

# Case study on social and territorial cohesion: Active labour market policies

## 1 Introduction

In the context of ongoing labour market transformation and notably the digital and green transition, the modernization of labour market institutions has increasingly become a policy priority for the European Union and EU member states. Within the RRF, a range of both reforms and investments across member states focus on labour market measures to support job creation, encourage skills development and ultimately close social and regional disparities.

### Case study objectives

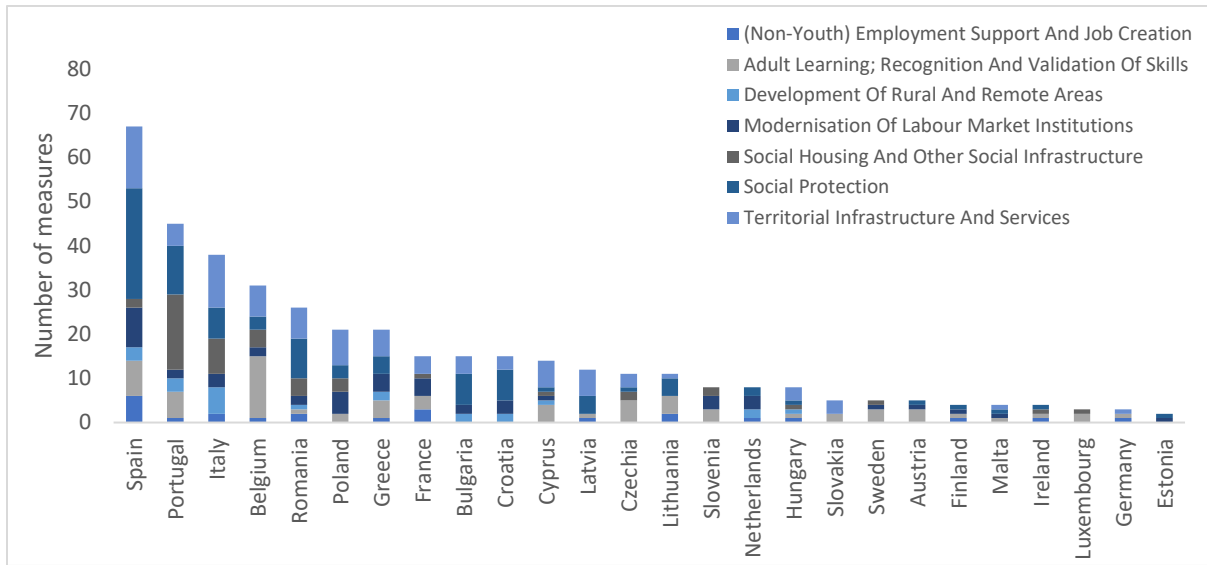
Against this background, this case study aims to evaluate the measures relating to the modernisation of labour market institutions and employment support in the NRRPs, focusing on active labour market policies (ALMPs). The analysis also examines the role of public employment services (PES), who are key actors in integrating workers in the labour market and in the delivery of activation policies. The case study analyses the effectiveness, coherence, EU added value and relevance of measures relating to ALMPs. It examines the implementation progress of measures in four member states to date, reflects on challenges or facilitating factors observed and, where possible, results achieved. The analysis also places particular emphasis on the extent to which the measures included in the plan advance social and territorial cohesion. Moreover, the case study evaluates the extent to which the measures included in the plans respond to structural labour market challenges in the countries observed, as well as how they interact with the previous labour market policy regime and other existing measures in the realm of ALMPs. Finally, the study includes an analysis of the degree to which the measures introduced would have been implemented in the absence of the RRF and provides an outlook on the continuing relevance of measures in coming years.

### Thematic coverage

The measures to be examined for this case study fall into the categories of modernization of labour market institutions or employment support. Specifically, the case study will focus on investments and reforms in active labour market policies i.e. measures aimed at removing obstacles to entering and remaining in the labour market (Scarano, 2022).

Figure 1 provides an overview of the measures (reforms and investments combined) contained within the social and territorial cohesion pillar. Out of 401 total measures, 48 measures are targeted at the modernisation of labour market institutions as a primary policy area, while a further 24 are aimed at employment support and job creation. The highest number of measures aimed at the modernisation of labour market institutions is included in the Spanish RRP (9), followed by Poland (5 measures), France and Greece (4 measures) and Italy, the Netherlands, Croatia and Slovenia (3 measures). Looking at employment support and job creation, the highest number of measures is again found in Spain (6), followed by France (3) and Italy, Romania and Lithuania (2).

Figure 1: Overview of measures in the social and territorial cohesion pillar



Source: Authors' elaboration. Measure allocation based on the primary policy area.

### Country coverage

For the purpose of the case study, four member states are selected for analysis: France, Italy, Spain and Croatia.

These countries are selected for several reasons. In each of the four countries selected, significant labour market challenges relating to unemployment, the situation of vulnerable groups on the labour market and up- and re-skilling were present in 2019 and subsequently further exacerbated by the pandemic. There were also issues relating to the effectiveness of active labour market policies and public employment services (for a detailed discussion, see section 3). This was also reflected in the country-specific recommendations within the European Semester, where all four countries were asked to intervene in the area of active labour market policies, specifically focusing on vulnerable groups and young people. Finally, the RRF contains significant reforms and investments targeted at active labour market policies in all four member states selected (for a detailed discussion, see section 4).

## 2 Methodology and data collection

Reflecting the objectives detailed above, the case study seeks to answer a number of research questions, as shown in Table 1.

Table 1 Case study research questions and relevant data collection

Criterion	Question	Relevant EQ	Data collection
Effectiveness	To what extent did RRP measures address labour market challenges, including those specified in country-specific recommendations?	EQ2.3	Literature review, European Semester country reports, semi-structured interviews
	What is the current state of play of the implementation of the measures related to ALMPs? Which outputs have been achieved?	EQ2.1	FENIX, literature review, national data on take-up of measures and distribution of funding, semi-structured interviews
	What barriers to implementation or facilitating factors can be identified? To what extent have external factors hindered the implementation of investments or reforms?	EQ2.2 EQ5.1	Literature review, semi-structured interviews
	Which results have been achieved by the measures so far (or are expected)?	EQ2.2	Literature review, semi-structured interviews
	To what extent are the investments and reforms related to ALMPs effective in supporting social and territorial cohesion?	EQ4.3	Literature review, semi-structured interviews, data on take-up of measures by regions and/or socio-economic characteristics
Coherence	To what extent are the RRP measures on ALMPs coherent with the institutional and policy setting of the countries?	EQ18	Literature review, semi-structured interviews
	To what extent can complementarities or synergies between the investments and reforms on ALMPs contained within the plans be identified?	EQ19	Literature review, semi-structured interviews
	To what extent have synergies between the RRP measures on ALMPs and other EU funds (e.g. ESF+) and/or national funds been identified and exploited?	EQ17	Literature review, semi-structured interviews
	To what extent were the proposed RRP measures guided by the EU's priorities enshrined in e.g. the Commission Recommendation for Effective Active Support to Employment (EASE), the reinforced EU Youth Guarantee and the European Pillar of Social Rights Action Plan targets?	EQ16	Literature review, semi-structured interviews
EU Added Value	To what extent would the investments and reforms in ALMP still have been implemented in the absence of the RRF?	EQ20	Literature review, semi-structured interviews
Relevance	To what extent will the RRP measures on ALMPs remain relevant and feasible to implement until 2026?	EQ23	Literature review, semi-structured interviews

As shown in Table 1, the analysis draws on a range of sources.

- (1) **Desk research:** We conducted extensive desk research on the implementation of ALMP measures selected for analysis, as well as the broader national labour market context and policy governance in the countries selected for study. To this end, we drew on EU-level sources but, significantly, also national sources including information on implementation provided by national authorities but also other literature and evaluations.
- (2) **Data collection:** For the purpose of analysing the implementation and (potential) impact of ALMP measures, we collected national data on measures, including data on the regional distribution of funding (for investments) as well as data on take-up of measures so far. Wherever possible, we collected disaggregated data on take-up by regions or socio-economic groups. The analysis also juxtaposes this data with disaggregated data on relevant labour market indicators (e.g. unemployment rates) to examine whether RRF ALMP measures are effectively targeted.
- (3) **Semi-structured interviews:** To gather more detailed information on the implementation progress of measures and results, but also the broader labour market context and coherence and relevance of measures, semi-structured interviews were conducted. The interviews targeted national government, authorities responsible for implementation and external experts, as well as EU-level policy officials working on RRF ALMP measures. In total, 13 interviews were conducted. A list of stakeholders interviewed for each country case study, as well as interview codes used in the text to reference these interviews, is provided in Annex 1.
- (4) **Roundtable:** A roundtable with national representatives was organized to validate and consolidate the results of the analysis conducted based on (1) – (3). The roundtable took place on September 14<sup>th</sup>, with representatives from the competent national ministries as well as experts on ALMP and PES in the four selected countries participating.

The rest of the case study proceeds as follows. First, a brief overview of labour market context and challenges in the four countries under study at the time of drafting the NRRPs is provided. Against this context, the following section briefly describes the orientation of ALMP measures within the national RRFs and details a list of measures selected for an in-depth analysis. The results of the case study analysis are then presented, focusing on the effectiveness, coherence, EU added value and relevance of the measures.

### 3 Contextual information

Before describing and analysing the ALMP measures contained within the RRFs of the four countries analysed, it is important to provide an overview of the labour market context and challenges at the time the plans were drafted, to ultimately facilitate an understanding of the extent to which the ALMP measures address and improve upon these challenges.

First, at the time of drafting the plans, the four countries analysed were facing common challenges relating to **unemployment and the quality of employment** (Table 2). In Italy, the unemployment rate was the third highest among EU member states, and the long-term unemployment rate the second highest. Shares of non-standard forms of employment were also high in the Italian labour market (European Commission, 2019a). Similarly, Spain ranked second in the EU in terms of unemployment, and third with regard to long-term unemployment. Moreover, labour market segmentation was a significant structural challenge, with almost 22% of Spanish employed on temporary contracts, double the EU average (European Commission, 2019d; Corti *et al.*, 2021). In France, the labour market situation prior to the outbreak of the Covid-19 pandemic was also characterized by a situation of high unemployment, the unemployment rate ranking as the 4<sup>th</sup>-highest in the EU (Table 2), as well as high levels of labour market

segmentation (European Commission, 2020a). This difficult labour market situation in pre-crisis years was partially a consequence of a poor recovery from the financial crisis [FR-GOV-1]. Finally, in contrast to the other countries, unemployment in Croatia was at a rate slightly lower than that of the EU27 (6.6% compared to 6.8%), though unemployment levels still ranked in the top 10 among EU member states. Key structural labour market challenges in Croatia also related to relatively low employment rates and levels of activation (Corti and Ruiz De La Ossa, 2023). Across the countries under study, the **Covid-19 pandemic** further exacerbated concerns about unemployment [HR-GOV-1, FR-GOV-1], particularly for labour market entrants [FR-EXP-1]. As such, the CSRs for 2020 (European Commission, 2020a) specifically point to the need to mitigate the employment and social impact of the crisis for several of the countries under study.

**Table 2: Key labour market indicators in countries selected for case study, 2019**

Indicator	EU27	France	Italy	Croatia	Spain
Unemployment (%)	6.8	8.4	9.9	6.6	14.1
Long-term unemployment	2.7	2.3	5.9	2.4	5.3
Long-term unemployment (% unemployment)	39.5	26.8	59	35.8	37.8
Youth unemployment (%)	12.1	15.2	22.3	13.2	24.7
NEET (%)	12.8	12.4	22.3	14.2	14.9

Source: Authors' elaboration based on Eurostat (2023). Indicators used include TSP00203 (unemployment rate), UNE\_RT\_A (youth unemployment rate, LFSI\_NEET\_A (NEET rate), SDG\_08\_40 (long-term unemployment), LFST\_R\_LFU2LTU (long-term unemployment as share of total unemployment), TRNG\_LFSE\_01 (adult learning rate).

Moreover, common challenges were also related to the **labour market situation of specific socio-economic or vulnerable groups**. In France, the labour market situation of vulnerable groups was particularly difficult. Gaps in key labour market indicators between vulnerable groups – such as the low-skilled or migrants - and other members of the population were large, also in comparison with other EU countries [EMPL-2]. Similarly, the labour market situation of youth, women and the long-term unemployed was particularly disadvantageous in Italy (European Commission, 2020a). In 2019, the rate of youth not in employment, education or training (NEET) was the highest in the EU27, while youth unemployment and the share of long-term unemployed among the unemployed were both the third-highest (Table 2). Comparable concerns related to the labour market situation of young people and the long-term unemployed were also observable in Spain. In the Croatian context, long-term unemployment and structural unemployment of vulnerable groups were also key policy concerns [HR-GOV-2; HR-EXP-1]. In 2019, the long-term unemployment rate was the eight-highest in the EU27, while the rate of youth unemployment, though not reaching the heights of Italy or Spain, was the 6th-highest, as was the rate of NEET youth.

Finally, a further key labour market challenge in several countries related to levels of **adult learning and up- and re-skilling**. In particular, in Croatia, the proportion of adults participating in education and training was the third-lowest in the EU in 2019, with only 3.5% compared to 10.8% in the EU27. Accordingly, the promotion of skills acquisition has figured prominently in CSRs for Croatia in recent years (European Commission, 2020d). In the French case, there were fewer issues related to overall rates of adult learning, but participation of low-qualified individuals in adult learning lagged behind significantly, (European Commission, 2023b), underlining the point made about vulnerable groups in France above. In Italy, unemployed individuals were much less likely to have access to training opportunities (European Commission, 2020b), which is likely to exacerbate their difficulties in accessing the labour market. Moreover, a growing presence of labour shortages and skills mismatches in the labour market has been observed (European Commission, 2020a). In Spain, challenges were also apparent with regard to up- and re-skilling of workers, which was not sufficiently targeted towards jobseekers or company needs [ES-EXP-1].

Significantly, the challenging labour market situation in several of the countries studied was partially a result of the **weakness of active labour market policies and public employment services**. In Italy, the weakness of active labour

market policies, as well as their lack of integration with social policies, had been a long-standing policy concern (European Commission, 2019a). Effectiveness of the ALMP system was hampered by several significant issues, including low levels of funding, low coordination between active and passive labour market policies and a disproportionate focus on hiring subsidies relative to up- and re-skilling (Corti and Ruiz De La Ossa, 2023). For instance, between 2016 and 2019, on average, 64.6% of participants in activation measures were part of an employment incentive scheme, as opposed to 33.4% in training measures (Authors' calculation based on DG Employment, 2023). Moreover, the placement capacity and efficiency of Public Employment Services was low, key issues being the lack of qualified staff, insufficient standardisation and digitalization of services, lack of monitoring and data exchange and low coordination between regional and national authorities, partially due to the weakness of the national agency, ANPAL (European Commission, 2019c, 2020b). In addition, there was substantial heterogeneity in the quality-of-service provision across regions (Corti & Ruiz De La Ossa, 2023).

A low effectiveness of activation policies was also observed in Spain (Corti & Ruiz De La Ossa, 2023; ES-EXP-1). Hiring incentives played a significant role in activation policy, with 48.2% of participants in ALMP measures part of an employment incentive scheme between 2016 and 2019 (Authors' calculation based on DG Employment, 2023). This policy demonstrated low overall effectiveness in increasing (quality) employment and was not targeted well at vulnerable groups, mainly benefitting those who would have entered the labour market even without these incentives [ES-EXP-1]. In addition, significant labour market challenges were evident relating to the effectiveness of public employment services. Before the outbreak of the pandemic less than 3% of the total number of job placements were managed by the PES (European Commission, 2020c). This was mainly due to a lack of advanced statistical profiling, understaffing, low levels of investment in ALMPs and the lack of public-private collaboration (Huguenot-Noël et al., 2023; ES-EXP-1). Further challenges related to PES were the high fragmentation and the lack of coordination between the national and sub-national levels, especially with regard to information exchange and data collection (European Commission, 2020c).

In Croatia, key structural labour market challenges also related to relatively low employment rates and levels of activation (Corti and Ruiz De La Ossa, 2023), with the effectiveness of activation policies hampered by their short duration and lack of consistency (Tomić *et al.*, 2019). Moreover, take-up of activation measures among vulnerable groups, particularly the long-term unemployed, has traditionally been low in Croatia (European Commission, 2019a; Corti and Ruiz De La Ossa, 2023) and activation policies are not sufficiently targeted at this group [HR-GOV-2]. The country-specific recommendations for 2019 and 2020 (European Commission, 2019e, 2020d) highlight the need to strengthen both labour market and educational measures and institutions, to increase the relevance and quality of measures, as well as to strengthen the coordination between social and employment services. With regard to public employment services specifically, key issues were provision of more in-depth and individualized support [HR-GOV-2; HR-EXP-2], as well as lack of staffing and administrative and financial capacity (Corti and Ruiz De La Ossa, 2023)

## 4 Active labour market policies in the NRRPs

As outlined above, at the time of drafting the NRRPs, the four countries selected for this case study faced significant issues relating to unemployment, the quality of unemployment and up- and re-skilling, issues which were often exacerbated for vulnerable groups. At the same time, active labour market policies as well as public employment services were frequently characterized by low levels of effectiveness and low-quality service provision. Against this background, the NRRPs were adopted in 2021, containing significant policy measures in the realm of ALMPs.

For each country, to be able to provide an in-depth analysis, a number of measures to focus on are selected. Measure selection is based on three criteria: (i) implementation is sufficiently advanced to enable an assessment of progress and outputs (ii) data on implementation progress is available, ideally at a disaggregated level (iii) in countries with a

large number of measures, we focus on those where, for investments, measures constitute a significant part of the NRRP and are fully or to a large extent financed through RRF funds. Table 3 lists the measures selected for analysis in each country, identifying the type of ALMP measure (based on Scarano, 2023) and the funding allocated.

**Table 3: List of measures selected for in-depth analysis**

Country	I/R	Name of the measure	Timing	Type of ALMP	Total RRF funds (EUR bn)
FR	I	C8I.3 Hiring subsidy for apprenticeship contracts	Q4 2021	Subsidized employment Training	2.347
FR	I	C8I.4 Hiring subsidies for professionalization contracts	Q1 2022	Subsidized employment Training	0.800
FR	I	C8.I5 Hiring subsidies for youth under 26	Q1 2021	Subsidized employment	0.9803
FR	I	C8.I13 "Personalised guidance towards employment and autonomy" (PACEA) and Youth guarantee	Q1 2022	Job orientation Training	0.233
FR	I	C8.I14 Aided contracts for youth (PEC and CIE)	Q1 2022	Subsidized employment Training	0.317
HR	R	C4.1.R1 Development and implementation of new targeted active labour market policies for the purposes of green and digital transition of the labour market	Q4 2025	Employment incentives Training Self-entrepreneurship	0.146
HR	R	C4.1 R2 Strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market through improvements of the employment service processes	Q4 2024	Job orientation	0.005
HR	R	C4.1.R3 Setting up a voucher system for adult education, training and upskilling	Q2 2025	Training	0.00003
HR	I	C4.1.R3-II Implementation of vouchers for adult education, training and upskilling	Q2 2026	Training	0.04
IT	I	M5 I1 Strengthening Public Employment Services	Q4 2025	Job orientation Job matching	0.6
IT	R	M5 R1 The Active Labour Market Policies (ALMPs) and Vocational Training	Q4 2025	Job orientation Job matching, Training	4.4
ES	I	C23.I.5 Governance and boost of policies to support activation	Q4 2023	Job orientation Job matching	0.105
ES	R	C23.R5 Modernisation of active labour market policies (ALMP)	Q4 2022	Job orientation Job matching Training	-
ES	R	C23.R7 Review of hiring incentives	Q4 2022	Subsidized employment	-

Note: Authors' elaboration based on Council of the European Union (2021a, 2021c, 2021b, 2021d, France Relance (2021, Government of Croatia (2021), Italian Government (2021) and Spanish Government (2021).

