcement of the local dimension of employment policy;
 4. Adaptation to the implementation requirements of the different actions foreseen in the National Plan of Active Employment Policies.

With respect to the last interventions, the Annex to the Council Implementing Decision approving the Spanish plan (SWD(2021) 147 final, p. 208) provides further details on the main legislative elements to be included:

- Strengthening active and passive employment policies, taking into account the distribution of competences between the Spanish State and the Autonomous Communities;
- Strengthening the intermediation system and public-private partnerships;
- Common services portfolio of the National Employment System;
- Review of the financing model;
- Cooperation with social services;
- Local and European dimension;
- Technological development for employability;
- Use of ICTs and Big Data;
- Improving employability.

The ALMP modernisation reform is accompanied by an ad hoc investment of EUR 105 million, which specifically aims to reinforce PES, identified as key actors in the implementation of ALMPs. This investment supports the creation of a network of 20 centres of orientation, entrepreneurship and innovation for employment to be established by the end of 2023 (Q4). The centres will be located throughout the country (one at central government level and another in each Autonomous Community, including Ceuta and Melilla) with the goal of improving PES coordination across the regions. Furthermore, a set of training actions are established for PES employees, providing them with an average of 14 000 actions per year. The training is to be organised in modules of 30 hours of average duration, and on average each employee shall take part in one module per year during the period 2021-2023, during which at least 42 000 training actions for PES staff should take place. The criteria for distribution are defined in the Spanish Official Journal (BOE, [2021](#); [2022](#)) for all the investments under components 19 and 23 of the Spanish plan. With respect to the new guidance and entrepreneurship centres, the funds are in large part distributed equally across regions.

Modernisation and efficiency of PES

The purpose of this reform is to transform all services related to employment, in order to improve, from a holistic view, the service provided to citizens and companies in all related areas. To this end, the reform is articulated along six lines:

- *Improvement of PES internal management*: improvement of the information systems that support the unemployment benefits system, as well as those that support employment reactivation policies; management of aid for job creation; digitalisation of ALMPs to improve management and coordination of information on training and guidance for the unemployed with other administrations; improved management and efficiency of European funds.
- *Digitalisation of PES*: digitalisation of all public services provided to citizens and companies to improve the efficiency and satisfaction of people, with a boost in the creation of mobile applications that bring services closer to citizens. In this sense, it is essential to improve transparency in the information channels between people and the administration so that both companies and workers can contact the civil servants in charge of processing their requests.
- *Statistics and data management*: incorporation of adequate data management in the field of PES to allow decision making with sufficient information, and to provide information for the evaluation of the policies.
- *Fight against fraud*: improvement of the systems to fight against fraud, taking advantage of artificial intelligence systems and big data analysis to automate the detection of fraud on the one hand, and to improve the effectiveness of this detection on the other.
- *Restructuring of Servicio Público de Empleo Estatal*, with the aim of providing a more agile and higher quality citizen service in relation to both unemployment benefits and active employment policies.
- *Modernisation of jobs and infrastructures* to facilitate teleworking arrangements for PES staff.

Based on the Operational Agreement between the Commission and the Spanish government, the reform should be implemented between 2021 and 2023. By the end of 2023 (Q4) the contracts (Administrative Acts) for the modernisation of the State PES have to be completed. The modernisation implies the improvement of internal management systems, the modernisation of jobs and digitalisation of the Citizens' Support Service. It will also include the incorporation of adequate data management, which allows decision making and the publication of information of high value for the society. By the same date, the projects under the investment 'Spanish Public Administration digitalisation' (EUR 170 million) should be awarded.

4.2.2. Assessment and implementation obstacles

The interventions included in the plan are relevant overall, but seem to only partially address the challenges affecting the Spanish active labour market system. The diagnoses of the specific needs and problems are correct: low public spending on ALMP; too much focus on incentives for hiring; limited effectiveness of PES; lack of a digitalised system; low uptake from most disadvantaged groups; and low coordination between social and employment services. Yet, some problems are still not mentioned in the plan, notably understaffing in the PES, high regional fragmentation and lack of a unique system for job matching at national level.

This notwithstanding, the measures included in the plan are to be welcomed, in particular the proposed amendment of Royal Legislative Decree 3/2015, which correctly touches upon the strengthening of the National Employment System, the review of the governance of the system, and the strengthening of its local dimension. Similarly, the reform and investment in the digitalisation and modernisation of PES correctly address the problems of linking unemployment benefit to the activation policies, the poor computerisation of the PES, the low data management capacity and the poor infrastructural capacity. The reform of the hiring incentives equally addresses the problem of low

uptake by most disadvantaged groups and the lack of monitoring mechanism of the implementation of the measure.

Less clear is the innovation of the Youth Guarantee plan. The plan, which comes with the new EU structural funds' programming period, does introduce a positive novelty, which is the Statute of Trainees (*Estatuto del Becario*). This regulates curricular or extracurricular internships, and is intended to strengthen interns' rights and protection to achieve decent working conditions. Yet, it does not intervene on some of the key deficiencies of YG 2014-2020: low correspondence between services offered and needs, hidden firm subsidisation and low capacity to reach out to vulnerable young unemployed. Finally, the new Spanish Employment Activation Strategy correctly addresses the need to improve ALMP monitoring and evaluation, and to improve coordination at national and regional level with local authorities and stakeholders. An additional positive element is the involvement of social partners in the drafting of the employment measures included in the plan (Eurofound, 2022).

The question remains open as to whether the measures included in the plan will be effective in achieving the stated objectives [ES-EXP-PES-1]. Zooming in on the two key measures discussed above, i.e. the modernisation of the ALMP and the digitalisation of the PES, the milestones agreed upon with the Commission are relatively vague. The approval of the new 2021-2027 YG, as well as the Spanish Employment Activation Strategy 2021-2024, are acts that would have to be adopted nonetheless. Based on the Operational Arrangement signed with the Commission (European Commission, 2021b), Spain has committed to the adoption and entry into force of these acts, yet without any specific detail on their content. As of today, both milestones have been successfully achieved, but the content of the intervention remains largely in line with the previous plans, and no significant difference is observed [ES-EXP-ALMP-1].

