



Council of the
European Union

Brussels, 8 March 2021
(OR. en)

6650/21

SOC 107
EMPL 84
EDUC 76
SAN 118
ECOFIN 222

COVER NOTE

From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

date of receipt: 8 March 2021

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

No. Cion doc.: C(2021) 1372 final

Subject: COMMISSION RECOMMENDATION of 4.3.2021 on an effective active support to employment following the COVID-19 crisis (EASE)

Delegations will find attached document C(2021) 1372 final.

Encl.: C(2021) 1372 final



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COMMISSION RECOMMENDATION

of 4.3.2021

on an effective active support to employment following the COVID-19 crisis (EASE)

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on an effective active support to employment following the COVID-19 crisis (EASE)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

Whereas:

- (1) The COVID-19 outbreak and the exceptional measures required to curb the spread of the virus and protect lives have caused a large and protracted economic shock in the European Union. In the third quarter of 2020, EU GDP was almost 4.2% lower compared to the same quarter of the previous year. A strong but incomplete rebound followed from the second half of 2020 but the resurgence in infections is expected to lead to a moderate contraction and delay the recovery into the second half of 2021¹.
- (2) The policy response to the COVID-19 pandemic at both national and EU levels has been instrumental in limiting the socio-economic impact of the COVID-19 pandemic. The use of short-time work schemes and similar job retention measures has so far helped contain the rise in unemployment relative to the drop in economic activity. At EU level, the unemployment rate increased by less than one percentage point between the first and the third quarter of 2020. Policies have benefited from flexible financing from the European Structural and Investment Funds under the Corona Response Investment Initiatives (CRII² and CRII Plus³) and from the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE)⁴.

¹ European Commission (2021): European Economic Forecast - Winter 2021 (Interim). European Economy, Institutional Paper 144, February 2021.

² Regulation (EU) 2020/460 of the European Parliament and of the Council of 30 March 2020 amending Regulations (EU) No 1301/2013, (EU) No 1303/2013 and (EU) No 508/2014 as regards specific measures to mobilise investments in the healthcare systems of Member States and in other sectors of their economies in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative) (OJ L 99, 31.3.2020, p. 5).

³ Regulation (EU) 2020/558 of the European Parliament and of the Council of 23 April 2020 amending Regulations (EU) No 1301/2013 and (EU) No 1303/2013 as regards specific measures to provide exceptional flexibility for the use of the European Structural and Investment Funds in response to the COVID-19 outbreak (OJ L 130, 24.4.2020, p. 1).

⁴ Council Regulation (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak (OJ L 159, 20.5.2020, p.1).

- (3) Looking forward, crisis-induced changes to consumption patterns and the twin green and digital transitions, assisted by the European Green Deal⁵ and by the European Digital Strategy⁶, will transform our economies. Some sectors may not recover fully for some time, if at all, and companies may emerge from this crisis in financial distress⁷. While the European Green Deal drives our growth strategy and the transition towards a greener economy is expected to create up to 2 million additional jobs by 2050 across the EU⁸, jobs in certain sectors and regions will be at risk of being displaced. These developments could lead to a rise in unemployment in the short-term, while the creation of new quality jobs may take time, depending on the economic outlook and the availability of a skilled workforce. Rising unemployment and increased inactivity would imply a loss of skills, which could have scarring effects for the individuals concerned and the economy as a whole. Without effective up- and re-skilling measures, unemployment risks becoming persistent.
- (4) Young people are likely to pay the highest price in the absence of an adequate policy response. The increase in the youth unemployment rate has been triple that of the general unemployment rate between the first and third quarters of 2020⁹. A delayed entry into the labour market could mark this generation for years to come.
- (5) The crisis is also likely to adversely affect the labour market situation of groups that are in a disadvantaged position or under-represented on the labour market, such as women, older workers, low-skilled people, persons with disabilities, those living in rural and remote areas, LGBTIQ people, Roma people and other ethnic or racial minorities particularly at risk of exclusion or discrimination as well as those with a migrant background. In particular, while the average employment rate of women in the EU is higher today than ever before, many women still experience barriers to joining and remaining in the labour market and their employment rates should be improved.¹⁰
- (6) A strategic approach at the EU and national levels is required to gradually transition between the emergency measures, taken in the context of the pandemic, and those necessary to ease the process of labour and capital reallocation in the recovery. The EU and the Member States should act together to promote a dynamic, job-rich and inclusive recovery and facilitate the green and digital transition in the European labour market. Attention should be given to the risks of phasing out emergency measures without effective new policies in place to support workers and firms during the recovery.

