

No 122

Article 22 of the Constitution of the ILO
 Report for the period from 1 June 2017 to 31 May 2021 made by the Government of Finland
 on the
EMPLOYMENT POLICY CONVENTION, No 122
(Ratified on 23 September 1968)

I LEGISLATION AND REGULATIONS

Unemployment Security Act (1290/2002)

Act Amending the Unemployment Security Act (1142/2020), entry into force on 1 January 2021
 Act Amending the Unemployment Security Act (494/2020), entry into force on 1 August 2020
 Act Amending the Unemployment Security Act (296/2020), in force from 1 May 2020 to 31 December 2020
 Act on Amending the Unemployment Security Act (192/2020), in force from 8 April to 30 June 2020
 Act on Amending the Unemployment Security Act (172/2020), in force from 1 April 2020 to 31 July 2020
 Act on the Amendment of the Unemployment Security Act (1311/2019), entry into force from 1 January 2020
 Act Amending the Unemployment Security Act (1267/2018), entry into force on 31 December 2018
 Act Amending the Unemployment Security Act 380/2018 entry into force on 1 June 2018
 Act Amending the Unemployment Security Act 906/2017 entry into force on 1 January 2017
 Act on the Amendment of the Unemployment Security Act (1267/2018), entry into force on 31 December 2018
 Act on the Amendment of the Unemployment Security Act (1138/2017), entry into force on 1 January 2018

Act on Public Employment and Business Services (916/2012)

Act Amending the Act on Public Employment and Business Services (1139/2020) in force from 1 January 2021 to 30 June 2022
 Act Amending the Act on Public Employment and Business Services (496/2020) in force from 1 July 2020 to 31 December 2020

Act on Local Government Pilots on Promoting Employment (1269/2020)

Act on Local Government Pilots on Promoting Employment (1269/2020), in force from 1 March 2021 to 30 June 2023.
 Act amending the Act on Local Government Pilots on Promoting Employment (421/2021), entry into force on 1 June 2021

Measures of Prime Minister Juha Sipilä's Government in 2017–2019:

Activation of the unemployed:

- Regular interviews with the unemployed at three-month interval have been launched in 2017
- Extra investment (35 m€) in the activation programmes in 2017-2019 and active model
- Private service provision (pilot projects) in the public employment services
- SIB (Social Impact Bond) pilots to prevent and reduce long-term unemployment and to develop services of immigrants
- Wage subsidies are targeted to private companies
- Active use of the “passive unemployment funds”: Unemployment benefits’ financing is used in wage subsidies, start up grants and mobility allowance, effective in 2017-

Better Incentives:

- The duration of the unemployment benefit has been reduced by 100 days (2017)
- Labour market conditions of the unemployment benefits have been tightened (2017)
- Active model in the unemployment benefit system: benefit level will be lowered by 4.65 % if the job seeker is not at work or in active measure during 3 months period (2018)
- Unemployment benefits of the self-employed persons were changed (job seekers receiving UI benefit 4 months) (2018)
- Receiving unemployment benefit during short term studies

Measures of Prime Minister Sanna Marin's Government as of 10 December 2019

Sanna Marin's Government is committed to a long-term approach in its work to raise the employment rate through decisions that will bring an estimated 80,000 new jobs. Decisions were made by the Government at an earlier date on measures designed to bring 31,000 to 33,000 new jobs.

The measures decided in the mid-term policy review in spring 2021 are aimed at achieving 40,000 to 44,500 new jobs. In addition, decisions on employment measures that will strengthen general government finances by EUR 110 million will be made before the end of the government term. The Government's objective is that by the middle of the decade the employment rate will be 75%.

The main measures taken by the Marin Government to promote employment are:

- Nordic labour market service model
- Raising the employment rate of people over 55
- Välttämä Oy
- TE services transferred to municipalities

Unemployment Security Act

Temporary amendments to unemployment security legislation

Unemployment Security Act (1290/2002) and other unemployment security legislation was temporarily amended in many ways to strengthen the livelihoods of people who had been laid off or had become unemployed. The amendments were based on proposals from the central organisations of the Finnish social partners. For example, a five day waiting period before a person is eligible for unemployment security was abolished, the maximum time limit of unemployment allowance was suspended and the required period of employment for receiving unemployment allowance was temporarily reduced from 26 calendar weeks to 13 calendar weeks. These amendments were in force from 1 April 2020 to 31 December 2020. Furthermore, exempt amount of the unemployment benefit has been temporarily raised until 30 September 2021.

In addition, entrepreneurs have been temporarily entitled to labour market support due to the coronavirus pandemic. Labour market support to entrepreneurs will continue until the end of September 2021.

Entrepreneurs have been entitled to labour market support in a situation where the workload or the monthly income from the entrepreneurial activities has decreased due to the pandemic. The right to labour market support for entrepreneurs does not depend on the type of business. It can be awarded to entrepreneurs in all industries.

Activation model in the unemployment benefit system was repealed

The activation model for unemployment security was abolished as of 1 January 2020 as the amendment of the Unemployment Security Act (1311/2019) entered into force.

The benefit cuts involved in the activation model will no longer affect unemployment benefits paid after 1 January 2020. Similarly, the Social Insurance Institution of Finland (Kela) and unemployment funds will no

longer monitor jobseekers' compliance with the activity requirements of the model from 1 January 2020 onward. Any unemployment benefit cuts made on the basis of the activation model will be removed from the beginning of 2020. However, cuts made pursuant to the activation model will affect unemployment benefits accrued in 2019 and paid out in January.

Discontinuation of the activation model will not affect the opportunities of the unemployed to study or participate in activities organised by various service providers to facilitate job seeking and access to employment. Other conditions for receiving unemployment benefits will also remain unchanged. This means that jobseekers will be required to apply for work and be prepared to accept work offered in order to receive unemployment benefit.

Jobseekers allowed to study without losing their unemployment benefit

Unemployment Security Act has been amended with the Act (1267/2018), which entered into force on 31 December 2018. The new section 10 a§ on Receiving unemployment benefit during short term studies were added to the chapter 2 of the Unemployment Security Act. The amendment extends the possibilities of unemployed jobseekers to pursue studies without losing their eligibility for unemployment benefit. The goal was to improve access to employment and facilitate the setting up of new businesses.

Under the chapter 2, section 10a § of the Unemployment Security Act:

Unemployed jobseekers will not lose their unemployment benefit due to studies if:

- the jobseeker is at least 25 years old;
- the studies take at most six months to complete; and
- the studies improve the jobseeker's professional skills or help them set up a new business.