In particular, the Spanish Employment Activation Strategy adopted on 4 December 2021, which defines the common objectives for the ALMP over the period 2021-2024, remains a relatively vague text with the definition of key principles but relatively devoid of actions. The latter ultimately depend on the regional authorities having ALMP implementation in their competence. More detailed instead is the milestone on the amendment of the 2015 Employment Law. As observed above, Spain has committed to amend Royal Legislative Decree 3/2015, specifically: strengthening the policy and coordination instruments of the National Employment System; reforming the ALMP system; reviewing the governance system; and strengthening the local dimension of the employment policy. In July 2022, the proposed 121/000112 *Proyecto de Ley de Empleo*⁶ was presented by the government and is currently under debate. Among the key proposals are the creation of the Spanish Employment Agency, which replaces the State Public Employment Service and introduces new procedures to reduce the PES' bureaucracy and long waiting list and, most importantly, a new yearly mandatory evaluation with annual audit (Articles 66 to 70 of the proposed amendment to the Employment Law) that will also serve to collect the data and statistical evidence to inform data-based decision making (Article 17, *ibid*).

The second important measure proposed is the obligation for companies using the PES to publish all their vacancies on a public platform to avoid ad hoc use of the incentives to hire people who would be hired nonetheless (Article 59, *ibid*). Third, the proposed amendment to the Employment Law has a specific focus on the most disadvantaged groups, and the definition of tailored profiling practices based on the specific needs of the unemployed. In this respect, several new provisions are dedicated to the relationship between social and employment services that better link activation to the beneficiaries of unemployment benefit or minimum income schemes. Finally, the proposed

⁶ The proposed law can be found [here](#).

amendment introduces a new specification for the involvement of local authorities in defining the objectives and priorities of the employment plans.

With respect to the modernisation and efficiency of PES, this is expected to be implemented by the fourth quarter of 2024. While at the time of writing no assessment can be made on the content of the proposal, the detailed milestone agreed upon in the Operational Arrangement is a positive indication that the intervention can be implemented effectively. By the fourth quarter of 2023, Spain will have to provide certificates of completion of the services under the contracts for the modernisation of the State PES. These aim to improve internal management systems, modernise jobs and digitalise the Citizens' Support Service. As observed above, the lines of action identified are quite detailed. Concretely, the Administrative Acts are expected to improve the information systems that support the unemployment benefit system, as well as those that support employment policies. Digitalisation should address citizens' and companies' access to services, and should improve customer services. Equally important is the specification on statistics and data management, which requires the incorporation of adequate data management.

The reference to the modernisation of jobs and infrastructure is vaguer. At the time of writing, no information is available on the implementation progress of the complementary investment in this reform, on 'governance and boost of policies to support activation', which is supposed to create 20 centres of orientation, entrepreneurship and innovation for employment by the fourth quarter of 2023. By contrast, we know that the 14 000 training actions per year were provided in both 2021 and 2022. Finally, there is no specific target for the EUR 170 million investment in PES as part of the Spanish Public Administration's digitalisation strategy, which is supposed to be completed by the fourth quarter of 2025 but without any specification on the line of actions to be financed.

On coherence, as pointed out above, the Spanish plan intervenes selectively in some of the challenges of the ALMP system and PES. Notably, low funding, the still high fragmentation of PES quality across regions and the understaffed – and not always correctly qualified – personnel remain crucial problems. In this respect, the lack of action might further hamper the effectiveness of the adopted measures. In particular, the lack of qualified staff to treat specific users, like long-term unemployed, might hamper the positive innovations introduced with the amendment to the Employment Law, which has a dedicated section on the inclusion of vulnerable groups [ES-EXP-PES-2]. The fact that the regions still maintain a large degree of autonomy with regard to implementing the employment plans, and have different levels of financial capacity, might limit the effectiveness of setting up a strengthened Spanish Employment Agency. Finally, the digitalisation plan without the creation of a new unique system for information exchange at national level is not enough to overcome the problem of communication between the Autonomous Communities, especially the persisting differences in quality and data collection [ES-EXP-PES-1][ES-EXP-PES-2].

4.3. Croatia

4.3.1. Measures adopted

One of the key components of the Croatian plan (No 4) is dedicated to labour market and social policies. The three main objectives of this component is retaining workers in employment and further increasing the employment rate, creating assumptions for the opening of quality jobs, and further reducing the unemployment rate. The Croatian plan recognises the insufficient matching of labour demand and skills supply, and the need to increase employability. It acknowledges the low employment rate and low level of adult learning participation as key challenges. Accordingly, the plan intends to improve employment measures, strengthen labour market institutions and connect them

with social services, in order to create the conditions for high-quality activation of unemployed people, especially vulnerable groups. Subcomponent 4.1 defines two targets: to increase the employment rate to 70% by the end of 2024 and to facilitate access to adult education by including 30 000 people in the voucher system. To achieve these objectives, the plan includes four interventions: i) the development of new activation policies; ii) a proposal for a voucher system for adult education; iii) strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market; and iv) digitalisation of the PES.

The purpose of the first intervention is to create new active employment policy measures that will encourage both employment and self-employment related to the green and digital transition. At the same time, the goal is to increase the competitiveness and employability of the workforce in accordance with the needs of the labour market, with a special emphasis on the activation of the long-term unemployed. The second measure aims to ensure prerequisites and procedures for encouraging lifelong learning and the acquisition of new skills, with an emphasis on digital and green skills. The acquisition of new skills should enable an increase in employability and better matching of supply and demand in the labour market. The aim of the third measure is to establish a system of inclusion and monitoring of vulnerable groups in the labour market through individualised support of unemployed people based on their profile, i.e. on the assessment of needs for targeted support, which should enable increased employability and ultimately employment. To this end, the measure intends to strengthen the role of the Lifelong Career Guidance Centre (CISOK) by increasing its monitoring capabilities and making it accessible to all citizens. Finally, the aim of digitalising the Croatian Employment Service (CES) system is to increase the quality level of service and create modular and flexible solutions, so that the CES system can be upgraded in accordance with future needs.

In addition to the three reforms mentioned above, the plan includes EUR 160 million in investments to strengthen the ALMP and specifically the PES. Notably, the plan contributes EUR 145 million to support employment in jobs related to the green and digital transition. EUR 12 million is allocated to the digitalisation of the CES and to the inclusion of vulnerable people in the labour market. The figure below summarises the distribution of funds by type of ALMP.

