

# Job retention schemes in the EU during the COVID-19 pandemic

Mutual learning workshop on ‘Access to social protection for vulnerable groups of workers’

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# Introduction

- The main policy instrument used by Member States during the pandemic to protect employment and incomes
- Different types of job retention schemes:
  - short-time work schemes - subsidise hours not worked, partial reduction of working hours
  - furlough schemes - subsidise hours not worked, full reduction of working hours
  - wage subsidy schemes - subsidise hours worked
- Most of the schemes were used during the pandemic were new while countries that had pre-existing schemes updated eligibility and conditionality criteria
- Several countries operated more than one job retention scheme

# Extension of eligibility criteria

- Before the pandemic - job retention schemes mainly accessible to workers on open ended contracts
- Coverage was extended to workers on fixed-term or temporary agency contracts and workers on other types of more casual contracts
  - **Part-time workers** were covered in practically all schemes except those in Croatia and Hungary
  - Workers on **fixed-term contracts** were covered in all Member States except for Denmark, Hungary and Sweden
  - **Temporary agency workers** were covered in 18 countries while **casual workers** were supported in 7 countries

# Targeting, phasing-out and long-term changes

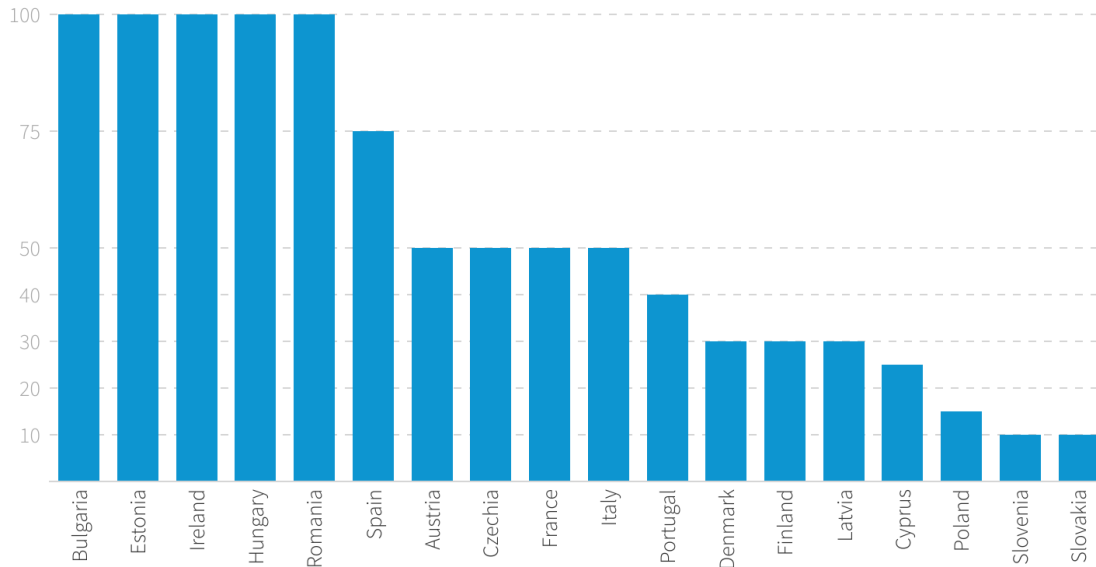
- Job retention schemes became increasingly more targeted, directing support to most affected firms
- Gradual phase-out and restrictions to most impacted sectors
- Contributed to long-term changes in **unemployment benefit systems**:
  - **Spain**: mandatory for domestic workers to have insurance.
  - **Italy**: 2022 budget bill entitled domestic workers (and apprentices) to unemployment benefits
  - **Belgium**: creating an ‘art workers’ status and broadening categories of workers covered by the October 2022 ‘artwork benefit’

# Income support measures akin to JRS for the self-employed

- Governments in almost all Member States extended income support measures for the self employed
- Generally lower rates of support than those offered to employees
- Problems arose for those with short work histories in self-employment, those coming off career breaks and other self-employed workers whose earnings in the assessment period did not fulfil set eligibility criteria