Act on Public Employment and Business Services (916/2012)

Labour market training

Act on Public Employment and Business Services (916/2012) has been temporarily amended so that the following could be acquired as labour market training, in addition to the current training:

- studies leading to a university degree in order to complete interrupted university studies,
- studies leading to a university degree for a person who already has a post-secondary level degree or a similar level degree completed abroad in the same field,
- studies leading to a new university degree for a private customer who has already completed a university degree if the person can be accepted, based on their previous degree, to an education targeted at a limited group of people for which the eligibility of the applicants is defined separately by the university and if the studies are estimated to be completed within 24 months.

To be admitted as a student requires, similar to all labour market training, that the person is suitable for the training and for the profession or task pursued and that the Employment and Economic Development Office has stated that the person needs training. When acquiring studies leading to a university degree as labour market training, the Employment and Economic Development Office would select the students and the university or university of applied sciences would decide on the admittance of the student.

The amended act entered into force on 1 January 2021 and is valid until the end of June 2022. The act would be applied to studies which start, at the latest, on 30 June 2022 and end, at the latest, on 30 June 2024.

Start-up funding, jobseeker interviews and independent study during the coronavirus pandemic

The maximum duration of start-up funding was temporarily extended from 12 to 18 months. This legislative amendment ensured that entrepreneurs receiving start-up funding would be able to start and establish business

operations despite the coronavirus epidemic. The extension to the maximum duration of start-up funding remained in force until the end of 2021. Start-up funding could thus be granted for a maximum of 18 months if the funding period started before the end of 2020.

In addition, TE Offices were able to organise periodic interviews with jobseekers more flexibly than usual. Interviews were only arranged at the start of the job search with jobseekers with a special need for an interview. The aim was to free resources at TE Offices for the processing of unemployment security matters of those who register as unemployed jobseekers. This flexibility was continued until 31 December 2020.

In addition, the duration of support to jobseekers who claim unemployment benefit for independent study was extended, if their studies have been delayed due to the coronavirus pandemic.

Act on Local Government Pilots on Promoting Employment

The Act on municipal experiments to promote employment (1269/2020) entered into force on 1 March 2021, and pilots will run from 1 March 2021 to 30 June 2023. During the pilots, certain tasks of TE Offices are transferred to local governments. The pilots aim to increase the effectiveness of employment services by integrating central and local government resources, skills and services. A total of 25 areas and 118 municipalities will participate in the pilot projects. The amendment (421/2021) of the Act (1269/2020) entered into force on 1 June 2021. Provisions that enable the transfer of a customer from a pilot municipality to the TE Office or to another pilot municipality were added to the Act. Moreover, provisions on a large-scale transfer of the tasks concerning unemployment security from TE Offices to pilot municipalities were to the Act.

Relevant COVID19 -measures:

Temporary Lay-Off Scheme in Finland during the Covid-19:

Temporary lay-off is a permanent part of the Finnish labour market. It means that employer may suspend work and payment of wages and the employee may discontinue work, but the employment relationship is not terminated. **Valid reasons** to lay-off temporarily:

1. Financial or production-related reason
2. Work has diminished substantially and permanently, and there is no other work or training
3. Employer's potential for offering work has diminished temporarily and the employer cannot reasonably provide other suitable work or training => fixed-term (max 90 days) lay-off

Lay-off may be a full-time (most common), or a part-time, in which case the daily or weekly working hours are reduced. If lay-off continues more than 200 days, possibility to terminate the employment relationship. Remuneration for employee during the lay-off is the unemployment benefit.

Changes made to the Finnish lay-off scheme during the Covid-19:

Covid-19 pandemic and restriction measures collapsed customer demand, causing a sudden crisis in economy. Thus there was a need for quick adaptation. In March 2020, that is in record-breaking time, the Finnish social partners agreed on a crisis pact that, among other matters, proposed changes to the Temporary Lay-Off Scheme:

1. Shortening Lay-Off procedure from 14 days or six weeks to 5 days
2. Shortening Lay-Off notice period from 14 to 5 days
3. Full right to temporarily lay-off fixed-term employees
4. Clarifying the possibility to use legal emergency clause to lay-off during Covid-19
5. Government to secure the funding of unemployment benefits for laid-off
6. Improvements in laid-off employees' unemployment security

These changes had effects to both law and collective agreements. Government Bill to amend Temporary Lay-Off Scheme was signed on the 26th of March 2020, coming into force on the 1st of April 2020. Temporary law was first in force until the end of June 2020, later it was extended until the end of 2020.

II Direct Request, 2014

The Committee requests the Government to provide updated information on the impact of the employment measures taken under its Strategic Programme and the Europe 2020 National Reform Programmes, including measures to address long-term unemployment. The Committee further requests the Government to provide detailed information on the manner in which the social partners participate in the formulation, implementation and review of active labour market measures. It also requests the Government to continue to provide information on employment trends, disaggregated by age and sex.

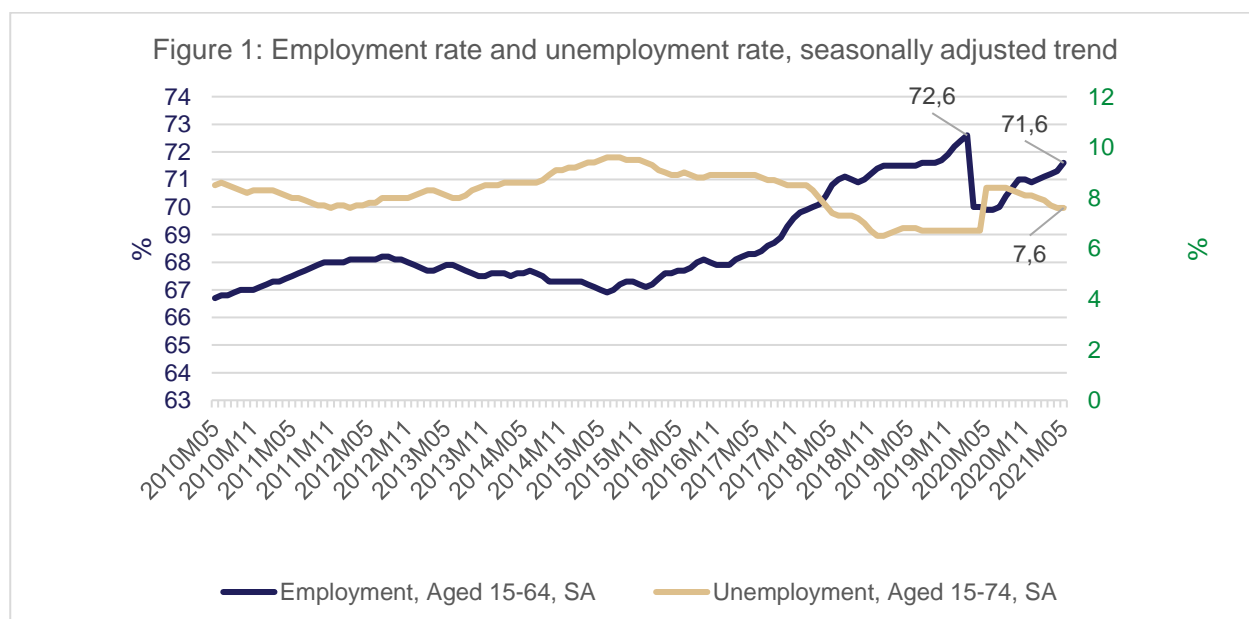
Special Task Company (Välittäjä Oy):