Figure 3. Breakdown by type of ALMP included in the Croatian plan (EUR billion)



Source: Authors' compilation

In what follows we zoom in on the main interventions included in the plan that are specifically relevant to this study: i) the introduction of new activation policies; ii) the proposal for a voucher system for adult education; iii) strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market; and iv) digitalisation of the PES.

Introduction of new activation policies

The purpose of this intervention, as observed above, is to create new active employment policy measures to cope with the green and digital transition, notably, by the first quarter of 2022: i) employment support for the green and digital transition; ii) internship grants for the green and digital transition; and iii) support for self-employment for the green and digital transition. Implementation of the new measures is the responsibility of the Ministry of Labour and the CES. To define the conditions and criteria for their implementation, consultations have been conducted with social partners within the Working Group for Monitoring the Implementation of Active Employment Policy Measures. The conditions for implementation of the measures were adopted in the first quarter of 2022. An external evaluation of the measures will be carried out in 2025, where the effectiveness of the implementation of the measures will be assessed, as well as the need to possibly redefine the conditions and methods for their implementation.

A total of 26 400 people are planned to be included in the programme, where special attention in the implementation will be focused on the long-term unemployed and vulnerable groups. The intention is to include 13 000 inactive, long-term unemployed and young people with NEET status by the end of 2025. In the case of support for newly employed workers in green and digital transition activities, the eligibility period for individuals in an extremely unfavourable position in the labour market will be extended to two years. This will encourage employers to employ the most vulnerable groups in the labour market. EUR 36 million will be allocated to this programme per year.

Strengthening of the inclusion of vulnerable groups in the labour market

The purpose of the reform – to be completed by the fourth quarter of 2024 – is manifold. The first objective consists of strengthening human capacities and improving the skills of vulnerable groups. To this end, the plan aims to improve the organisational structure and optimisation of the PES counsellors' work. Through special and intensive training, counsellors should acquire the competence of in-depth counselling, defining work potential and profiling unemployed people.

The second objective is to improve the profiling system and segmentation of vulnerable groups. To this end, a tool will be developed to automatically connect unemployed people and jobs based on the ESCO (European Skills, Competences, Qualifications and Occupations) classification, which will give employers the opportunity to quickly contact candidates who meet the job requirements. In addition, the reform will give to the most vulnerable groups priority in handled by the counsellors.

Third, the reform aims to establish an integration plan and ad hoc activation programmes for vulnerable groups in the labour market, especially for the beneficiaries of the guaranteed minimum benefit. Furthermore, to monitor the inclusion of vulnerable groups, the reform proposes an optimisation of the information system to improve the management of large databases (big data) on users and outcomes of measures.

Finally, to make CISOK services available to NEET people, the CISOK network will be expanded to those counties in Croatia where it does not currently exist. In addition, individualised services adapted to the needs of all users will be developed. Emphasis will be on a preventive and proactive approach in working with users, especially young and inactive NEET people who need to be supported when developing the appropriate skills to adapt to the changing demands of the workplace brought about by the green and digital transition.

Reinforcement of the voucher system for adult education

In 2021, Croatia adopted a new Adult Education Act to ensure the quality of adult education⁷. In the law, there are several elements and procedures for checking the quality of the work of adult education institutions, from initial accreditation to self-evaluation, external evaluation and control of programme development. The novelty is that the law introduces the possibility to finance adult education through vouchers, i.e. individual education accounts. The Adult Education Act is aligned with the Croatian Qualification Framework, which, for this purpose, will be expanded with the mapping of new skills. The awarding of vouchers will be based on skills assessments by the CES officers. To ensure the fair allocation of vouchers, the measure envisages the creation of an application that will be used operationally by the user of the education service, the provider of the education service, the CES advisor and potentially the employer, in cases where the user is an employed person. The application will be an integral part of the CES website. Before the operationalisation of the application, a promotional and informational campaign aimed at potential users and providers of educational services will be carried out.

To achieve these objectives, the Ministry of Labour and the CES established a joint team for the establishment of the voucher system. The team coordinated all activities related to designing the procedures for the use of vouchers, prepared and held training sessions for CES advisors, designed a promotional campaign and carried out other activities in preparation of the system. The developer of the application prepared for the first testing of the application by the third quarter of 2021. The actual implementation of the voucher system is planned for a four-year period between 2022 and 2026. Vouchers will be awarded to users through the application, with the control and monitoring of advisors from the CES. In the Operational Agreement, Croatia committed to awarding vouchers to at least 30 000 unique beneficiaries, of whom at least 12 000 would be long-term unemployed, inactive, or young NEETs, by the first half of 2026.

Digitalisation of the Croatian Employment Service

As stressed above, the goal of this measure is to increase the quality level of CES services towards end users (unemployed people, employees and employers) by changing and redefining business processes, and by digitalising the system. The CES works with most of its documents in paper format and without an automated system for the digital storage of documentation. The purpose of the measure is to introduce new IT solutions to speed up and automate the work, increasing the level of security of all business data, and enabling the circulation and central processing of electronic documents and digital and biometric signatures. The investment project is intended to be launched gradually over 2020-2026, and 11 steps are indicated: i) project administration and management; ii) preparation of tender documents; iii) implementation of the user identity management system; iv) implementation of the system for managing security incidents and events; v) implementation of the 'e-advisor'; vi) implementation of a system to support basic processes; vii) implementation of a system for human resources; viii) implementation of a new accounting system; ix) a digital documentation management project; x) an archive digitalisation project; and xi) publicity and visibility.

In terms of targets agreed with the Commission, the CES' digital identity management system and digital human resources management system should be in place and operational by the fourth quarter of 2023. By the second quarter of 2026, the whole digitalisation process should be completed. Notably, a security incident and event management system, a core-process support system and the e-advisor

⁷ The act was prepared before the presentation of the plan, but was nonetheless included as a milestone.

system should be set up, the digitalisation of archives project should be completed, and a system for accounting and a digital document management project should be operational.