Before describing the results of the analysis, this section provides a brief overview of the design and focus of the activation measures included within each country's plan (a full list of the ALMP measures included within each

country's RRP can be found in Annex 2, Tables A1-A4), as well as a more detailed description of the measures selected for in-depth analysis.

## France

The French RRP was adopted in summer 2021 and modified in summer 2023. It is part of the broader French national program France Relance and as such, several of the measures included in the RRF are co-financed through national funds (France Relance, 2021). There is a diverse range of ALMP measures included in the French plan. A significant number of measures are dedicated to subsidizing employment, usually of young people (e.g. hiring subsidies for apprenticeships and professionalization contracts, aided contracts for young people) and persons with disabilities (e.g. hiring subsidies for employers hiring people with disabilities). Next to subsidized employment, training plays another key role within the plan, particularly training measures targeted at skills needed for the green and digital transition, through various investment programmes (e.g. top-up of individual learning accounts for digital skills, training for employees on short-time work schemes). Some of the training-oriented measures are targeted at the modernization of vocational training, such as the establishment of distance training courses and the development of platforms for digital educational content. Finally, a third pillar of the ALMP measures focuses on support of jobseekers through job orientation and matching, usually in combination with training. Some of these measures are specifically aimed at young people (e.g. personalized pathways for NEET youth, personalized guidance towards employment and autonomy and Youth Guarantee), whereas others are more generally focused on increasing support. The latter is to be achieved mainly through increases in resources for and reorganization of the services of the French Public Employment Services agency, Pôle Emploi.

Five policies within the French NRRP were selected for in-depth analysis. These five policies are all part of the “Plan 1 Jeune, 1 Solution” (Gouvernement de France, 2020) originally introduced by the French government in July 2020, and subsequently reinforced through the French NRRP. The Plan 1 Jeune, 1 Solution aims to improve the labour market situation of young people through a variety of measures.

Most of the policies chosen for analysis belong in the category of subsidized employment. The first two measures are **hiring subsidies for two types of vocational education contracts (*contrats d'alternance*): apprenticeships and professionalization contracts**<sup>1</sup>. The hiring subsidy consists of a financial subsidy (5000€ for apprentices younger than 18, 8000€ otherwise) paid to employers who employ apprentices in their first year of contract (Ministère de l'Économie, 2022), or, for professionalization contracts, who recruit employees that prepare a diploma, certificate or professional qualification (Ministère de l'Économie, 2022b). Beyond hiring subsidies for the *contrats d'alternance*, the French RRP also includes a further **hiring subsidy scheme specifically targeted at young people under 26**, to support employment of young people with lower skills by focusing on the lower-paid. The measure includes a hiring subsidy (4000€) for youth under 26 in moderately qualified or entry-level jobs, to be paid for the conclusion of a fixed-term contract of at least 3 months or an open-ended contract between 1 August 2020 and 31 March 2021, for youth with a salary less than two times the minimum wage. This measure was subsequently extended to May 31<sup>st</sup>, 2021, but applied only to youth with a salary less than 1.6 times the minimum wage (Ministère de l'Économie, 2021a).

The French plan also contains a further subsidized employment measure, **subsidized contracts (*contrats aidés*)** which combine an offer of employment with access to training and individualized guidance. Two types of subsidized contracts exist. The Parcours Emploi Compétences (PEC), aims at developing transferable competences for young people (aged up to 26, or young people with a disability aged up to 30) through work in the non-profit sector, while

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<sup>1</sup> While the two types of contracts differ slightly with respect to, for instance, the level of remuneration, the proportion of training hours and contract duration (Service Public, 2023) the measures are in large part similar and have similar aims (France Stratégie, 2021).



offering employers a financial subsidy of 65% of the gross minimum wage (Council of the European Union, 2021). The Contrat Initiative Emploi (CIE) offers a similar opportunity within the for-profit sector, with a subsidy for employers of 47% of the gross minimum wage (Ibid.)

The final measure selected for in-depth analysis, the **reinforcement of PACEA and the Youth Guarantee**, is primarily aimed at providing job orientation and training for young people. PACEA (Parcours contractualisé d'accompagnement vers l'emploi et l'autonomie) is an integrated contractual framework to support NEET youth (16-25) at risk of labour market exclusion, including phases of individual support of varied duration up to a maximum of 24 months (including training, work placement, civic service, voluntary work). The Youth Guarantee, under PACEA, combines a 12 month programme including work experience, training and personalized guidance with a monthly subsidy (Ministère de l'Economie, 2021b).

## Croatia

The Croatian RRP includes several active labour market policy measures. In terms of funds allocated, the most significant measure contained within the plan is a reform for the development of new targeted active labour policies. In addition, the plan includes a number of ALMP measures focused on training, the largest of which is a reform and investment to set up a voucher system for adult education and training. Next to the strong focus on training, the plan also includes measures to improve job orientation and job matching services through the digitalization and computerization of the public employment service and the improvements of employment service processes for inclusion and monitoring of vulnerable groups.

Three of these measures are selected for in-depth analysis. The first key ALMP measure investigated is the **reform to develop new targeted active labour market policies** in the context of the green and digital transition, with the objective of increasing competitiveness and employability of the labour force, particularly for the unemployed. Specifically, three types of ALMP measures are included within this reform: i) grant support for employment in jobs related to the green and digital transitions; ii) grant support for traineeships related to the green and digital transitions; iii) grant support for self-employment related to the green and digital transitions (Government of Croatia, 2021)<sup>2</sup>. To this end, the Croatian Employment Service (HZZ) is in charge of developing a definition of jobs for the green and digital transition as well as criteria for assessing individuals' business plans for the case of self-employment grants. For the grants related to employment support, 70% are expected to be allocated to jobs related to the green transition, with the remainder allocated to digital ones (HZZ, 2023).

Second, to complement the reform on new active labour market policies, the acquisition of new skills, particularly green and digital skills, is meant to be supported through a combined reform and investment introducing a **voucher system for adult education, training and upskilling**. The voucher reform includes a New Adult Education Act to improve the quality of adult learning by improving accreditation, monitoring and evaluation of adult education and introducing an adult education voucher system in alignment with the Croatian Qualifications Framework (Council of the European Union, 2021). This is accompanied by other interventions, including skills mapping to identify the skills funded through vouchers, IT tools for individual skill assessment, outreach to vulnerable groups and operationalization of the voucher application system. The accompanying investment supports the implementation of the voucher system.

Finally, the analysis also focused on a reform to improve the labour market situation of vulnerable groups, specifically the unemployed, by **strengthening the system of inclusion and monitoring and providing individualized support** (HZZ, 2023b). Several measures are included under this reform: strengthening administrative capacity and skills of CES

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<sup>2</sup> Further information on the design of the three grant support measures can be found here: <https://mjere.hr>

personnel; improving the profiling system; introducing labour market integration plans and activation programmes for vulnerable groups; developing a monitoring system for outcomes of labour market integration through ALMPs; expanding and reorganizing the network of CISOK career orientation centres, focusing on NEET youth; and increasing the amount and duration of unemployment benefits (Council of the European Union, 2021).

## Italy

The ALMP measures included in the Italian plan are varied. The highest number of measures is devoted to training, usually focusing on vulnerable groups such as young people (e.g. strengthening of the dual system and the Universal Civic Service), women and older unemployed (e.g. training measures included as part of the GOL programme of the ALMP reform). A new national plan for skills is also included in the plan. Digital skills training is included as part of an initiative aiming at reducing the population at risk of digital exclusion. In addition to training, job orientation and job matching measures, mainly in the form of investments directed towards strengthening public employment services, are also prominent in the Italian plan, notably through infrastructure investments that allow for the renewal of the national network of employment services, and the improvement of the regional information systems, enhancing its alignment with the national system. Finally, a third element of the Italian ALMP measures focuses on self-entrepreneurship, namely aiming at creating new women's enterprises.

To have a closer look at the implementation of ALMPs in the Italian NRRP, we have selected two measures for an in-depth analysis. The first measure is the **reform on active labour market policies**. With the overarching objective of increasing the efficiency of ALMPs throughout the country, the Italian plan provides for 'personalised labour market activation plans' and specific employment services under this measure (Council of the European Union, 2021c). Two programmes are introduced. The first is the Employment Guarantee Programme (GOL), which aims to provide tailor-made services to the unemployed, including the introduction of new profiling processes through a quantitative and qualitative assessment. The main objective is to reduce the excessive heterogeneity of services provided at the local level while improving the proximity of labour market interventions and the network integration of territorial services. The programme is intended to promote an inclusive lifelong learning system and pioneering up-skilling and reskilling pathways. The second part of the reform is the development of a National Plan for New Skills, which defines the national essential levels of vocational training.

A second measure analysed for Italy is the investment on **strengthening Public Employment Services**, which accompanies the ALMP reform. To strengthen the system of Public Employment Centres, it aims at favouring processes that improve the provision of quality services, the analysis of skills needs, the definition of individual training plans and effective reception, guidance and care services. The measure, which is part of the 2021-2023 PES Strengthening Plan, finances infrastructure investments to facilitate the development of regional labour market observatories and the relationship between national and regional information systems. Moreover, it devotes funds to training activities for PES staff. This measure is a continuation of the "2019 PES Strengthening Plan" which supported ANPAL activities with EUR 0.467 billion for 2019 and EUR 0.4 bn for 2020 to increase its personnel and capacity (Corti and Ruiz De La Ossa, 2023). Of the total amount of the investment, EUR 0.4 bn covers partially outstanding projects from the 2019 plan and adds up to EUR 0.2 bn in additional resources. This EUR 0.4 bn is allocated on the basis of additional staff units foreseen in the Plan. The additional resources are then functional for the implementation of initiatives to strengthen the public employment centres and achieve the objectives of the measure<sup>3</sup>.

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<sup>3</sup> Namely, the following ones: 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

## Spain

The measures included in the Spanish plan refer to different types and categories of ALMPs. Several reforms and investments relate to training. Some of them focus on specific types of training actions, such as digital skills training (e.g., National Digital Competences Plan, Digital Skills for employment, or New skills for the green, digital and productive transition). Vulnerable groups, such as young people (e.g., investment in youth employment), women (e.g., female employment and gender mainstreaming in active labour market policies) and workers in companies in a difficult economic context (e.g., permanent mechanism for internal flexibility, job stability and reskilling of workers in transition) are also considered. In addition, job orientation and job matching measures are included in the Spanish plan. These take the form of investments in PES infrastructure and staffing (e.g., governance and boost of policies to support activation and digitalisation of the Public Employment Services for its modernisation and efficiency) or projects focusing on specific vulnerable groups (e.g., new local and regional projects aiming to rebalance and improve equity). The Spanish plan also includes a measure on subsidised employment, with the aim of simplifying the system of hiring incentives by increasing its effectiveness, and proposes a general reform of the ALMP system.

The first measure identified for in-depth analysis is the **reform for the modernisation of active labour market policies** (Council of the European Union, 2021d). This reform has several cross-cutting objectives i) the development of individual pathways for counselling; ii) prevention of abuses in work-based training; iii) reinforcement of the system of adult learning and the recognition of competences; iv) the set up a one-stop shop for young people; v) improvement of coordination between employment and social services and with the regions; vi) improvement of cooperation with the private sector. To this end, it includes the development of an Action Plan to tackle youth unemployment, a Spanish Employment Activation Strategy and a Reform of the Employment Law. The objectives of this reform are to strengthen the policy and coordination instruments of the National Employment System, reform active labour market policies, review the governance of the system, strengthen the local dimension of employment policy and meet the requirements for the implementation of the various measures foreseen in the frame of the National Plan for Active Employment Policies<sup>4</sup>.

The second measure included is a reform for the **review of hiring incentives**. Prior to the presentation of the Spanish RRP, the Spanish Independent fiscal authority (*AIReF*) carried out a spending review of the Spanish system of hiring and made recommendations for improving the system. Based on the results of the spending review, the Spanish government included this reform in the recovery and resilience plan, with the overall objective of streamlining and increasing the effectiveness of the recruitment incentive system in Spain. Specifically, the reform aims at better targeting the incentives as well as improving the employability of very specific groups with low participation in the labour market<sup>5</sup>, while promoting quality jobs and permanent contracts. As a result, the number of incentives is reduced, and the requirements for beneficiary companies standardised. On top of that, there will also be continuous monitoring and evaluation of the system.

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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".

<sup>4</sup> Additional requirements for the content of the law were included in the plan, namely: i) Strengthening active and passive labour market policies taking into account the distribution of competencies between the State and the Autonomous Communities; ii) Strengthening the Intermediation System and Public Private Partnerships; iii) Common Services Portfolio of the National System of Employment; iv) Review of the financing model. v) Cooperation with social services. vi) Local and European dimension; vii) Technological development for employability; viii) Use of ICTs and Big Data; and ix) Improving employability.

<sup>5</sup> According to Art 4 of the new legislative text, the following groups have been defined as vulnerable groups with low participation in the labour market: People with priority attention; People with disabilities; People with disabilities who have greater difficulties in accessing the labour market: People with cerebral palsy, mental disorders, intellectual disabilities or autism spectrum disorders with a recognised degree of disability equal to or greater than 33 per cent; and people with physical or sensory disabilities with a recognised degree of disability equal to or greater than 65 per cent; People at risk or in a situation of social exclusion; Women victims of gender-based violence; Women victims of trafficking, sexual or labour exploitation and prostitution; Women victims of sexual violence; and Victims of terrorism;

Finally, next to these two reforms, the analysis focuses on the **investment in governance and boost of policies to support activation**. With the aim of reinforcing PES both at the national and regional level by improving its coordination throughout the country and increasing the efficiency of ALMPs, EUR 105 million has been allocated to this investment project. The investment consists of two measures. The first involves the creation of a network of 20 'centres of orientation, entrepreneurship and innovation for employment' (Council of the European Union, 2021d). These centres will be distributed one at the central level, one for each autonomous community and one in Ceuta and Melilla. The second measure refers to PES staff, as 42,000 training actions for staff are to be completed. It is foreseen that an average of 14,000 training actions will be provided per year. The training actions are organised in modules of 30 hours of average duration, and on average each employee shall take part in a module per year during the period 2021-2023.

## 5 Results

The results of the case study are presented by specific evaluation questions under each of the standard criteria as prescribed by the Better Regulation Guidelines.

### Overarching findings

- ▶ ALMP measures generally address key labour market challenges and country-specific recommendations. However, the labour market situation of vulnerable groups (France, Croatia) and the coordination of active labour market policies between territorial levels and with other employment and social policies (Spain, Italy) could have been addressed more comprehensively.
- ▶ Implementation of ALMP measures is progressing in all countries, and all milestones and targets associated with ALMP measures planned to date are either fulfilled or completed. In Italy and France, take-up of ALMP measures is exceeding the (interim) targets agreed, in line with the fact that higher targets were set at national level. However, in Croatia, issues are observed with regard to the new active labour market policies, and the target envisioned for 2025 will likely not be reached.
- ▶ Implementation progress can be helped or hindered by design features of the measures – e.g. simplicity, definitional clarity, accessibility, communication – and external factors, such as emigration. Investment in the capacity of regional actors to deliver measures is also of crucial importance for successful implementation. For instance, this includes regional heterogeneity in financial and personnel resources, as well as in levels of IT infrastructure.
- ▶ The labour market impact of the measures is difficult to evaluate, given the short time horizon. Early evaluations for France suggest that measures have had a positive effect on the quality, if not quantity, of employment for young people. Preliminary data on the Italian GOL programme shows limited success, with only one third of participants in an active employment relationship six months after entering the programme.
- ▶ Concerning the impact of the measures on social and territorial cohesion, results are mixed. In Italy, Spain and Croatia, measures include explicit design features aimed at furthering one or both of these. In contrast, the most significant French measures focus on a large population. This low level of targeting is likely to limit the capacity of the measures to advance social or territorial cohesion. In addition, even in countries where social and territorial cohesion are an explicit aim of the measures, implementation difficulties can undermine these goals. In Croatia, actual take-up of measures among vulnerable groups appears low to date. In Italy, the picture is rather positive with regard to social cohesion, as take-up of the

GOL programme among vulnerable groups is high. Yet efforts to enhance territorial cohesion appear to have had a limited effect, as regions benefitting most from GOL take-up or PES staff increases do not appear to be the ones most structurally disadvantaged. These issues likely relate to significant heterogeneity in the quality-of-service provision and PES resources across Italy.

- ▶ A number of measures largely build on the previous institutional and policy regime, particularly in France, Italy and partially in Croatia. This can be problematic if measures constitute a continuation of previous malfunctioning governance structures, such as the persistent issues concerning the lack of coordination of ALMPs in Italy. There are also examples where measures identify and modify previous malfunctioning elements of the governance and institutional setting, notably in Spain and Croatia. Underlying structural issues such as low levels of funding or low capacity of public employment services persisting in these countries can however undermine the coherence of measures with existing structures.
- ▶ A number of synergies and complementarities between investments and reforms contained within the plans can be identified, including linkages between specific measures and broader policies within the RRP.
- ▶ Synergies between RRP measures on ALMPs and other EU or national funds exist in all countries. Specifically, several examples of synergies between the RRF and ESF+ can be identified.
- ▶ The added value of RRF measures varies across countries. In France, all measures would have been implemented in the absence of the RRF. Spain and Italy are intermediate cases. Croatia is a case where the RRF was used to advance significant structural reforms that would likely not have been implemented in its absence.
- ▶ Despite the changing labour market context, where measures are focused on structural labour market challenges, they should have continuing relevance.

## Effectiveness

To what extent did RRP measures address labour market challenges, including those specified in country-specific recommendations?

### Summary

Generally, ALMP measures across the four countries studied address key labour market challenges and country-specific recommendations. However, there are some elements that could have been addressed more comprehensively. This includes the labour market situation of vulnerable groups (France, Croatia) and the coordination of active labour market policies between territorial levels and with other employment and social policies (Spain, Italy).