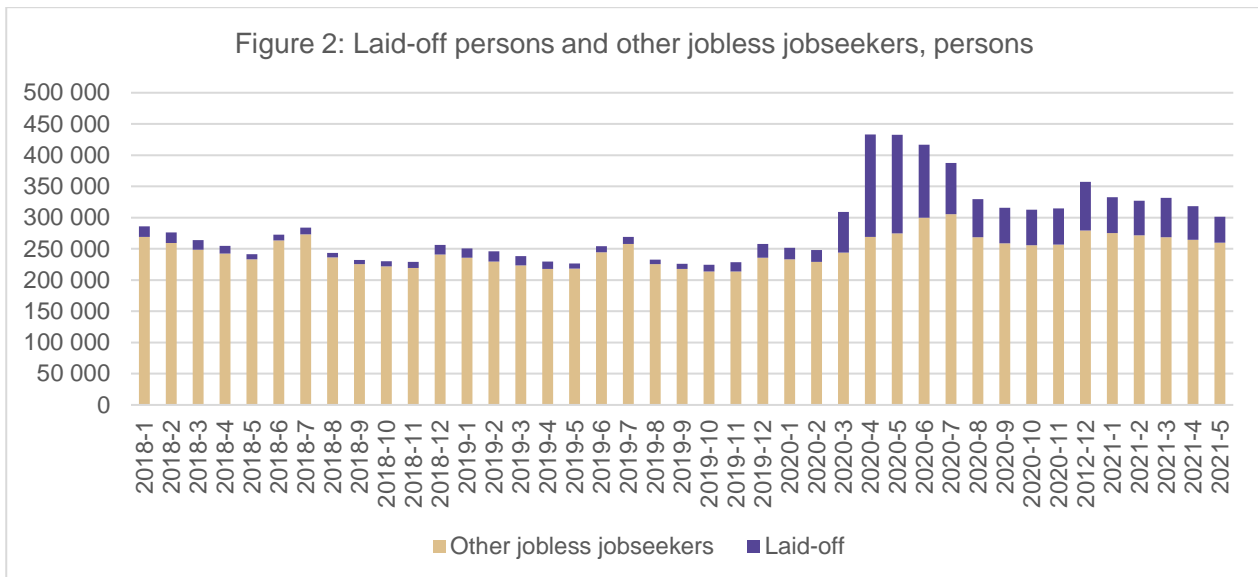
The Government decided to establish Välittäjä Oy to advance employment of people with partial work ability who have the weakest position in the labour market. The operation is scheduled to start during 2022. Välittäjä Oy offers the employee a supported job as well as the training and other support needed to enter the open labour market. When establishing the Välittäjä Oy, market-based pricing and the realisation of competitive neutrality must be ensured.

Information on employment trends, disaggregated by age and sex

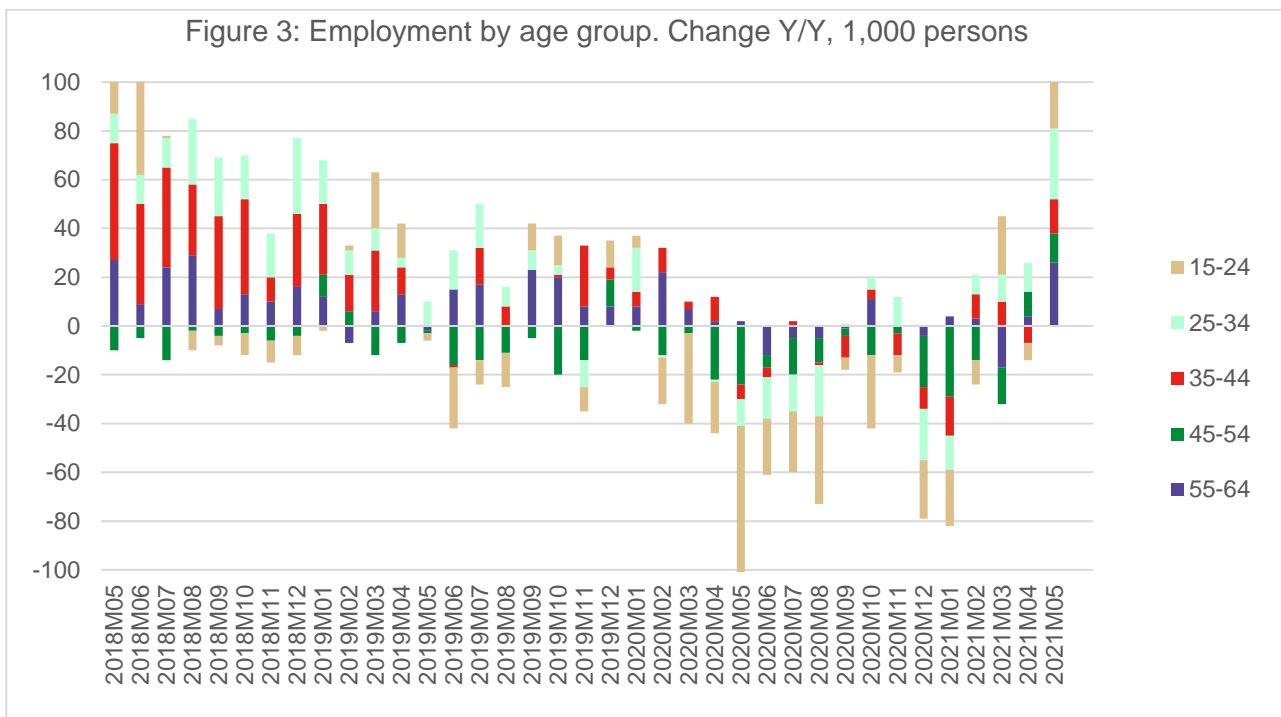
The Covid-crisis caused a shock in the labour market also in Finland. In the spring 2020, the employment rate fell from 72,6 to 70 percent and the unemployment rate rose from 6,7 to 8,4 percent (Figure 1). The full scale of the crisis was not, however, reflected in the figures of the Labour Force Survey (LFS), as in Finland the labour market adjusted largely by lay-off procedures. Persons laid-off for less than 3 months are counted as employed according the LFS. Hence, as the number of employed persons fell “only” by 100 000 in May 2020, the register based number of jobless job-seekers in the public employment services rose by 206 000 (Figure 2).