4.3.2. Assessment and implementation obstacles

Compared to Italy and Spain, Croatia entered the COVID-19 pandemic with one of the lowest unemployment rates in Europe. Yet, Croatia suffered structurally from a low employment rate as well as low participation of the adult population in upskilling and reskilling activities. The low effectiveness of activation policies, especially the low uptake among the most vulnerable groups – above all the long-term unemployed – together with the poor efficiency of PES, justifies the priority given in the plan to strengthening these policies [HR-EXP-ALMP-2]. In this respect, the measures included in the Croatian plan are relevant as they correctly address the inherent challenges of the ALMP and PES system. The key focus on the inclusion of vulnerable groups, the launch of the voucher system for adult education and the digitalisation of the PES correctly address the challenges identified in the previous section.

Another relevant aspect of the plan is that it reviews the profiling of unemployed people, invests in the skills of counsellors and introduces an evaluation approach to ALMP, thus shifting the governance from an administrative to a managerial one, whilst at the same time reinforcing the social objectives of the employment services [HR-OFF-PES-2]. At the same time, the Croatian plan does not address the problem of territorial disparities in the provision of employment services, especially in rural areas, or the poor funding of PES, especially understaffing. The lack of intervention to strengthen (quantitatively) the number of PES personnel and the low attention to the territorial dimension of the service might, however, risk in part limiting the effectiveness of the measures put in place. An additional problem is the fact that the plan does not intervene in educational programmes and especially the transition from school to work [HR-EXP-ALMP-1].

When it comes to the M&T identified, the high level of detail is to be considered partially satisfactory for the proper monitoring of implementation of the measures included in the plan. Indeed, the plan includes a detailed description of all the intermediary steps for implementation of the measures, as outlined in the previous section. When it comes to the M&T included in the Operational Arrangement signed with the Commission, the level of detail is lower, since it focuses on the final outcomes with less monitoring of the intermediate steps. Furthermore, the M&T remain vague on the definition of what is considered to be a green or digital job to be supported by the new programmes, which diminishes the capacity to properly monitor implementation of the new job creation system [HR-EXP-ALMP-1].

Second, the fact that only a limited number of educational institutions provide the training that can be paid for using the vouchers represents a limit on the actual capacity of the new voucher system to effectively achieve the objective of 30 000 unique beneficiaries [HR-EXP-PES-1]. More than this, however, some concerns can be raised with regard to the lack of territorialised targets. As stressed above, the efficiency of the employment services varies significantly across counties, especially in the case of Slavonia, the worst performer. The risk is that while the plan correctly defines outcome targets when it comes to long-term unemployed receiving the voucher and being taken in charge by the PES [HR-EXP-PES-2], the territorial dimension is ignored. In part this is also intrinsic to the governance of the highly centralised PES in Croatia.

Finally, in terms of coherence, as stressed above, the lack of attention to two structural problems in the Croatian ALMP system, namely territorial disparities in the provision of employment services and understaffing in PES, is a concrete risk for the effective success of the measures.

5. CONCLUSIONS AND RECOMMENDATIONS

Employment support and the modernisation of labour market institutions figure prominently in the objectives of the Recovery and Resilience Facility. The pillar dedicated to social and territorial cohesion identifies the reforms and investment that should contribute to supporting employment, the development of skills and the creation of high-quality, stable jobs in the post-pandemic recovery. These include measures aimed at improving the efficiency of Member States' public employment services, activation support for jobseekers, and increased participation of women, young people and vulnerable groups in the labour market. Accordingly, the purpose of this study was to deep dive into the ALMP and specifically PES reforms and investments included in the RRF plans, and to assess their relevance, effectiveness and coherence. We focused on three EU Member States: Italy, Spain and Croatia.

In Spain and Italy the RRF investments are largely directed towards upskilling and reskilling measures, i.e. measures that aim to reinforce the acquisition, refinement and consolidation of individuals' skills. By contrast, Croatia uses the RRF resources to support job creation, in particular via direct employment support for the green and digital transition, internship grants for the green and digital transition, and support for self-employment in the green and digital transition.

With respect to ALMP reforms, the Italian plan introduces a new Employability Guarantee Programme and a National Plan for New Skills, which aim to address the heterogeneity of services across regions, the excessive focus on subsidies for hiring and the low coordination between social protection and activation policies. Similarly, the Spanish plan includes a set of reforms for the modernisation of the ALMP, which aim to develop individual pathways for counselling, reinforce the system of adult learning and recognition of competences, and improve coordination between employment and social services and with the regions. The focus of the ALMP reform in Croatia is instead targeted at strengthening the inclusion of vulnerable groups in the labour market, introducing a new voucher system for adult education and – as stressed above – putting in place a new set of measures for direct employment creation.

In addition to these measures, the three countries' plans include investments to strengthen the capacity of PES. Italy is using the RRF resources to increase the personnel capacity of PES. Spain has introduced a more comprehensive reform aimed at improving internal PES management, enhancing the statistics and data capacity of PES, including by investing in its digitalisation, and restructuring the governance of the PES system. Finally, Croatia's plan includes an investment to digitalise the PES.

In terms of effectiveness of the measures included in the RRF plans, our analysis points to some shortcomings that might emerge due to the limitations of the M&T system used to monitor implementation. What we observe in the case of the Italian ALMP and PES reforms and investments is the use of aggregated targets, which do not allow the territorial implementation of the RRF measures to be identified. In the case of Spain, the inclusion of measures that would nonetheless be adopted without any clear definition of the milestones to be achieved undermines the possibility of monitoring these measures, and leaves the government a high level discretion in their implementation. By contrast, in the case of Croatia, both milestones and targets contain a high level of detail, which allows for the proper monitoring of implementation of the measures included in the plan. Even in this case, however, there are no territorial targets, which can be explained in light of the centralised governance of the ALMP and PES. The decision to choose aggregated M&T in principle undermines the territorial cohesion objective of the RRF. Quite paradoxically, our analysis shows how – with the exception of Croatia – territorial targets are set at national level but not in the Operational Arrangements between the Member States and the Commission. The reason can in part be explained as a strategic choice by Member States in light of the new performance-based approach introduced by the RRF.

