

**MISEP**  
**Basic Information Report**

**SWEDEN 2002**

<b>1</b>	<b>INSTITUTIONS</b>	<b>4</b>
1.	THE MINISTRY OF INDUSTRY, EMPLOYMENT AND COMMUNICATIONS	4
1.1	<i>Introduction</i>	4
1.2	<i>Working Units and Main Responsibilities</i>	4
1.3	<i>Personnel</i>	4
1.4	<i>Budget</i>	4
1.5	<i>Co-operations and Co-ordination within Sweden</i>	5
1.6	<i>International Co-operation</i>	5
2.	THE ORGANISATION OF THE NATIONAL LABOUR MARKET ADMINISTRATION	6
2.1	<i>The National Labour Market Administration (AMV)</i>	6
2.2	<i>The National Labour Market Board (AMS)</i>	7
2.3	<i>The County Labour Board (Lan)</i>	7
2.4	<i>The Public Employment Service (Arbetsförmedlingen- Af)</i>	7
2.5	<i>Local Employment Service Committee (Arbetsmarknadsnämnd)</i>	8
2.6	<i>Working-Life Services (Arbetslivsinriktad rehabilitering)</i>	8
3.	SHELTERED EMPLOYMENT AND LABOUR MARKET TRAINING	8
3.1	<i>Samhall AB</i>	8
3.2	<i>Lernia AB</i>	9
4.	THE COMPENSATION SYSTEM	10
4.1	<i>Unemployment Insurance System</i>	10
4.2	<i>Social Security System</i>	10
4.3	<i>Wage Guarantee</i>	10
<b>2</b>	<b>LEGAL FRAMEWORK AND PROCEDURES</b>	<b>11</b>
1.	LEGAL INSTRUMENTS	11
1.1	<i>The Legal System</i>	11
1.2	<i>Legislation</i>	12
2.	LABOUR MARKET ORGANISATIONS AND PROCESSES	17
2.1	<i>The Organisations</i>	17
2.2	<i>Rights for Employee Organisations which are Subject to Collective Agreements</i>	17
2.3	<i>Industrial Action</i>	17
2.4	<i>Collective Agreements</i>	18
2.5	<i>Wage Setting and the National Mediation Office</i>	18
2.6	<i>The Labour Court</i>	19
<b>3</b>	<b>LABOUR MARKET POLICY</b>	<b>20</b>
1.	EMPLOYMENT POLICY	20
1.1	<i>Labour Market Policy</i>	20
1.2	<i>Economic Policy</i>	21
1.3	<i>Education Policy and Lifelong Learning</i>	21
1.4	<i>Industry and Business Policy</i>	22
1.5	<i>Social Policy</i>	22
1.6	<i>Gender Equality and Integration</i>	22
1.7	<i>Work Organisation and Work Life Balance</i>	23
2.	THE EUROPEAN EMPLOYMENT STRATEGY	24
2.1	<i>Sweden's National Action Plan for Employment 2001</i>	24
3.	THE EUROPEAN SOCIAL FUND	25
4.	STUDIES IN THE FIELD OF LABOUR MARKET POLICY	26
4.1	<i>The Office of Labour Market Policy Evaluation (IFAU)</i>	26