Recent months have marked a considerably growth in employment and the employment rate is currently back in 71,6 percent (Figure 1). If most restrictions on business and movement of people are lifted by autumn, the employment rate trend figure is expected to catch up the pre-crisis level already this year (and the yearly average figures in 2022). The register-based unemployment has restored slower than employment, but is already 130 000 down from the peak in spring 2020.

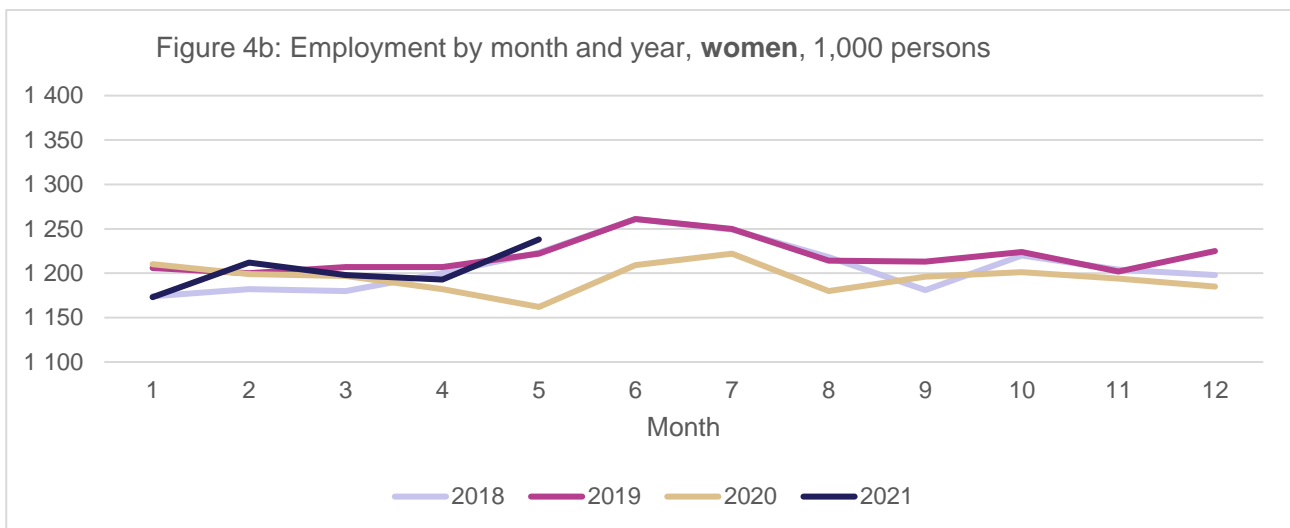
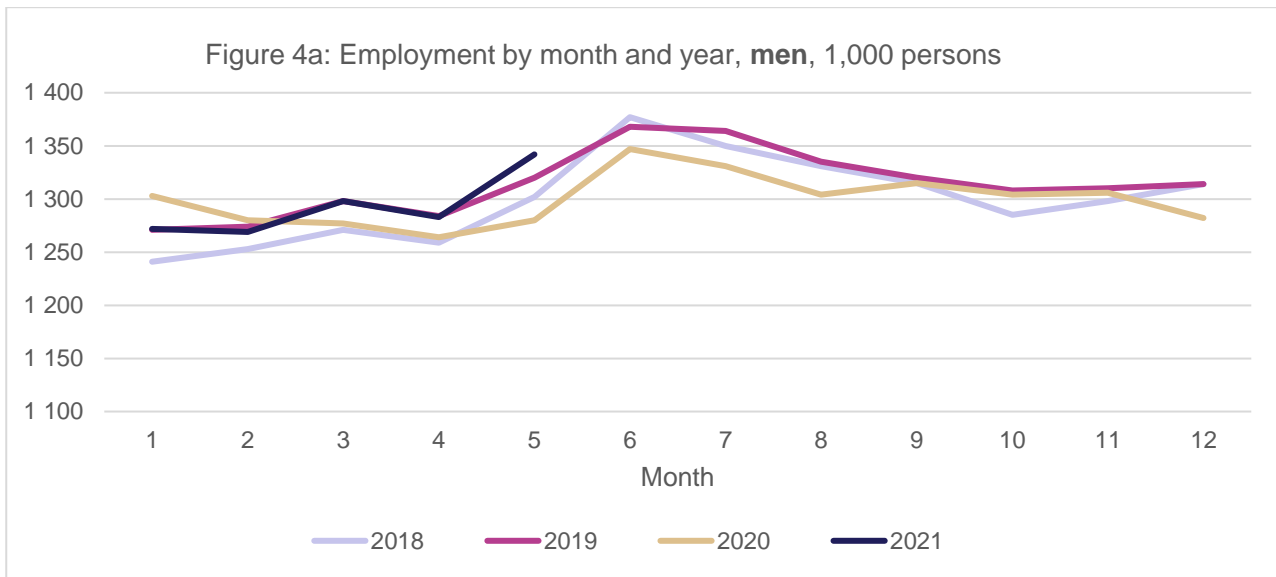




The youngest age group (15–24) was hit hardest by the crisis (Figure 3). In May 2020 there were 60 000 persons aged 15–24 employed than a year before. However, the economy is picking up again and now in May 2021 there were only 8 000 employed youth less than in 2019. Correspondingly, the register-based unemployment is still up by 7 500 from 2019. Among age groups 25–44 and 55–64 there are already more people employed than in 2019. However, there are 19 000 more aged 55+ registered jobless job-seekers in the public employment services. This means, that the growth in employment is from those, who kept their jobs and decided to retire (etc.) later. During the pandemic, there has indeed been fewer entries into employment pension.



The crisis hit hardest the hospitality sector, which was reflected in women's labour market position. In May 2020 there were 60 000 less employed women than in 2019 (Figure 4b). For men, the reduction was only 40 000 (Figure 4a). Currently, in May 2021, the level of employment is above the 2019 level for both men and women, but for men more than for women.



The Committee requests the Government to continue to provide updated details on the impact of the public employment service reform as well as of the measures implemented by the TE Offices and the counties in contributing to assist workers, particularly the long-term unemployed, in securing full, productive and freely chosen employment.

Nordic labour market service model (entry into force during 2022):

The goal of the model is to streamline and customise the job search process. The goal is to make registering as an unemployed jobseeker easy and smooth. Contact with the unemployed is quick and appointments are arranged regularly. The services are supportive at all stages of the job search. Job search discussions can be used to map the job search situation and the customer's need for services, to present and offer vacancies, to direct them to employment support services or to ensure the timeliness of job search skills.