Since the (non-)fulfilment of M&T is the sole criterion to justify the (non-)disbursement of the RRF tranche, it is in the interest of both Member States and the Commission that the indicators in the Operational Arrangements remain within the control of the former, and are not conditional on external factors such as the macroeconomic outlook or the evolution of the labour market. On top of identifying output indicators (rather than impact indicators), Member States also have an incentive to strategically choose their M&T following two additional criteria. First, they might be tempted to commit to guaranteed M&T, including reforms and investments that are already planned to be certain of receiving the Commission disbursement (see the example of the Spanish reforms). Second, especially in the case of investments involving subnational authorities (as in the case of ALMP and PES), they might have a preference to commit to aggregated M&T to make sure that in the case of non-performing territories, this would not undermine the payments' disbursement. In this respect, we should recall, as stressed by one of our interviewees, that the plans were prepared in a very short time at the ministerial level, without the involvement of the regional authorities. It came also as a natural choice not to define regional targets but rather to opt for national objectives (IT-OFF-REG-1).

In terms of coherence, we observe that the criterion is not being applied systematically, i.e. there is no check that the measures to implement reforms and public investment projects represent coherent actions. In the case of Italy, for instance, even though GOL introduces some important improvements in terms of defining common standards, increased budget for training and upskilling/reskilling, and better coordination between passive and active labour market policies, it still relies on the same institutional regional governance. Similarly, the Spanish plan intervenes selectively on some of the challenges of the ALMP system and PES. Notably, low funding, continued high fragmentation of PES quality across regions, understaffing and personnel who are not always correctly qualified remain crucial problems. Finally, the same coherence problems emerge with the Croatian plan, which fails to address concerns related to territorial disparities in service provision and understaffing.

In this respect, the lack of a coherent approach between investments and reforms can be explained by looking at the drafting process of the RRF plans. As observed by Corti and Vesan (2023), who analyse the drafting of social measures in the RRF plans, reforms and investments were discussed separately. With respect to the former, the key object of the discussions on investments was compliance with the eligibility criteria set up in the RRF Regulation, rather than the CSRs and compliance with the reforms. The investments were rarely a novelty since the governments were not in the capacity of inventing something new, but rather focused on something that was already in their drawers, as we observed in the cases of both Italy and Spain. As observed again by Corti and Vesan, this is also true of Croatia, where investments were selected based on pre-existing strategic documents that offered the basis upon which the plan was built. Against this background, it comes as no surprise that the coherence principle was barely considered in the drafting of the plans.

Against this background, the following recommendations can be made:

1. With respect to the performance-based system, our findings show the limitations of the M&T agreed upon in the Operational Arrangements. These limitations concern both the selection of national aggregated targets in the case of investments, and overly vague milestones in the case of reforms. Especially when it comes to ALMP and PES, the selection of aggregated targets is a limitation in decentralised systems, such as Italy and Spain. In both cases, our findings show that despite the achievement of the agreed targets, implementation remains asymmetric across territories, thus widening the territorial differences rather than supporting convergence and cohesion. Similarly, the adoption of overly vague milestones with respect to the content of the reforms leaves Member States with the discretion to define the measures to be adopted, and does not allow the Commission to properly monitor the selected intervention.

These obstacles to implementation will not formally affect RRF disbursements, but they will certainly hamper the effectiveness of the measures. Put differently, the M&T arrangements in place do formally work, but they fall short in meeting the expectations of a shift towards new performance budgeting, which moves away from managing (i.e. how much have we spent?) to the achievement of policy objectives (i.e. what we have accomplished with our money?). By 20 February 2024, the Commission will have published an independent evaluation report on the implementation of the RRF, in which it will assess the extent to which the objectives have been achieved, the effectiveness of the use of the resources and the European added value of the programme. On top of duly assessing the timely implementation of the agreed M&T, we recommend reflecting on the limitations of the current system to actually track the RRF measures' objectives.

2. In addition to reflecting on the limitations of the current M&T system, reflection is recommended on the application of the coherence principle in the assessment of the plans. As observed in the case of the ALMP and PES measures included in the plans, this principle seems to have been largely disregarded. The introduction of reforms to address the problems of the ALMP and PES system remains hampered by the complex governance framework that characterises ALMP policies, especially in countries like Italy and Spain. Here, the decentralised governance of the ALMP and PES system requires the involvement of regional authorities in the elaboration of the intervention. The fact that the RRF measures have been conceived at the central level, without the structural involvement of the subnational authorities, is reflected in the approach taken to the elaboration of the plans' measures, which remains partial and lacking in coherence.
3. With respect to the implementation of the investments and reforms included in the plans, the current delays in fulfilling the M&T raise the question of disbursement. As observed above, the use of aggregated M&T has not posed any formal problems so far. Yet, the delays in implementation might raise concerns in the coming months. In this respect, the question emerges about whether a rigid or flexible approach should be adopted by the Commission in its assessment of implementation of the plans. What we observe at the time of writing is that – to speed up implementation and achieve the agreed objectives – Member States tend to disregard the territorial aspect. Reflection should be carried out on whether it is opportune to adopt a more flexible approach in the assessment of M&T, accompanied by a stricter approach on the results achieved by the measures implemented.
4. Related to the principle of territorial and social cohesion, the ALMP and PES example sheds light on a structural limitation of the RRF, concerning – as mentioned above – its governance, and notably the capacity to be an instrument able to promote territorial convergence and social cohesion within the Member States. Compared to traditional cohesion policies, the RRF renounces a territorialised place-based approach and leaves it to the complete discretion of the Member States to reduce in-country territorial disparities. Second, while it is true that an RRF-like national investment reform model has a clearer focus on reform and stronger conditionality, this is still limited to national legislation, while not necessarily affecting local and regional administrative capacity. In this respect, we observe that the low administrative capacity of more disadvantaged regions affects their capacity to absorb the RRF investment. These aspects should be object of a discussion as part of the forthcoming debate on the future of cohesion policy, launched by the Commission in view of the 2025 Multiannual Financial Framework mid-term review.

5. The RRF certainly represents an opportunity to strengthen activation policies and modernise PES. Still the resources made available under the RRF cannot cover all the costs related, for instance, to the maintenance of the new infrastructure, such as personnel. This should open a debate on how such costs will be covered after the RRF is over, and accordingly how such expenditure will be considered under the revisited EU economic governance. Furthermore, if it is true that the RRF is characterised by positive conditionality, it still leaves a large amount of discretion to the Member States in their implementation of the measures included in the plans. In the future, reflection should be made on whether and how this conditionality should be made more binding. In the case of ALMP and PES, the EU not only has a Recommendation for Effective Active Support to Employment but also a Public Employment Service Network that makes ad hoc recommendations on how to reform national PES. The fact that neither the Recommendation nor the work of the PES network have been taken into account in the drafting of the plans represents a limitation that should be considered and discussed in the future debate on the RRF.