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and social Committee and the Committee of the Regions, The European Green Deal, COM(2019)640 final.

⁶ European Commission (2020), EU strategy “Shaping Europe’s Digital Future”.

⁷ According to analysis by staff members of the Bank of International Settlements, a surge in business bankruptcies can be expected to rise significantly by the end of 2021 across advanced economies. See: Banerjee, R. Cornelli, G. and E. Zakrajšek (2020) "The outlook for business bankruptcies" BIS Bulletin No 30.

⁸ European Commission (2019), Employment and Social Developments in Europe 2019.

⁹ Between the first and third quarter of 2020, the EU unemployment rate of people aged between 15 and 24 years increased by 3 percentage points, while the overall unemployment rate increased by 0.8 percentage points. Source: Eurostat.

¹⁰ Communication from the Commission to the European Parliament and the Council, the European Economic and social Committee and the Committee of the Regions, A Union of Equality: Gender Equality Strategy 2020-2025, COM(2020)152 final.

- (7) A coherent set of active labour market policies consisting of temporary hiring and transition incentives, skills policies and improved employment services (referred to as ‘Effective Active Support to Employment’ or EASE measures hereafter) is needed to support labour market transitions in the context of the recovery and the twin transitions, making full use of the available EU funds for this purpose.
- (8) Timely and well-designed support to employment can benefit workers and companies and the economy and society at large. If timely and actively supported, workers in crisis-hit economic sectors are more likely to find quality jobs in expanding sectors such as the green and digital sectors or in sectors with innovative business models but also in the social economy and in sectors that lack a skilled workforce such as the health and care sectors.
- (9) Temporary hiring incentives on the labour market can be effective in promoting quality job creation amid subdued economic growth during the initial stages of the recovery. They should be targeted and designed to facilitate job transitions and the creation of jobs that would not have happened absent those incentives. Target groups can include vulnerable and under-represented populations, including young people entering the labour market. In particular, supporting apprenticeships can be effective to develop the skills required on the labour market and help young people into employment. Moreover, transition incentives, which encourage the hiring of workers at risk of displacement by new employers, can contribute to easing those transitions and increasing the supply of skills in expanding sectors. Support for entrepreneurship, with a special focus on youth, women and social entrepreneurs, can usefully complement such measures, including support to help them deal with some of SME’s biggest challenges, such as regulatory obligations, late payments and access to finance.
- (10) Economic literature shows that hiring incentives can involve larger average gains in employment than other types of active labour market policies. Along with training programmes, they have the largest medium- to long-run effects, as they improve workers’ employability and their skills. Hiring and transition incentives coupled with on-the-job training can be more effective in providing labour market relevant skills than other forms of training. The risk that these incentives could contribute to jobs that would have been created anyway can be mitigated through targeting, monitoring and continued employment requirements. Moreover, this risk is lower in a crisis context, when hiring and re-training measures are more likely to have a positive impact.¹¹
- (11) Upskilling and reskilling opportunities geared towards the needs of the labour market can benefit all firms and workers but in particular those displaced or at risk of displacement against the backdrop of significant structural changes on labour markets. These measures should be based on relevant skills intelligence and an individualised approach, ensuring that workers have access to individual training entitlements. Short training courses can play an important role and can be certified by micro-credentials, alongside supporting partnerships between public and private stakeholders.

