



# Up-rated benefits for unemployed persons who train in labour shortage areas.

INSURED UNEMPLOYED INDIVIDUALS, WHO ARE OLDER THAN 30 AND UNSKILLED OR HAVE AN OUTDATED EDUCATION, CAN PARTICIPATE IN VET PROGRAMMES TO INCREASE THEIR SKILLS IN SHORTAGE AREAS WITH INCREASED UNEMPLOYMENT BENEFITS.

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## DENMARK

The COVID-19 pandemic has hit the unskilled workforce particularly hard, and research shows that the unskilled have a harder time finding and retaining new jobs.

The temporary scheme makes it more attractive for unskilled persons to participate in VET programmes as part of their way back to employment by offering increased unemployment benefits.

At the same time, the scheme addresses the need for skilled labour as the scheme only applies for training and qualifications in areas with labour shortages (or where there is expected increased demand for labour in the future, e.g. “green jobs”)

Name of the PES

Danish Agency for Labour Market and Recruitment (STAR).

Scope of measure (a pilot project or a national reform)

A temporary nationwide scheme.

When was the practice implemented?

The scheme was implemented as part of the political *Agreement on the exceptional lift of unemployed by strengthened up-skilling and further education measures* (from June 2020) on 1 August 2020 and is to continue until the end of 2022.

What was the driver for introducing the practice? Was it internal or external?

With the Employments Reform (2014) unskilled unemployed people over the age of 30 receiving unemployment benefits were given the chance to apply for and complete a vocational training programme (VET) while receiving 80% of their unemployment benefits. The scheme is referred to as “the educational lift”. However, far fewer have participated in the scheme than presumed when it was implemented. The COVID-19 pandemic led to a rise in the unemployment rate, and many unskilled people lost their jobs due to the crisis. To get especially unskilled people back to work, the new scheme with an increased entitlement to 110% of unemployment benefits during participation in training was introduced. It aimed to act as an incentive while addressing labour shortages in specific economic areas.

The aim of the scheme was therefore to make it more attractive for unskilled to participate in VET programmes as part of their way back to employment, and to utilise the crisis to upgrade the skills of the workforce.

Which organisation was involved in its implementation?

The Danish Agency for Labour Market and Recruitment and the municipal jobcentres.

Which groups were targeted by the practice?

Insured unemployed, who are unskilled or have an obsolete education, and are over the age of 30.

What were the practice's main objectives?

The objective of this practice was to ensure that insured unemployed, who are unskilled or have an obsolete education, gain a permanent foothold in the labour market and are incentivised to choose upskilling in fields with good employment opportunities and to ensure that companies in Denmark have access to skilled workers.

When participating in VET programmes that are not on the “positive list” through the ordinary “educational lift”, the unemployed can still only receive the usual 80% of their unemployment benefit rate.

What activities were carried out?

Before the implementation of the temporary training scheme, the Danish Agency for Labour Market and Recruitment held regional meetings to inform the municipal jobcentres to promote the programme.

What resources and other relevant organisational aspects were involved?	The municipalities and VET schools.
What were the source(s) of funding?	The municipalities are reimbursed 80% of the expenses related to the vocational training. Expenses related to unemployment benefits are financed through existing reimbursement rules between the government and the municipalities.
What were the outputs of the practice: people reached and products?	In 2020 398 people were covered by the scheme while 1 514 have participated so far in 2021 (only January to October).
What outcomes have been identified?	<p>So far the effects of this practice are:</p> <ul style="list-style-type: none"> <li>▶ A substantial increase in the number of unemployed participating in VET programmes.</li> <li>▶ An evaluation report from June 2021, shows that 9 out of 10 of those who participated in the scheme, reported the possibility of receiving 110pct. of their unemployment benefits was an essential factor for their decision to choose education as a way back to employment.</li> <li>▶ While the increased benefit rate was important, the evaluation shows that the most important motivating factor was the fact that training referred to areas with good employment possibilities.</li> </ul>
What are the lessons learnt and success factors?	<p>Generally, results have shown that there is potential for jobcenters to increase the motivation of the unemployed to participate in VET programmes.</p> <p>Evaluations show that insured unemployed people become more interested in participating in education, as the benefit increases. Furthermore, an evaluation of the scheme shows that the increased benefit is key to making education an option for the group of unemployed targeted by this scheme. As the group is over the age of 30, many might not be able to afford a lower income in such a long period as it takes to complete VET programmes, and would therefore prefer to find a job instead.</p> <p>Finally, there is evidence from the evaluation that participating in education instead of seeking a job may have demotivational effects for the unemployed, as they feel as though they are “kept in unemployment”. However, it is shown that upskilling schemes have a very positive effect on keeping people in long-term employment.</p>



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