4.2	<i>Other Studies</i>	26
<b>4</b>	<b>MEASURES</b>	<b>29</b>
1.	FINANCIAL AID TO THE UNEMPLOYED	29
1.1	<i>Unemployment Insurance (Arbetslöshetsförsäkring)</i>	29
1.2	<i>Activity Support (Aktivitetsstöd)</i>	31
1.3	<i>Special Training Allowance (Särskilt utbildningsbidrag – UBS)</i>	32
1.4	<i>Relocation Grants (Flyttningsbidrag)</i>	33
1.5	<i>Wage Guarantees (Lönegaranti)</i>	34
2.	TRAINING, RETRAINING AND OCCUPATIONAL MOBILITY MEASURES	35
2.1	<i>Individual Action Plan (Individuell handlingsplan)</i>	35
2.2	<i>Activity Guarantee (Aktivitetsgaranti)</i>	36
2.3	<i>Employment Training (Arbetsmarknadsutbildning)</i>	37
2.4	<i>On-the-Job Training (Utbildning för anställda)</i>	38
2.5	<i>Advanced Vocational Education (Kvalificerad Yrkesutbildning)</i>	39
2.6	<i>Jobseeker Activities (Jobb-sökaraktiviteter – JSA)</i>	40
2.7	<i>Work Experience (Arbetspraktik)</i>	41
2.8	<i>Career Break (Friår)</i>	42
2.9	<i>Computer Centres/Activity Centres (Datortek/Aktivitetscenter)</i>	43
3.	JOB CREATION MEASURES	44
3.1	<i>Recruitment Incentive (Anställningstöd)</i>	44
3.2	<i>Start-Up Grants (Stöd till start av näringsverksamhet)</i>	45
4.	MEASURES FOR SPECIAL CATEGORIES OF WORKERS	46
4.1	<i>Municipal Youth Programme – age under 20 (Kommunala ungdomsprogrammet)</i>	46
4.2	<i>Youth Guarantee – age 20-24 (Ungdomsgaranti 20-24 år)</i>	48
4.3	<i>Interpraktik Scholarship (Interpraktik)</i>	50
4.4	<i>Wage Subsidies (Lönebidrag)</i>	51
4.5	<i>Sheltered Employment (Offentligt skyddat arbete, Samhall AB)</i>	52
4.6	<i>Employment Service Rehabilitation (Af-Rehab)</i>	54
4.7	<i>Temporary Public Employment for Older People (OTA)</i>	55
4.8	<i>Other Support for People with Disabilities</i>	56
5.	OTHER MEASURES	56
<b>5</b>	<b>INFORMATION AND RESEARCH</b>	<b>57</b>
1.1	<i>Statistics Sweden (SCB)</i>	57
1.2	<i>The National Labour Market Administration (AMV)</i>	57
1.3	<i>The Office of Labour Market Policy Evaluation (IFAU)</i>	57
1.4	<i>National Institute for Working Life (ALI)</i>	57
1.5	<i>The National Mediation Office (Medlingsinstitutet)</i>	58
1.6	<i>Other</i>	58

# INSTITUTIONS

## 1. The Ministry of Industry, Employment and Communications

### 1.1 Introduction

The overall aim of the Ministry of Industry, Employment and Communications is to create conditions for improved welfare and increased employment with a focus on the interests of both individuals and companies.

The Ministry is responsible for Labour Market Policy, and Labour Law and Working Life, but also for the following areas: Business Enterprise Development, Communications, State-owned Companies, Competition, Energy, EU Structural Funds, Forestry Policy and Mineral Resources Policy, Gender Equality, Immigrant Integration and Diversity, Infrastructure, IT and R&D, Primary Industries, Regional Growth Policy, Regional Policy, Social Economy, Sports, Tourism, Urban Development Policy.

At the Ministry, there are three ministers who are responsible for these areas. Deputy Minister Ms Mona Sahlin is in charge of the working life questions and Minister Mr Björn Rosengren is in charge of the labour market policy.

### 1.2 Working Units and Main Responsibilities

The policy areas, which are the responsibility of the Ministry, are divided into 14 divisions. Issues on labour market policy, employment and working life are mostly dealt with in the division for Labour Market Policy and the division for Labour Law and Working Life.

#### *Division for Labour Market Policy*

This division is responsible for labour market policy including employment training, unemployment benefits, and other labour market policy issues. The division is also responsible for the agencies: the National Labour Market Administration (*AMV*), the Unemployment Insurance Fund, Samhall AB (sheltered employment), and the Office of Labour Market Policy Evaluation (*IFAU*).

#### *Division for Labour Law and Working Life*

This division is in charge of matters concerning employment terms and conditions, such as the work environment, working hours and labour legislation in general. More specific issues can include the organisation of work, wage formation, mediation in labour disputes and Government wage guarantees in case of bankruptcies.

### 1.3 Personnel

The Ministry of Industry, Employment and Communications employs more than 400 persons, of whom around 30 persons are politically appointed (e.g. state secretaries, press secretaries, political advisers) and the remaining majority are civil servants.