The ALMP measures contained within the RRP address a number of key labour market challenges in the four countries studied, in line with country-specific recommendations in 2019 and 2020 (Table 4). The Croatian measures address the persisting problem of low adult learning and structural unemployment in Croatia, particularly with regard to vulnerable groups such as the long-term unemployed, by creating specific targets for these groups and aiming to provide more individualized support [HR-GOV-2]. The measure on monitoring and profiling systems of public employment services also addresses the labour market situation of vulnerable groups through capacity building for

better service delivery. In Italy, key challenges highlighted in Table 4, including better integration of young people and vulnerable groups and the improvement of active labour market policies, are addressed in the design of the measures, as well as challenges relating to PES and regional disparities in service provision. The shift from hiring incentives to greater emphasis on up- and re-skilling is also in line with criticisms of the previous ALMP system. The Spanish RRP measures identify key labour market challenges, including low public spending on ALMP, the limited effectiveness of PES, a disproportionate focus on hiring incentives, lack of digitalisation, low uptake by disadvantaged groups, and insufficient coordination between social and employment services (Corti & Ruiz De La Ossa, 2023). The new Employment Law attempts to address these challenges by reforming the governance system and emphasizing the local dimension of employment policy, while the hiring incentives review addresses the issue of take-up among marginalized groups and the Spanish Employment Activation Strategy improves ALMP monitoring and coordination (Ibid.). Finally, in France, the focus of measures was slightly different, as the plan focused primarily on the potential negative impact of the Covid-19 pandemic on employment, in line with CSRs for France in 2020 (Table 4). Against the background of previous crises large-scale measures were designed to mitigate the potential employment impact of lockdowns and an economic downturn [FR-GOV-1; FR-EXP-1], focusing on young people, who tend to be less covered by other support measures, such as short-time work schemes (France Stratégie, 2021). The ALMP measures also address structural challenges, for instance by fostering up- and re-skilling and improving support for job-seekers but the primary focus of the plan was to deploy emergency measures swiftly to preserve employment [FR-GOV-1].

**Table 4: Country-specific Recommendations relating to active labour market policy in countries under study, 2019 and 2020**

Country	Year	CSR
FR	2020	Mitigate the employment and social impact of the crisis, including by promoting skills and active support for all jobseekers.
	2019	Foster labour market integration for all job seekers, ensure equal opportunities with a particular focus on vulnerable groups including people with a migrant background and address skills shortages and mismatches.
IT	2020	Mitigate the employment impact of the crisis, including through flexible working arrangements and active support to employment. Strengthen distance learning and skills, including digital ones.
	2019	Ensure that active labour market and social policies are effectively integrated and reach out notably to young people and vulnerable groups. Improve educational outcomes, also through adequate and targeted investment, and foster upskilling, including by strengthening digital skills.
	2019	Improve the effectiveness of public administration, including by investing in the skills of public employees, by accelerating digitalisation and by increasing the efficiency and quality of local public services.
HR	2020	Strengthen labour market measures and institutions. Increase access to digital infrastructure and services. Promote the acquisition of skills.
	2019	Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance. Strengthen labour market measures and institutions and their coordination with social services.
ES	2020	Support employment through arrangements to preserve jobs, effective hiring incentives and skills development.
	2019	Ensure that employment and social services have the capacity to provide effective support. Increase cooperation between education and businesses with a view to improving the provision of labour market relevant skills and qualifications.

Source: Authors' elaboration based on (European Commission, 2023e).

In addition to these acute or structural labour market challenges, however, the RRP also **presented an opportunity to develop a forward-looking approach to address future labour market challenges**. For instance, this approach was

taken for the Croatian measures by focusing measures on the green and digital fields [HR-GOV-1; HR-GOV-2; EMPL-1]. Similarly, the Italian GOL programme places specific focus on the acquisition of digital skills.

However, while key labour market challenges are generally addressed, the measures put forward by Member States in the RRP could have included several elements more comprehensively. First, in several countries, **measures show an insufficient level of targeting towards vulnerable groups**. In particular, a number of the measures contained in the French plan are only targeted towards vulnerable groups to a low extent. To the extent that the unrestricted focus of these measures undermines the goal of effectively targeting the labour market groups that are most in need (Huguenot-Noël *et al.*, 2023), it could be argued that the measures only address labour market challenges related to vulnerable groups to a limited extent. This point is discussed in further detail in the section on social and territorial cohesion. Furthermore, while Croatian ALMP measures explicitly focus on vulnerable groups – including the long-term unemployed, the inactive and NEET youth - in practice, measures should be targeted towards these groups to an even larger extent [HR-EXP-1].

A second element that could have been addressed more comprehensively are aspects related to the **coordination of ALMPs between regional and national levels, as well as with other employment and social policies**. This is particularly the case for Italy and Spain. In Spain, with regard to the cooperation between social and employment services, Rojo Torrecilla (2023) argues that there is still room for improvement, as there is no integrated office for the provision of employment and social services and their cooperation remains in the hands of the competent administrations, which requires a coordination effort that does not always take place. Similarly, in Italy, the role of the national agency, ANPAL, has not been strengthened, so the challenge remains in terms of its coordination capacity, especially with respect to data collection and management, and the influence it might have on policy implementation at the regional level. In addition, the lack of a national platform for the exchange of data and services at the national level poses further risks (Corti and Ruiz de la Ossa, 2023).

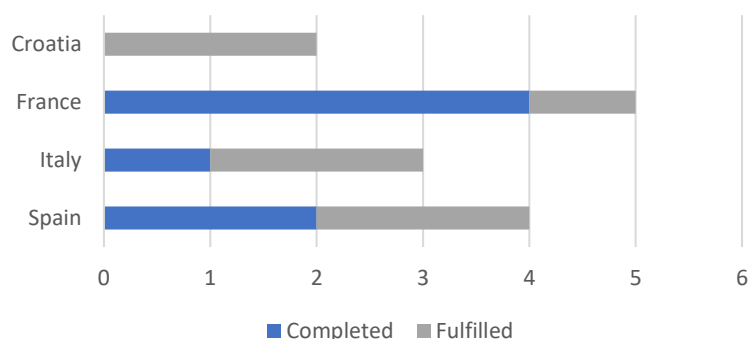
## What is the current state of play of the implementation of the measures related to ALMPs? Which outputs have been achieved?

### Summary

All milestones and targets associated with ALMP measures up to Q2 2023 have been either fulfilled or completed. The implementation of measures is progressing in all countries. In Spain, all measures associated with reforms have been adopted, and the implementation of the investment in activation policies is ongoing. In Italy and France, take-up of ALMP measures is exceeding the (interim) targets agreed, partially related to the fact that higher targets were set at national level. However, in Croatia, while measures were introduced according to the timeline envisioned, take-up patterns are mixed. Specifically, while take-up of vouchers is high, there is limited progress with regard to new active labour market policies, and the target envisioned for 2025 will likely not be reached.

Across the four countries studied, the implementation of measures is generally proceeding in line with the milestones and targets specified in NRRPs. As shown in Figure 2, looking at the milestones and targets foreseen in the national plans to date (up to Q2 2023), all milestones have been either completed or fulfilled. The following section discusses implementation progress of measures in each country in detail.

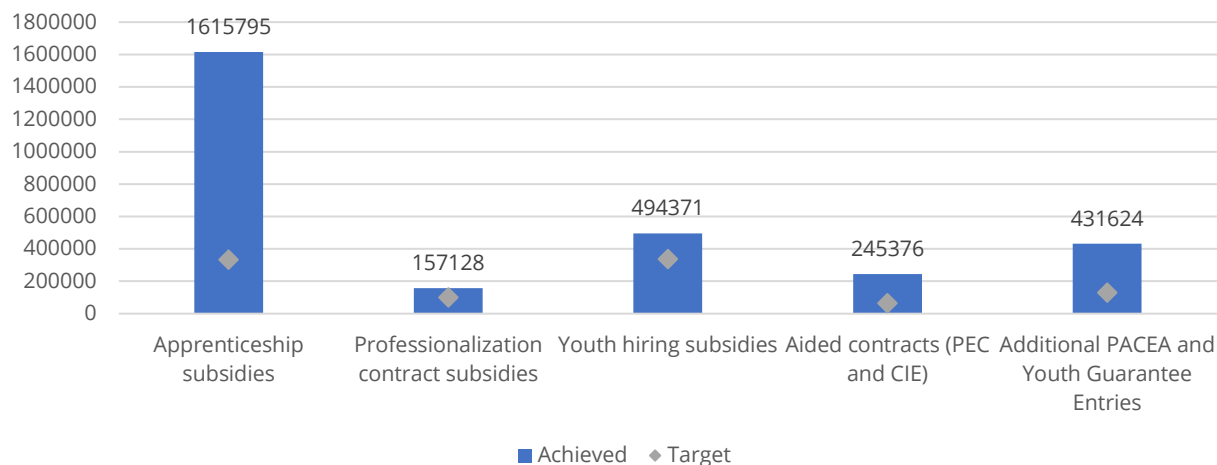
Figure 2 Progress in the fulfilment of milestones and targets related to ALMP measures up to Q2 2023



Source: Authors' elaboration

In **France**, targets for all five measures have been either completed or fulfilled (the apprenticeship and youth hiring subsidies already being fulfilled), although it should be noted that the target for professionalization contracts was initially delayed. Figure 3 compares the targets included in the French NRRP for each of the measures selected with outputs achieved. The achievement of the targets set should be situated within the context of the broader plan France Relance, which set national targets that were higher than those set in the NRRP (Gouvernement de France, 2020). As such, the achievement of targets is not particularly surprising.

Figure 3: Key French RRP ALMP measures, comparison of targets and numbers achieved



Source: Authors' elaboration based on Ministère de l'Economie (2023)

Note: Data for apprenticeships, professionalization contracts, youth hiring subsidies and aided contracts are up to September 2022. Data for additional PACEA and YG entries are until March 2023.

Turning first to the various hiring subsidies, the apprenticeship subsidy was implemented starting in July 2020 (Ministère de l'Economie, 2022a), and subsequently extent until the end of 2022 at national level (France Stratégie, 2022). In total, more than 1.6 million applications for apprenticeship subsidies have been recorded to date (Ministère de l'Economie, 2023b), far exceeding the initial NRRP target of 333374. As for the apprenticeship subsidy, the professionalization contract subsidy was paid for contracts concluded between July 2020 and December 2022 (Ministère de l'Economie, 2022b). The target (100000 subsidies, Q12022) has been completed, though with some delay relative to the original timeline. The relatively low take-up of professionalization contracts may be related to the

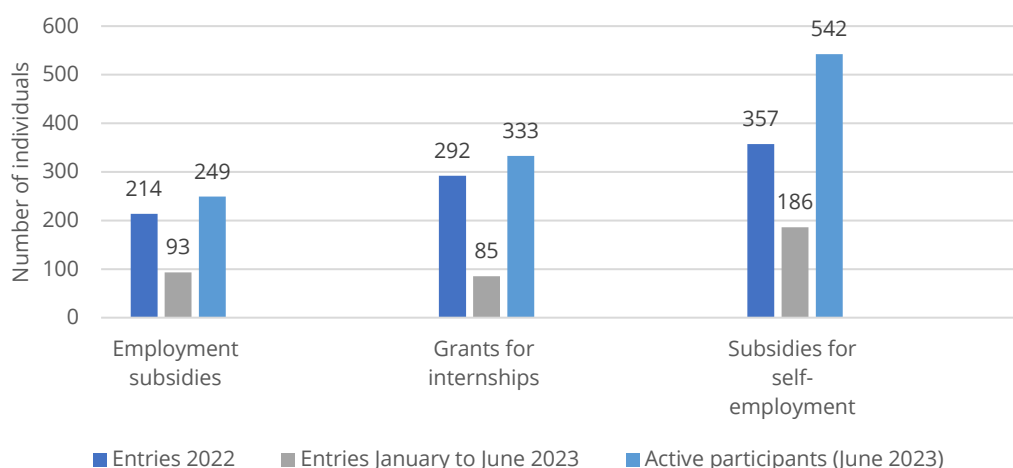


large increase in apprenticeship contracts, leading to potential substitution effects [FR-EXP-1]. Overall, 157128 professionalization contracts have benefitted from the subsidy (Ministere de l'Economie, 2023). Finally, the youth hiring subsidy programme ran between August 2020 and end of May 2021 (Ministère de l'Economie, 2021a). Close to half a million youth hiring subsidies have been registered overall (Ministere de l'Economie, 2023), and the target of 337000 contracts signed (Q12021) is fulfilled.

For aided contracts, under the French RRP, 65000 additional aided contracts were to be concluded by Q12022 (completed). While the target set within the NRRP was reached, the national target of 80000 PEC was not achieved by the end of 2021 (France Stratégie, 2022). As regards the measure on PACEA and the Youth Guarantee, according to the most recent data (March 2023), more than 430,000 additional entries into PACEA and the Youth Guarantee have been recorded. The target (Q12022, completed) stipulated that 130000 young people should enter PACEA and the Youth Guarantee in 2021.

In **Croatia**, milestones and targets related to ALMP measures up to Q22023 have also been fulfilled in line with expectations, but issues relating to implementation are starting to emerge. Looking first at the development of new targeted active labour markets, in line with the first milestone (Q12022, fulfilled), the Administrative Council of the Croatian Employment Service has adopted criteria for the implementation of the new measures in 2022, as well as a user manual (European Commission, 2022b; HZZ, 2023a). However, take-up of ALMPs is currently proceeding rather slowly. Figure 4 provides data on take-up of the different types of active labour market policies up to June 2023. Take-up for all three types tends to be evenly split between digital and green subsidies [HR-GOV-1]. However, the milestone envisioned (26,400 individuals should have benefitted from the new ALMP, among which 13000 long-term unemployed, inactive or NEET youth, by Q42025) will likely not be reached [HR-GOV-1]. In August 2023, the Croatian government submitted a proposed amendment to the RRP, which included a downward revision of the target for the new active labour market policies to 10,000 beneficiaries (of which 5,000 long-term unemployed, inactive and NEET youth) (Government of Croatia, 2023) . The procedure for approval of the amended RRP is ongoing as of October 2023.

**Figure 4: Take-up of new targeted active labour market policies (green/digital) up to June 2023**



Source: Authors' elaboration based on (HZZ, 2022b) and (HZZ, 2023e).

Turning to the reform on the introduction of a voucher system, in line with milestone 1 (Q1 2022, fulfilled) the voucher system has been fully operational since the beginning of 2022. The system was jointly established by the Ministry of Labour and the Croatian Employment Service, who coordinated all activities relating to voucher design, conducted training sessions for CES advisors and designed a promotional campaign (HZZ, 2023c). The implementation of the

application started at the beginning of 2022, with a skills catalogue and system for monitoring needs on the labor markets used by CES advisors when approving vouchers built into the system (Ibid.).<sup>6</sup> Since the implementation of the system (1st of April 2022), 10,689 vouchers have been approved as of July 2023, 87% of which were for the acquisition of digital skills [HR-GOV-1]. This means that the first monitoring indicator indicated in the Operational Agreement (10,000 vouchers used by the end of 2023) has already been met. However, while the final milestone for the reform (30,000 vouchers used by Q22026, 12000 of which used by long-term unemployed, inactive or NEET youth) stipulates that 70% of vouchers should be used on green skills, take-up has so far skewed heavily towards digital. The recent proposal for an amended RRP suggests increasing the overall target for vouchers to 40,000, funded by shifting EUR 21 million from the new targeted active labour market policies to the voucher system, and changing the green/digital ratio from 70:30 to 40:60 (Government of Croatia, 2023).

As regards take-up of active labour market policies and vouchers towards vulnerable groups, explicitly included in the targets, the picture is mixed. For the targeted active labour market measures, take-up by vulnerable groups is relatively high, at approximately two thirds of total participants, though this should be seen within the context of overall very modest take-up of the measure [HR-GOV-1]. In contrast, for the vouchers, where overall take-up is much higher, only ca. 10% of users belong to vulnerable groups [HR-GOV-1]. The large majority of individuals taking up vouchers were in fact already employed [HR-GOV-2; HR-EXP-2]. In the proposed amended RRP, the target for vulnerable groups is revised to 16,000 and the target group is widened, now including all unemployed, including long-term unemployed, inactive or NEET youth (Government of Croatia, 2023).

Finally, three milestones and targets are foreseen under the reform to strengthen the system of inclusion and monitoring of vulnerable groups in the labour market (Council of the European Union, 2021a), the first of which is set for Q42023. Implementation of the measure is ongoing, the Croatian Employment Service having created six projects to be implemented under this reform [HR-GOV-2]. For instance, one key component is the strengthening of skills when it comes to working with vulnerable people, to be achieved through the design and preparation of trainings for counselors and training of 100 CES counselors on working with vulnerable groups, as well as 14 workshop leaders to ensure sustainability of the reform. The training of counselors was completed in May 2023 in collaboration with VERN University (Vern University, 2023). The trained counselors will now deliver trainings across Croatia [HR-GOV-2]. Moreover, to provide improved support for NEET youth, there will be an expansion in Lifelong Learning Career Guidance (CISOK) Centers, which offer career guidance for all citizens and are particularly focused on inactive young people, to all Croatian counties (European Commission, 2020). One new CISOK centers was established in 2022, with three additional ones to be opened and equipped by 2023, for a total of 18 (HZZ, 2022a, 2023d).

Milestones and targets have also been reached in line with the timeline set out in the RRP in **Italy**. The Italian government passed the National Plan for New Skills Act in November 2021<sup>7</sup>, and the legislative act that established GOL in December 2021<sup>8</sup> (M1 Q42021, fulfilled). The National Plan for New Skills draws up the common standards and essential levels of vocational training throughout the Italian territory, and also identifies relevant skills and standards as a basis for cooperation between public and private actors. The unemployed, young people and the employed population are particular targets, with the objective of improving their digital skills and promoting lifelong learning. Complementing the plan, the legislative act establishing GOL sets the framework for implementation of this measure, as it defines an essential level of PES to ensure an effective provision of services according to uniform standards over the Italian territory. It further establishes a target of 25% of the beneficiaries of the GOL Programme as receiving

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<sup>6</sup> The website dedicated to the voucher system can be found here: <https://vauceri.hzz.hr>

<sup>7</sup>

<https://www.gazzettaufficiale.it/showNewsDetail?id=4403&backTo=archivio&anno=2021&provenienza=archivio#:~:text=PNRR%20%2D%20ADOZIONE%20PIANO%20NAZIONALE%20NUOVE%20COMPETENZE&text=n.,del%20Piano%20nazionale%20nuove%20competenze>.