The job search process is also made more specified. As a rule, jobseekers will select the job opportunities they apply for. As a rule, the jobseeker should apply for four jobs each month. The obligation is agreed in the employment plan and also takes into account the ability to work, skills and the labour market situation. No requirements will be posed on jobseekers beyond their capacity. Applying for job opportunities is understood in a broad sense (e.g., applying for job vacancies, employer meetings, recruitment events, and contacts).

The sanction system to lose the benefits will also be streamlined so that unemployment security consequences are staggered and a notice is introduced as a first resort. In addition, unreasonably long sanctions for losing benefits will be abandoned.

The government proposal is due to be submitted to Parliament during the autumn session 2021. The changes to the service process of jobseekers are intended to enter into force in May 2022.

TE services

TE Services Strategy policy (12/2020)

The individuality of services and service processes is a key focus of the TE service strategy. The individual service is based on a versatile assessment of the need for the service and the customer and solution orientation of the interviews. The focus is on the customer's individual job search support and guidance on services. The focus is on meeting the customer. The customer has an active role and is served with advice and guidance. In their work, the TE specialists focus on the situations of different customers individually. Interactive skills, mutual trust and the specialist's diverse knowledge of the opportunities offered by the labour market and training opportunities are emphasised in the mapping of personal customer service needs and individual support.

There are strong pressures for change in the structures and organisation of TE administration, for example local government pilots on employment, the Nordic labour market service model, the preparation of a permanent service structure, the reform of the lifelong learning service organisation, the expansion of multidisciplinary services and the creation of international recruitment models. In an operating environment that is prone to change and somewhat blurred in terms of prospects, the TE Services Strategy (2020) is guided by customers' service needs, individuality, customer orientation and the requirements of cost efficiency and effectiveness.

It is important that the TE Services Strategy, the local government pilots on employment, preparation of a permanent service structure for employment and business services, the Nordic labour market service model, the reform of the lifelong learning service organisation, the integration of multidisciplinary services, and the creation of international recruitment models interact and “go hand in hand”.

In 2016–2019, the Ministry of Employment and the Economy prepared a growth service reform which prepared the transfer of the responsibility for organising TE services from the state to the counties. As part of the reform, the overall architecture of growth services was completed in August 2018. The purpose of the overall architecture was to structure and define the key structural components of the growth service entity without taking a precise position on, for example, the organisational structure of growth service providers such as the county or other planning or implementation details. The aim was to create a foundation that could be refined later as development work in the various areas progresses. After the collapse of the government, the county reform failed in the spring of 2019, and the growth service reform was also largely unimplemented.

In its mid-term policy review, the Government decided to continue preparations for the transfer of employment and economic development services (TE services) to municipalities. The services will be transferred entirely to municipalities in 2024. In the current situation, the local government pilot on employment has started and the reform of the TE service structure has begun.

Local government pilots on employment – TE-services to be transferred to municipalities

The local government pilots on employment began on 1 March 2021 and will end on 30 June 2023. A total of 25 areas and 118 municipalities will participate in the pilot projects.

As stated in Prime Minister Marin's Government Programme, the role of local governments as organiser of employment services will be strengthened. In its mid-term policy review in spring 2021, the Government decided to continue preparations for the transfer of employment and economic development services (TE services) to municipalities. The services will be transferred entirely to municipalities in 2024. Therefore, the local government pilot is likely to continue. In connection with the transfer, a funding model will be created for

municipalities to develop their employment promotion activities in order to increase employment by 7,000–10,000 people.

The local government pilots on employment emphasise the role of municipalities as strategic partners. The pilot projects aim to increase the effectiveness of promoting employment by coordinating the resources, skills and services of the State and municipalities. The state and the municipality have partly overlapping tasks, especially in the services of jobseekers who are in a more vulnerable position in the labour market.

Pilots clarify the distribution of tasks and responsibilities. During the experiments, the Employment and Economic Development Offices will be responsible for the service processes of jobseekers living in municipalities not participating in the pilots, and the processes of jobseekers living in pilot municipalities but not in the target group of the experiments (for example Finnish- or Swedish-speaking jobseekers over 30 years of age entitled to earnings-related unemployment allowance). Municipal co-operation for these customer groups is also important in order to increase various service integration (including health and social services, competence) and effectiveness. Especially outside the pilot areas, Employment and Economic Development Offices have a strong role as a developer of multidisciplinary services and a builder of regional connections.

One of the key challenges of partnership cooperation is the current legislation (Act on Public Employment and Business Service, the Integration Act, Act on Cross-sectoral Joint Service Promoting Employment), which in practice places restrictions on the development and testing of various and new services on their own or especially together with other actors. Legislation does not sufficiently encourage the promotion of an experimental culture or large-scale service integration (for example health and social services).

At the beginning of 2022, the application of a unified Nordic employment services model will be launched in both TE offices and in local government pilots on employment. The details of the model will be clarified during the drafting of the law. After registering as a jobseeker, the TE Office or municipality would arrange a personal meeting (initial interview) with the jobseeker within five working days of starting the job search. In addition, the TE Office and the pilot municipalities should organise an intensive interview period for the jobseeker during the first three months of the job search, consisting of a total of six (+ initial interviews) job search discussions. The intensive period could only be omitted if it would be considered that the customer has no direct need for public employment services (for example concrete employment).

With the local government pilots on employment, the majority of jobseekers covered by the current multidisciplinary services will be transferred as customers of municipalities participating in the pilots. Regardless of the pilots, however, the TE Office must continue to provide a multidisciplinary service to jobseekers living in non-pilot municipalities or receiving earnings-related benefits, for example. Municipal cooperation and other partnership cooperation with regard to customer groups remaining in the TE Office is important in order to increase service integration that supports the employment of customers.

Customers who will transfer to the pilot projects

Unemployed jobseekers and jobseekers covered by employment services who are not entitled to earnings-related unemployment allowance will transfer to the pilot projects in the areas. The target group also includes all jobseekers under the age of 30 and all immigrants and foreign-language speakers who are either unemployed or covered by employment services in the TE Offices in the pilot areas. The municipality is responsible for providing public employment and business services (TE services) to these customer groups. TE Offices will inform the jobseekers in question that their municipality will be responsible for providing TE services to them in the future.

The legislative changes do not affect employers who are customers of TE Offices. TE Offices will continue to provide employer and business services in the pilot areas, but they will cooperate closely with the municipalities in the coordination of employer services. The municipalities participating in the pilots can accept job advertisements from employers and introduce suitable jobseekers to the employers.