### 1.4 Budget

In the year 2001, the Ministry of Industry, Employment and Communications was responsible for approximately SEK 102 billion, corresponding to 14 per cent of the entire Swedish Government budget. SEK 63 billion finances labour market policy (incl. unemployment benefits, and Samhall AB) and SEK 1 billion finances working life policy.

## 1.5 Co-operations and Co-ordination within Sweden

An important part of the Ministry's work is co-operation with the social partners, e.g. the Confederation of Swedish Enterprise (*Svenskt Näringsliv*), the Swedish Trade Union Confederation (*LO*), the Swedish Confederation of professional Employees (*TCO*), the Swedish Confederation of Professional Associations (*SACO*), and the Swedish Agency for Government Employers (*Arbetsgivarverket*), the Swedish Federation of County Councils (*Landstingsförbundet*) and the Swedish Association of Local Authorities (*Kommunförbundet*).

Among Government bodies, close links are maintained with, for instance, the Ministry of Finance, the Ministry of Education and the Ministry of Health and Social Affairs, as well as with national authorities, e.g. the National Labour Market Board (*AMS*), and the Social Insurance Offices (*Försäkringskassan*).

## 1.6 International Co-operation

### *The Ministry*

There is a significant international dimension to the regular tasks of the Ministry. The everyday work is to a great extent influenced by Sweden's membership of the European Union. The responsibility for specific EU and other international issues rests with the particular division concerned, while there is a Secretariat for EU and International Coordination, which bears responsibility for general questions and coordination.

By tradition the Ministry is very much involved in international co-operation within the labour market field. The Ministry is engaged in the formulation of employment, labour market, working-life and equal opportunities policies. It also handles priority issues relating to the European Social Fund. Other international organisations dealing with issues relating to employment and labour market, and in which the Ministry takes an active part are; the OECD, the Council of Europe, the ILO, and the WTO.

The unique Nordic co-operation should also be mentioned as it is often used as a basis for international activities and positions. In this field the co-operation to a great extent takes place within the Nordic Council and the Council of Ministers. Since 1954 the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have a common labour market, which gives the Nordic citizens the right to work and live in all Nordic countries.

### *The Swedish National Labour Market Administration (AMV)*

The Ministry is through its various agencies also involved in co-operation with many countries. The National Labour Market Administration (*AMV*) is involved in various aspects of international co-operation.

The Director Generals of the various EU member states and within the EEA area have agreed on a co-operation project, starting during 2001, between the Public Employment Service authorities throughout Europe. The aim is to create a system for a structured exchange of experiences and knowledge. The work is done in expert groups focussing on themes of shared priority and the Swedish National Labour Market Board (*AMS*) is responsible for this co-operation.

The Work Life and EU Enlargement project, initiated by the Swedish Government, is a co-operation project between the AMS and the thirteen candidate countries. The project aims to facilitate the candidate countries' entry into the EU. It comprises workshops, practical projects and over-reaching programmes, so called comprehensive network programmes. The project will operate until, and include, the year 2004.

The AMS also co-ordinates the externally financed development projects, currently with the EU-candidate countries, other parts of Eastern and Central Europe, Russia, Caucasus and the People's Republic of China. The work is done through transfer of knowledge by various experts from the AMS in the areas of management, organisation, work methods, information systems and

technical support in employment services. Projects are primarily financed by the Swedish International Development Agency (*SIDA*), the World Bank and, to a certain degree, the EU.

The AMS also manages EU Phare Twinning Projects with a number of EU candidate countries: Slovakia, Slovenia, Estonia and Lithuania. The purpose of Twinning projects is to support the candidate countries with knowledge and experience in order to help them adapt their employment services and activities to EU requirements and standards.

## 2. The Organisation of the National Labour Market Administration

### 2.1 The National Labour Market Administration (AMV)

The central authority of the Swedish Labour Market Administration (*Arbetsmarknadsverket – AMV*) is the National Labour Market Board (*Arbetsmarknadsstyrelsen – AMS*). In each of Sweden's 21 counties there is a County Labour Board (*Länsarbetsnämnden – Lan*), to which the Public Employment Services (*Arbetsförmedlingar – Af*) are responsible. On the isle of Gotland, the County Labour Board has been incorporated in the County Administration Board (*Länsstyrelsen*).

