

An average of just over 822 000 people were benefitting from direct job creation measures in EU-27 at any point during 2007

In 2007, direct job creation measures accounted for 14.6% of EU expenditure on 'active' labour market policy (LMP) measures or 4.1% of total LMP expenditure, though there is considerable variation between countries. In most countries direct job creation measures are declining in importance compared to other types of LMP measure.

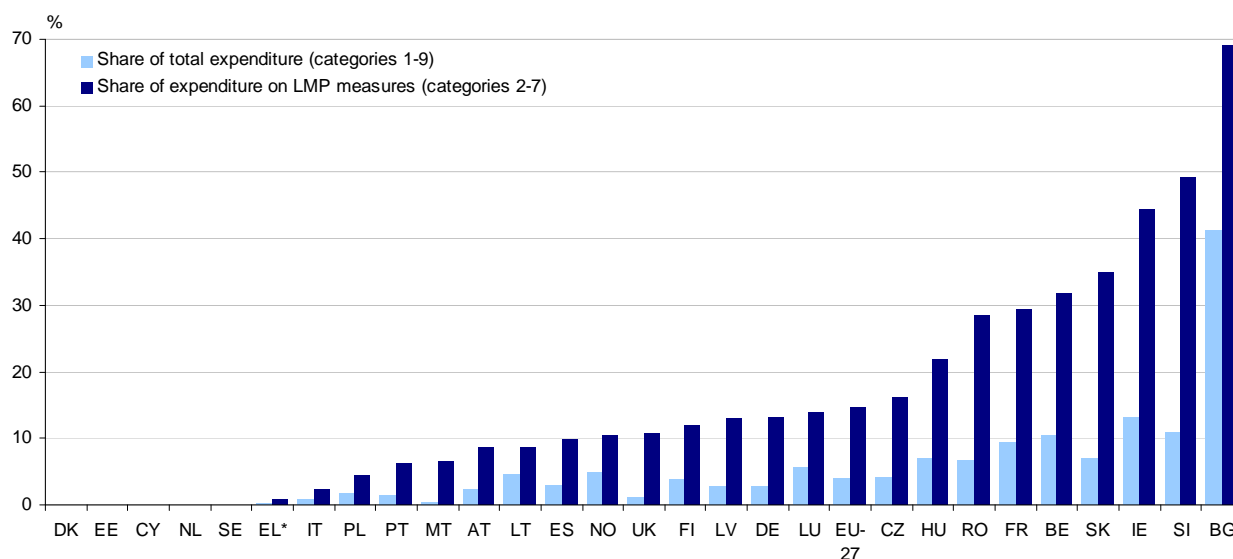
During 2007 there was an average of just over 822 000 people benefitting from direct job creation measures at any point during the year. That represents 7.1% of the 11.5 million persons participating in all types of LMP measure, though as with expenditure the share varies significantly between countries.

The average cost of direct job creation measures across the EU is over 10 000 euro per person-year, which is more than double the cost for all types of LMP measure.

The statistics shown are based on Eurostat's LMP database which collects information on labour market interventions. LMP interventions are classified into three main types – services, measures and supports – and into nine detailed categories according to the type of action.¹ This publication looks at the category of direct job creation which covers interventions that create additional jobs, usually of community benefit or socially useful, in order to provide short-term experience of work – often for the long-term unemployed and other groups that are difficult to place in the regular labour market.

¹ For details see 'Methodological notes'.

Figure 1: Expenditure on direct job creation measures as a share of LMP expenditure, 2007



* EL 2006; DK, EE, CY, NL, SE real zeros.

Source: Eurostat ([lmp_expsumm](#))