¹¹ ‘ALMP programmes tend to be particularly successful if participants are enrolled in a programme during a downturn and exit the programmes during a period of favourable economic conditions.’ Card, D., Kluve, J., & Weber, A. (2018). What works? A meta-analysis of recent active labor market program evaluations. *Journal of the European Economic Association*, 16(3), 894-931, p34.

- (12) Effective policies fostering job transitions should be accompanied by well-performing employment services, with reinforced institutional capacity and able to deliver tailor-made support to jobseekers, including through an increased use of digital tools.
- (13) The European Framework for Quality and Effective Apprenticeships¹² and the Quality Framework for Traineeships¹³ provide guidance and best practices that will become all the more relevant in the context of the recovery. Small and medium-sized enterprises (SMEs) should be particularly supported to supply apprenticeships, including through temporary recruitment bonuses or labour cost reductions where appropriate.
- (14) Social partners have a vital role to play to help build our economies back better while contributing to address, through dialogue, the employment and social consequences of the pandemic and the challenges of the twin transitions. The EU Quality Framework for anticipation of change and restructuring promotes, among others, their involvement in restructuring operations, in anticipating change and in identifying skill needs.
- (15) In the context of business restructurings, easing labour reallocation will be key. Directive (EU) 2019/1023 of the European Parliament and of the Council¹⁴ ensures that viable enterprises that are in financial difficulties have access to effective early warning tools and preventive restructuring frameworks to continue operating. The EU Quality Framework for anticipation of change and restructuring¹⁵ outlines good practices for anticipating skills and training needs in business restructuring processes.
- (16) The New Industrial Strategy for Europe¹⁶ has for goal to build a globally competitive, climate-neutral, clean, circular and digitalised European industry. It revolves around European industrial ecosystems, which encompass all players operating in a value chain: from businesses to academia, research entities, service providers and suppliers. The identification of ecosystems can provide a useful framework to map skill needs.
- (17) According to the European Pillar of Social Rights, everyone has the right to support to improve employment or self-employment prospects, including support for job search and training, while employment conditions should respect quality criteria.¹⁷
- (18) Promoting inclusiveness requires providing equal opportunities in labour market transitions regardless of sex, racial or ethnic origin, religion or belief, disability, age or

¹² Council Recommendation of 15 March 2018 on a European Framework for Quality and Effective Apprenticeships, (OJ C 153, 2.5.2018, p.1).

¹³ Council Recommendation of 10 March 2014 on a Quality Framework for Traineeships, (OJ C88, 27.3.2014, p.1).

¹⁴ Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (Directive on restructuring and insolvency) (O.J. L 172, 26.6.2019, p. 18).

¹⁵ Communication from the Commission to the European Parliament and the Council, the European Economic and social Committee and the Committee of the Regions, EU Quality Framework for anticipation of change and restructuring, COM(2013)882 final.

¹⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and social Committee and the Committee of the Regions, A New Industrial Strategy for Europe, COM(2020)102 final.

¹⁷ Council of the European Union (2017), Interinstitutional proclamation endorsing the European Pillar of Social Rights.

sexual orientation. Low-qualified/skilled adults and people with a migrant background should remain in focus. Similarly, no territory should be left behind, from big cities to rural, coastal or remote areas across the whole EU, including the outermost regions.