Labour market policy in Sweden is jointly implemented by the state and the social partners. Representatives of employers and union organisations are represented on advisory councils and delegations at various levels within the Labour Market Administration.

Additional up-to-date information on assignments, organisation, targets, programmes and results can be accessed at the AMS' website: [www.ams.se](http://www.ams.se).

#### 2.1.1 Principal Tasks of the Administration

The National Labour Market Administration (*AMV*) is the authority charged with translating the Swedish labour market policy into action. Its principal tasks are expressed in the following operational concept:

- *To fill vacancies* – Ensure that vacancies are filled rapidly and that jobseekers quickly find suitable work.
- *To prepare the individual* – Make it easier for people wishing to work to enter the employment sector and find the right job.
- *To stimulate demand* – Supplement and influence labour demand, so that work will be available in the right place, at the right time and for the right person.
- *To prevent redundancy and exclusion* – Prevent redundancy and permanent exclusion and facilitate the return of unemployed persons to work, e.g. by selling Working-Life Services to employers and to Social Insurance Offices.

The AMV is a nation-wide organisation, which combines the strength of being small in the local perspective with the power and resources of a large organisation. At the end of 2001 there were 418 local Public Employment Service offices located all over Sweden.

The "one-stop shop system" means that all measures are available through the same organisation. The AMV provides services for both jobseekers and employers and offers labour market information, placement, counselling, vocational rehabilitation, etc. Many of these services are accessible for the job seekers, employers and other interested directly on the website: [www.ams.se](http://www.ams.se)

The AMV is also responsible for the full range of labour market policy programmes, e.g.:

I. Employment training

- II. Activation programmes, such as job seeking activities and on-the-job practice
- III. Programmes designed for groups with special needs
- IV. Wage subsidies to promote recruitment
- V. Specially arranged temporary job opportunities
- VI. Special support for the disabled

### **2.1.2 The Budget for Labour Market Policy in Sweden**

The proposed budget in the Government Bill for labour market policy during the fiscal year 2001 amounts to SEK 62,100 million (approx. EUR 6,780 million). This does not include the European Social Fund, but includes Unemployment Benefits.

## **2.2 The National Labour Market Board (AMS)**

The National Labour Market Board (*AMS*) is the central administrative body for general labour market matters and the authority responsible for the County Labour Boards (*Lan*). *AMS* directs, co-ordinates and develops labour market policy activities in Sweden. It also focuses Government set targets, communicates its own additional targets and lays down guidelines for the *Lan* activities. Other major assignments are allocation of financial resources to the counties and monitoring regional results. *AMS* is also the designated authority for the European Social Fund in Sweden.

A Director-General is appointed by the Government to head the *AMS*. The *AMS* Board consists of seven members in addition to the chairman and they are all appointed by the Government. The *AMS* Directorate consists of the Director-General, the Deputy Director-General and four other Directors. The *AMS* Secretariat consists of 21 divisions, of which 8 are divisions with a nation-wide service.

The *AMS* has also an Advisory Council, which has close contacts with representatives of the labour market bodies on matters relating to the Public Employment Service (*PES*). This Council consists of the Director General, who is the chairman, and 12 other members, with employers and employees equally represented. The members are nominated by the labour market organisations and appointed by *AMS*.

## **2.3 The County Labour Board (Lan)**

The County Labour Board (*Länsarbetsnämnden - Lan*) is the regional authority dealing with general labour market affairs. The *Lan* directs co-ordinates and develops labour market policy activities in the county.

Each County Labour Board (*Lan*) has a board, a county management and a secretariat. The secretariats are organised in different ways in different counties, however there is a delegation for vocational rehabilitation and for other labour market policy measures for the disabled linked to every *Lan*. The Director of *Lan* is appointed by the Government.

The Board of *Lan* consists of the County Governor (chairman), the Director of *Lan* (deputy chairman) and four other members appointed by the Government.

## **2.4 The Public Employment Service (Arbetsförmedlingen- Af)**

418 Public Employment Service offices are located in Sweden. The *PES* offices offer placement services and counselling, etc. for jobseekers and employers throughout the country free of charge. Within their budgets the *PES* have access to all labour market policy programmes such as employment training, activation programmes recruitment incentives and wage subsidies for disabled workers.