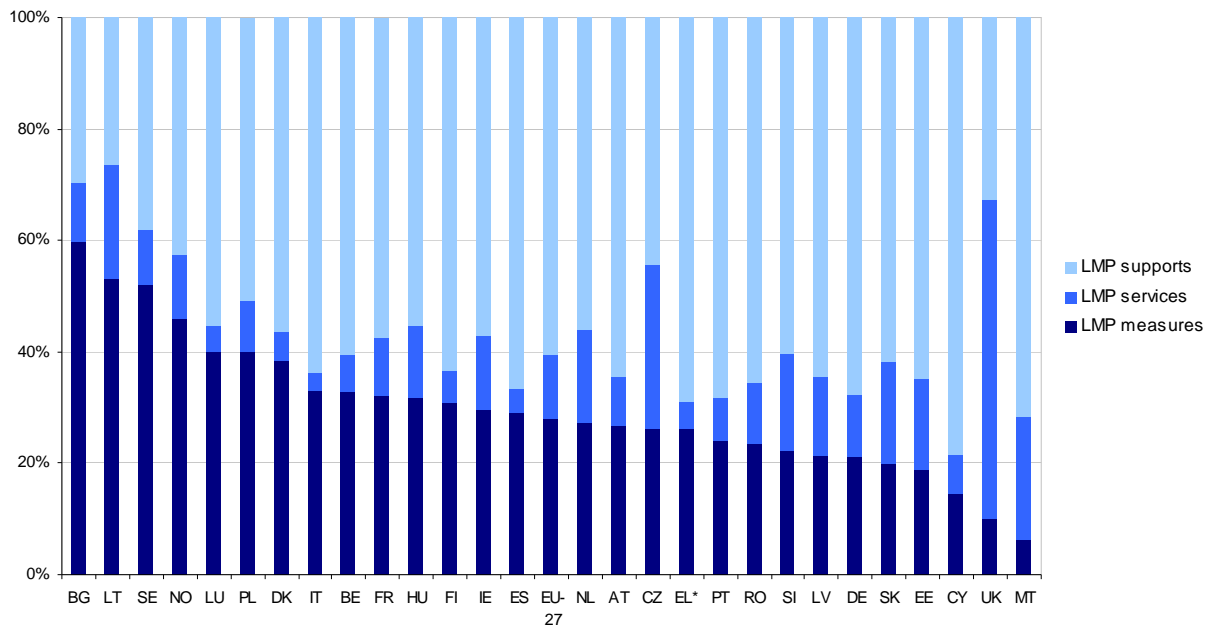
Direct job creation measures account for just under 15% of EU expenditure on 'active' LMP measures

In 2007 the 27 Member States of the EU spent a combined total of just under 208 billion euro (1.7% of GDP) on LMP interventions, of which 60.6% went on LMP supports, 27.9% on LMP measures and 11.5% on LMP services.² LMP supports, which are mostly unemployment benefits, account for the largest share of LMP expenditure in most countries (Figure 2) but LMP measures are more important in Bulgaria (59.8%),

Lithuania and Sweden (both 52-53%) and also in Norway (46%). LMP services are the most important component of expenditure only in the United Kingdom (57.1%).

² For details see 'Methodological notes'.

Figure 2: Share of LMP expenditure by main type of intervention, 2007



* EL 2006. Countries ordered by expenditure on LMP measures.

Source: Eurostat ([lmp_expsumm](#))

LMP measures cover six categories of so called 'active' LMP interventions that aim to help the unemployed and other disadvantaged groups make the transition from unemployment or inactivity to employment through the provision of training or work-experience or by encouraging employers to take on people from these groups. Direct job creation (category 6) covers measures where public finance is used to create temporary jobs specifically for this purpose – the jobs usually involve tasks of benefit to communities and would not exist without this support. Typically, such opportunities are used to provide the long-term unemployed and other low-employability groups with a chance to regain basic

job skills and confidence or to offer a first experience of work to young people.

In 2007, direct job creation measures accounted for 14.6% of EU expenditure on LMP measures or 4.1% of total LMP expenditure (Figure 1). This type of LMP intervention is particularly important in Bulgaria where it accounts for approaching 70% of expenditure on active measures and over 40% of total LMP expenditure. Direct job creation also accounts for more than 40% of expenditure on LMP measures in Slovenia (49.2%) and Ireland (44.5%) but is not used at all in Denmark, Estonia, Cyprus, the Netherlands or Sweden.

The majority of expenditure on direct job creation goes to employers

LMP statistics on expenditure include a breakdown by direct recipient – i.e. how much of the public money goes directly to the end-beneficiaries as cash benefits or reimbursement of costs, how much goes to employers to subsidise their costs, and how much goes to service providers. In the case of direct job creation, expenditure