- (19) The Youth Employment Support package¹⁸ was adopted in view of the hardships being faced by young people across the EU, to provide them with stepping stones that contribute towards their stable labour market integration. In response, Member States have adopted two Council Recommendations to reinforce both the Youth Guarantee¹⁹ and vocational education and training²⁰ and are now implementing them.
- (20) The European Skills Agenda for Sustainable Competitiveness, Social Fairness and Resilience²¹ lays out a comprehensive plan to support the development of more and better skills to facilitate the adaptation to a changing labour market. In addition, the Pact for Skills²² invites public and private organisations to join forces and take concrete action to upskill and reskill people in Europe.
- (21) Policy packages of EASE measures will be the most effective if supported by the right framework conditions, including modern labour market institutions, the removal of obstacles to investment, entry, growth and exit of firms, an efficient tax-benefit system, a well-functioning public administration, in an overall context of sustainable public finances. The implementation of the related country-specific recommendations, adopted by the Council in the framework of the European Semester, is all the more important to foster the economic recovery and ensure it deploys lasting effects.
- (22) Addressing the labour market challenges in the context of the recovery and the twin transitions requires dedicating adequate resources for the financing of EASE measures. As a horizontal principle, Member States must ensure the absence of double funding provided by Union programmes and instruments. They must also ensure that these support measures are designed to comply with State aid rules, where applicable.
- (23) Active labour market measures and measures aimed at enhancing the capacity of public employment services can be eligible for support under the structural funds, notably the European Social Fund Plus (ESF+)²³ and the European Regional Development Fund (ERDF)²⁴, as well as the Just Transition Fund²⁵, the European

¹⁸ Communication from the Commission to the European Parliament and the Council, the European Economic and social Committee and the Committee of the Regions, Youth Employment Support: a Bridge to Jobs for the Next Generation, COM(2020)276 final.

¹⁹ Council Recommendation of 30 October 2020 on A Bridge to Jobs – Reinforcing the Youth Guarantee and replacing the Council Recommendation of 22 April 2013 on establishing a Youth Guarantee, 2020/C 372/01, OJ C 372, 4.11.2020, p. 1–9.

²⁰ Council Recommendation of 24 November 2020 on vocational education and training (VET) for sustainable competitiveness, social fairness and resilience, 2020/C 417/01, OJ C 417, 2.12.2020, p. 1–16.

²¹ Communication from the Commission to the European Parliament and the Council, the European Economic and social Committee and the Committee of the Regions, European Skills Agenda for sustainable competitiveness, social fairness and resilience, COM(2020)274 final.

²² European Commission (2020), Pact for Skills.

²³ Proposal for a Regulation of the European Parliament and of the Council on the European Social Fund Plus (ESF+), COM/2018/382 final.

²⁴ Proposal for a Regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion fund, COM(2018)372 final.

Globalisation Adjustment Fund for displaced workers (EGF)²⁶, Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU)²⁷ and the Brexit Adjustment Reserve²⁸. Member States can also benefit from support from the Technical Support Instrument (TSI)²⁹ for the design and implementation of reforms in the areas of skills and active labour market policies.

- (24) Measures outlined in this recommendation to support job creation and employment, notably those addressing relevant challenges identified in the related country-specific recommendations, may be supported by the Recovery and Resilience Facility as part of coherent packages of reforms and investments. EASE measures proposed by Member States in their Recovery and Resilience Plans should respect the eligibility and assessment criteria set out in the Regulation establishing the Facility.³⁰ As a rule, the Facility cannot finance recurring expenditures, unless for duly justified cases, and can only finance reforms and investments that have a lasting impact and lead to structural change in the administration or in relevant policies. Financing under the Facility will only be provided upon positive assessment by the Commission of the individual measures proposed by the Member State, the approval of the Plans by the Council and the satisfactory fulfilment of the related milestones and targets.
- (25) Council Conclusions on the 2021 European Semester³¹ encourage Member States to include essential reforms and investments in the labour market, social policy, healthcare and the educational and training areas in their Recovery and Resilience Plans. The Commission guidance to Member States on the Plans³² highlights that they should be the opportunity to promote a strong policy response by supporting a shift in employment policies from employment preservation to quality job creation and support job-to-job transitions in order to ease and accelerate structural changes.

HAS ADOPTED THIS RECOMMENDATION:

1. In view of the labour market challenges resulting from the COVID-19 pandemic, from the on-going transition from declining sectors to economic activities that have higher growth potential and strategic value in the context of the green and digital transitions, and from demographic change, Member States should promote a job-rich

²⁵ Proposal for a Regulation of the European Parliament and of the Council establishing the Just Transition Fund, COM(2020)22 final.