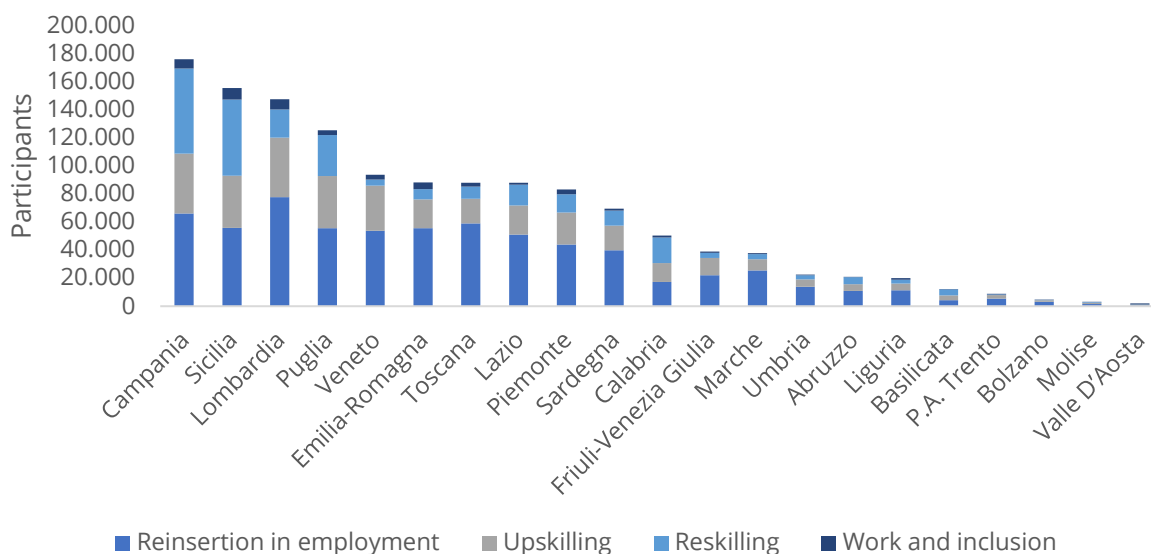
<sup>8</sup> [https://www.cisl.it/wp-content/uploads/2021/12/Decreto-Programma-GOL\\_GU-27\\_12\\_2021.pdf](https://www.cisl.it/wp-content/uploads/2021/12/Decreto-Programma-GOL_GU-27_12_2021.pdf)

relevant training and identifies five different paths<sup>9</sup> for GOL beneficiaries. The second milestone of the reform (Q42022, completed), regards the preparation and presentation of regional plans for the programme's implementation, following national standards. According to the Italian Government (2023), all regions have submitted their plans.

A third and final step in the implementation of the reform is related to the completion of the GOL programme, which should cover 3,000,000 people by Q42025. Out of these beneficiaries, 800,000 shall be part of vocational training, of which at least 300,000 have to participate in digital skills training. A secondary target stipulates that at least 75% of GOL beneficiaries should be women, long-term unemployed, people with disabilities or people under 30 or over 55. The Italian Government also agreed with the European Commission that at least 10% of the expected beneficiaries of the GOL programme (300,000 out of 3,000,0000 people) should have participated in its activities by the end of 2022, though at national level, a more ambitious target of 600,000 was set (ANPAL, 2022). Finally, in order to complete the reform, by Q42025, at least 80% of PES in each region shall meet the criteria of the essential level of PES services as defined in the GOL programme.

According to the most recent data, 1,338,045 people had benefitted from the GOL programme by end of June 2023 (ANPAL, 2023). The target of 600,000 participants by the end of 2022 was reached in November 2022 (ANPAL, 2022). In terms of pathways provided to the GOL beneficiaries, 50% of the beneficiaries are included in path 1 (job reinsertion), 26% and 20%, respectively in path 2 and 3 (upskilling and reskilling, respectively) and 4% in path 4 (work and inclusion) (see Figure 5).

Figure 5: GOL participants by pathway and region, up to 30<sup>th</sup> June 2023



Source: Authors' elaboration based on (ANPAL, 2023)

<sup>9</sup> “[1.] Job reintegration: for people closest to the labour market, guidance and intermediation services for accompaniment to work;

[2.] Updating (upskilling): for workers further away from the market, but in any case with expendable skills, mainly short-term training intervention with professionalising content.

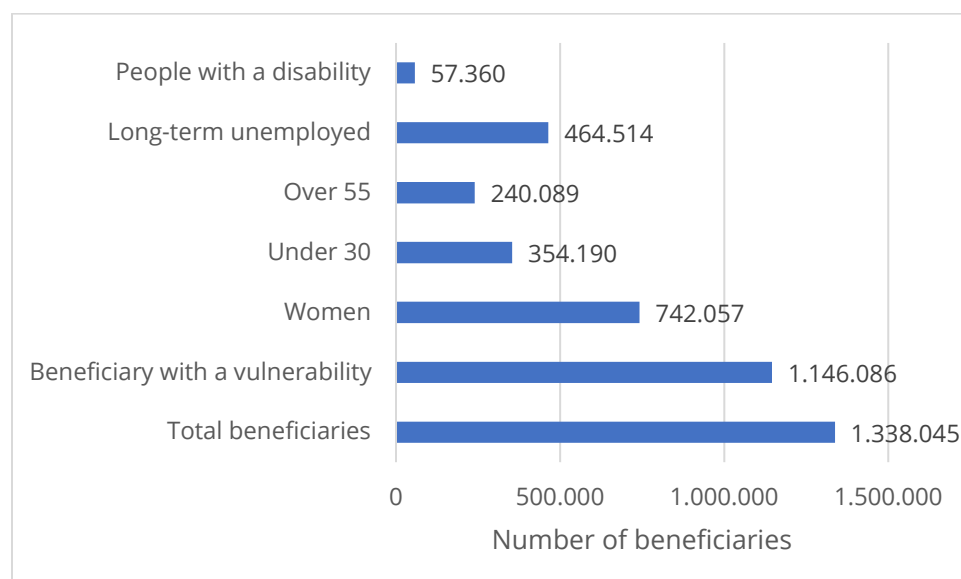
[3.] Retraining (reskilling): for workers far from the market and skills not adequate to meet the required needs, more in-depth vocational training, generally characterised by an increase in qualification levels / EQF compared to the level of education.

[4.] 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).

[5.] 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.” ((Corti & Ruiz De La Ossa, 2023:19).

Figure 6 presents data relevant to the secondary target. As of the end of June 2023, 85.7% of GOL beneficiaries were members of at least one vulnerable group (bar “beneficiary with a vulnerability”). As such, take-up so far is well above the target in terms of vulnerable characteristics. Looking at characteristics individually, women made up 55.5% of overall programme beneficiaries, while long-term unemployed (more than 12 months) constituted 34.7%. 26.5% of beneficiaries were aged under 30, while 17.9% were aged over 55. The group of people with a disability constituted 4.7% of total GOL beneficiaries.

**Figure 6: GOL Beneficiaries belonging to targeted socio-demographic groups**



Source: Authors' elaboration based on (ANPAL, 2023)

Turning to the second measure, the investment in strengthening of PES, two targets are to be fulfilled. The first target (Q42022, completed) specifies that at least 250 PES should have completed at least 50% of the activities foreseen in the Strengthening Plan of PES for the years 2021-2023. The second target (Q42025) stipulates that at least 500 PES should have completed 100% of the activities foreseen in the Plan.

Table 5 shows the latest information provided by the Italian government to confirm the completion of the first target. 327 PES have completed at least 50% of the activities foreseen. Of the 327 reporting public employment centres, 95 are located in the North-East (29%), 66 in the North-West (20%), 72 in the Centre (22%), 66 in the South (20%) and 28 on the islands (9%) (Italian Government, 2023).

**Table 5. Number of Public Employment Centres having completed at least 50% of the activities foreseen in the Strengthening Plan for PES**

Macro-area	Number of Public Employment Centres	% of the total
North-east	95	29
North-West	66	20
Center	72	22
South	66	20
Islands	28	9

Source: Own elaboration based on Italian Government (2023)

Finally, looking at **Spain**, with regard to the reform measures analysed, all milestones have been either fulfilled or completed. Specifically, the reform of active labour market policies included the adoption of three legislative measures as milestones. The first milestone (Q22021, completed) involved the adoption of a 2021-2027 Action Plan to tackle youth unemployment in June 2021<sup>10</sup>. Moreover, the Spanish plan included two related measures. First, a revision of traineeship/apprenticeship contracts was carried out through the labour market reform of December 2021. Second, the approval of a Statute of Trainees, which has been delayed, is also included in the Spanish plan. The second milestone (Q42021, completed) consisted in the adoption of the 2021-2024 Spanish Employment Activation Strategy in December 2021<sup>11</sup>. The Strategy provides an analysis of the state of play of ALMPs in Spain and defines the new strategic objectives of Spanish employment policy to address the specific issues it identifies, which are: i) approach centred on people and companies; ii) coherence with productive transformation; iii) orientation towards results; iv) improvement of the capacities of the PES; and v) governance and cohesion of the National Employment System. The third and final legislative step (Q42022, completed) includes a reform of the Spanish Employment Law by the end of 2022<sup>12</sup> new Employment Law 3/2023<sup>13</sup> also entered into force, substituting for the previous Employment Law (Royal Legislative Decree 3/2015). As regards the reform of the review of hiring incentives, the milestone linked to the reform (Q4 2022, completed) on the review of hiring incentives consisted of a reform of the Law 34/2006 with the aim to simplify and increase the effectiveness of the recruitment incentive system taking into account the recommendations issued by AIReF. The royal decree law was adopted on 10 January 2023<sup>14</sup>.

The investment on governance and boost of policies to support activation is currently ongoing, with both targets – the creation of 20 centres and the completion of 42,000 training actions – on track to be reached by the end of 2023. The distribution of these resources to the Autonomous Communities has been approved for 2021-2023 in the Sectoral Conferences on Employment and Social Affairs (BOE, 2021, 2022, 2023). 90 million euros will be allocated to the centres for orientation, entrepreneurship and innovation for employment and the remaining 15 million euros to training actions. At the time of writing, EUR 74,46 million has already been allocated to the regions to create and set up the activities of the centres for orientation, entrepreneurship and innovation for employment, with EUR 4.38 million allocated to each of the regions. Instead, for training actions,

**Figure 7** shows that the regional distribution varies from one autonomous community to another for the years 2021, 2022 and 2023. According to Spanish PES, 19 out of 20 centres have already been made fully operational, with only Catalonia still missing (SEPE, 2023). However, limited information is available on the completion of training actions for

<sup>10</sup> <https://www.boe.es/eli/es/res/2021/06/24/1>

<sup>11</sup> [https://www.boe.es/diario\\_boe/txt.php?id=BOE-A-2021-20185](https://www.boe.es/diario_boe/txt.php?id=BOE-A-2021-20185)

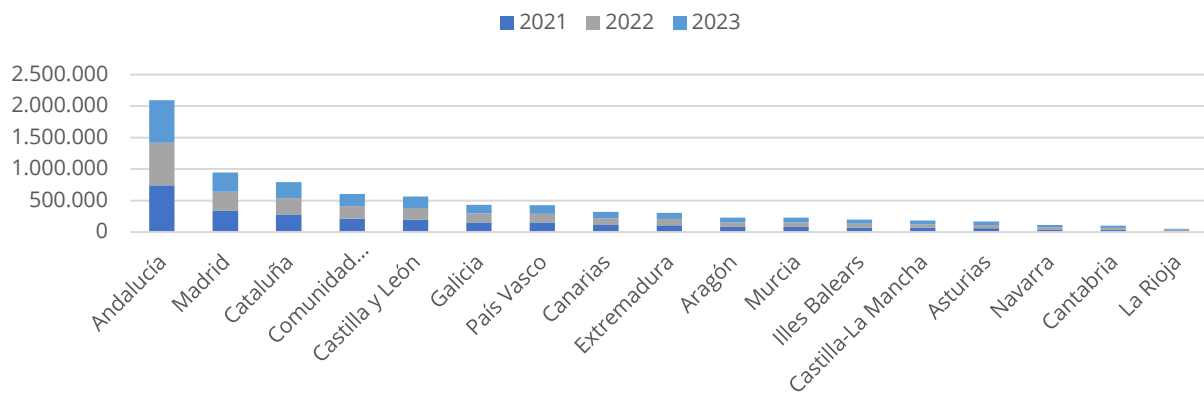
<sup>12</sup> <https://www.boe.es/buscar/doc.php?id=BOE-A-2023-5365>

<sup>13</sup> <https://www.boe.es/buscar/act.php?id=BOE-A-2023-5365>

<sup>14</sup> <https://www.boe.es/eli/es/rdl/2023/01/10/1/con>

PES staff. 70% of the training actions have already taken place and the replies to 'satisfaction questionnaires' from PES staff who have taken part in the scheme show that they are quite satisfied [ES-GOV-1].

Figure 7: Regional distribution of funding for the training actions



Source: Authors' elaboration based on BOE (2021), BOE (2022) and BOE (2023)

What barriers to implementation or facilitating factors can be identified? To what extent have external factors hindered the implementation of investments or reforms?

**Summary**

Several barriers and facilitating factors can be identified. First, where measure design is simple and measures are easily accessible – such as in the case of hiring incentives in France or vouchers in Croatia – implementation is more successful. In contrast, lack of clarity in design or insufficient communication/awareness-raising can hinder take-up. For instance, definitional issues related to green jobs was one of the factors limiting take-up of Croatian active labour market policies. Moreover, take-up of measures can be influenced by the changing labour market context, which may influence demand, and external factors, such as emigration, as in the Croatian case. Finally, the capacity of regional actors plays a key role. In France, investment in the capacity of local missions to deliver ALMP measures facilitated implementation, while the lack of financial and administrative resources of PES in certain regions constitutes a significant barrier to implementation in Spain and Italy.

A first element constituting a potential barrier or facilitating factor to implementation is the **design features of instruments used, including the complexity of accessing them, clarity in the design of measures and communication and awareness raising efforts**. For instance, in the French case, barriers to implementation were limited [FR-GOV-1; EMPL-2]. Hiring subsidies in particular pose few implementation challenges, with little administrative effort needed from the part of employers, though the multiplicity of subsidies created confusion for some companies [FR-GOV-1]. In Croatia, in contrast, the new targeted active labour market policies face implementation difficulties. This is partially related to initial issues related to communicating the design of and requirements for the new measures to the public [HR-GOV-1]. Furthermore, the definition of what constitutes a “green job” was difficult and may potentially be broadened in the future to increase take-up [HR-GOV-1]. In comparison, the new voucher system, has seen much swifter implementation. For the voucher system, there have been significant changes in the administration of measures, with a move towards digitalization [HR-GOV-2]. Vouchers have a new administrative structure which is easier and faster to administer [HR-GOV-2]. However, take-up is strongly skewed towards digital skills (87% as of July 2023). As a result, the digital skill voucher program has been temporarily stopped for employed individuals, as the dedicated funds have already been spent [HR-GOV-1]. The low take-up of green vouchers is related to several issues, including higher awareness of digital skills in the population and the lack of availability of high-quality green skills programmes [HR-GOV-1; HR-EXP-1]<sup>15</sup>. However, actions are being taken to mitigate this. For instance, the HZZ funded 20 additional green skill programmes and is regularly exchanging with educational institutions [HR-GOV-1]. The higher interest in digital compared to green is also reflected in the proposal for the amended RRP, which shifts the ratio between the two for both the voucher program and the new active labour market policies, as described above. However, it also points to deficiencies in the development of opportunities for take-up of green jobs and skills in Croatia [HR-EXP-1].

In addition to features of the policies as such, barriers to implementation can also be created by the **changing labour market context**. This is particularly evident in the Croatian case. While measures were designed to respond to (potentially) severe unemployment within the context of the pandemic, Croatia is now facing a situation of significant labour shortages and historically low unemployment, so that the number of potential users of measures is much lower than expected [HR-GOV-1; HR-GOV-2; HR-EXP-1]. This situation is further exacerbated by significant migration out of Croatia [HR-EXP-1].

Finally, the **capacity of public employment services to implement policies, particularly at regional level**, can constitute either a barrier or a facilitating factor. A positive example of this is France. For PACEA and the Youth Guarantee, the recovery plan introduced significantly increased target numbers relative to previous take-up. This meant that a large implementation effort was needed, with the strengthening of capacity of public employment services included in the plan to handle the increased demand [FR-GOV-1]. Even though the capacity of select *missions locales* to accompany young people may have been weakened by the large increase in numbers, in general, the efforts for mobilization and strengthening of services was perceived as positive, also because of flexibility to local needs (France Stratégie, 2021; Cour des Comptes, 2022).

In contrast, both Italy and Spain are examples where the lack of capacity of regional actors has hindered implementation of measures. For instance, the Italian investment on strengthening PES has experienced several barriers to implementation (Corti and Ruiz De La Ossa, 2023). In particular, these relate to delays in hiring new personnel. Table 6 shows the most recent data on hiring of PES employees, up to March 2023. Significant regional variation in hiring is apparent, with a number of regions who have not advanced with hiring at all. Delays in hiring can, among other factors, be attributed to in-house capacity, particularly in Southern regions, administrative errors and lengthy selection procedures (Corti and Ruiz De La Ossa, 2023).

**Table 6: Number of PES employees, new hiring and % increase by region, up to March 2023**

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<sup>15</sup> Training through the vouchers has to be provided through an accredited educational institution.

Regions	Total of PES employees	New hiring	% increase
Abruzzo	151	49	32%
Basilicata	91	0	0%
Bolzano	14	0	0%
Calabria	344	119	35%
Campania	513	563	110%
Emilia-Romagna	457	369	81%
Friuli-Venezia Giulia	157	67	43%
Lazio	676	363	54%
Liguria	176	204	116%
Lombardia	774	732	95%
Marche	257	85	33%
Molise	55	0	0%
P.A. Trento	94	0	0%
Piemonte	384	277	72%
Puglia	357	847	237%
Sardegna	502	233	46%
Sicilia	1,741	0	0%
Toscana	472	406	86%
Umbria	177	99	56%
Valle D'Aosta	35	21	60%
Veneto	345	251	73%
Total	7,772	4685	60%

Source: Authors' elaboration based on ANPAL (2020) and Italian government (2023b).

Similarly, the two reforms analysed in the Spanish case may be hindered by insufficient attention to regional resources. The new Employment Law establishing the new system of ALMPs creates new formal subjective rights<sup>16</sup>, which is to be considered positive, yet it does not take into account issues within Spanish PES, such as the lack of financial and human resources, disorganised work or underqualified staff, which may hinder the effective implementation of the reform (García Díaz 2022). The need for an increase in the PES staff to properly implement ALMPs has also been highlighted as a structural problem by other commentators<sup>17</sup> (Rojo Torrecilla, 2023; Monereo Pérez et al., 2023; Fernández Prol, 2023). With respect to the hiring incentives, a positive aspect is the inclusion of the recommendations made by the Spanish Court of Auditors (2022), which mainly highlighted the need for evaluation, monitoring and control of the incentives programmes, as well as coordination efforts- albeit limited- between employment services and social security entities. However, the law does not seem to account for the involvement of the regional employment services, which may lead to implementation difficulties due to the lack of resources available at the regional level and the limited role played by regional authorities in the negotiation of the measure [ES-EXP-1].