There is at least one PES office in every municipality in Sweden. In the major cities (e.g. in Stockholm, Gothenburg, Malmö) there are many offices, and the PES offices can be more focused on particular sectors or skills such as technology, economics, information technology, manufacturing industry, health care, education and cultural employment.

#### **2.4.1 Self-Service Systems on the Internet**

Self-service systems on the Internet were introduced in 1995. The on-line systems make it possible to manage most of the job searching and recruitment by yourself – as jobseeker or employer – on the Internet. Almost all of the AMS' information and brokerage services are today accessible on the Internet. This has greatly changed the way the PES delivers labour market information, placement service and vocational guidance and gives the staff of PES the possibility to focus on those jobseekers who need more significant support, e.g. long-term unemployed.

The number of users of the self-service on the Internet has continuously increased since the beginning and at the end of 2001 more than 550,000 persons visited the website every month. This means that 15 per cent of the Swedish workforce regularly use the PES website.

The Vacancy Bank is Sweden's biggest and most-used Internet job vacancy service. The Jobseeker Bank is an on-line service for employers wishing to recruit new employees. Job candidates present their CVs in a database, and an advanced search system helps employers to create detailed search profiles based on occupation, education, skills, language knowledge etc, which enable them to find the right people.

The AMS has also started an experimental project for jobseekers who want to learn how to find a job with the Internet self-service. The project, called the "Online Club for Jobseekers", will continue until December 2002.

#### **2.5 Local Employment Service Committee (Arbetsmarknadsnämnd)**

There is also a Local Employment Service Committee (*Arbetsmarknadsnämnd*) in each of the 289 municipalities in Sweden. This Committee is a liaison body for local labour market affairs and decides on matters delegated to it by the County Labour Board (*Lan*). It consists of a senior officer from the Lan and includes representatives of the PES office, the municipality and local labour market bodies. The chairman of the Local Employment Service Committee is appointed by the Lan Board.

#### **2.6 Working-Life Services (Arbetslivsinriktad rehabilitering)**

Working-Life Services is a nationwide consulting organisation within the Labour Market Administration (AMV). It is connected to the Lan and is represented in all counties. It is specialised in human resource development and on vocational rehabilitation services to the Social Insurance Offices, and both private and public-sector employers. These services are aimed at preventing exclusion from the labour market and helping employees on sick leave to return to work. The Working-Life Services must be self-financed and therefore they charge their customers a fee to cover their cost.

### **3. Sheltered Employment and Labour Market Training**

#### **3.1 Samhall AB**

Samhall AB is a state-owned company with the operating concept to provide meaningful and vocational employment for persons with occupational disabilities wherever the need exists. Job opportunities at Samhall AB are at the disposal of the PES, which also assists Samhall AB employees in transferring to the regular labour market. Samhall AB provides employment for 25,000 people with occupational disabilities (46% of whom are women) and maintains workplaces in about 300 locations throughout Sweden).

The company has to adapt to the abilities that people with occupational disabilities possess and is run according to businesslike principles and market conditions. Care is taken to ensure that other businesses are not subjected to unfair competition. Samhall AB produces and sells goods and services in a number of industrial and service sectors, including manufacturing, furniture-making, cleaning services, and temporary office work. The organisation is divided into two personnel divisions, four business divisions, and six geographical regions.

The Government makes certain annual demands on Samhall AB's activities:

- Samhall AB shall provide work to occupationally disabled employees for at least 28.5 million working hours a year, the equivalent of approximately 25,000 employees.
- At least 5% of Samhall AB employees with an occupational disability must leave the organisation for a job on the regular labour market each year.
- At least 40% of the occupationally disabled persons recruited to Samhall AB must belong to priority groups, such as the intellectually occupationally disabled, people suffering from mental illness, and individuals with multiple disabilities.

In addition, Samhall AB shall, whenever possible, take regional considerations into account in connection with potential restructuring and avoid closing enterprises in localities with a weak labour market. Samhall AB shall also make every effort to avoid dismissing occupationally disabled employees due to lack of work.