²⁶ Proposal for a Regulation of the European Parliament and of the Council on the European Globalisation Adjustment Fund (EGF), COM(2018)380 final.

²⁷ Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013 as regards additional resources and implementing arrangements to provide assistance for fostering crisis repair in the context of the COVID-19 pandemic and its social consequences and for preparing a green, digital and resilient recovery of the economy (REACT-EU), (OJ L 437, 28.12.2020, p. 30).

²⁸ Proposal for a Regulation of the European Parliament and of the Council establishing the Brexit Adjustment Reserve, COM(2020)854 final.

²⁹ Proposal for a Regulation of the European Parliament and of the Council establishing a Technical Support Instrument, COM(2020)409 final.

³⁰ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing a Recovery and Resilience Facility, (OJ L 57, 18.2.2021, p.17).

³¹ Council Conclusions on 2021 European Semester: employment and social aspects of the Annual Sustainable Growth Strategy 2021.

³² SWD(2021) 12 final, part 1/2.

recovery, encourage skills development and support people in their transition to new quality jobs, in accordance with the following guidelines:

COHERENT POLICY PACKAGES TO SUPPORT LABOUR MARKET TRANSITIONS

2. Member States should develop coherent policy packages, combining temporary and permanent measures, to address the labour market challenges triggered by the pandemic and succeed in the green and digital transitions.
3. These policy packages should be composed of the three components developed in this recommendation: i) hiring and transition incentives and entrepreneurship support, ii) upskilling and reskilling opportunities and support measures, and iii) enhanced support by employment services for job transitions. Hereafter, these are referred to as EASE measures. In particular, these measures should:
 - be complemented with the implementation of the related country-specific recommendations adopted by the Council in the framework of the European Semester;
 - be based on a mapping of skills needs and possible shortages across economic sectors and regions, including the industrial ecosystems defined by the ‘New Industrial Strategy for Europe’ in order to identify those with the highest potential for quality job creation and facilitate the transition to a climate neutral, resource-efficient and circular economy in line with the European Green Deal;
 - contain a specific focus on the green and digital transitions, also building on the challenges and opportunities identified in the National Energy and Climate Plans, and on disadvantaged and under-represented groups on the labour market, in particular young people and women
4. Member States should encourage employers and employees’ representatives to anticipate human capital needs, including through joint diagnoses, personalised support to employees and external partnerships to deliver support to workers, in line with the EU Quality Framework for anticipation of change and restructuring.
5. Member States should rely on social dialogue and involve social partners in the design, implementation and evaluation of the policies they devise to address the labour market challenges brought by the COVID-19 crisis.

(I) HIRING AND TRANSITION INCENTIVES AND ENTREPRENEURSHIP SUPPORT

6. Member States should make use of hiring and transition incentives to promote quality job creation and support the employability of workers, accompanying labour market transitions from declining to expanding sectors, including green and digital sectors. These schemes should be targeted, temporary, with support phasing out gradually over time, and embed appropriate safeguards to ensure that the newly created jobs are viable and maintained after the incentives have expired. They should typically also include a strong training component of labour-market relevance, and take into account the regional dimension of labour market needs where relevant.

7. Member States should introduce or strengthen support schemes for apprenticeships and paid traineeships, in particular in micro, small and medium-sized enterprises and in sectors facing particular skill shortages. These schemes should include a strong training component and be subject to monitoring and evaluation, offering a path to stable labour market integration. Support should be linked to the relevant frameworks fostering job quality, such as the European Framework for Quality and Effective Apprenticeships or the Quality Framework for Traineeships.
8. Member States should support start-up grants, loans and equity to promote entrepreneurship, accompanied by improved access to social protection for the self-employed. Actions should combine financial and non-financial support to entrepreneurs, re-starters and potential entrepreneurs. Tailored support should be designed in an inclusive manner for those coming from under-represented and disadvantaged groups, and for social, green and digital projects.