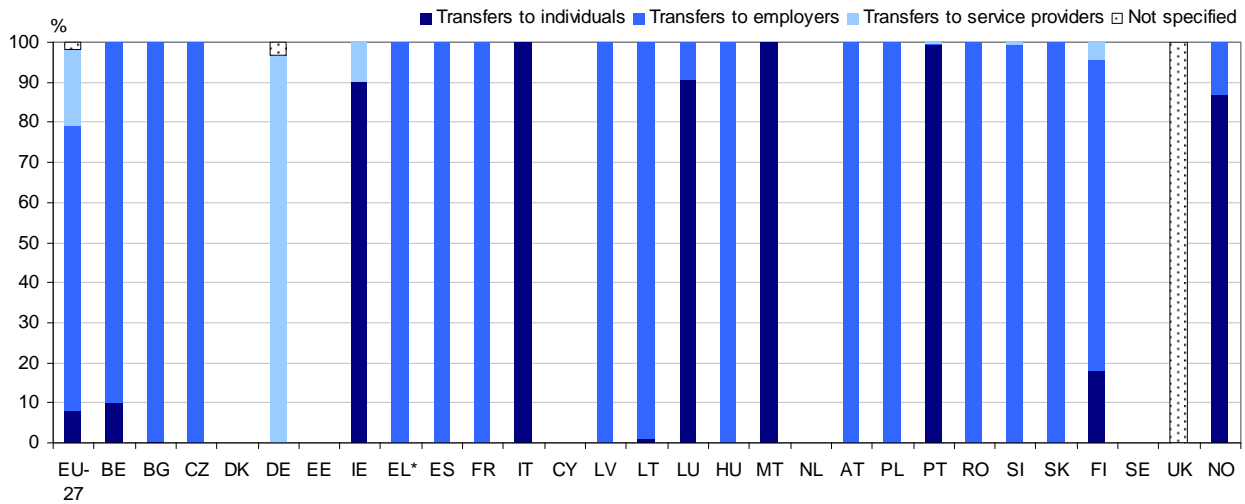
may go directly to the individuals who would receive a cash benefit (often replacing unemployment benefit) instead of a wage, to the employers that organise the work (usually public sector or non-profit organisations) or, less often, to intermediary bodies which are treated as service providers – for example, organisations that

promote and organise community projects within which the participants are placed.

Across the EU, the majority of expenditure (71%) on direct job creation is transferred directly to employers and in 14 of the countries covered transfers to employers account for 90% or more of expenditure. Service providers take the second largest share of EU

expenditure (19%) but the vast majority of this derives from Germany and the share of this type of transfer is not important (<10%) elsewhere. Rather, there are six countries where all (Italy and Malta) or most (Ireland, Luxembourg, Portugal and Norway) of the public expenditure goes directly to the individuals placed in direct job creation measures.

Figure 3: Expenditure on direct job creation by direct recipient, 2007



* EL 2006; DK, EE, CY, NL, SE real zeros.

Source: Eurostat ([lmp_expsumm](#))

The importance of direct job creation is declining relative to other types of LMP measure

The amount that governments spend on LMP measures is influenced by various factors including the prevailing level and structure of unemployment, the current policy approach, and budget priorities. Table 1 shows expenditure on LMP measures at constant price levels³ in order to eliminate price differentials through time and, although differences in the period for which data are available for each country make it difficult to get a comprehensive picture, the data would appear to demonstrate no common trend. In fact, taking the first and last observations that are available for each country there is an exact 50:50 split – 14 countries show an increase in expenditure whilst 14 show a decrease. The balance of this distribution would change if particular time periods were examined but there does not appear to be any period in which there is a consistent increase or decrease in expenditure.

However, within the expenditure on LMP measures there is a much clearer trend and the proportion spent on direct job creation measures can be seen to decline through time in almost all countries (Table 2). In three countries – Denmark, the Netherlands and Sweden – the

use of direct job creation measures has been phased out at various points since 1998 when they accounted, respectively, for around 10%, 30% and 3% of expenditure on LMP measures. In Latvia and Lithuania the development of new LMP measures in the years following accession to the EU has resulted in the traditional 'public works' programmes being relatively less used so that the share of expenditure on LMP measures going to the direct job creation category fell markedly between 2003 and 2007 – in Latvia from 52% to 13% and in Lithuania from 29% to 9%. The share of expenditure accounted for by direct job creation measures has also fallen by over 10 percentage points in Belgium, Germany, Ireland, Italy, Romania, Slovakia and Finland, though it should be noted that these decreases are not all over the same period. Only in Luxembourg and Slovenia has the share of direct job creation increased over the available observation period.

³ The price index for household and NPISH (non-profit institutions serving households) final consumption (2000=100) was used as deflator.