Moreover, next to financial and personnel resources, **insufficient digitalization levels and IT infrastructure of public employment services** can constitute a further barrier to implementation. In Italy, the use of digital tools advanced significantly during the Covid-19 pandemic, and the GOL programme introduced a new tool for profiling, combining a quantitative and qualitative assessment (Sacchi and Scarano, 2023). However, public employment services remain characterized by a weak IT infrastructure on average, and there are significant regional disparities in access to sufficient IT equipment and use of digital tools in the implementation of services, with a pronounced North-South divide (ANPAL, 2023a). As stressed during the roundtable discussion on active labour market policies in the NRRPs, regional implementation plans for the GOL programme differ significantly with respect to digitalization efforts. In order

<sup>16</sup> Specifically, Title IV of the new law sets out various 'guaranteed' services that are to be provided to jobseekers, as well as a series of obligations to which the Spanish public administration commits itself.

<sup>17</sup> In this respect, even though the new Employment Law stipulates that the PES shall have the necessary resources to provide services effectively and efficiently, it also specifies that this will be done within the limits of the budget allocation from the General State Budget Act.



to effectively deliver programmes such as GOL, digital competences of staff need to be strengthened significantly, and digital tools need to be systematically introduced in the delivery of services, for instance through the use of social media for outreach, the remote delivery of counselling and career guidance services and the introduction of tools for data sharing and matching of supply and demand (Giubileo, 2023; Sacchi and Scarano, 2023). Similarly, in Spain, IT infrastructure for service delivery is underdeveloped and characterized by regional heterogeneity. For instance, advanced statistical profiling of jobseekers is generally lacking, with only a few regions having developed such tools [ES-EXP-1].

## Which results have been achieved by the measures so far (or are expected)?

### Summary

The results of the measures are difficult to evaluate, given the recency of implementation. However, some preliminary conclusions can be drawn for France and Italy. In France, the labour market situation of young people has strongly improved since the introduction of the RRP, though this improvement cannot be attributed to any specific measure and is partially a result of the changing labour market context. Some preliminary evaluations suggest that subsidies largely led to improvements in the quality of employment (away from very short-term contracts) for young people but did not have an influence on overall employment. In Italy, early evaluations of the GOL programme suggest that six months after entry, ca. two thirds of participants benefit from either an employment experience or training, but the remaining third have not seen any such benefit. However, further quantitative investigation of the measures will be needed across the four countries in order to substantially evaluate their impact.

Given the recency of measure implementation and the time lag in observing impacts on the labour market, **drawing conclusions on results is difficult**. This is particularly the case for Spain, where reform measures are recently implemented and little data on measure implementation or results is publicly available, so that conclusions on the results of measures cannot reliably be drawn. In Croatia, similarly, evaluations of ALMPs have not been conducted since 2016 and data on current measures is not yet available, which makes the (expected) impact difficult to assess [HR-EXP-1]. However, an external evaluation of both the new targeted active labour market policies and the voucher system is planned [HR-GOV-1].

Generally – as stressed repeatedly during the roundtable discussion - further monitoring and evaluation of the ALMP measures, including the collection and analysis of disaggregated data on measure implementation and associated outcomes, will be needed in order to evaluate the impact of the measures on the labour market across countries. However, for the Italian and French cases, some preliminary conclusions can be drawn. In France, a number of measures, particularly the hiring subsidies, were aimed at a large target group with the general aim of supporting employment. Youth employment grew very strongly in 2022, almost half of which can be attributed to hiring subsidies for *contrats d'alternance*, in particular apprenticeships (France Stratégie, 2023). This suggests that the objective of strengthening youth employment in the context of crisis has been achieved, though given the large group of beneficiaries, the context of previous labour market reforms and the complexity of causal inference, the positive development cannot definitively be attributed to the measures (France Stratégie, 2023). Moreover, while the policy

intervention was legitimate within the crisis context, concerns have been raised about the employment impact ultimately achieved relative to the budgetary effort (Cour des Comptes, 2022). More comprehensive quantitative evaluations of the labour market measures are not available so far, with the exception of one specific measure, the youth hiring subsidy. Research by Fontaine and Rathelot (2022) shows that this subsidy was associated with a 6% increase in the number of subsidized contracts of long duration – i.e. those eligible for the youth hiring subsidy. This implies that the measure has large windfall effects, as for every six jobs created because of the subsidy, 100 would have been created anyway, suggesting that the subsidy could have been better targeted at specific groups (Ibid.). Dubost (2023) estimates that between August and December 2020 (when a little more than half of the subsidies had been allocated), the measure resulted in a 2.6% increase in employment of young people (aged 22-25) in permanent contracts or temporary contracts of a duration longer than three months, the majority of which were permanent. However, it did not have effects on total employment of young people, as the new contracts substituted for non-salaried and substitute employment. In other words, **while the measure did not increase overall employment, it improved the quality of employment** (France Stratégie, 2021). This is consistent with the measure's objective of reducing labour market segmentation (Ibid.).

Some of the other measures considered – aided contracts and PACEA/Youth Guarantee – were primarily conceived with the objective of helping vulnerable young people. Pre-RRF quantitative evaluations have shown positive effects of the Youth Guarantee on the long-term labour market outcomes of participants (Dares, 2023) and on global employment (Dares, 2019). This suggests that the measure introduced as part of the RRP may also have positive effect on integration of marginalized young people in the labour market. In contrast, previous evaluations of the labour market impact of aided contracts have come to mixed conclusions (Dubost and Farges, 2014; Benoteau, 2015). However, while these previous studies give a potential indication of the impact of the measures, the concrete effect of the actions taken within the French RRP cannot be evaluated at this stage.

For Italy, ANPAL (2023) provides some indicative evidence of results of the GOL programme so far. Out of beneficiaries that have been part of GOL for at least six months (696,758 beneficiaries), four out of ten were in an employment relationship and 33.2% were in an active employment relationship<sup>18</sup>. Put differently, two thirds of participants were not in an active employment experience after six months<sup>19</sup>. Among those participants who had not had any work experience in the 180 days after entering the program, 42.3% had however been involved in an activation policy or job-seeking activity within the program. In total, 68.6% of GOL participants observed six months after entry were therefore either in employment, had had work experience since entering the program or were involved in an initiated or proposed activation policy through GOL. This means, on the flipside, that **ca. one third of GOL participants had not had any positive employment outcome or any involvement in an activation policy after six months**. As stressed by participants in the roundtable discussion, these numbers therefore point to limited success of GOL in facilitating labour market integration to date, or at the very least, delays in the provision of services to programme participants. This may partially be related to the fact that the program specifically targets vulnerable groups with significant distance from the labour market, such as the long-term unemployed. More broadly, these data also point to a partial disconnect between targets specified in the RRP and actual success of measures, as programme participation as such is not in itself a meaningful measure of the labour market outcomes of participants, an element that was emphasized during the roundtable discussion. However, given the relatively early state of implementation, further monitoring and evaluation of the labour market outcomes of GOL participants will be needed to assess the results of the measure.

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<sup>18</sup> The majority of these (85.6%) started a new employment relationship after entering GOL, but the remaining share were employed before starting the programme, likely representing the working poor (i.e. employed workers who remain unemployed due to their income being very low).

<sup>19</sup> A small share of these participants had experienced a work experience during the 180 days prior.

## To what extent are the investments and reforms related to ALMPs effective in supporting social and territorial cohesion?

### Summary

With regard to the impact of RRP measures on supporting social and territorial cohesion, the picture is mixed overall. In most of the countries – Italy, Spain and Croatia – the majority of measures contain explicit design elements targeted at either social or territorial cohesion. In contrast, the largest measures within the French RRP – various types of hiring subsidies – have a wide focus, which risks potentially undermining social and territorial cohesion by largely benefitting labour market groups which are not particularly marginalized. As regards the actual implementation of measures, some challenges are also apparent. The Croatian voucher measure has seen very limited take-up by vulnerable groups so far, despite being explicitly targeted at them. In Italy, the picture related to social cohesion is rather positive overall, as take-up of the GOL programme among vulnerable groups is high. However, focusing on territorial cohesion, against a background of significant regional inequality and disparities in service provision in Italy, the regions benefitting the most from GOL take-up do not appear to be the ones most structurally disadvantaged, nor have these regions tended to benefit the most from increases in the capacity of PES.

To evaluate the extent to which the ALMP measures in the plans support social and territorial cohesion, a first relevant consideration is the **extent to which social and territorial cohesion are an intentional design feature of the measures**. In most countries, social and/or regional cohesion are indeed explicitly targeted. In Croatia, as described above, both the new targeted active labour market policies and the voucher system include explicit targets for take-up by the long-term unemployed, inactive individuals or NEET Youth, while the third measure explicitly aims to improve public employment services by targeting vulnerable groups more effectively<sup>20</sup>. Nevertheless, in their implementation, the active labour market policies should be targeted even more strongly at vulnerable groups, including outreach activities [HR-EXP-1;HR-EXP-2]. In this context, in future, the reform focused on capacity building to improve CES processes could play an important role, by improving outreach to vulnerable groups as well as profiling processes [HR-GOV-2]. The significance of this element of the Croatian RRP was also highlighted during the roundtable discussion. Moreover, territorial cohesion is less focused on in the Croatian measures. Historically, ALMPs in Croatia have tended not to be well-targeted across regions, with participation rates higher in regions with lower unemployment (Christiaensen et al., 2019). The lack of regional targets for the active labour market policies<sup>21</sup> and vouchers within the RRP imply that there is a risk of this trend continuing, potentially undermining regional cohesion (Corti and Ruiz De La Ossa, 2023), especially in the context of significant regional disparities in employment in Croatia (European Commission, 2023a). However, in the absence of data on take-up of measures across regions, no such conclusions can definitely be drawn. On the positive side, the reform of the public employment service does include some regional measures, such as the construction of CISOK centres – targeted at providing services for the inactive population – in all Croatian counties.

In Italy, the GOL programme, as described above, explicitly includes targets for different socio-economic and vulnerable groups, including women, youth, older workers, the long-term unemployed and people with a disability. In this sense, the programme can be seen as explicitly aiming to strengthen social cohesion. The investment on strengthening PES, in comparison, targets territorial cohesion by increasing the capacity of regions to provide high-quality employment services. Similarly, Spanish RRP measures have a very specific focus on vulnerable groups and thus support social cohesion. This can be easily observed by looking at the objectives of the adopted legislative texts,

<sup>20</sup> However, it should be noted that some groups are excluded from the voucher scheme, such as retired workers, though the scheme could have been useful to help them access the labour market [HR-EXP-1; HR-EXP-2].

<sup>21</sup> The only exception is the self-employment subsidy, where some regions receive additional funding.

Article 2.1 of the Royal Decree-Law 1/2023<sup>22</sup> and Article 1 of the Employment Law 3/2023<sup>23</sup>. This notwithstanding, the broad definition of vulnerable groups in article 5025 creates a risk that the measures are not sufficiently targeted at the vulnerable groups most in need (ES-GOV-1; Rojo Torrecilla, 2023; Monereo Pérez et al. 2023, ESP-EXP-1). Territorial cohesion is partially addressed. The investment to strengthen activation policies has not introduced specific criteria to benefit the most disadvantaged regions, but the reforms included in the Spanish plan attach great importance to the local and regional nature of employment policy and include territorial convergence as an objective in the legislative texts (Monereo Pérez et al. 2023).

**While Italy, Spain and Croatia are thus examples of countries addressing social and/or territorial cohesion in the design of RRP ALMP measures, this is less so the case for France.** Specifically, the hiring subsidies – which were allocated a joint budget of close to seven billion EUR, the apprenticeship subsidy making up the largest part of this – were conceived for a large target group, given the general aim of increasing youth employment (France Stratégie, 2021). The large increase in the number of apprenticeship contracts has resulted in a change in the profile of beneficiaries, with a strong increase in the number of highly educated individuals taking up apprenticeships, a continuation of the pre-crisis trend (France Stratégie, 2021; Dares, 2022). Similarly, higher-educated individuals were more likely to benefit from the youth hiring subsidy (Dubost, 2023). Professionalization contracts did not experience an increase in highly educated beneficiaries, but have historically seen high take-up by the highly educated (France Stratégie, 2021).

The increased take-up of apprenticeships by higher-educated youth was an intentional design feature of the policy, with the ultimate aim of strengthening the image of apprenticeships in France [FR-GOV-1]. Indeed, given the overall increase in the number of apprenticeships, the increased uptake among higher-educated youth is not surprising and can be seen as a structural shift [FR-GOV-1]. Nevertheless, the measure may ultimately end up benefitting young people who already have strong qualifications, and ordinarily would not have an issue entering the labour market (France Stratégie, 2021; Cour des Comptes, 2022). As such, the unrestricted scope of the scheme may undermine previous efforts to target vulnerable groups in the labour market, with the apprenticeship reform ultimately having large windfall effects and driving out disadvantaged youth (Huguenot-Noël *et al.*, 2023).

In contrast, aided contracts and PACEA/Youth Guarantee are measures that are explicitly targeted more strongly at individuals that are marginalized in the labour market (Dares, 2019; France Stratégie, 2021, FR-GOV-1). Young people taking up these measures tend to have lower levels of education and are more likely to come from a vulnerable background (Dares, 2022). In principle, these measures are more likely to benefit social and territorial cohesion, by targeting the young people that are most in need. In addition, locally differentiated objectives and funding were fixed for aided contracts and the Youth Guarantee in order to respond to regional needs [FR-GOV-1]. While some

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<sup>22</sup> It reads as follows: “Within the framework of active employment policies, the general objectives of the regulation envisaged in this Royal Decree-Law are to promote the hiring of unemployed people, especially the most vulnerable, to contribute to maintaining and improving the quality of employment and the professional promotion of employed people, as well as to encourage job creation in the social economy”.

<sup>23</sup> Which reads: “Its objective [of the law] is to promote and develop the planning, coordination and execution of the employment policy and guarantee the exercise of the guaranteed services and the offer of an adequate portfolio of services to the persons or entities requesting the public employment services, in order to contribute to job creation and unemployment reduction, improve employability, reduce structural gender gaps and promote social and territorial cohesion” (italic added).

<sup>24</sup> Moreover, this is positively accompanied by concrete measures within the scope of application of both legislative texts, as can be seen in Art. 3 (measures for the access of vulnerable groups to the public employment services) and 42 (adoption of additional measures for vulnerable groups or groups with low employability depending on the outcome of the evaluation of the measure) of the Royal Decree-Law 1/2023 in relation to hiring incentives, and in Art. 50 of the new Employment Law 3/2023, which refers to groups of priority attention.

<sup>25</sup> It reads: “For the purposes of this law, the following shall be considered vulnerable groups of priority attention: young people, especially those with low qualifications, people in long-term unemployment, people with disabilities, people with limited intellectual capacity, people with autistic spectrum disorders, LGBTI people, in particular transgender people, people over forty-five years of age, migrants, people who are beneficiaries of international protection and applicants for international protection in the terms established in the specific applicable regulations, victims of human trafficking, women with low qualifications, women victims of gender violence, people in situations of social exclusion, Roma people, or belonging to other ethnic or religious population groups, workers from sectors undergoing restructuring, people affected by drug addictions and other addictions, victims of terrorism, as well as people whose guardianship and tutelage is or has been assumed by the Public Administrations, first-degree descendants of women who are victims of gender violence and adults with minors under the age of sixteen or dependent adults, especially if they constitute single-parent and single-parent families, among other groups of special vulnerability, which are of priority attention in active employment policies, or others that may be determined within the framework of the National Employment System. Likewise, specific programmes and positive action measures will be reinforced in cases where situations of intersectionality arise.”

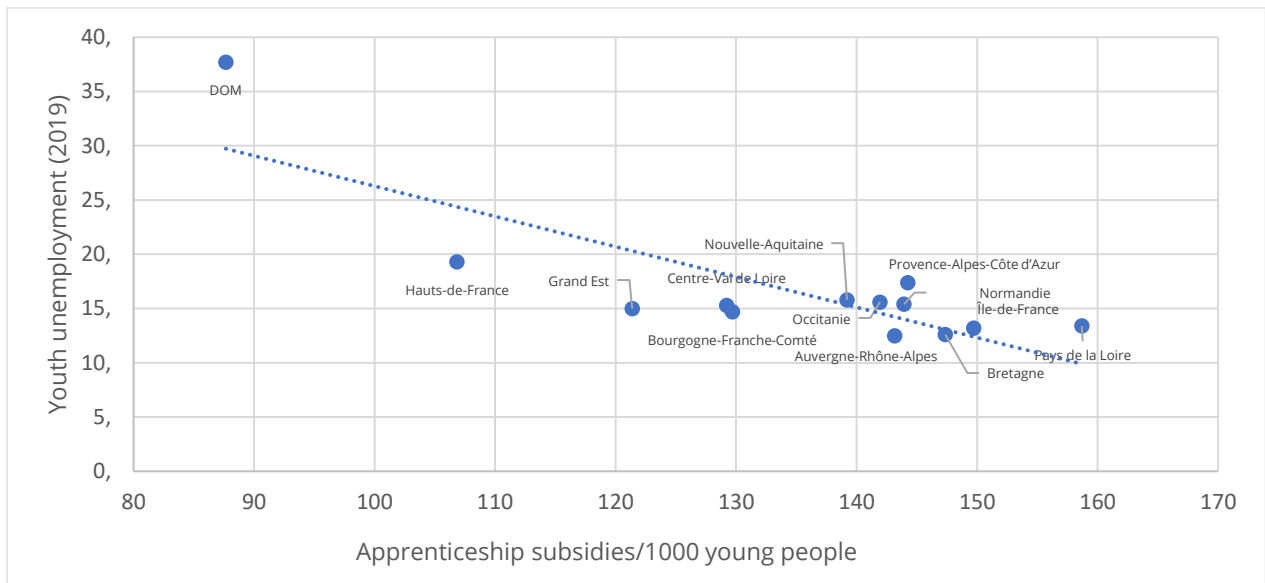
evaluations have pointed out that local inequalities could have been considered even more (Cour des Comptes, 2022), the localized targeting of measures should, in principle, support regional cohesion.

However, the potential positive effects of these French measures on cohesion may have been dampened by the **strong emphasis on increasing the quantity of young people taking up the measures** in the RRP. The large increase in take-up may have created trade-offs with the quality of the programmes (France Stratégie, 2021). In addition, relative to 2019, the share of low-qualified young people in aided contracts, PACEA and, particularly, the Youth Guarantee has decreased (France Stratégie, 2022), which is likely related to the strong increase in take-up. By focusing measures more strongly on quality and targeting the most vulnerable, rather than prioritizing increases in take-up, the needs of young people, particularly marginalized young people, could potentially have been better addressed (Cour des Comptes, 2022). Moreover, by largely focusing on pre-existing measures, the plan may not have sufficiently addressed the “invisible” i.e. young people who are not registered with PES or other institutions (Ibid.).

The above arguments on the design of the French measures relating to social and territorial cohesion can be further strengthened by examining disaggregated data on take-up of measures across regions in comparison to regional labour market indicators.