The State compensates Samhall AB for any extra costs incurred in meeting its obligation to provide employment. The greatest additional costs result from adjusting the pace of work, the large geographical area covered, the provision of special assistance to employees with occupational disabilities, and Samhall AB's obligation not to dismiss employees with occupational disabilities due to economic fluctuations or structural changes. In 2001 the total expenditure on Samhall AB amounted to SEK 4,262 million.

### **3.2 Lernia AB**

Lernia AB is a wholly state-owned company formed in 1993 to take over the Government agency, AmuGruppen. Lernia AB is one of Sweden's largest providers of vocational education and training, and also a major supplier of training and development of employees in companies and organisations. Lernia AB offers a wide spectrum of education and training, ranging from one day courses to vocational training programmes and it has operations in about 100 locations all over Sweden. The national labour market agencies are free to choose whether they want to purchase the vocational training and education from Lernia AB or from any other supplier that might be able to give a better offer on training at a lower price.

Lernia is organised into four different business areas based on the customer segments, in addition to two subsidiaries: Lernia Personaluthyrning AB and Lernia Hadar AB. Lernia Personaluthyrning AB provides the Swedish industry with qualified personnel on a temporary basis in order to meet production peaks or temporary shortage of staff. Lernia Hadar AB's main activity is to improve the possibilities for disabled people to enter the labour market.

The total sales of Lernia AB amounted to SEK 1,800 million for the financial year 2000.

## 4. The Compensation System

### 4.1 Unemployment Insurance System

Sweden has a state-subsidised system for unemployment insurance, which is administrated by 38 unemployment insurance funds. The funds are all independent and without commitments to the state, but 37 of them have attachments to specific trade unions or to organisations of self-employed, which means that each fund is open to all who work in a specific sector of the labour market. One of the unemployment insurance funds, founded 1 January 1998, has a wider scope and is open to people from all sectors of the labour market. The new fund also administrates the Basic Amount for those who are not members of any union.

The income-related benefit forms together with the Basic Amount the unemployment benefit. The former cash labour market assistance (*KAS*) has been replaced by the Basic Amount (*grundbelopp*). The rate of the compensation for income-related benefit is 80 per cent of the insured person's income prior to the unemployment – up to a monthly wage of SEK 18,700. The maximum benefit is SEK 580 per day (SEK 680 the first 100 days of the benefit period). This will be changed 1 July 2002 when the income-related benefit will be increased to SEK 680 per day (SEK 730 the first 100 days). The Basic Amount is today SEK 270 per day, this will also be increased to SEK 320 per day 1 July 2002. This increase will result in a compensation rate of 80 per cent up to a monthly wage of SEK 20,100.

### 4.2 Social Security System

Social insurance in Sweden aims at providing financial security for families and children in case of pregnancy, parental leave, etc., as well as in cases of sickness and accidents at work, disabilities and for the elderly, and is administered by the Social Insurance Office (*Försäkringskassan*). The social insurance scheme includes everyone resident in Sweden and is financed by social security fees, pension fees, interests on funds and taxation. Some social insurance benefits are funded wholly by the Government, e.g. child allowances, housing allowance. Various special rules exist for gainfully employed individuals.

The Activity Support allowance, which is received by people taking part in all kinds of labour market programmes or in the labour market measure "Activity Guarantee"<sup>1</sup> – is also administered by the Social Insurance Office.

There are various complementary insurance systems in the labour market, which are based on collective agreements. These systems are primarily relevant for old-age pensions.

### 4.3 Wage Guarantee

If an employer is being declared bankrupt and his assets are insufficient to cover the employees' salaries and wages, the state will answer for the payments under the terms of the Wage Guarantee Act. These payments can cover claims for the three months immediately preceding the petition for bankruptcy and for the period of notice of dismissal (maximum six months).

The Wage Guarantee is financed by employer contributions (payroll taxes). The trustees in bankruptcy cases decide whether a claim against estates in bankruptcy shall be paid in accordance with the Guarantee. The payments are administered by the County Administration Boards (*Länsstyrelsen*).

---

<sup>1</sup> Activity Guarantee is an employment policy programme designed for long term unemployed people who need significant help with their job search or training. Whilst in the Guarantee the participants receive the allowance Activity Support, which is equivalent to Unemployment Benefit.