Table 1: Expenditure on LMP measures at constant price levels, 1998-2007
Euro, millions (price level of year 2000)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	:	:	:	:	:	:	:	51 908.0 s	52 776.1 s	51 026.3 s
BE	:	:	:	:	:	:	2 608.1	2 649.6	2 831.7 e	3 083.0 e
BG	:	:	:	:	:	:	80.1 e	77.9	76.5 e	64.4
CZ	:	:	:	:	76.9 e	80.5 e	95.3	93.6	103.2	104.9
DK	2 747.3 e	3 149.8 e	3 012.8 e	2 997.7 e	3 080.2 e	2 888.9 e	2 795.8 e	2 416.4	2 406.8	2 062.4
DE	:	:	21 227.5 e	21 350.4 e	21 490.5 e	19 464.9 e	17 669.3 e	12 391.5 e	12 533.4 e	11 090.2 e
EE	:	:	:	:	:	3.7 e	3.4 e	4.5	5.4	3.4
IE	769.5	804.8	678.1 e	793.2 e	749.9	668.0	636.7	657.5	670.1 e	723.6 e
EL	:	:	325.2 e	359.4 e	256.1 e	141.4 e	234.3 e	96.3 e	255.2 e	:
ES	2 851.7	3 805.1 e	4 153.3 e	3 982.1 e	3 849.3	4 002.0	4 064.7 e	4 489.4	5 080.6	5 269.9 e
FR	13 248.5 e	14 568.7 e	14 535.9 e	14 017.4 e	13 517.9 e	12 460.9 e	11 229.8 e	10 479.6 e	11 028.4 e	11 583.0 e
IT	5 544.0 e	:	6 688.1	7 702.2	8 665.0 e	8 621.7 e	6 721.3	5 993.8	5 208.9	4 781.8
CY	:	:	:	:	:	:	:	:	7.1 e	11.7 e
LV	:	:	:	:	:	9.0	8.8	19.4	26.2	17.7
LT	:	:	:	:	:	23.1	25.8	27.7	37.1	54.0
LU	:	:	39.6 e	41.7	46.9 e	77.5 e	92.4 e	110.6 e	117.8 e	122.6 e
HU	:	:	:	:	:	:	132.5	135.2	134.0	144.0
MT	:	:	:	:	:	:	:	:	3.2 e	1.6 e
NL	3 777.7 e	3 942.0 e	4 051.3 e	4 306.2 e	4 568.6 e	4 309.3 e	3 950.3 e	3 729.3 e	3 401.4 e	3 281.2 e
AT	642.6	837.0	810.2	906.5	876.7	976.7 e	962.3 e	1 033.6 e	1 262.3 e	1 232.1 e
PL	:	:	:	:	:	:	:	771.3	828.1	1 011.7
PT	:	408.0 e	454.4 e	607.3 e	555.4 e	645.6 e	704.6	667.6 e	594.6	515.7
RO	:	:	:	:	:	57.8	60.1	68.8	77.0 e	68.9
SI	:	:	:	:	:	:	:	50.4	47.9	32.4
SK	:	:	:	:	:	:	18.1	46.1	41.6	36.9 e
FI	1 235.6 e	1 166.2 e	987.0 e	920.6 e	951.3 e	1 027.6 e	1 107.6 e	1 053.6 e	1 117.2 e	1 135.4 e
SE	5 354.2 e	4 955.4 e	4 021.8 e	3 820.4	3 697.6	2 846.9	2 862.5	3 214.9	3 567.1	2 987.2
UK	1 222.1 e	1 380.4 e	:	:	:	:	1 108.8 e	1 008.3 e	833.6 e	960.6 e
NO	:	938.5	902.3 e	955.5 e	1 032.6	1 227.8	1 291.0	1 360.7 e	1 119.6	1 127.6

 Source: Eurostat ([lmp_expsumm](#), [nama_gdp_p](#))

Table 2: Expenditure on direct job creation as a share of expenditure on LMP measures, 1998-2007
% Expenditure on LMP measures