Figure 8 plots the take-up of apprenticeship subsidies by region (standardized by population size) against regional youth unemployment<sup>26</sup>. A substantively large (and statistically significant) negative correlation between the indicators is found<sup>27</sup>. Similar patterns are found with regard to the professionalization contract subsidy and the youth hiring subsidy (Annex 2, Figures A1 and A2). Put differently, take-up of the apprenticeship subsidy is higher in regions with lower youth unemployment. The hiring subsidy measure appears to have disproportionately benefitted regions with structurally lower challenges with respect to the integration of young people in the labour market. While a simple descriptive exercise, this is consistent with the argument made above that the subsidy largely benefitted young people who would not have struggled to enter the labour market in the first place. Overall, the impact of these hiring subsidies – with no targeting towards specific groups-- on strengthening regional or social cohesion is likely limited.

Figure 8: Apprenticeship subsidy uptake compared to youth unemployment rates by region



<sup>26</sup> The graph plots subsidy uptake against data from 2019, to focus on structural challenges in the labour market.

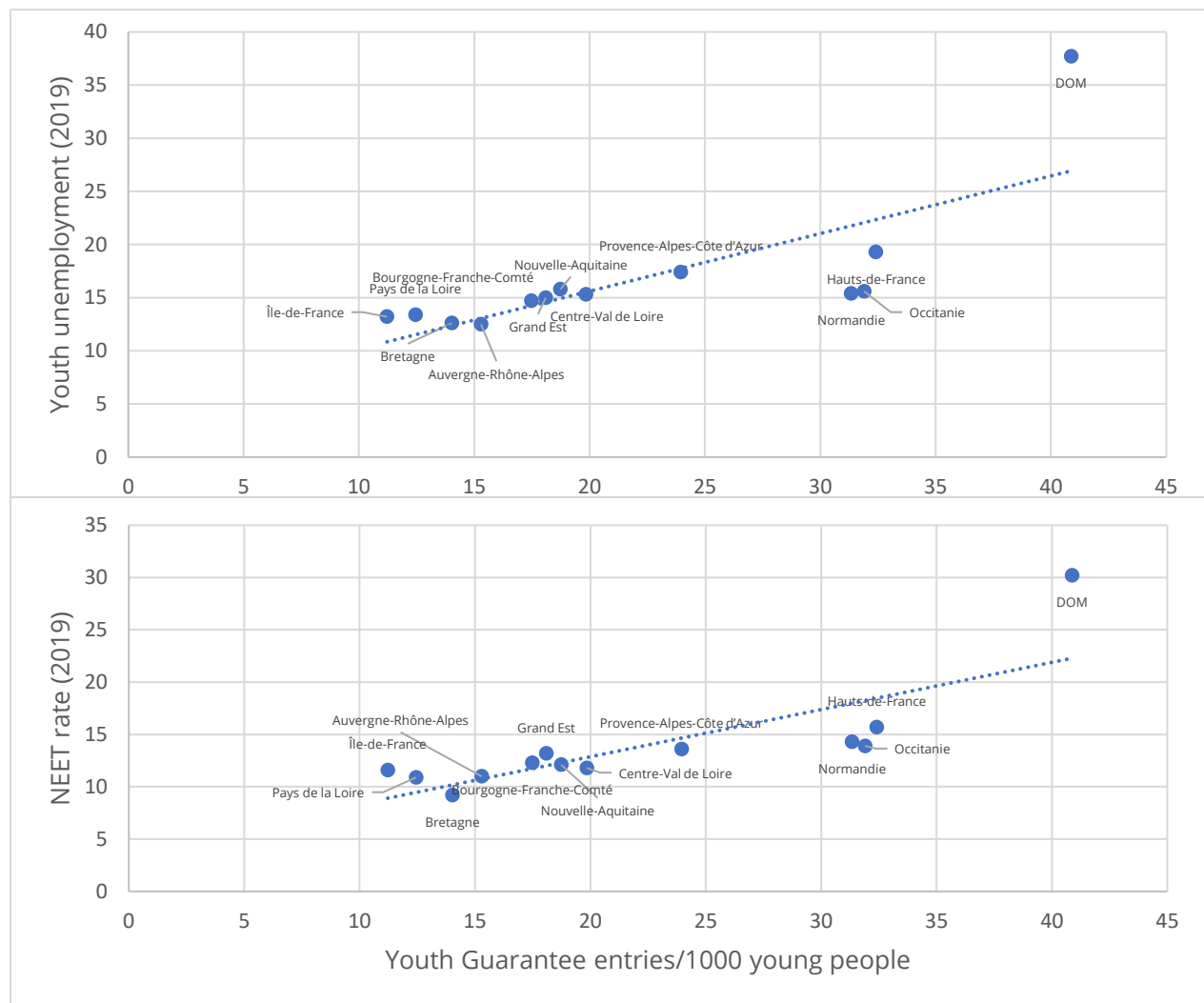
<sup>27</sup> This correlation also remains when removing the DOM as a potential outlier.

Note: Authors' elaboration based on data from Eurostat (2023) and Ministère de l'Economie (2023). Data on regional apprenticeship subsidy uptake is standardized by population size. Correlation coefficient  $r = -0.82$ ,  $t = -4.8$ . DOM = Départements d'outre-mer.

Analogous to

Figure 8, Figure 9 plots youth guarantee entries against regional youth unemployment, as well as NEET rates<sup>28</sup>. Contrary to what was observed for hiring subsidies, there is a significant positive relationship between youth guarantee entries and regional youth unemployment and NEET rates. A similar relationship is also observed for aided contracts (Annex 2, Figure A3). It appears that these measures are indeed better targeted at marginalized populations and regions, and as such, more likely to strengthen regional and social cohesion. However, given the significant focus on hiring subsidies in the French plan, the cohesion element of the ALMP measures appears relatively weak.

Figure 9: Youth Guarantee entries compared to youth unemployment and NEET rates by region



<sup>28</sup> Given that hiring subsidies are not targeted at NEET youth, plots of subsidy uptake against NEET rates are not shown. However, consistent with the arguments made above, the relationship between regional NEET rates and subsidy uptake is negative.

Note: Authors' elaboration based on data from Eurostat (2023) and Ministère de l'Economie (2023). Data youth guarantee entries is standardized by population size. Correlation coefficient: Upper panel  $r = 0.76$ ,  $t = 3.9$ , lower panel  $r = 0.8$ ,  $t = 4.4$ . DOM = Départements d'outre-mer.

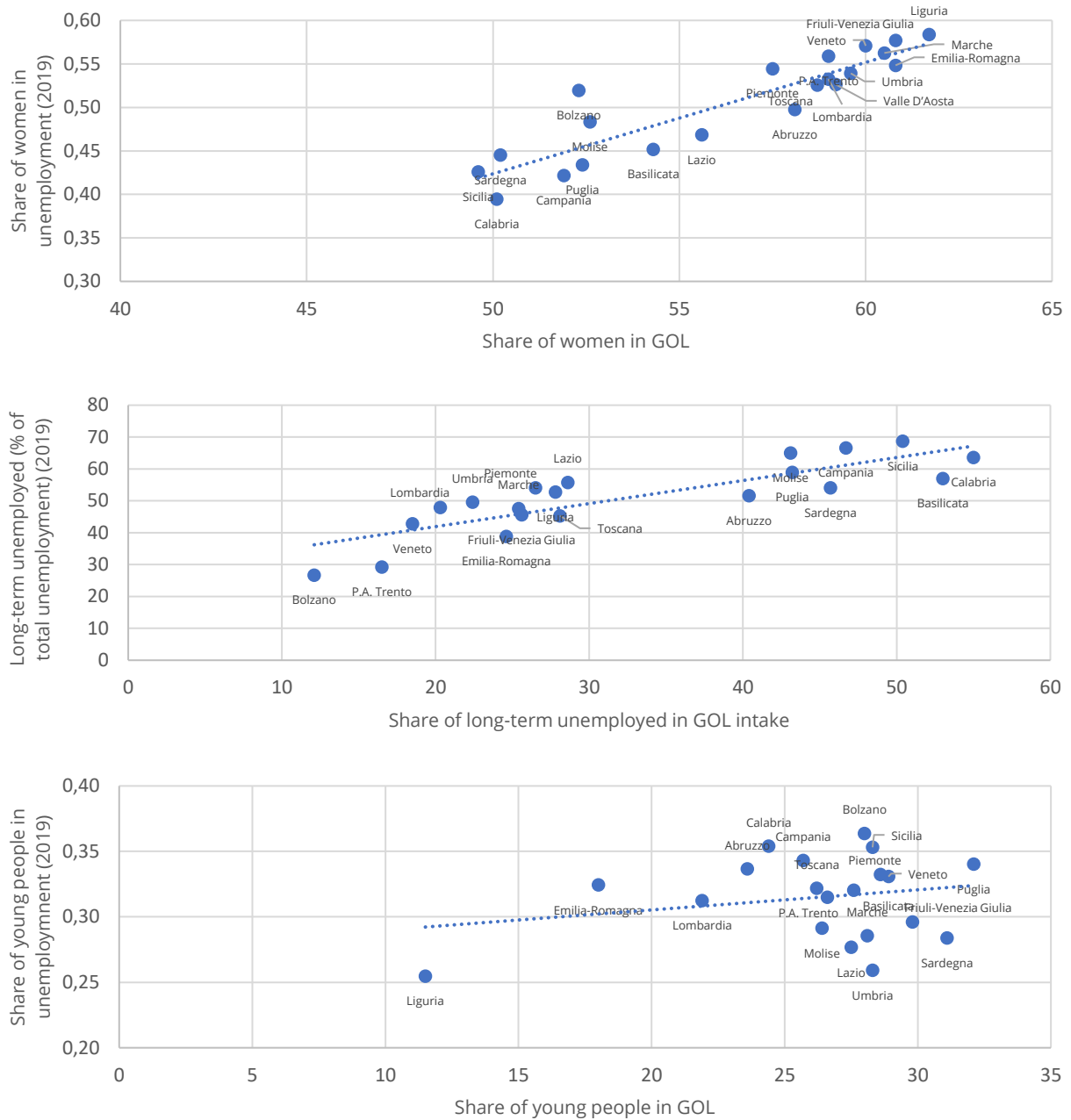
In addition to effects on regional and social cohesion that result from the design features of the different measures, the **successful implementation of the measures themselves is key in actually addressing social and territorial cohesion**. In Croatia, as discussed earlier, take-up of ALMP measures, particularly the vouchers, among vulnerable groups is low so far, which may undermine the measures' impact on social cohesion. The proposed revision of the RRP widens the definition of vulnerable groups targeted by the vouchers, to include not only the long-term unemployed, the inactive and NEET youth, but all unemployed. While this is argued to be reflective of the changing labour market context (Government of Croatia, 2023), it risks diluting the original goal of the measure and reduces the level of targeting at the most vulnerable. As such, the measure's impact on social cohesion may be reduced.

In Italy, in contrast, take-up of the GOL programme among vulnerable groups has been high. A more detailed analysis can be advanced for the Italian case by plotting regional indicators on the share of vulnerable groups among the unemployed<sup>29</sup> – as an indicator of how vulnerable a specific group is within a region – against their actual share in GOL beneficiaries (Figure 10). While descriptive, this analysis can be taken as an indication of the extent to which the GOL programme benefits the groups which are most vulnerable in a specific region. The data shows a strong positive correlation between the share of women/long-term unemployed in GOL and their share in unemployment within a region. That is, in regions where women or the long-term unemployed are structurally more vulnerable and more in need of labour market support, they are more likely to benefit from GOL, indicating that the program is successfully targeting these groups. On the other hand, with regard to young people, no such relationship is found. Regions with high youth unemployment do not exhibit higher shares of young people participating in GOL. One potential reason for this difference is that the target on vulnerable groups specific in GOL amalgamates several groups, so that targeting of each individual group could potentially be less successful.

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<sup>29</sup> In order to focus on structural labour market features, the analysis focuses on data from 2019.

Figure 10: Participation of different target groups in GOL compared to vulnerability in the regional labour market



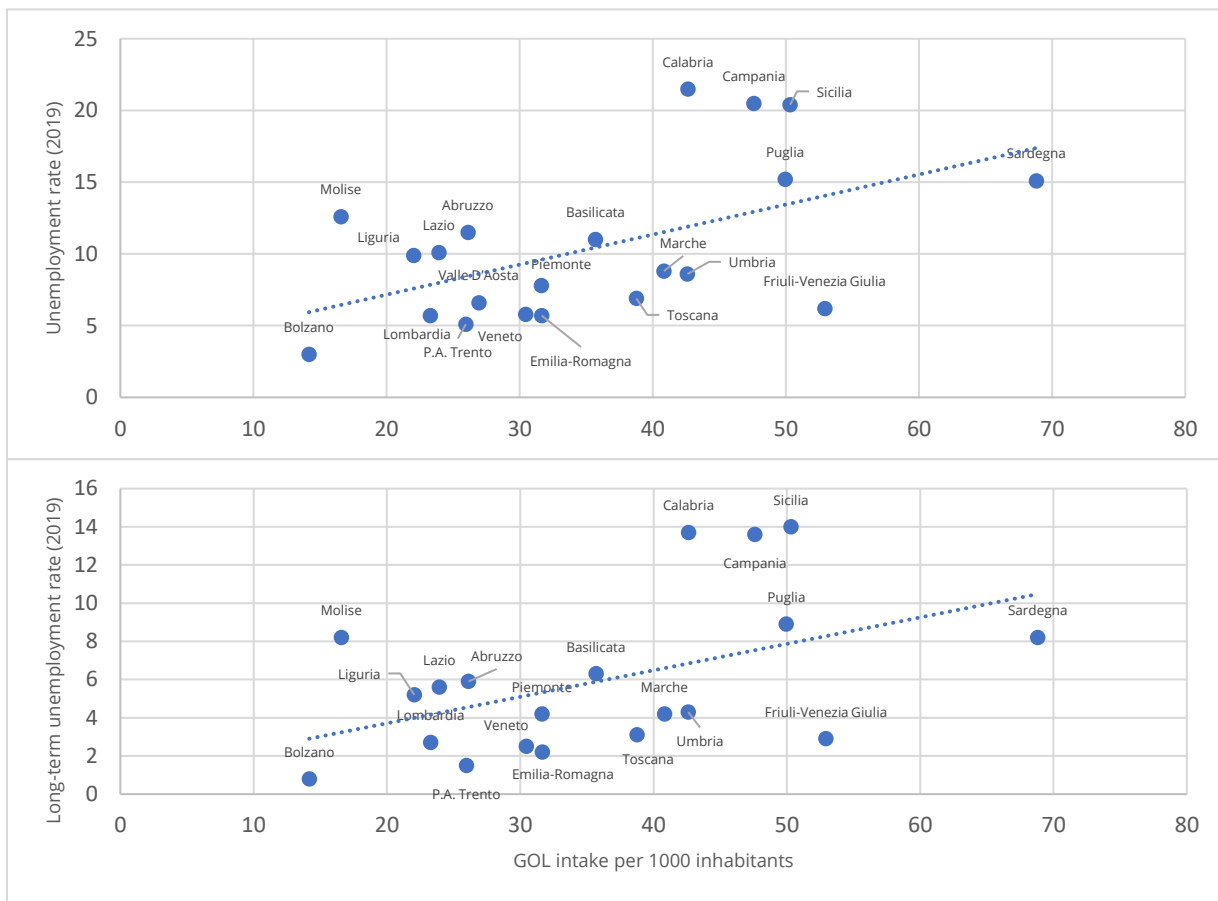
Source: Authors' elaboration based on ANPAL (2023) and Eurostat (2023). Correlation coefficients: Upper panel  $r = 0.9$ ,  $t = 9.2$ ; middle panel  $r = 0.22$ ,  $t = 1.02$ ; bottom panel  $r = 0.84$ ,  $t = 6.7$ .

In addition to the distribution of beneficiaries across different target groups, there is also a question of whether the impact of programme participation on labour market outcomes differs between groups. The initial data on new employment six months after programme participation – though it should be interpreted cautiously – does indicate that there are differences in this regard (ANPAL, 2023). There is a gap of almost nine percentage points between the rate of new employment of the age group 15-54 and those aged 55 or older, and there are also significant differences between men and women. While these results likely, to an extent, reflect structural inequalities within the general labour market, they provide some indicative evidence that participation in GOL is more beneficial for some population groups. Outcomes of GOL should therefore continue to be carefully monitored.



Moreover, the data on GOL can be examined to analyse the extent to which the programme might contribute to territorial cohesion. Key in this regard is the fact that the target on programme participation was defined at national level (Corti and Ruiz De La Ossa, 2023). Recent data on programme take-up ANPAL (2023) clearly shows that some regions contributed significantly more than others in reaching the overall national target. As such, the implementation of GOL appears to have been asymmetrical at regional level. Figure 11 shows data on take-up of GOL by region (standardized by population size) relative to regional unemployment (upper panel) and long-term unemployment (lower panel). In both cases, while a positive relationship is found, the correlation is quite weak. In particular, some regions with very high unemployment or long-term unemployment show only very limited take-up of GOL in the population. As such, the GOL programme, to date, appears to show only **limited effectiveness in targeting the regions with the highest structural need for employment support, and, as such, only limited effectiveness in supporting territorial cohesion.**

Figure 11: GOL intake and unemployment by region

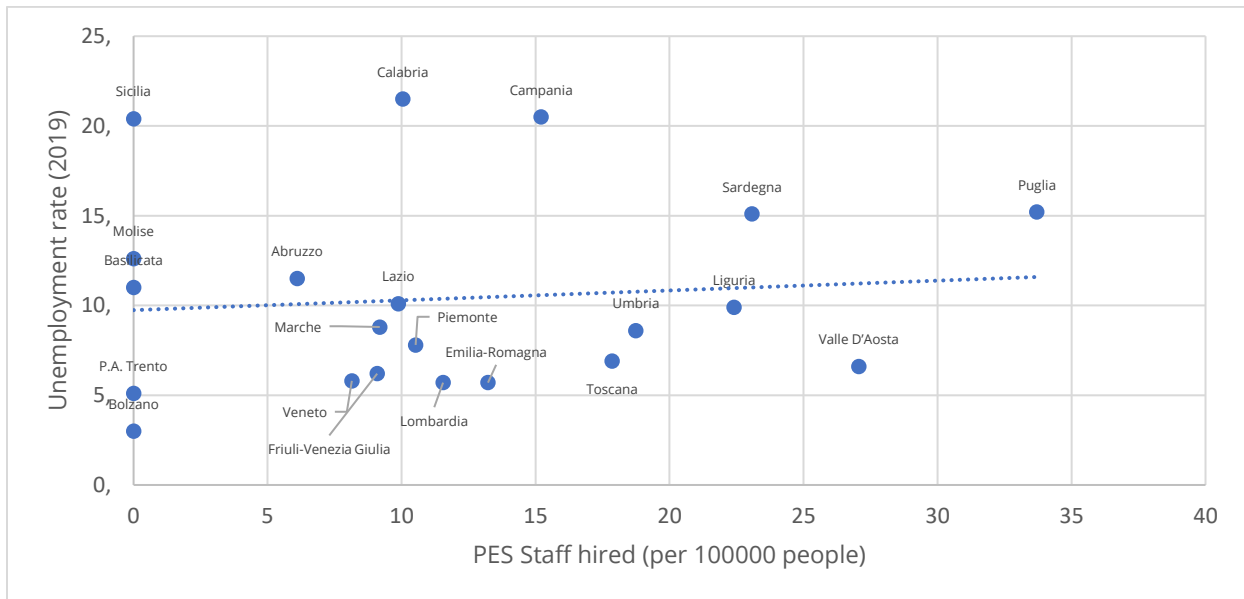


Source: Authors' elaboration based on ANPAL (2023) and Eurostat (2023). Correlation coefficients: Upper panel  $r = 0.52$ ,  $t = 2.71$ ; lower panel  $r = 0.47$ ,  $t = 2.34$ .