Aims of the pilot project

The pilots aim to increase employment among unemployed jobseekers and to direct them to training and education more effectively. Another objective is to create new solutions to ensure availability of skilled labour. The purpose of the pilots is to improve access to the labour market especially for the long-term unemployed and those in a more vulnerable position in the labour market. The pilots involve developing services and service models for jobseekers that support employment and allow service advisors to identify and address customers' individual service needs, barriers to employment and skills development needs.

The State and the municipalities have a strong common interest in promoting employment and the aim is to combine their resources. The pilots aim to provide information on the effectiveness of combining State and local government funding, expertise and customer service.

The pilots will increase the customer-orientation of services by integrating employment, education and social and health services more closely together. Instead of a strict service model, municipalities can develop services based on the needs of jobseekers and employers in their area. The participating municipalities will arrange pilot projects to test different ways of providing employment services and to identify best practices for renewing service structures.

Continuous statistical monitoring and impact assessments will be used to monitor the pilots. The Ministry of Economic Affairs and Employment, municipalities and other stakeholders have prepared national monitoring indicators, which will deliver data to the pilot areas on the progress of the projects on a monthly basis. A joint evaluation plan has been drawn up for the pilots.

COVID-19 and strengthening knowledge-based management

The coronavirus crisis has reinforced the need to develop knowledge-based management. During the coronavirus pandemic, it has been learned how important up-to-date information is in forming a snapshot. The TE offices have independently decided on their knowledge-based management practices. Therefore, more common working methods and models are needed, as well as the development of a common set of indicators to support everyday management.

Ministry of Economic Affairs and Employment and KEHA Centre will further develop new knowledge-based management tools and operating models. Currently, the key tools are e.g. Employment Statistics of the Ministry of Economic Affairs and Employment, Qlikview system of the KEHA Centre. The information platform Mylly will also be developed alongside these. In the future, it is worth strengthening the role of knowledge-based management in TE services by investing in the utilisation of the above-mentioned tools both as part of management and expert work. (*Development and Administrative Centre of ELY Centre and TE Offices – KEHA Centre*)

TE-Digi project (from 2016 onwards)

Since 2016, the TE-Digi digitalisation project for TE services has been underway, as a result of which the electronic service system of TE offices will be replaced with a new digital solution from the beginning of 2022 in stages. The project consists of two sub-projects, namely the Job Market and an extensive information system related to the provision of TE public services. The Job Market is a visible service to the end customer and in the future work-related services for both the jobseeker and the employer can be found through the service. For the unemployed jobseeker, the Job Market also offers the electronic TE public services.

The development of the TE public services focuses on the modernisation of the customer's electronic services and processes and includes a customer information system for personal customers, recruitment and employment. The short-term goals of the project are smooth customer steering that prevents the prolongation of unemployment, as well as online services that support jobseekers' initiative.

Reforming policies and information systems will reduce bureaucracy and harmonise practices, as well as improve the capacity to respond to future changes. In the longer term, employment and business services will

form a whole based on common knowledge and information exchange available to both public and private actors.

In the first phase, job search and unemployment benefits processes will be reformed, as well as the service need assessment and service plan. The aim is to make full use of digitalisation and modern technology in TE services. To this end, a partnership- and cooperation-based approach to improving the matching of labour supply and demand, as well as supporting technical solutions, is needed. At the heart of the development is the quality and efficiency of customer service and customer relationship management. The work requires the building of a common knowledge base between the actors, up-to-date information exchange, smooth processes and functional interface solutions. From the customer's point of view, TE services must be a clear entity, consisting of specialist services, customer advice and online services. With regard to online services, the goal is a common website for TE services through which customers can do business in person, search for more information and get acquainted with the organisations' own websites.

The Job Market, which is currently in pilot use, is a platform ecosystem that aims to reform the labour administration to better support employment. The Job Market provides digital services for applying for and providing work, recruitment services, recording of information of customers and customer relations and events for planning and implementing customer services, and services for assessing the financing of supported employment and the consequences of unemployment benefits.

The goal of the Job Market is an open service ecosystem to improve targeting, as well as an interactive service system for TE services, in which the possibilities of the digital ecosystem can also be utilised in the provision of government services. The customers can join the Job Market ecosystem either unidentified or registered. Some of the services are those that require identification and registration, such as registering as an unemployed jobseeker.

The Committee requests the Government to provide updated information on developments in relation to the vocational education and training reforms and their impact on reducing existing skills gaps. The Committee also once again requests the Government to provide information on the manner in which the social partners participate in the design and implementation of education and training policies and programmes.

The Act on Vocational Education (531/2017) was reformed in the beginning of 2018. Two reports on the state of implementation of the reform of vocational education and training were completed in 2021. According to the reports, the implementation of the reform has progressed properly. The new legislation has improved the efficiency of the implementation of education and makes it easier for individual study paths and study periods. The reform has been harmonising vocational education and training and operating practices. The new legislation on vocational education and training supports the organisation of working life-oriented education and training and has increased cooperation between education providers and companies.

Social partners participate in the anticipation of skills and training in the National Forum for Skills Anticipation. In addition, social partners are part of the Working Life Committees which contribute to ensuring the quality of vocational education and training and working life orientation by monitoring the quality of implementation of vocational education and qualifications. Both of the Committees work under the Finnish National Agency for Education.

Labour market training and its exceptions in the COVID19 situation:

Labour market training can be carried out together with the employer, in which case the employer participates in financing the training. The products of the joint procurement of labour market training are RecruitmentTraining, TäsmäKoulutus Training (targeted training) and ChangeTraining (MuutosKoulutus) (instruction of Ministry of Economic Affairs and Employment on the application of the Act on Public Employment and Business Service, MEAE/2376/00.03.05.02/2017, *hereinafter implementing guidelines of the Act on Public Employment and Business Service*), the minimum duration of which is 10 days according to the application

guideline. In the exceptional situation caused by the pandemic, it has been made possible for the duration of joint procurement training to be less than 10 days for a justified reason.

In accordance with the implementing guidelines of the Act on Public Employment and Business Service, joint procurement training must be vocational training. The Ministry of Economic Affairs and Employment has specified its guidelines in this respect so that training can be not only vocational training, but also vocationally oriented training based on the needs of employers or trainees or training that promotes professional skills. When planning the content of training, vocational training must therefore be evaluated broadly. Vocationally oriented labour market training can be used to implement a variety of continuing and in-service training courses that meet the skills needs of jobseekers and companies and other employers, as well as training programs tailored to each case.

In accordance with the implementing rules of the Act on Public Employment and Business Service, the ChangeTraining is suitable for layoff situations when personnel are laid off for the time being and at the beginning or during the layoffs it becomes clear that the layoff becomes a dismissal for all or the majority. In a pandemic situation, small companies in particular would probably not have had the financial means to contribute to the training costs, so the guidelines were streamlined so that instead of ChangeTraining, fully state-funded labour market training can also be acquired for the needs of employees who are dismissed or laid off by an individual company as part of the transition security package.