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	:	:	:	:	:	:	:	13.5	14.4	14.6
BE	:	:	:	:	:	:	43.3	35.0	34.4	31.8
BG	:	:	:	:	:	:	78.3	71.8	73.6	69.1
CZ	:	:	:	:	24.8	22.8	22.7	23.1	22.1	16.1
DK	9.5	6.5	3.3	0.2	0.1	0.1	0.0	0.0	0.0	-
DE	:	:	25.2	19.6	16.0	13.1	12.9	13.2	15.0	13.1
EE	:	:	:	:	:	0.3	1.0	-	-	-
IE	54.9	52.1	46.8	48.3	44.8	41.7	41.2	43.2	45.3	44.5
EL	:	-	-	-	-	-	-	-	0.8	:
ES	15.3	14.2	16.1	17.6	16.9	16.2	14.7	11.3	9.7	9.8
FR	30.7	35.5	39.7	42.0	45.0	41.8	31.7	27.2	28.9	29.3
IT	12.7	:	9.0	7.0	4.9	4.1	2.1	2.1	2.1	2.3
CY	:	:	:	:	:	:	:	:	-	-
LV	:	:	:	:	:	52.4	32.2	16.6	7.7	12.9
LT	:	:	:	:	:	28.8	33.4	34.5	26.5	8.7
LU	:	:	8.4	7.8	14.4	36.1	30.4	20.4	15.4	13.9
HU	:	:	:	:	:	:	24.9	28.6	24.3	21.7
MT	:	:	:	:	:	:	:	:	5.3	6.5
NL	29.5	26.8	27.1	26.3	25.8	23.5	20.4	-	-	-
AT	11.5	10.6	10.4	8.8	9.9	9.4	9.5	8.3	8.2	8.5
PL	:	:	:	:	:	:	:	7.1	4.5	4.4
PT	:	14.2	13.2	8.6	8.8	7.3	7.3	5.9	6.4	6.2
RO	:	:	:	:	:	40.2	32.7	36.2	32.2	28.6
SI	:	:	:	:	:	:	:	39.7	41.3	49.2
SK	:	:	:	:	:	:	48.7	35.6	38.1	35.0
FI	25.0	19.6	15.1	14.1	14.6	12.0	10.9	9.5	11.8	11.9
SE	3.2	3.7	2.4	0.2	-	-	-	-	-	-
UK	11.7	14.7	:	:	:	:	6.3	7.9	7.0	10.7
NO	:	15.6	13.5	15.0	12.1	9.6	9.5	11.3	11.8	10.4

 Source: Eurostat ([lmp_expsumm](#))

Participants in direct job creation measures account for just over 7% of the total participating in LMP measures across the EU but a higher proportion of the long-term unemployed

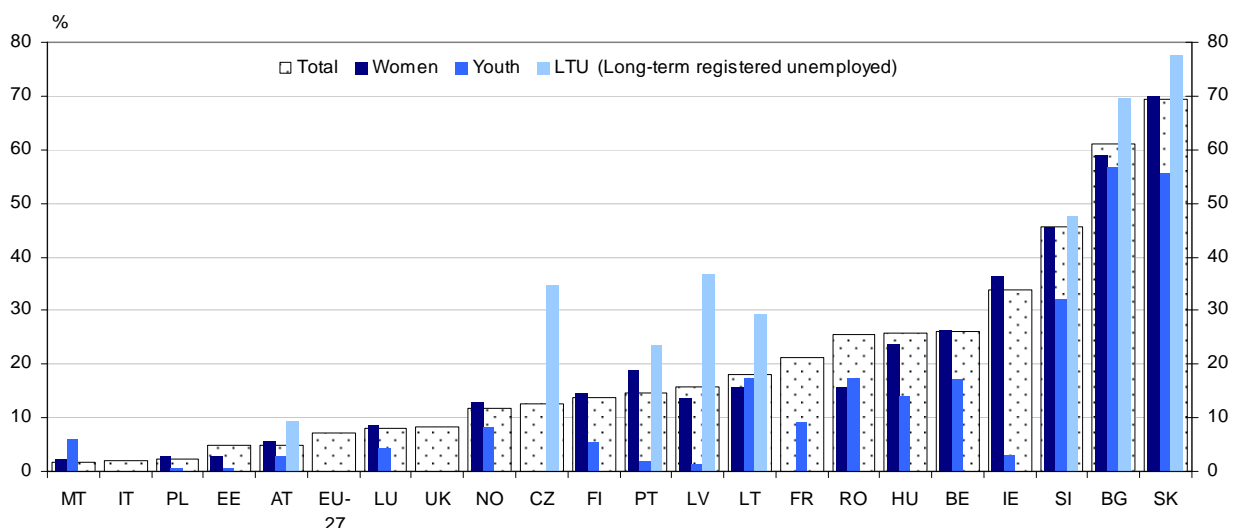
Participant stocks measure the average number of persons participating in an LMP intervention at any time in the year. During 2007 there was an average stock of just over 822 000 people benefitting from direct job creation measures or 7.1% of the 11.5 million persons participating in all types of LMP measure, though as with expenditure the share varies considerably between countries (Figure 4). Direct job creation measures account for almost 70% of participants in LMP measures in Slovakia, 61% in Bulgaria and 46% in Slovenia but less than 5% in Estonia, Italy, Malta, Austria and Poland and zero in Denmark, Cyprus, the Netherlands and Sweden where this type of measure is not used.