The territorial dimension of Italian ALMP measures can also be investigated for the investment on strengthening PES, which is of key interest in light of the fact that, as discussed above, Italian PES are characterized by severe heterogeneity in the quality of services across regions. As shown in Table 6 earlier, there is substantial heterogeneity in the increases in hiring since 2019 across regions. Figure 12 plots the additional PES staff hired by region (standardized by population size) against regional unemployment. Evidently, there is no relationship between the two (these patterns are almost identical for long-term unemployment). In other words, regions that would appear to be structurally more in need of increased PES capacity have not – to date – been the ones to increase their staff resources the most. Therefore, while the investment, in its design, intends to support regions in leveling up their staffing

resources, in practice, the **capacity of the investment to contribute to regional cohesion based on implementation progress so far appears limited**. This is likely related to the administrative issues in hiring discussed previously.

Figure 12: Increase in PES staff compared to regional unemployment rate



Note: Authors' elaboration based on ANPAL (2020), Italian government (2023b), and Eurostat (2023).. Correlation coefficients: Upper panel  $r = 0.1$ ,  $t = 0.46$ ; lower panel  $r = 0.1$ ,  $t = 0.42$ .

## Coherence

To what extent are the RRP measures on ALMPs coherent with the institutional and policy setting of the countries?

### Summary

A number of ALMP measures largely constitute a continuation of the previous institutional and policy regime, particularly in France, Italy and partially in Croatia. However, coherence with previous structures can undermine the measures in cases where problematic aspects of the previous governance structure continue to persist, such as the lack of coordination of ALMPs in Italy. There are also examples where measures identify and modify previous malfunctioning elements of the governance and institutional setting, such as the Employment Law in Spain, or introduce innovative structures, such as the voucher system in Croatia. Nevertheless, if underlying structural issues such as low levels of funding or low capacity of public employment services persist in these countries, this may undermine the innovative aspects of the measures, constituting another example of incoherence with existing structures.

In several cases, measures largely constitute a **continuation or reinforcement of previous measures**. For instance, this is the case in France [FR-EXP-1]. In some cases (PACEA and the Youth Guarantee) the plan included increased investment for measures that already existed previously (Cour des Comptes, 2022). Aided contracts are a pre-existing policy measure that had almost disappeared before the introduction of the RRP, but reinforced investment was

introduced in the crisis context (Ibid.). Hiring subsidies were newly developed measures, but similar instruments had been used in other crises, such as the subsidy “zero charge TPE” employed between 2008 and 2010 (France Stratégie, 2021) and regular hiring subsidies for apprenticeships already existed, connected to a significant 2018 reform of the apprenticeship system designed to increase take-up of these employment contracts [FR-GOV-2, FR-EXP-1]. Hiring subsidies introduced as part of the RRP can be seen continuing a previous policy focus on the reduction of labour costs to incentivize hiring (Huguenot-Noël *et al.*, 2023), as can aided contracts [FR-EXP-1]. The Croatian new targeted active labour market policies also broadly constitute a continuation and upgrade of previous subsidy schemes, the main difference being that they are specifically targeted at green and digital jobs [HR-GOV-1]. In this sense, they are coherent with the previous ALMP policy regime in Croatia. Generally, active labour market policies in Croatia do not require fundamental design changes, but rather increased stability of the legal and implementation frameworks, as well as improved targeting of the existing measures [HR-EXP-1]. The Italian measures also largely build on existing structures. As described earlier, the investment on strengthening PES largely relies on the previous 2019 plan, with the idea of reinforcing and extending it. The ALMP reform, and the new GOL mechanism, build upon the existing institutional governance of the ALMP system, while introducing some improvements such as minimum standards, increased training budget and better coordination between labour market policies (Corti & Ruiz De La Ossa, 2023).

In some countries, however, **innovations in ALMPs were advanced in order to address malfunctioning elements** in the previous system. In Spain, the reform on the review of hiring incentives was designed based on a previous evaluation carried out by AiReF. The Employment Law includes many innovations in the management of the system, trying to address the main shortcomings of previous ALMPs in the country (Fernández Prol, 2023; Rojo Torrecilla, 2023; Monereo Pérez *et al.* 2023). Looking again at Croatia, the voucher scheme constitutes a significant innovation, as vouchers are a scheme that had not previously been put in place in Croatia, with an improved administrative structure relative to other ALMPs [HR-GOV-1; HR-GOV-2]. The measure on strengthening the system of monitoring and inclusion also directly aims to improve aspects that were previously not working well in the administration of public employment services, such as improving systems for profiling and follow-up, including by creating digitized systems [HR-GOV-2]. This constituted a shift from an employment-service oriented system to a client-oriented system, with a view to improving outreach [HR-GOV-1].

However, there are cases where **problematic elements in the existing governance structure persist**, particularly where ALMP measures largely rely on previous governance and institutional structure. In Italy, no substantial changes to the setup of public institutions or budget regulation were made and regional authorities retain substantive control over the management of ALMPs (Huguenot-Noël *et al.*, 2023). The minimum standards, while a positive introduction, are not legally binding. Moreover, there is no unified platform for exchanging data on jobseekers and services at the national level, which hinders efforts to harmonize and overcome regional disparities. Therefore, while measures are coherent with the previous regime in the sense of largely retaining previous structures, this also implies that fundamental issues within the Italian system – such as the lack of coordination and binding minimum standards – are only addressed insufficiently. Issues are also apparent in Spain, including the lack of staff or qualified staff to deal with vulnerable groups and significant regional disparities in the provision of ALMPs, in a context where regional authorities retain a large degree of control over ALMP management (Corti & Ruiz De La Ossa, 2023). While the investment on governance and policies to boost activation does, in principle, address some of these issues, its relatively small size limits its potential impact [ES-EXP-1], and may be insufficient to address the shortages in human and financial resources and therefore the ability to carry out PES functions (Huguenot-Noël *et al.*, 2023). The need for additional funding from the General State Budget in relation to the new Employment Law has been highlighted by several commentators (García Díaz, 2023; Rojo Torrecilla. 2023; Alfonso Mellado, 2023). If this additional funding is not available in the future, it could jeopardise the coherent implementation of the measures included in the Spanish plan. Finally, a general structural issue related to lack of financing for public employment services, particularly lack of staff, also exists in Croatia and does not appear to be sufficiently addressed in the RRP (Corti and Ruiz De La Ossa, 2023).

## To what extent can complementarities or synergies between the investments and reforms on ALMPs contained within the plans be identified?

### Summary

A number of synergies and complementarities between investments and reforms contained within the plans can be identified. This includes (i) measures that are directly linked, as in cases where investments are used to support reform efforts (ii) synergies between different types of ALMP measures (iii) linkages between ALMP measures and other social and employment measures in the RRP.

Synergies and complementarities between measures can be identified in all countries. Generally speaking, reforms can be regarded as a prerequisite for investments which allow for improving conditions [EMPL-1]. In some cases, there are **direct links between measures**, as in the case of the Croatian reform to introduce a voucher system, which is combined with an investment to fund the implementation of this system. Another example is the link between the reform of the French public employment agency, Pôle Emploi, which was supported by an investment to increase the resources of Pôle Emploi and which, more generally, is intended to provide improved support for jobseekers in the context of increased demand, complementing investments on skills and employment [EMPL-2;FR-GOV-1].

There are also **broader synergies between measures**. As noted above, the changes introduced in the Spanish ALMP system required an increase in PES resources to cope with the changes. Although limited in amount, the investment analysed in this case study is complementary to the various reforms introduced as it aims to improve the skills of PES staff. In Croatia, there are also synergies between the measures on targeted active labour market policies and vouchers and the measure to improve CES services for vulnerable groups [HR-GOV-1]. In the Italian case, while the ALMP reform included an increase in public spending on ALMPs and a shift towards a new type of ALMP, as discussed above, the investments included were aimed at increasing the staff and capacity of the PES, the latter being the body responsible for the proper implementation of the policy.

Finally, **synergies and complementarities can also be observed between active labour market policies and other social and employment policies within the RRP**. In France, there are linkages between the measures to support hiring and employment of young people and the reform of unemployment insurance [FR-GOV-1]. There are also notable linkages between the Croatian measures on ALMPs and the other measures within the cohesion pillar, such as those on social protection [HR-GOV-1]. In Spain, one of the main objectives of the reform of recruitment incentives is to limit their use to cases of open-ended contracts (except for certain cases). In particular, it promotes measures in line with the labour market reform approved in December 2021, benefitting workers whose contracts are converted into permanent contracts, or whose contracts are improved by the conversion of part-time permanent contracts into full-time permanent contracts or of permanent discontinuous contracts into ordinary permanent contracts.

## To what extent have synergies between the RRP measures on ALMPs and other EU funds (e.g. ESF+) and/or national funds been identified and exploited?

### Summary

Synergies between RRP measures on ALMPs and other EU or national funds exist in all countries. This includes (i) instances where measures are co-financed through national and RRF sources (ii) instances where elements of

measures not financed through the RRF are financed through ESF+ (iii) broader thematic synergies between RRF measures and other employment and social policy measures financed through ESF+.

Several instances of linkages between RRF funding and other funding sources have been identified. In the first place, there are some instances of **co-funding from the RRF and national sources**. This is most evidence in the French case, as the entire plan France Relance is co-funded by the two sources [FR-GOV-1]. In Spain, additional funds have also been made available at the national level to ensure a smooth implementation of the plan.

Moreover, there are examples of **linkages for funding for measures between the RRF and cohesion policy funds, specifically, ESF+**. A good example of this is Croatia. For the new targeted active labour market policies, a similar structure was already in place through the ESF+, which was updated and used in the RRP in order to target specific groups and skills [HR-GOV-1]. For the voucher programme, in contrast, the order is reversed. While the voucher programme was a new measure implemented through the RRF, there will be a follow-up through ESF+, in order to obtain additional funding for digital skills and to extend the vouchers to other types of skills [HR-GOV-1; EMPL-1]. In Italy, there are also examples of synergies with ESF+ regarding funding for the GOL programme. In their regional implementation plans, Italian regions set out funding instruments for the programme, which may include regional funding as well as other EU funds, in particular, ESF+. A best practice example of this is the region Emilia Romagna, as described in Box 1 below. However, it should be noted that there are clear regional inequalities in the integration of the RRF with other funding sources, which may reflect the ability of regional administration to plan and use the diverse funding sources that are available (ANPAL, 2023). In this sense, the data speaks to the points made above about the significant regional heterogeneity in the management of the ALMP system and the resources available, which may be detrimental to territorial cohesion.

#### Box 1: Integration of RRF and ESF+ Funds in Emilia Romagna

The case of Emilia Romagna is a best practice example of synergy between the RRF funds and the ESF+. The region has created a dedicated online portal to monitor and track all the opportunities of funding via the RRF, with the aim of supporting municipalities or any other implementing authority in accessing available funding, and to strategically coordinate the distribution of funds with the projects already funded through ESF+. <sup>30</sup> This portal has been particularly effective in promoting synergy between the RRF and the ESF+ in the implementation of GOL. The region has also appointed 62 experts to provide technical assistance to local authorities in simplifying and accelerating preparatory procedures for the implementation of RRP projects. In each province of the region, there are 5 experts in construction, digital transition, environment and renewable energy, coordinated by a guide with transversal management skills. Other experts include specialists on monitoring and verification of public investments, digital and legal matters and public procurement.

Finally, in addition to direct links in funding for measures, there are also **broader synergies between measures funded through different EU funding sources, specifically the RRF and ESF+**. In France, a large proportion of ESF+ funding for 2021-2027 focuses on social inclusion measures and individuals who are very far removed from the labour market [EMPL-2]. This is a different strategic focus from the RRP, which, as argued above, focuses less on individuals who are marginalized in the labour market. In this sense, ESF+ and RRF funding are clearly complementary. On the other hand, there is also a clear demarcation between measures that are financed through the RRP and through ESF+ [EMPL-2]. RRP measures focusing on adult learning in Croatia are also complemented through further measures funded through ESF+, in particular, the intention to develop building blocks to provide individual learning accounts (European Commission, 2023a). In Spain, ESF+ is also investing in the strengthening of ALMPs, with a focus on long-term

<sup>30</sup> For more information, see <https://pnrr.regione.emilia-romagna.it>

unemployment and youth (European Commission, 2022) and funds, through several programmes, hiring incentives that are fully in line with the new provisions introduced by RDL 1/2023 (i.e., promote stable employment). Finally, the Italian case also shows general synergies between funding through the RRF and ESF+, with ESF+ financing active inclusion policies, the expansion of job centre services and the integration of activities with social services to target the most vulnerable, as a complement to the RRF measures (European Commission, 2023).

## To what extent were the proposed RRP measures guided by the EU's priorities enshrined in e.g. the Commission Recommendation for Effective Active Support to Employment (EASE), the reinforced EU Youth Guarantee and the European Pillar of Social Rights Action Plan targets?

### Summary

Across countries, consistency with the EU framework was ensured in the adoption of the plans, and several measures make reference to EU priorities or build on previous measures. However, there are also instances of measures that do not make such specific references and the overall impact of the EPSR and its Action Plan on measure development appears limited.

Generally speaking, in the process of adopting the RRP, consistency with the general EU framework played an important role [EMPL-3]. For instance, in France, as part of implementing the EASE recommendation, specific attention was paid to the identification of measures within the RRP that could support this [EMPL-2]. The active labour market policy measures in the Croatian RRP were also developed to be consistent with EU priorities [EMPL-1]. As described in the Croatian NRRP (Government of Croatia, 2021), the active labour market policy measures are in line with the goals of the EPSR with regard to the promotion of equal opportunities and access to the labour market, and the Council Recommendation on Upskilling Pathways: New Opportunities for Adults. The measures included in the Spanish plan are in line with the European Union's employment objectives, to the extent that the reforms included in the plan make direct reference to them (Rojo Torrecilla, 2023; Monereo Pérez et al. 2023). At a more detailed level, the reform to modernise active labour market policies has included a plan to tackle youth unemployment in the framework of the Youth Guarantee, and the various legislative texts adopted seek to act in line with the different EU recommendations (see, for example, section II of the preamble to the Employment Law). The Italian measures are also broadly in line with EU priorities. In particular, there is a strong link with the Youth Guarantee. Specifically, the GOL programme builds on the existing Youth Guarantee, which ran until April 2023. Since then, young people under 30 were able to enter the GOL programme, a novelty that was formalized with the approval of the Decree of the Region n. 5120/202331. However, it should be noted that in most countries, the EPSR as such also does not seem to have had a direct influence on the measures included in the plans (Corti & Vesan, 2023).

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<sup>31</sup> As under the Youth Guarantee, to access Gol, young people must first have issued the Declaration of immediate availability (Did), an operation that can be carried out independently both through the Unified Labor Information System (Siul) and on MyANPAL.

## EU Added Value

### To what extent would the investments and reforms in ALMP still have been implemented in the absence of the RRF?

#### Summary

The added value of RRF measures varies across countries. In France, all measures would have been implemented in the absence of the RRF. In Spain and Italy, some measures would have been implemented without the RRF, but there are some examples where the RRF appears to have provided an impetus for reform. Finally, Croatia is a case where the RRF was used to advance significant structural reforms that would likely not have been advanced in its absence.

The **extent to which measures would have been implemented in the absence of the RRF varies across countries**. EU added value is most limited in the French case, where all measures were developed prior to the negotiation of the NRRP, as part of the plan France Relance, and would have been implemented using national funding [FR-GOV-1]. Other countries present a more mixed picture. In Spain, the modernisation of ALMPs was one of the measures included in the government mandate agreed at the end of December 2019 (Rojo Torrecilla, 2023). Moreover, the other two measures included in this reform (i.e. the Action Plan against Youth Unemployment and the Spanish Activation Strategy for Employment 2021-2024) would have been approved even without the RRF, as they are part of the national legislative cycle (Corti and Ruiz de la Ossa 2023). On the other hand, a reform on hiring incentives had not been advanced despite numerous criticisms in recent years (Ibid.), highlighting a potential added value of the RRF.

Italy is another case where measures would partially have been implemented in the absence of the RRF. The investment measure on strengthening PES, which builds upon previous similar initiatives, would have been partially implemented in the absence of RRF funding, with an additional 200 million in financial support added by the RRF (Italia Domani, 2023). In contrast, the ALMP reform is less likely to have been implemented without the impetus given by the RRF, and the 4.4 billion invested towards it are fully additional (Ibid.).

Finally, Croatia is the country where EU added value is most apparent, as the RRF provided a significant impetus for introduction of new measures in the realm of ALMP overall. Some of the measures – specifically, the new targeted active labour market policies – already existed in a similar form and could have been implemented through ESF+, but the RRF was a way to push for additional funding and support [HR-GOV-1]. Yet compared to measures pursued through ESF+ and the national budget, the measures are more specific and targeted [HR-GOV-2]. The main added value of the RRF, however, was that these measures could be combined with strategic reforms (implementing new structures such as the voucher system and reforming the CES offer) to address structural labour market challenges [HR-GOV-2; EMPL-1]. The definition of precisely defined reforms within the NRRP – combined with the performance-based funding approach – also meant that the achievement of objectives was pursued more successfully [HR-GOV-2]. As such, the RRF served as a way to push forward structural reforms and thereby start developing a long-term vision for Croatian policies [EMPL-1].

## Relevance

### To what extent will the RRP measures on ALMPs remain relevant and feasible to implement until 2026?

#### Summary

In the French case, the majority of measures were focused on immediate crisis relief. However, follow-up measures to several of the instruments have been introduced. In addition, some measures included in the plan do address structural labour market challenges and continue to be implemented, which strengthens their long-term relevance. In Italy, Spain and Croatia, measures have a stronger focus on structural labour market challenges, which increases their continuing relevance. Nevertheless, issues related to the implementation of measures, particularly those related to the effectiveness of regional actors and coordination of policies, may reduce the feasibility to implement the measures by 2026 in Italy and Spain.