# Legal Framework and Procedures

## 1. Legal Instruments

### 1.1 The Legal System

#### 1.1.1 *The Constitution*

Sweden is a parliamentary democracy. The constitution grants citizens a wide range of basic freedoms and rights inter alia, freedom of expression, information, assembly, demonstration and freedom of association. Law can under certain circumstances limit the rights. The constitution grants employees' associations, as well as employers and employers' associations, the right to authorize industrial action if not otherwise prohibited by laws or agreements. The 1950 European Convention on Human Rights and the basic freedoms have been incorporated into Swedish law since 1994.

#### 1.1.2 *Contracts of Employment*

The contents of employment contracts are derived from legislation, collective agreements, personal agreements and the case law of the courts. Specific legislation relating to individual employment contracts exists for only a few groups of employees. Personal agreements do normally not have much independent significance in the Swedish labour market. However, for employees and officials in positions of trust, individual contracts are an important complement. Some categories of employees, such as company managers or people occupying equivalent posts, employees who belong to the employer's family, and so forth, are not covered by the otherwise comprehensive law on job security, have concluded individual agreements instead.

#### 1.1.3 *Employment Legislation*

Swedish labour law incorporates regulations from both public and civil law. The public-law regulations are characterised by penal sanctions or the fact that public authorities supervise their application. They represent a large share of the legislation relating to the place of work.

However, Swedish labour law is mainly based on civil law. The regulations are characterised by the fact that sanctions for infringement consist, in the main, of damages or the annulment of a legal act.

#### 1.1.4 *Collective Agreements*

Collective agreements are an important source of norms within labour law. Agreements govern both the conditions relating to the employment relationship and the relationship between the organisations. Agreements often complement statutory regulations and, not infrequently, replace them. Their stipulations regulate a large part of the labour market.

By law, at those workplaces where the employer is bound by a collective agreement, the terms and conditions of the agreement apply directly to those employees who are members of the signatory trade union. The employer is deemed to have an obligation towards the trade union to apply the provisions of the collective agreement, also with respect to non-unionised employees, unless otherwise agreed. Collective agreements constitute a norm with regard to the relationship between employers and their employees also in those segments of the labour market where there are no collective agreements. Thus, in practice, Swedish collective agreements cover the entire labour market.

Employers who do not belong to an employers' association can also undertake to observe the collective agreements applying to their sector in relations with their employees by concluding so-called local collective agreements.

### **1.1.5 Case Law**

Case law is of great significance in the field of labour law. The Labour Court is the court of last resort in all disputes relating to collective agreements and other disputes concerning the relationship between employers and employees. Precedent-setting decisions in the main areas of labour law always emanate from this court.

### **1.1.6 Practice and custom**

Established practice at the workplace may be regarded as the normal basis for determining the content of employment contracts for employees who are not members of a trade union which is party to a collective agreement. The court may, to a certain extent, allow customary agreements within the sector to supplement the employment contract where necessary.

### **1.1.7 EU Law**

Relevant EU Law naturally constitutes a source of norms.

## **1.2 Legislation**

### **1.2.1 Conditions of Employment**

#### *Employment Protection Act*

Employment contracts are normally valid for an indefinite term. Fixed-term employment contracts are only allowed in certain cases, for example for a period of six months where there is a temporary demand for extra workers, or in the case of work for a trial period. A trial period may not exceed six months.

If a fixed-term employment contract is terminated without any reasonable grounds for such termination, the termination may be declared invalid and damages may be awarded. The employee is normally entitled to remain in employment whilst the validity of the dismissal is being litigated.

If the employee seriously neglects his obligations toward his employer, their employment may be terminated with immediate effect.

Lack of work and personal differences are two reasons that can be invoked for termination. In the event that there is a shortage of work, the employer must adhere to a certain order when dismissing workers. It is normally the last person hired in a certain department under the terms of the collective agreement in force there who is dismissed first. If there is a lack of work in one area, a person working there normally has the right to be transferred to a different area, provided that he is sufficiently well qualified to work there. A different order of dismissal may be agreed upon on the basis of a collective agreement. A person dismissed due to lack of work is normally entitled to re-employment priority with the employer for a period of one year.