The LMP data allow a breakdown of participants by sex, age and duration of unemployment (for those persons who were registered as unemployed by the public employment service before being placed on the measure). Although these breakdowns are not complete for all countries, there are enough data to see where a particular type of LMP measure tends to be used more or less for some groups than others. Figure 4 shows the proportion of women, youth (<25) and long-term registered unemployed participants in LMP measures that are accounted for by the category of direct job creation. If the proportion for the sub-group is higher than that for the total (all participants) then it suggests that there is a tendency for that type of LMP measure to be used more than average for that sub-group – this may

be through specific targeting in the regulations or through deliberate placement by the PES (public employment services) staff.

A breakdown of participants by gender is available for 17 countries and it can be seen that in almost all cases the difference between the share of women participants and all participants is small, indicating no differential treatment by gender. However, some differences are apparent for the other groups covered. In 15 of the 16 cases for which a breakdown by age is available then the share of youth participants is lower than the share of all participants, in some cases significantly so (Portugal, Latvia and Ireland). In other words, compared to an average participant, a young person is less likely to be placed on a direct job creation measure and more likely to be placed on some other kind of measure (e.g. training). The reverse is true for persons that were long-term registered unemployed (LTU = >1 year for adults aged 25+, >=6 months for young people aged <25) before starting on an LMP measure. Although data are available for only 8 countries, in all cases the share of LTU participants is higher than for all participants indicating that they are more likely to be placed in direct job creation measures. In the Czech Republic, 35% of all long-term unemployed that have been placed on LMP measures are in direct job creation measures compared to under 13% of all participants and the difference is similar in Latvia (37% LTU and 16% total).

Figure 4: Participants in direct job creation as a share of the total participating in LMP measures, 2007



DK, CY, NL, SE real zeros; DE, EL, ES data not available; participants expressed as average annual stock. Missing bars: data not available for breakdowns.

Source: Eurostat ([lmp_partsumm](#))

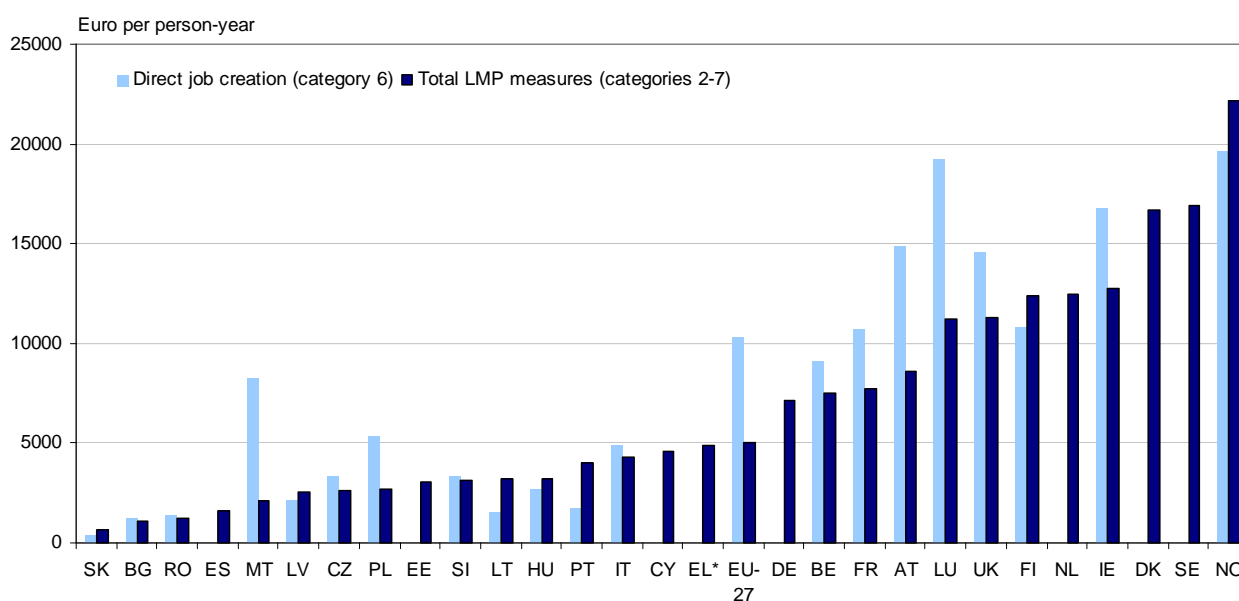
Direct job creation measures in the EU cost over 10 000 euro per person-year – double the average for all types of LMP measure