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ANNEX I – LIST OF INTERVIEWEES

CROATIA				
HR-EXP-PES-1	Expert – PES	Professor, University of Zagreb	Written answers	15 October 2022
HR-OFF-PES-2	Croatian PES	Croatian Employment Service (CES)	Written answers	17 October 2022
HR-EXP-ALMP-1	Expert – ALMP	Croatian Employers' Association (CEA)	Microsoft Teams	10 September 2022
HR-EXP-ALMP-2	Expert – ALMP	Institute of Public Finance	Microsoft Teams	28 September 2022
ITALY				
IT-EXP-PES-1	Expert – PES	Polytechnic University of Turin	Microsoft Teams	5 September 2022
IT-OFF-PES-2	Italian PES	Advisor PES Lombardy and Veneto	Microsoft Teams	27 September 2022
IT-EXP-ALMP-1	Expert – ALMP	INAPP	Microsoft Teams	14 October 2022
IT-OFF-REG-1	Regional government	Lombardy Region public officials	Microsoft Teams	7 October 2022
SPAIN				
ES-EXP-ALMP-1	Expert – ALMP	Professor, Autonomous University of Madrid	Microsoft Teams	29 September 2022
ES-EXP-ALMP-2	Expert – ALMP	Red2Red Consultores	Microsoft Teams	9 September 2022
ES-EXP-PES-1	Expert – PES	Professor, University of Salamanca	Zoom	27 September 2022
ES-EXP-PES-2	Expert – PES	Professor, University of Oviedo	Microsoft Teams	12 October 2022

ANNEX II – ALMP AND PES: GOVERNANCE AND CHALLENGES

Italy

A few years before the outbreak of the COVID-19 pandemic, in 2015, the Italian ALMP system was reformed through the reform known as the Jobs Act. The latter introduced the National Network of Services for Active Labour Market Policies (*Rete Nazionale dei servizi per le politiche del lavoro*) with the aim of promoting the effectiveness of the right to work and to training, and the right of everyone to have access to free placement services. Key actors in the new setting of the Italian ALMP are the Ministry of Labour and Social Affairs, the regions, the National Agency for Active Labour Market Policies (ANPAL, formerly *Italia Lavoro S.p.A.*), the National Institute for Public Policy Analysis (INAPP, formerly ISFOL), public employment centres (so-called '*Centri per l'Impiego*', CPI), private non-profit employment services and private for-profit centres.

The Ministry of Labour and Social Affairs has competence in the following areas: i) definition of the essential levels of service (LEPs) that must be guaranteed throughout the national territory, both for unemployed individuals and for enterprises and employers; ii) elaboration of the guidelines and annual objectives of the ALMPs, after agreement with the regions in the so-called '*Conferenza Stato Regioni*' (State-Regions Conference); iii) adoption of acts and laws for the development of a unitary ALMP system; and iv) elaboration of guidelines on the continuing vocational training system.

The regions have competence in executing ALMPs in their territories, by programming the activities within their respective territories and ensuring the achievement of the above-mentioned LEPs. The regions, together with the Ministry of Labour and Social Affairs, establish the public employment centres in their territories. These are public structures that deliver ALMPs, along with the network of accredited subjects. The public employment centres promote the matching of labour supply with demand on their territory and, in so doing, promote activation paths for the (re)integration into the labour market of unemployed people, workers benefiting from income support instruments while still in employment but at risk of unemployment, and beneficiaries of the citizens' income (*Reddito di Cittadinanza*). These activation pathways are formalised through a personalised service pact (called *patto per il lavoro* or *patto per l'inclusione* for citizens' income beneficiaries; *patto di servizio* for all others), which specifies the rights and obligations of the assisted subject. The employment services are also in charge of administrative activities, such as registration on mobility lists and ranking of protected categories, and the registration of recruitment, transformations and termination of employment relationships.

As mentioned above, in addition to the CPI, there are other entities in Italy that are part of the network of accredited subjects and contribute to the provision of ALMPs at regional level. These are composed of private for-profit employment services (intermediation, administration, personnel search and selection agencies), private non-profit subjects (chambers of commerce, employers' and workers' associations, patronages, bilateral bodies, non-profit associations and non-profit websites) and public subjects other than the CPI (secondary school institutes, universities and municipalities). To be part of this network, private for-profit operators must obtain regional accreditation (established by the Biagi Reform, Legislative Decree 276/2003), which defines the criteria based on which the regions verify the suitability of the private operator to deliver ALMP in the regional context using public resources. It should be emphasised that, since 2003, implementation of accreditation schemes at regional level has been very slow, often recording the adoption of criteria that differ widely from region to region. In this regard, Legislative Decree 150/2015 (Implementing Decree of the Jobs Act) also intervened by establishing a national procedure that could enable the accreditation of private operators at the central level. Private non-profit operators and public entities other than employment centres fall into the

special regime categories, defined by Legislative Decree 276/2003, for whom regional accreditation is not required since they are authorised at national level.

ANPAL is the coordinating and monitoring agency. This is a body with organisational and budgetary autonomy, placed under the control of the Ministry of Labour and Social Affairs. Its task is to strengthen the coordination and monitoring of ALMPs at national level. In particular, ANPAL has the task of developing common tools and initiatives aimed at improving the delivery of intervention at the local level, such as: definition of service standards associated with LEPs; operating methods of the 'outplacement allowance'; user profiling methodologies; development and management of a unitary information system (SIU), for the collection of information on assisted individuals and beneficiaries of subsidies; management of the national register of accredited operators; supervision of interprofessional funds; and assistance in the management of company crises. The relationship between ANPAL and the regions is usually regulated through bilateral conventions, whereby the regions may assign the performance of additional functions to ANPAL. These conventions may also have as their object the definition of a realignment plan, in the event that the regions fall below the service standards associated with the LEPs. ANPAL has its own in-house company, named *ANPAL Servizi S.p.a.*, which also has its own employees at regional level, with the aim of improving the connection between the national and regional levels in the delivery of intervention at the local level. In particular, starting in 2019, through agreements between *ANPAL Servizi* and the regions, additional staff units (navigators) have been introduced to the employment centres. Navigators are employed by *ANPAL Servizi* and recruited as part of the 2019 Extraordinary Plan for the Strengthening of Employment Centres.