(II) UPSKILLING AND RE-SKILLING OPPORTUNITIES AND SUPPORT MEASURES

9. Member States should put in place comprehensive skills strategies for the different economic sectors and ecosystems, supporting for this purpose the cooperation among companies, social partners, education and training institutions, public employment services and other relevant stakeholders, throughout the whole industrial ecosystems and value chains or regions, in line with the Pact for Skills and facilitating cross-sectoral and geographical mobility, also with a view to enabling the green and digital transition.
10. Member States should develop up-to-date labour market and skills intelligence, including at regional, cross-border and sectoral levels, with the view to inform the education and training curricula and support public employment services. The skills intelligence should be broadly accessible to individuals and relevant stakeholders.
11. Member States should ensure that the education and training provision meets the needs of the labour market. In particular, vocational education and training (VET) programmes should offer a balanced mix of vocational skills and competences and create work-based learning and apprenticeships opportunities, with a focus on young people. Short courses more aligned with the needs of working professionals, can facilitate flexible career pathways, including for older people.
12. Member States should provide adults, notwithstanding their current position on the labour market, with entitlements for quality-assured training and career guidance, with the view to cater to their future professional needs. Coupling such entitlements, where possible, with paid training leave can maximise their potential.
13. Member States should reinforce the capacities for the recognition and validation of learning and experience gained outside formal education and training to ensure that workers can communicate their skills to prospective employers, thereby promoting an efficient reallocation of workers, in line with the 2012 Council Recommendation on the validation of non-formal and informal learning, and its 2020 evaluation. In this context, micro-credentials can facilitate the portability and recognition of learning outcomes, acquired during short courses or learning experiences.

(III) ENHANCED SUPPORT BY EMPLOYMENT SERVICES FOR JOB TRANSITIONS

14. Member States should provide individualised support to jobseekers, comprising counselling, guidance and mentoring, assessment and validation of skills, job-search assistance, entrepreneurship support and referrals to social services when needed. Specific attention should be devoted to young people, in particular those entering the labour market, and to countering gender bias and other forms of discrimination.
15. Member States should offer support to workers affected by company restructurings, in close cooperation with companies in search of additional skills and workforce. Such support could include personalised career paths, equipping them with the skills needed to transfer to different jobs within the same company, re-employment plans, or external training and outplacement to other firms, together with facilitating cross-border mobility and promoting the recognition or validation of skills.
16. Member States should ensure that public employment services have the necessary operational capacities to directly provide or otherwise contribute to the provision of the different forms of support referred to above. Outreach activities by the public employment services should be promoted, with a specific focus on the hard-to-reach long-term unemployed or inactive youth, in cooperation with social services.

FINANCING POSSIBILITIES, MONITORING AND REPORTING

17. Member States should dedicate adequate resources for the financing of EASE measures, while ensuring the absence of double funding of measures financed under Union programmes and instruments. Member States should ensure that support measures are designed to comply with the State aid rules, where applicable.
18. Member States should make full use of support available at EU level from the structural funds, notably the European Social Fund Plus (ESF+) and the European Regional Development Fund (ERDF), from the Just Transition Fund, the European Globalisation Adjustment Fund (EGF), the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), the Brexit Adjustment Reserve and the Technical Support Instrument (TSI) to design and implement EASE measures.
19. Member States should include EASE measures in Recovery and Resilience Plans, as submitted to the Commission for support under the RRF. In line with the conditions laid out in the RRF legal framework, the eligibility of such measures will depend on, among other criteria, their alignment with the scope and objectives of the Facility, their contribution to addressing challenges identified in the relevant country-specific recommendations adopted by the Council in the framework of the European Semester, and their complementarity and coordination with other EU programmes and instruments, with a view to making full and optimal use of support available.
20. Member States should monitor and evaluate EASE measures, so that more evidence-based policies and interventions can be developed, ensuring an efficient use of resources and positive returns on investment, and report through existing frameworks on experiences and progress in promoting employment and supporting job-to-job transitions.

Done at Brussels, 4.3.2021

For the Commission
Nicolas SCHMIT
Member of the Commission