Average annual stock figures refer to the average number of persons participating in an LMP intervention at any time during the year but can also be interpreted as the number of person-years of activity in that year so that expenditure divided by stock gives the cost per person-year. In 2007, direct job creation measures across the EU cost an average of 10 310 euro per person-year (ppy) – more than twice the average of 5 035 euro ppy for all types of LMP measure (Figure 5). Costs are highest in Luxembourg and Norway (both over 19 000) but are also high in Ireland, Austria and the United Kingdom. On the other hand, direct job creation measures cost only 344 euro ppy in Slovakia and under 1 400 ppy in Bulgaria and Romania.

The difference in costs between direct job creation measures and other types of LMP measure depends on the content of the specific measures in each country. Even though direct job creation measures tend to create only low-wage jobs, the fact that the public finance typically covers the whole of the wage cost may tend to make them more expensive than employment subsidies in the regular labour market (LMP category 4) where the wages may be higher but the subsidies cover only a small percentage of the total wage cost. Nevertheless this is not a fixed rule – sometimes direct job creation measures include an element of training that may increase the cost, whilst others cover only a part of the employer's costs and appear therefore cheaper than usual.

Although direct job creation seems to be very expensive compared to the average for all LMP measures in Malta, Poland, Luxembourg and Austria (all at least 70% higher), there are other cases where less than average is spent on direct job creation. In Slovakia, Lithuania and Portugal, direct job creation measures cost 50% or less of the average for all LMP measures, though it is possible that some important costs have not been included in the data. For example, the LMP methodology requires that unemployment benefits paid to participants during participation in an LMP measure should be recorded in the relevant active category (LMP categories 2-7) rather than as supports in category 8 so that the expenditure is comparable to the more typical situation where participants in measures receive some kind of activation benefit instead of unemployment benefits. However, it is known that this treatment is not yet possible in some countries so that the expenditure on the affected categories of LMP measure may be understated. This would appear to be the case for two of the three countries where direct job creation measures appear to be particularly cheap – in Slovakia and Portugal some of the participants in direct job creation measures continue to receive unemployment benefits that are not included in the expenditure reported to category 6. However, this is not the case for Lithuania where the public expenditure largely covers a 50% subsidy of the wage provided by employers plus the social insurance costs.

Figure 5: Expenditure per person-year on direct job creation and all LMP measures, 2007



* EL 2006; direct job creation: DK, EE, CY, NL, SE real zeros; DE, EL, ES: data not available.

Source: Eurostat ([lmp_expsumm](#), [lmp_partsumm](#))

METHODOLOGICAL NOTES

Labour market policy (LMP) statistics provide information on labour market interventions, which are government actions to help and support the unemployed and other disadvantaged groups in the transition from unemployment or inactivity to work. LMP interventions are defined as: *"Public interventions in the labour market aimed at reaching its efficient functioning and correcting disequilibria and which can be distinguished from other general employment policy interventions in that they act selectively to favour particular groups in the labour market. Public interventions refer to actions taken by general government in this respect which involve expenditure, either in the form of actual disbursements or of foregone revenue (reductions in taxes, social contributions or other charges normally payable)."*

The scope of LMP statistics is limited to interventions that are explicitly targeted at groups of persons with difficulties in the labour market. The primary target groups in most countries are those people who are registered as unemployed by national public employment services (PES) or who are currently employed but at risk of involuntary job loss due to difficult economic circumstances for their employer. However, policy objectives at European and national levels are increasingly focused not only on these groups but on a wider range of people that face disadvantages and barriers that may prevent them from joining or rejoining the labour force – for example, women re-entering work after a family break, young people looking for their first job, older workers and disabled workers. Therefore, people currently considered as inactive but who would like to enter the labour market are also treated as an important LMP target group.