Independent study supported by unemployment benefit has also been made more flexible, taking into account the pandemic situation.

In Finland, the social partners are actively involved in the development of lifelong learning.

The Committee requests the Government to continue to provide detailed updates on the measures adopted or envisaged to increase the participation of older workers in the labour market and their impact.

Raising the employment rate of people over 55 (political agreement reached in December 2020):

The possibility of additional days of unemployment security will be removed. Secondly, a so-called transition security package is also included:

- In addition to the current transition security, a new transition security package will be created for all people over the age of 55 who have been employed by the same employer for more than 5 years.
- The Employment Fund finances the employee's salary for 2 months of training and 1 month's severance pay, respectively, which does not postpone the start date of the unemployment benefit.
- Extending the current transition security employment leave to 5-15-25 days
- The transition security package is financed by a transition security fee with an equal share of the dismissing enterprise and a common share. The terms of the current deductible, such as the size of the employer's company and duration of the employment of the person to be dismissed are taken into account in the share of the dismissing enterprise. The share of the dismissing enterprise is paid in connection with the dismissal. The common part will be financed from all employers by increasing the unemployment insurance premium.

In addition, to promote employment, an employee who has reached the age of 55 and has been unemployed for 24 of the last 28 months will be entitled to a 70% wage subsidy for 10 months for 25 hours a week, and the maximum income reduction (EUR 200 per year) for those over 60 will be increased.

In the future, employment leave can also be used for conducting competence and work ability surveys and starting transition security training. At the same time, the re-employment of a dismissed employee will be accelerated so that the registration as a jobseeker, the competence and work ability survey and the drawing up of an employment plan take place already during the period of dismissal.

The possibility will be established for those who have reached the age of 55 and have been employed by the same employer for 3 years, to take up part-time work, if they so wish, taking into account the employer's specific needs, without creating a de facto subjective right. This will be done by revising the Working Time Act and, if necessary, the Employment Contracts Act, so that their employers will have the same obligations as employers whose employees apply for changing from full-time work to part-time work for health or social reasons. The employer's obligation to organise part-time work for those on part-time sickness allowance and part-time disability pension will be considered. At the same time, continuing to work will be promoted by the revision of the Occupational Safety and Health Act and through amendments emphasising the importance of taking into account age and aging and the physical and mental strain of work in activities where the employer has a duty to ensure the safety and health of employees at work.

The Committee requests the Government to continue to provide updated detailed information on the measures undertaken to promote full, productive, freely chosen and lasting employment for young workers and the impact of such measures.

Youth Guarantee

During the reporting period, the Youth Guarantee has remained the overarching concept of youth employment. The Youth Guarantee and the commitment to the European Youth Guarantee can be found in the Government Programmes of both Prime Minister Sipilä and Prime Minister Marin. The aim of the Youth Guarantee is to shorten the service process for young people so that a young person can be offered a personally suitable solution within 3 months of the beginning of unemployment.

Youth unemployment turned to a slight decline at the end of 2016. This change was preceded by several years of rising youth unemployment linked to a prolonged economic downturn. In 2017, the youth unemployment rate was 20.1%. Youth unemployment fell steadily until the onset of the coronavirus crisis in the winter of 2020. In 2019, the youth unemployment rate was 17.2%. Coronavirus crisis raised the youth unemployment rate to 21.4%.

One Stop Guidance Centres

The development of one-stop shops for young people has remained the most important measure of the Youth Guarantee. These One Stop Guidance Centres have been developed continuously since 2014. In 2018, the operations of One Stop Guidance Centres were consolidated with EUR 5 million in annual funding, which was channelled through TE offices. In 2018, a project was also launched to strengthen the ability of One Stop Guidance Centres to provide low-threshold psychosocial support. This psychosocial support project was consolidated in the One Stop Guidance Centres with state budget funding in 2020. One Stop Guidance Centres have been coordinated with the support of the European Social Fund. At the end of the project period, 2021 operations will be established in the Employment and Economic Development Administration. There are 70 One Stop Guidance Centres in operation and the state supports the development of the network of those through a common support structure. In addition, funding for the European Union's Recovery Facility will be allocated to strengthening the multidisciplinary nature of the One Stop Guidance Centres. The focus of developing of the One Stop Guidance Centres is now on strengthening multidisciplinary and connecting, especially to social and health services.

The effectiveness of the One Stop Guidance Centres was evaluated in a study published in 2019. The One Stop Guidance Centres were found to have quite significant potential as an accelerator of service processes. Young people who visit the One Stop Guidance Centres turn to services faster and more often than through TE offices. The effects of the One Stop Guidance Centres on employment become positive after about 200 days of unemployment. This means that the employability of young people improved as a result of the services and the service process of the One Stop Guidance Centres. The One Stop Guidance Centres are aimed specifically at those young people who need stronger support to move forward. In the case of educated and skilled young people, the employment effect of the One Stop Guidance Centres did not differ from that of TE offices, but was felt by those who had been unemployed for a longer period.

Structural reforms in the labour administration also affect the employment process of young people. Prime Minister Sipilä's Government prepared for the transfer of employment services to the counties, in which case the regions would have been responsible for both health and social services and employment services. However, the reform did not materialise. Prime Minister Marin's Government is preparing to transfer employment services to municipalities. In the future, municipalities would be responsible for employment services, education and youth services. The year 2021 saw the launch of local government pilots on employment in which the responsibility for youth employment services in the pilot areas was transferred from the state to municipalities. The target group of the the local government pilots includes inter alia includes all jobseekers under the age of 30 who are either unemployed or covered by employment services in the TE Offices in the pilot areas. Ongoing local government pilots on employment guide the transfer of organisational responsibility to municipalities. The local pilots are monitored through a research project, which also contributes to assessing the effects of the pilot on youth employment. No research data are currently available.

Youth employment and the coronavirus pandemic

The coronavirus pandemic has had a significant impact on youth employment. In the spring of 2020, the number of young unemployed jobseekers rose by about 50%. Regional differences in the effects of the coronavirus pandemic were very significant. After the summer of 2020, youth unemployment settled at about +30% compared to the corresponding situation in 2019. Restrictive measures against the coronavirus have largely targeted the service sectors, which have traditionally employed young people in particular. The coronavirus pandemic was also reflected in a slight increase in youth structural unemployment. The challenge for structural unemployment has been its slow decline, so it is likely that as a result of the coronavirus pandemic, youth unemployment will rise in the slightly longer term.