In terms of funding, the national government finances the LEPs, and also transfers the funds to the regions to be spent within the CPI. The EU also plays an important role, in particular with the European Social Fund. In terms of employment service functions, in Italy these are quasi-managerial, with a high level of autonomy given to the region but with bureaucracy impeding the consideration of the system as totally managerial. Finally, with respect to the PES objectives in Italy, we cannot ascertain with certainty whether they are economic (focus on efficiency and effectiveness) or social (focus on equity).

Challenges before the pandemic

ALMPs have repeatedly been included in the European Semester as an area in which additional efforts are needed. This can easily be identified by looking at the 2017, 2018 and 2019 CSRs, in which the lack of effective ALMPs and the need to integrate social policies with ALMPs were highlighted as two main challenges faced by Italy.

The 2020 Country Report shows that although Italy reformed its system with a new Labour Market Law in 2014, followed by the 2015 Legislative Decree Jobs Act the 'job placement capacity' of ALMPs still remained weak. One of the main shortcomings highlighted by both the Commission and the OECD is the low level of expenditure in ALMP (0.51% of GDP vs 0.54% of GDP for the OECD average) despite the unemployment rate being much higher than the OECD average. The second problem concerns the low effectiveness of the Italian ALMP system, considered both by the Commission and the OECD as poorly targeted to the necessary measures, overly focused on employment subsidies and largely dismissive of job placement, as well as formal training and lifelong learning. A third problem is the low level of coordination between active and passive labour market policies, which was clearly demonstrated by the difficulties in bringing minimum income scheme beneficiaries back to the labour market [IT-EXP-PES-1].

When it comes to the functioning of PES, several criticisms were raised, both by the Commission (2020a; 2019a) and the OECD (2019). Ebinter (2018) shows how informal channels, such as family or friends or

online offers, prevail over formal ones, such as employment centres or employment agencies, to find a job. The overall low use of employment services, both public and private, in the job search was confirmed by INAPP (2022) and the OECD (2019). The role of ANPAL has also been strongly criticised, mostly because of its lack of coordination capacity, poor data exchange management and incapacity to address the persisting regional disparities in distribution, access and quality in the provision of services (European Commission, 2020a). Finally, an additional criticism relates to the low-qualified staff and significant shortages of personnel [IT-OFF-PES-2], with only around 8 000 employees in the employment centres in 2018, while in other countries with similar populations, such as France, the figure is 50 000 and in Germany 100 000 employees (Italian Court of Auditors, 2021).

Spain

The Spanish Active Labour Market Policy system is regulated by the Royal Legislative Decree 3/2015, which revised the text of the Employment Act. The main actor involved is the National Employment System, which is in charge of taking the necessary actions to promote and develop employment policy in the country. It consists of the State PES (*Servicio Público de Empleo Estatal*) and the PES of the Autonomous Communities (*Servicios Públicos de empleo de la comunidades autónomas*). The former is in charge of financing, managing and coordinating ALMPs, and the Autonomous Communities are the main implementing subject of ALMPs. The State PES and the Communities decide on the Employment Activation Strategy⁸, which sets the so-called 'common services'. With respect to the objectives, contrary to Italy, the Spanish Autonomous Communities define with clarity the primarily social objectives of the PES. Similarly, regions have the autonomy to design their own strategic planning under the framework of their own resources. Although these do not necessarily have to be the same as those contained in the strategy, what emerges from our interviews is that most of the regions only provide common services because of a lack of resources, and only the richest ones are able to expand the offer of services they provide. Finally, local entities are not directly considered in the law as competent, but the regions shall consider the 'local nature' of the employment policy when implementing ALMPs.

In addition to PES, the Spanish Employment Act explicitly considers employment agencies (*agencias de colocación*) among the service providers in labour intermediation. Initially, Spain only included public employment centres, but since the 2010 law, temporary employment agencies (*Empresas de Trabajo Temporal*) and private for-profit providers are recognised among the service providers in labour intermediation. For the employment agencies to be recognised it is necessary to submit a declaration of responsibility to the competent regional PES. Employment agencies that collaborate with the *Servicio Público de Empleo Estatal* can receive public funding to provide intermediation services free of charge.

In terms of financing, the National Employment System is financed by the General State Administration budget, the Autonomous Communities and the local entities, as well as the European Social Fund (Cebrián López et al., 2021). The Autonomous Communities, however, also play a key role in funding ALMPs, in terms of both funding linked to programmes and services included in the Annual Employment Policy Plan (PAPE)⁹ and funding for other actions not included in the PAPE.

Spain presents a managerial approach system of PES. Since the 2010 reform, qualitative and quantitative indicators have measured the achievement of the objectives to be reached, which are established annually *ex ante* by the PAPE. These are communicated to the regional *Servicio Público de*

⁸ See Article 10 of the Spanish Employment Act for a definition of the Spanish Employment Activation Strategy [here](#).

⁹ See Article 11 of the Spanish Employment Act for a definition of the Employment Policy Plans [here](#).

Empleo in the Sectoral Conference on Employment and Social Affairs. The *Servicio Público de Empleo Estatal* is tasked with checking whether these indicators have been achieved, which influences the distribution of state employment funds at the sectoral conference.

Finally, in terms of objectives, the Spanish PES system refers to both economic and social objectives. Indeed while Article 13.b.3rd of the Spanish Employment Act stresses the importance of efficient, quality and specialised employment services, Article 35.1 stresses that PES must specifically ensure that they avoid discrimination, both direct and indirect, in access to employment.

Challenges before the pandemic

As in the case of Italy, the main problem of the Spanish ALMP is low spending and limited effectiveness. The expenditure on ALMP was significantly reduced after the Great Recession, and before the pandemic it was still around 50% lower than in 2007. In addition, a large part of ALMP spending is dedicated to incentives for hiring (ca. 40% according to AIReF in 2019). These incentives are also considered largely ineffective in terms of quality employment creation [ES-EXP-PES-1], de facto lacking quality goals and supporting non-standard or fixed-term types of employment contracts [ES-EXP-ALMP-2].