Each country has a different approach to LMP and implements interventions that are customised to the situation of the national labour market and the different groups of people that are struggling to find work. Information on national interventions is collected annually from administrative sources in each country and is then categorised according to the [Eurostat LMP methodology](#) in order to ensure that the information on LMP interventions undertaken across Europe is presented in a way that is as consistent and comparable as possible between types of interventions and countries and through time.

Classification of LMP interventions by type of action

LMP interventions are classified by type of action into three broad types – services, measures and supports – and into 9 detailed categories.

Services refer to labour market interventions where the main activity of participants is job-search related and where participation usually does not result in a change of labour market status.

1 Labour market services

Measures refer to labour market interventions where the main activity of participants is other than job-search related and where participation usually results in a change in labour market status. An activity that does not result in a change of labour market status may still be considered as a measure if the intervention fulfils the following criteria: (a) the activities undertaken are not job-search related, are supervised and constitute a full-time or significant part-time activity of participants during a significant period of time, and (b) the aim is to improve the vocational qualifications of participants, or (c) the intervention provides incentives to take-up or to provide employment (including self-employment).

2 Training; 3 Job rotation and job sharing; 4 Employment incentives; 5 Supported employment and rehabilitation; 6 Direct job creation; 7 Start-up incentives

Supports refer to interventions that provide financial assistance, directly or indirectly, to individuals for labour market reasons or which compensate individuals for disadvantage caused by labour market circumstance.

8 Out-of-work income maintenance and support;
9 Early retirement

Direct job creation (category 6) covers interventions that create additional jobs, usually of community benefit or socially useful, in order to find employment for the long-term unemployed or persons otherwise difficult to place. Direct job creation refers to subsidies for temporary, non-market jobs which would not exist or be created without public intervention (i.e. the jobs are additional to normal market demand). The jobs are created in order to provide an opportunity for persons to maintain an ability to work, to improve skills and generally increase employability and typically involve work of benefit to the community. The jobs are usually in the public or non-profit sector, but projects of community interest or similar within the private sector may also be eligible and no distinction should be made. With direct job creation measures the public money usually covers the majority of the labour costs of the employers.

Data on expenditure: The LMP database contains data on the public expenditure associated with each intervention. For each intervention, the expenditure required should cover the whole of transfers and foregone revenue provided to the direct recipients as a result of the intervention. Any other indirect costs are considered as part of the administration costs of an intervention and should be reported in subcategory 1.2 Other activities of the PES only. In the case that participants in direct job creation or any other category of LMP measure continue to receive unemployment benefits, the value of these benefits should be included as part of the expenditure for that measure and excluded from the amounts reported as unemployment benefits in category 8.

Data on participants: LMP statistics include various observations of participants. Stock data (annual average) refer to the average number of persons participating in an intervention at a given moment during the year and are usually calculated from the administrative data as an average of the stock at the end of each month. The annual average stock can also be interpreted as the number of person-years of participation in an intervention. Flow data describe the number of people joining (entrants) or leaving an intervention (exits) during the year. Each new start or ending spell of participation is counted so that the same individual may be counted more than once.

Notes on the data: Amounts of unemployment benefit received by the participants in direct job creation measures are included as part of the expenditure of category 8 for key interventions in IT, SK and PT and for smaller interventions in BE, DE, FR, MT, FI.

Symbols: '.' not available; '-' not applicable, real zero or zero by default; 'e' estimate; 's' Eurostat estimate.

Country codes and other abbreviations: BE Belgium, BG Bulgaria, CZ Czech Republic, DK Denmark, DE Germany, EE Estonia, IE Ireland, EL Greece, ES Spain, FR France, IT Italy, CY Cyprus, LV Latvia, LT Lithuania, LU Luxembourg, HU Hungary, MT Malta, NL Netherlands, AT Austria, PL Poland, PT Portugal, RO Romania, SI Slovenia, SK Slovakia, FI Finland, SE Sweden, UK United Kingdom, NO Norway.

EU-27: European Union of 27 Member States from 1 January 2007 (BE, BG, CZ, DK, DE, EE, IE, EL, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, UK).

Further information

Data: [Eurostat Website: http://ec.europa.eu/eurostat](http://ec.europa.eu/eurostat)

Data on "Labour market policy statistics":

http://epp.eurostat.ec.europa.eu/portal/page/portal/labour_market/labour_market_policy/database

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