As an action against the coronavirus pandemic, the Employment and Economic Development Administration strengthened the resourcing of TE services so that unemployed and laid-off young people can be provided with services that support employment, develop skills and maintain their ability to work. Prime Minister Marin's government has launched a project to support parents returning to work from family leave. The whole is aimed at young families. The goal is to strengthen the career planning skills of parents caring for their children at home. The target group is especially those who have cared for their children at home for a longer period of time and low-educated parents.

One of the employment policy projects of Prime Minister Marin's government is the Nordic employment service model, which intensifies personal service. Young unemployed jobseekers can be estimated to benefit from face-to-face meetings and more personalised customer service.

Performance-based procurement of services for young people

Nationwide performance-based service procurements¹ (Nuoret töihin! and Nuoret kohti työtä!) aimed to find ways and help young people under the age of 30 to enter the open labour market, obtain a first education degree or employ themselves as an entrepreneur.

Performance-based procurement for young people has provided valuable additional information on the organisation of services supporting the employment of young people as purchasing services. The pilots have been implemented in areas of 14 Centres for Economic Development, Transport and the Environment and have been attended by about 9,000 young people. The process of procuring national pilots has been reasonably successful in relation to the urgent schedule, but a significant amount of detail has been left open during the preparation phase, which has had to be clarified during the pilot. This concerns the performance bonus model, which should be given significantly more time to develop.

Performance-based procurement of services for young people has provided valuable additional information on the procurement of services that support young people's access to employment. The pilot projects were carried out in 14 ELY centres, and roughly 9,000 young people participated in them. Considering the short preparation

¹ Performance-based procurement of services for young people - Effectiveness study, link: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/162039/TEM_2020_04.pdf.

time, the national pilots were reasonably successful. However, a significant number of details were not resolved during the preparation stage and needed to be addressed during the pilot stage. This applies particularly to the results-based payment model, which needs significantly more time for development.

III APPLICATION OF THE ARTICLES IN FINLAND

Please see the answers in sections I and II.

IV

A copy of this report has been sent to following labour market organizations:

1. The Confederation of Finnish Industries (EK)
2. The Central Organization of Finnish Trade Unions (SAK)
3. The Finnish Confederation of Salaried Employees (STTK)
4. The Confederation of Unions for Academic Professionals in Finland (Akava)
5. The Commission for Local Authority Employers (KT)
6. The State Employer's Office (VTML)
7. The Federation of Finnish Enterprises (SY)

Statements of the labour market organisations:

The Federation of Finnish Enterprises (SY)

The Federation of Finnish Enterprises find that the objectives of the Employment Service and Employment Policy Conventions are reasonably well achieved in Finland. However, The Federation of Finnish Enterprises wish to point out that there is a significant skills mismatch in the Finnish labour market, both regionally and professionally. Employment and labour market policies should play a more active role in solving these problems and increasing the employment rate.

The Federation of Finnish Enterprises maintain that the activities of the employment services should be developed in such a way that the authorities can focus on employment services without being responsible for tasks that ought to be carried out by agencies providing unemployment security. A model known as the "Nordic job search model" is currently being prepared in Finland, with the aim of reforming both the provision of employment services and the criteria for receiving unemployment security as part of the implementation of labour market policy. The Federation of Finnish Enterprises believe that the objectives of the Nordic job search model are correctly set. Labour market policy must start from the job seeker's obligation to actively seek employment. However, public employment services must operate efficiently and appropriately, taking into account the needs of each jobseeker. While The Federation of Finnish Enterprises believe that the Nordic job search model could help improve the efficiency of public employment services, the organisation also wishes to emphasise that the operations of public employment services must be closely monitored and evaluated.

In Finland, plans are currently under way to establish a special assignment company, "Välittäjä Oy", which would recruit people with disabilities and with partial work ability. Välittäjä Oy would act as a kind of intermediary for people with partial work ability transitioning into the open labour market. The Federation of Finnish Enterprises wish to emphasise the importance of creating pathways and employment opportunities in society for people in a more vulnerable position in the labour market. Therefore, the establishment of Välittäjä Oy is seen as a sensible decision, provided that the measures are limited to groups of people with only the severest difficulties in finding employment so as not to distort competition.

In the case of people with disabilities, the use of wage subsidies is also justified in order to enable to assist them in finding employment in the open labour market. However, The Federation of Finnish Enterprises maintain that wage subsidies must not be used in a way that distorts competition and must be limited to measures that support the employment of persons with disabilities, skills deficiencies, or other such limitations. Wage

subsidies are often seen as a key instrument in active labour market policy, but wage subsidies should not be used as a permanent solution for employing disadvantaged groups.

The Central Organization of Finnish Trade Unions (SAK), The Finnish Confederation of Salaried Employees (STTK) and The Confederation of Unions for Academic Professionals in Finland (Akava)

The preparation of major reforms is underway regarding the employment policy. The plan is to transfer the responsibility for organising employment and business services to municipalities. This change was outlined in the budget framework session of spring 2021. Currently, preparations are in progress, and the proposal is due to be submitted to Parliament in the autumn of 2022. It is intended that the acts will enter into force in 2024.

The Nordic employment service model is also under preparation, in which the unemployed will be provided with more personal services and the job-seeking obligation will be stricter than at present. The proposal is due to be submitted to Parliament in the autumn of 2021. The aim is to adopt the new model in May 2022.

The labour market organisations are in favour of providing job-seekers with more personal guidance and assistance, and shortening the qualifying period for unemployment security. At the same time, the labour market organisations are, however, concerned that the model may become overly complicated and mechanical, without being able to sufficiently address the highly differing situations of job-seekers. The Finnish Government requires that the model has a sufficiently high impact on employment and that the obligations of job-seekers are regulated in great detail, so that there will be no room for discretion.

The labour market organisations emphasise that, due to the coronavirus crisis and the accelerating structural change in the labour market, an effective employment policy requires that the competence of employees be developed during unemployment periods to enable re-employment. The opportunities of the unemployed and those who have been laid-off to develop their competence must be improved.

The Confederation of Finnish Industries (EK)

The objectives of the employment services and employment policy conventions are partially achieved in Finland. There is a shortage of skilled labor in the Finnish labor market in several sectors, which is largely due to the problem of regional and professional skills mismatching. Employment and labor market policies should play a more active role in tackling these problems and raising employment rates. Labor market policy must be based on the jobseeker's obligation to actively seek work and on the fact that non-compliance with the jobseeker's obligation has an effect on the unemployment benefits. Labor services must be improved and labor mobility must be supported. Public employment services must be provided efficiently and appropriately, taking into account the needs of each jobseeker.

The objectives of the Nordic model of employment services are set mainly correct. However, the model should make use of private employment services, which play a significant role in matching labor supply and demand. A portal should be built for private providers of TE services, through which they would have the opportunity to search for potential employees among the applicants who are jobseekers in the public TE service, to work as employees in their client companies.