# Eligibility criteria for the self-employed

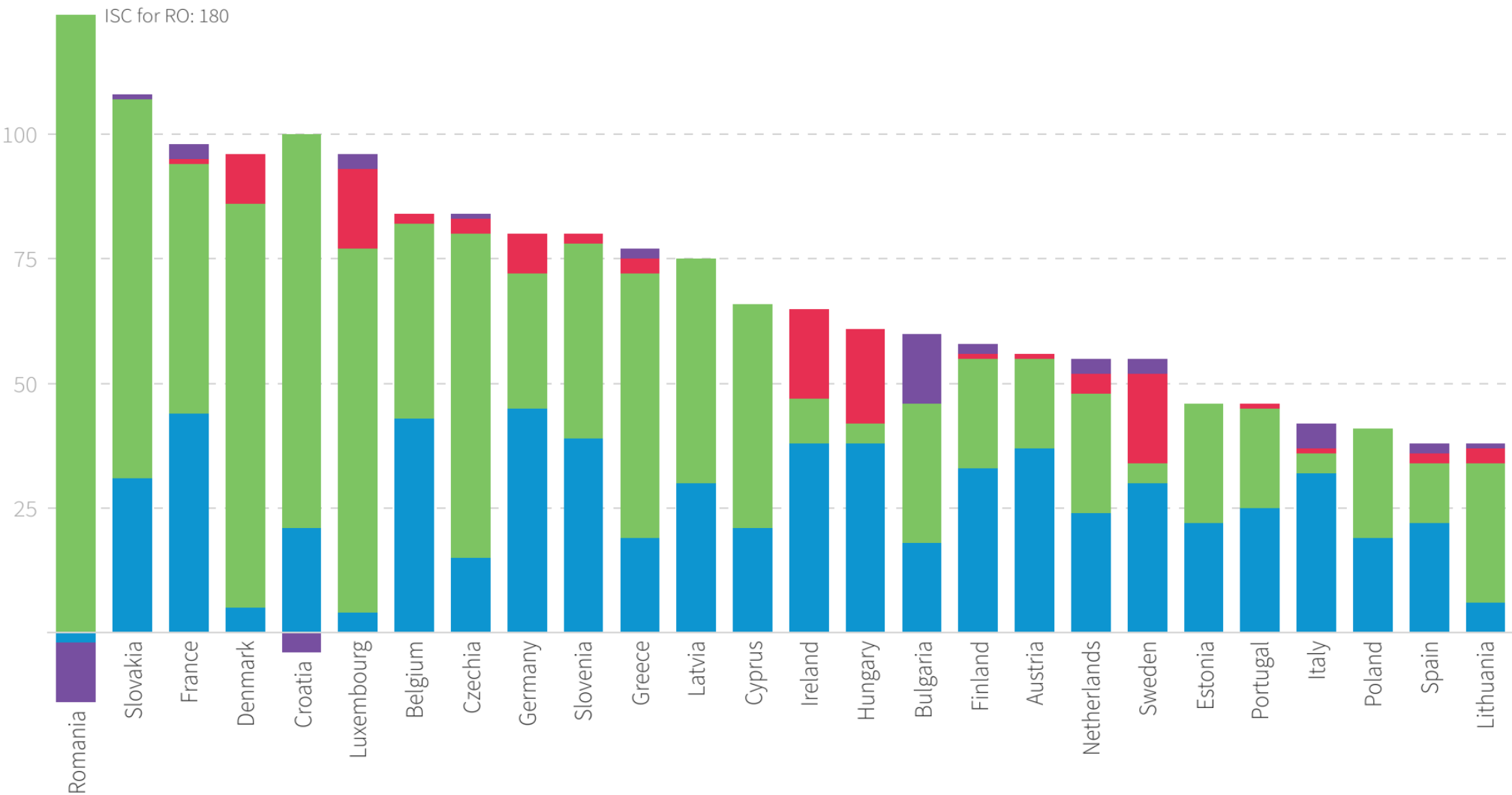
Income or turnover loss required to access self-employment income support schemes, early phase of the pandemic (first half of 2020) (%)



- Schemes developed for specific industries (i.e. creative, tourism)
- Both self-employed people with employees and solo self-employed individuals
- Minimum and maximum income thresholds
- Need to demonstrate a loss of income or turnover above a certain threshold

# Income stabilization effect of support measures for the self employed

Taxes and social insurance contributions   Income stabilisation measures   Unemployment benefits   Social assistance benefits



# Conclusions

- Pandemic demonstrated existing coverage social protection gaps for atypical workers
- Learning from the global financial crisis job retention schemes deployed swiftly and effectively
- Design of such schemes should consider interactions with broader national social insurance systems, specifically unemployment schemes