Since the effectiveness of the ALMP largely relies on regional PES, the low efficiency of the latter has translated into poor labour market outcomes [ES-EXP-PES-2]. The strengthening of the PES was the object of several recommendations put forward by the Commission in the 2017, 2018 and 2019 European Semester cycles. The Commission suggested that Spain strengthen the coordination between employment, social services and employers, with the aim of providing effective support to jobseekers.

In more detail, there were strong regional differences in terms of PES capacity and coordination with social services (European Commission, 2020b), especially in southern territories where fewer services were provided (Suarez, 2011; Cueto and Suarez, 2018). The low use of PES as a job search method was also highlighted by the Commission (2020b) and the Spanish PES (SEPE, 2022), which showed that no more than 5.5% of jobseekers used employment services to find a job, combining the use of public and private employment services. Furthermore, despite recent efforts to address this problem, Spanish employment services lack the necessary resources in terms of staffing and funding to properly carry out their activities [ES-EXP-PES-1], which may help in understanding the low share of total vacancies managed by the PES in Spain in 2017 (3.1% vs 10% EU average) (European Commission, 2019b).

An additional problem stressed by AIReF (2019) was the lack of coordination between the national and local levels, especially in terms of information exchange and data collection. With respect to the latter, Spain lacked advanced statistical profiling methods for jobseekers, there were deficiencies in its IT systems (mainly oriented towards the administrative treatment of data) and the evaluation system in place was poor [ES-EXP-ALMP-1].

Croatia

In contrast to the other two Member States analysed above, Croatia has a centralised system of ALMPs and PES. The Croatian Employment Service (CES) is the institution in charge of both active and passive labour market policies (see [Labour Market Law 18/2022](#)). According to Article 14(2) and (3) of its [Statute](#), the CES 'carries out its activities in the following organisational units: 1) central organisational unit and 2) regional organisational units. The regional organisational units are: 1) regional services and 2) regional offices'. Altogether, the [CES](#) performs its activities through the central office, 4 regional centres, 18 regional offices and 99 local offices.

The CES is mainly funded by the state budget (Article 35, Croatian Labour Market Law). Within the CES, the Management Council (*Upravno vijeće Zavoda*) decides annually on the conditions and methods for using the funds (Article 36, Croatian Labour Market Law). Furthermore, Article 51 of the CES Statute establishes that: '(1) The funds required for a particular year and their allocation are determined by the state budget of the Republic of Croatia and the CES' financial plan. (2) The financial plan contains income and expenses for the performance of the Institute's activities, for the work of the professional service and other expenses in accordance with the Law. (3) The financial plan is submitted to the ministry responsible for work and the ministry responsible for finance'. One can imagine that an important part of other sources of CES financing comes from EU funds, although this is not mentioned in the Croatian Labour Market Law or in the CES Statute.

As was the case for the other Member States as well, in addition to PES, there are private operators. In Article 4(2) and 4(5) of the Croatian labour market law, we can find that 'legal entities as trading companies and natural persons' and 'high school institutions' are entitled to conduct ALMPs, although this should be done without compensation and acting impartially (Article 4(6)). Private operators are obliged to register their activity, and should be accredited by the Ministry of Labour (Article 4(7)).

In Croatia, there is a clear top-down employment system planning model. This emerges very clearly from Article 4(12), which prescribes that it is the Labour Ministry that defines the manner of performing activities related to employment, as well as the content and method for service provision. Furthermore, Article 91 of the Croatian labour market law establishes that administrative supervision of the CES is carried out by the Labour Ministry, and the CES is obliged to submit a report on its work to the ministry responsible at least once a year.

In relation to the services function, Croatia is a clear example of an administrative approach. This is mainly due to the important role played by the Croatian State, where objectives are defined at ministerial level. From what the available information shows us, local operators have little – if any – autonomy in the provision of services. In addition, this administrative approach is observed in the high level of bureaucracy in the Croatian public administration, including the PES, which, as explained below, has been repeatedly criticised [HR-EXP-ALMP-1].

As with the other Member States, it is very difficult to frame the objectives of CES policies as economic or social ones. This comes from the fact that there are no specific provisions with regard to vulnerable groups when defining beneficiaries of employment policies.

Challenges before the pandemic

The strengthening of labour market institutions figures prominently in the CSRs to Croatia in the 2017, 2018 and 2019 European Semester cycles.

One of the challenges highlighted by the Commission is the lack of integration between employment and social services, which negatively affects labour market outcomes (European Commission, 2020c). Notably, the Commission indicates as problematic: i) limited cooperation between the various institutional bodies; ii) low activation of the long-term unemployed; and iii) limited administrative and financial capacity of government units, especially in the rural areas. Some concerns remain regarding the low number of jobseekers who have started education or reskilling programmes (European Commission, 2020c), which may be due to the low efficiency of ALMPs in reaching vulnerable groups (European Commission, 2019c). In an analysis of the Croatian labour market, Cipic (2019) highlights insufficient financing and coverage, as well as the short duration of ALMP programmes, and deficiencies concerning the necessary infrastructures and materials needed for digital training.

Furthermore, in an evaluation of Croatian ALMPs, the CES (2016) showed that some deadweight losses or 'creaming effects' existed because companies used this programme to hire people who would nonetheless have been hired [HR-EXP-ALMP-2]. The lack of systematic reporting and evaluation on the implementation of ALMPs is another challenge identified by our interviewees [HR-OFF-PES-2] [HR-EXP-PES-1]. Finally, as the Commission (2019c) points out, there are a low number of PES staff directly serving clients and large regional disparities in the local PES offices, which – added to the lengthy administrative procedures – hamper the capacity of PES and the quality of the services they offer (Christiaensen et al., [2019](#)).

The regional disparities in the quality of service, especially affecting the region of Slavonia, have materialised in a mismatch between skills demand from the employers and the service offer of the public employment offices (Christiaensen et al., [2019](#)). Quite paradoxically, the Croatian counties with lower unemployment rates present higher participation rates.

This study analyses the measures addressing Pillar 4 (social and territorial cohesion) of the Recovery and Resilience Facility (RRF). It focuses on two policy domains: active labour market policies and public employment services. The study zooms in on the reforms and investments included in the RRF plans of three EU Member States (Italy, Spain and Croatia) and assesses their relevance, effectiveness and coherence.

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