The labour market context has changed substantially in European countries relative to the time of the design of the measures. This has reduced the relevance of measures in some cases. However, **to the extent that the measures address structural labour market challenges they are expected to have continuing relevance in the coming years**. As analysed in detail in the section on coherence and country-specific recommendations, this is particularly the case in Italy, Spain and Croatia. In contrast, in the French case, a significant number of ALMP measures, including those in the Plan 1 Jeune, 1 Solution, were heavily frontloaded towards the first years of the RRF (2021-2022), with many measures already completed. Where measures were designed specifically as a crisis response (e.g. youth hiring subsidy), rather than specifically targeting structural challenges, their continued relevance until 2026 is limited. However, the majority of measures already existed prior to the introduction of the RRP, and continue to be used currently, though scaled back to pre-crisis levels [FR-GOV-1]. This includes the Youth Guarantee, redesigned in 2022 as the Contrat d'Engagement Jeune and the extended hiring subsidy for contrats d'alternance (Ministère de l'Economie, 2023). Looking more broadly at the plan, beyond measures focused on young people, there is also a clear emphasis on up- and re-skilling, which is expected to have continuing relevance in the context of structural labour market changes [EMPL-2]. However, employment of vulnerable groups remains a significant labour market challenge in France, as do labour shortages and skills mismatches (European Commission, 2023b), and should be addressed through further measures in the future to address structural labour market challenges.

Moreover, **obstacles to the effective implementation of the measures, related to continuing reliance on malfunctioning governance structures, could reduce the feasibility of implementing them until 2026**. In Spain, further measures to address the effectiveness of public employment services, including continuous evaluation, will remain of key importance in this regard (European Commission, 2023). Measure implementation and effectiveness is also hampered by structural issues in the governance of ALMPs in Italy, which result in significant regional heterogeneity in service provision. As such, further policy measures to strengthen the resources of PES, increase coordination between the national and regional level and improve monitoring are of key importance. A positive example, in contrast, is the Croatian case. The introduction of reform measures such as the voucher system, with substantially improved administration, has created a new and improved structure, while the content of measures can be adjusted in the future to reflect labour market needs [HR-GOV-2]. The continuing relevance of the measures is also reflected by the fact that, as described above, measures will be further expanded through ESF+. Nevertheless, in order to address persisting labour market challenges in Croatia, such as low adult learning rates, high inactivity and skills mismatches, further extension of current policies under the NRRP and ESF+ will be necessary (European Commission,



2022a, 2023). In particular, better targeting and outreach towards vulnerable groups, including the long-term unemployed, in the realm of active labour market policies will remain a critical policy challenge in the future [HR-GOV-1; HR-EXP-1].

## Annex 1: Interviewees

Stakeholder category	Country	Designation
Government official	HR	HR-GOV-1
Government official	HR	HR-GOV-2
Expert	HR	HR-EXP-1
Expert	HR	HR-EXP-2
Government official	FR	FR-GOV-1
Government official	FR	FR-GOV-2
Expert	FR	FR-EXP-1
Expert	FR	FR-EXP-2
Government official	ES	ES-GOV-1
Expert	ES	ES-EXP-1
European institution	BE	EMPL-1
European institution	BE	EMPL-2
European institution	BE	EMPL-3

## Annex 2: Additional information and data analysis

Table A1: Summary of ALMP Measures included in French RRP

I/R	Name of the measure	Timing	Type of ALMP	Total RRF funds (EUR bn)
I	C8I.1 FNE-Training	Q4 2022	Training	0.800
I	C8I.2 Reskilling through dual training programmes	Q4 2023	Training	0.1286
I	C8I.3 Hiring subsidy for apprenticeship contracts	Q4 2021	Subsidized employment Training	2.347
I	C8I.4 Hiring subsidies for professionalization contracts	Q1 2022	Subsidized employment Training	0.800
I	C8I.5 Hiring subsidies for youth under 26	Q1 2021	Subsidized employment	0.9803
I	C8I.6 Creation of jobs for youth in the sports sector	Q3 2023	Subsidized employment	0.0356
I	C8.I10 Personalised pathways for NEET youth aged 16-18	Q1 2022	Job orientation Training	0.065
I	C8.I13 "Personalised guidance towards employment and autonomy" (PACEA) and Youth guarantee	Q1 2022	Job orientation Training	0.233
I	C8.I14 Aided contracts for youth (PEC and CIE)	Q1 2022	Subsidized employment Training	0.317
I	C8.I15 Support to employers for hiring of persons with disabilities (AMEETH)	Q2 2021	Subsidized employment	0.043
I	C8.I16 Extension of the "guided employment plan" for persons with disabilities	Q2 2023	Job orientation Job matching Training	0.015
I	C8.I17 Distance training courses	Q4 2023	Training	0.160
I	C8.I18 Digital educational content: platforms for digital content	Q4 2023	Training	0.1522
I	C8.I19 Additional allocation for the "Pro Transitions" associations (AT pro) for the professional transitions	Q4 2022	Training	0.100
I	C8.I20 Top-up of individual learning accounts for digital skills	Q1 2022	Training	0.025

I	C8.I21 Increase of resources for France Compétences	Q4 2023	Training	0.750
I	C8.I22 Increase of resources for Pôle Emploi	Q4 2022	Job orientation Job matching Training	0.05
R	C8.R1 Provision of services by the unemployment agency	Q4 2022	Job orientation Job matching Training	-

Source: Authors' elaboration based on Council of the European Union (2021) and France Relance (2021)

**Table A2: Summary of ALMP Measures included in Croatian RRP**

I/R	Name of the measure	Timing	Type of ALMP	RRF Funds (EUR bn) <sup>32</sup>
I	C1.6.R1-I3 Strengthening system capacity for resilient and sustainable tourism	4Q 2025	Training	0.001
R	C4.1.R1 Development and implementation of new targeted active labour market policies for the purposes of green and digital transition of the labour market	Q4 2025	Employment incentives Training Self-entrepreneurship	0.146
R	C4.1 R2 Strengthening of the system of inclusion and monitoring of vulnerable groups in the labour market through improvements of the employment service processes	Q4 2024	Job orientation	0.005
	C4.1.R3 Setting up a voucher system for adult education, training and upskilling	Q2 2025	Training	0.00003
I	C4.1.R3-II Implementation of vouchers for adult education, training and upskilling	Q2 2026	Training	0.04
R	C6.1.R2 – Developing a framework for ensuring adequate skills in the context of green jobs needed for post-earthquake reconstruction	Q4 2026	Training	0.005
I	C2.R3-I10 Digitalisation and computerisation of the CES (eHZZ)	Q2 2026	Job orientation Job matching	0.008

Source: Authors' elaboration based on (Council of the European Union, 2021a) and (Government of Croatia, 2021)

**Table A3: Summary of ALMP Measures Included in Italian RRP**

I/R	Name of the measure	Timing	Type of ALMP	Total funds (EUR bn)
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<sup>32</sup> Converted from HRK based on 2021 plan.

R	M1 R1.9 Public employment reform and simplification	Q2 2026	Training	-
I	M1 I1.7 Basic digital skills	Q2 2026	Training	0.2
I	M5 I1 Strengthening Public Employment Services	Q4 2025	Job orientation Job matching	0.6
I	M5 I3 Strengthening the dual system	Q4 2025	Training	0.6
I	M5 I4 Strengthening of the Universal Civil Service	Q4 2023	Training	0.65
I	M5 I5 Creation of women's enterprises	Q2 2026	Self-entrepreneurship	0.4
R	M5 R1 The Active Labour Market Policies (ALMPs) and Vocational Training	Q4 2025	Job orientation Job matching, Training	4.4

Source: Authors' elaboration based on European Commission (2021) and Italian Government (2021)

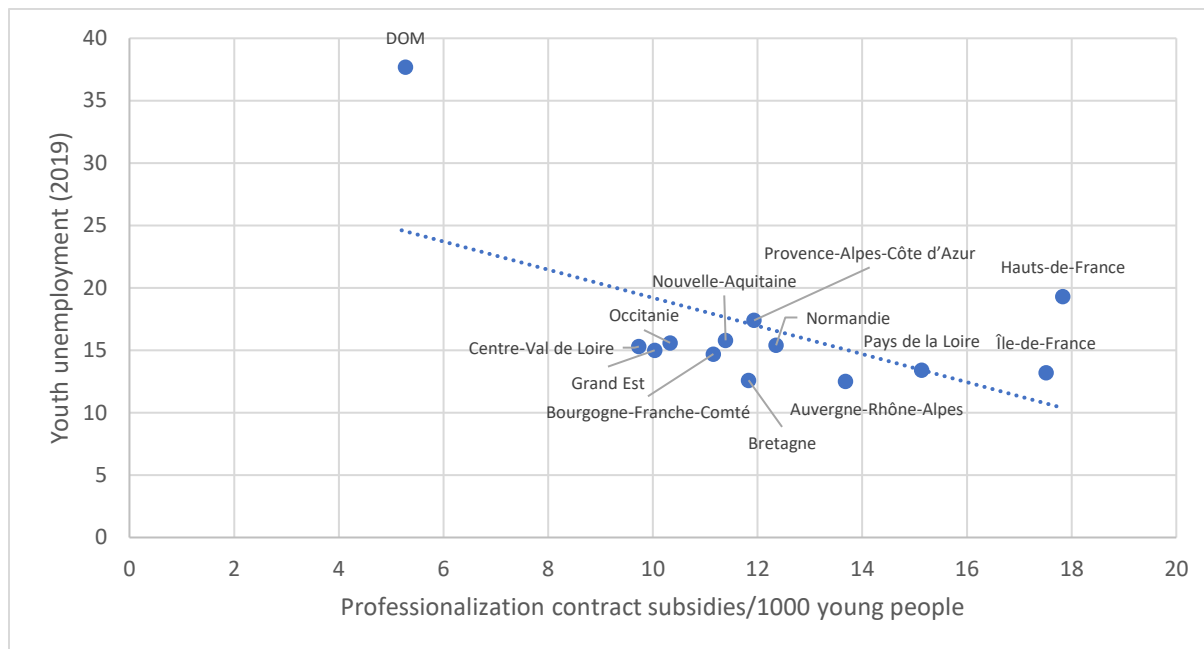
**Table A4: Summary of ALMP Measures Included in Spanish RRP**

I/R	Name of the measure	Timing	Type of ALMP	Total funds (EUR bn)
R	C19.R1 National Digital Competences Plan	Q1 2021	Training	-
I	C19.I3 Digital skills for employment	Q4 2025	Training	1.26
I	C20.I1 Reskilling and upskilling of the labour force linked to professional qualifications	Q4 2024	Training	1.22
I	C23.I1 Youth Employment	Q4 2025	Training	0.77
I	C23.I2 Female employment and gender mainstreaming in active labour market policies	Q4 2025	Job orientation Job matching Training	0.11
I	C23.I3 New skills for the green, digital and productive transition	Q4 2025	Training	0.43
I	C23.I4 New territorial projects for rebalancing and equity	Q4 2023	Job orientation Job matching Self-entrepreneurship	0.56
I	C23.I5 Governance and boost of policies to support activation	Q4 2023	Job orientation Job matching	0.105
R	C23.R5 Modernisation of active labour market policies (ALMP)	Q4 2022	Job orientation Job matching Training	-
R	C23.R6 Permanent mechanism for internal flexibility, job stability and reskilling of workers in transition	Q4 2021	Training	-

R	C23.R7 Review of hiring incentives	Q4 2022	Subsidized employment	-
R	C23.R11 Digitalisation of the Public Employment Services for its modernisation and efficiency	Q4 2023	Job orientation Job matching	-

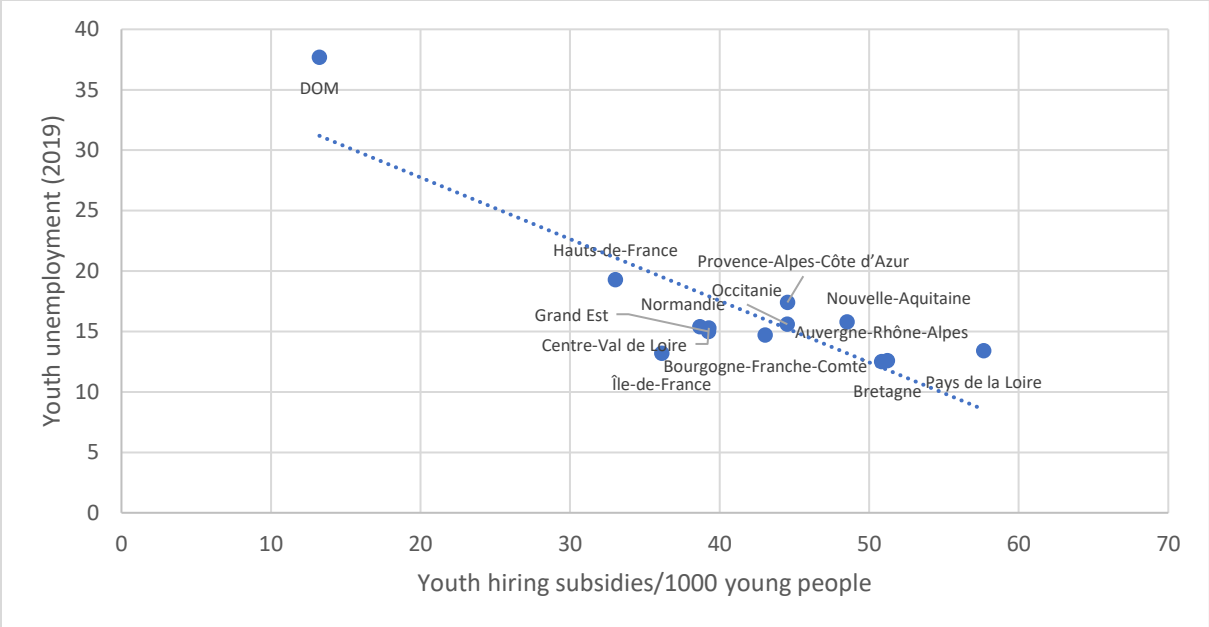
Source: Authors' elaboration based on European Commission (2021) and (Spanish Government, 2021)

Figure A1: Professionalization contract subsidy uptake compared to youth unemployment rates by region



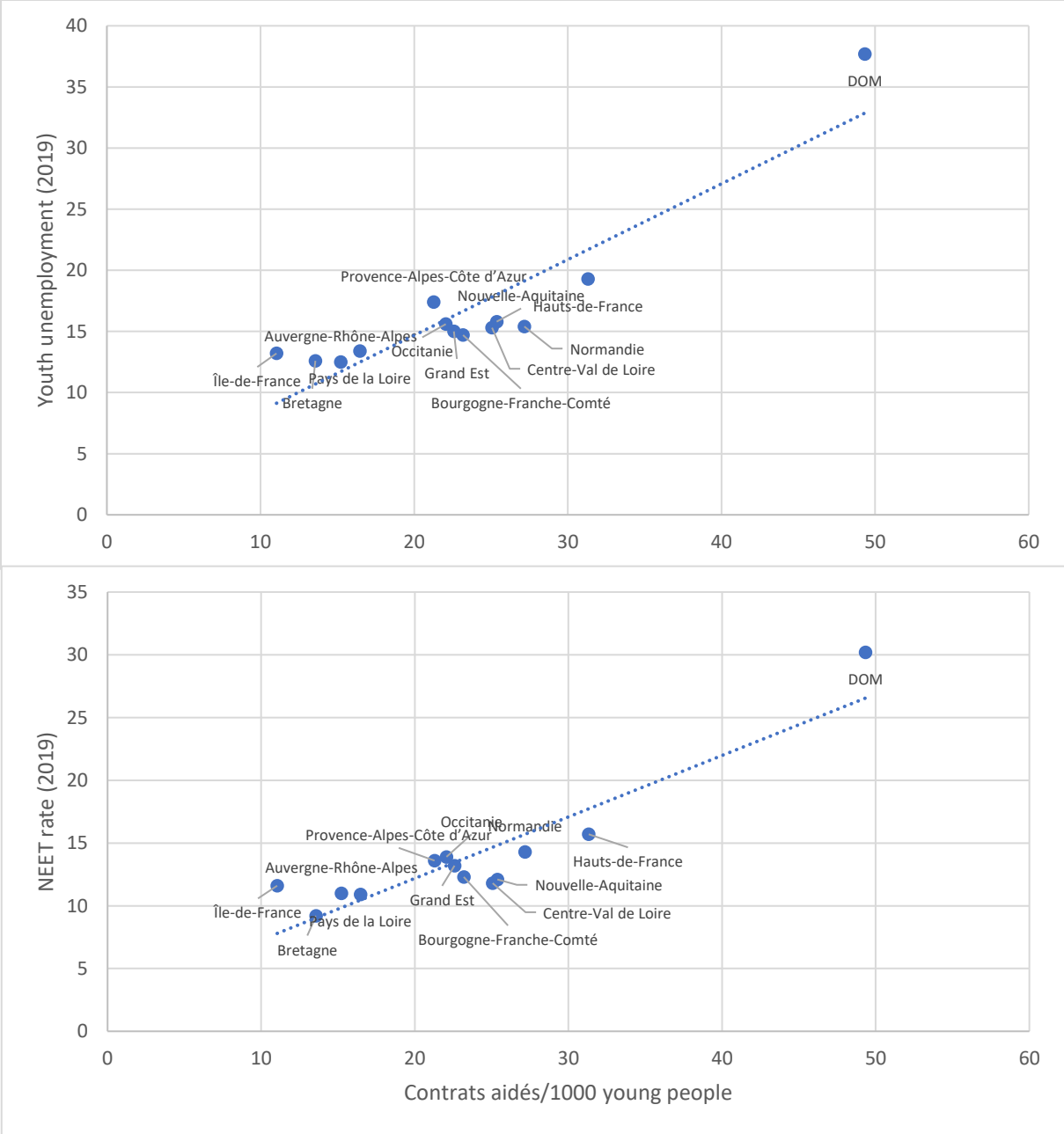
Note: Authors' elaboration based on data from Eurostat (2023) and Ministère de l'Économie (2023). Data on regional apprenticeship subsidy uptake is standardized by population size. Correlation coefficient:  $r = -0.58$ ,  $t = -2.33$ .

Figure A2: Youth hiring subsidy uptake compared to youth unemployment rates by region



Note: Authors' elaboration based on data from Eurostat (2023) and Ministère de l'Economie (2023). Data on regional apprenticeship subsidy uptake is standardized by population size. Correlation coefficient:  $r = -0.85$ ,  $t = -5.28$ .

Figure A3: Aided contract uptake compared to youth unemployment and NEET rates by region



Note: Authors' elaboration based on data from Eurostat (2023) and Ministère de l'Economie (2023). Contrats aidés refers to both PEC and CIE. Data on regional apprenticeship subsidy uptake is standardized by population size. Correlation coefficient: Upper panel  $r = 0.91$ ,  $t = 7.48$ , lower panel  $r = 0.91$ ,  $t = 7.4$ .



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