In cases of dismissal due to personal differences, the employer is normally required to make an active effort to resolve the problem prior to that dismissal, for example by issuing a warning, transferring the individual, and so on. In such cases, an individual's dismissal may not be based solely on circumstances of which the employer was aware more than two months prior to issuing notice to or dismissing them. Previous verdicts handed down by the Labour Court shall serve as precedents in determining whether or not there are legitimate grounds for dismissal due to personal differences.

The Act also contains provisions relating to, inter alia, the length of the period of notice of dismissal, as well as provisions relating to information and negotiations.

### *Act on Public Employment*

In addition to being regulated by the Employment Protection act (see above), the conditions for hiring public-sector employees are also regulated by the Act on Public Employment.

This law sets out hiring criteria, among other things. Public-sector employers shall assess applicants purely on objective grounds, such as previous experience and competence. In certain instances, Swedish citizenship is required.

The Act also contains provisions governing disciplinary responsibilities in the event of misconduct, rules on industrial disputes, an obligation to undergo periodic medical examinations in specified occupations, and the dismissal of employees in certain enterprises, if deemed necessary for the good of the country.

### *The Annual Leave Act*

Employees are entitled to five weeks paid annual leave.

However, in instances of shorter fixed-term contracts, the parties may agree that the employee does not have the right to paid leave, but shall receive holiday pay instead. In instances of very short-term contracts, holiday pay shall be deemed to have been included in the employer's wage.

### *The Parental Leave Act*

Both fathers and mothers are entitled to leave from work in order to take care of their children. Parents are entitled to be absent from work for a period of one and a half years from the birth of the child, without compensation from the state. In addition, there is a right to leave, which is linked, to the rules for compensation under the national social insurance system. If a parent is drawing a parental allowance (maximum 450 days), he or she is entitled to leave. Parents are also entitled to leave in order to take care of a sick child (60 days a year). The Act also contains special rules protecting female employees who are pregnant, nursing or have recently given birth, as well as stipulations relating to, i.e. employment protection.

The Act also includes regulations concerning the right to reduce working hours or to work part-time for a certain period, as specified in detail in the legal text.

### *The Litigation in Labour Disputes Act*

The Act governs litigation relating to collective agreements, employment contracts and the relationship between employers and employees in general.

### *Laws against Discrimination in Working Life*

Current legislation against discrimination in working life consists of the following:

- The Equal Employment Opportunities for Women and Men Act
- Act on Measures Against Ethnic Discrimination in Working Life
- Act on Measures Against Discrimination in Working Life Based on Sexual Orientation
- Act Banning Discrimination in Working Life Against Persons With Functional Disabilities

All these acts prohibit both direct and indirect discrimination against job applicants and employees. The acts also applies when employers take action during the hiring procedure, make decisions regarding promotion, or select employees for training leading to promotion, or when employers adjust pay or employment conditions, direct or distribute work, dismiss or discharge employees, decide to temporary lay off staff or authorize any other action affecting an employee.

The Act on Equal Employment Opportunities for Women and Men prohibits discrimination on the grounds of gender and contains provisions for the monitoring of this prohibition. It also lays down regulations concerning the active furtherance of equal opportunities. An employer may not behave unfairly towards a job seeker or employee by treating him or her less beneficial than the

employer would treat a person of the opposite sex in the same situation, unless the employer can prove that the disadvantage has no connections with the gender belonging.

The banning has no effect if the treatment is:

- Part of the ambition to promote equal treatment in the working life and if it is not a question of payment or other employment conditions for work which is to be considered as equal or equivalent

Or

- Is entitled of concern to a non-profit or other certain interest, which obviously should not give way for the interest of equal opportunities in working life.

An employer may not disadvantage a job seeker or employee by applying such a regulation, a criteria or a way of conduct that may appear as neutral, but in practice especially disadvantages persons of one sex unless the regulation, the criteria or the way of conduct is appropriate and necessary and can be motivated by objective factors without connection to the gender of the person.

The Equal Employment Opportunities for Women and Men Act also contains regulations of the employer's obligations to take action to prevent sexual harassment or harassment due to a report on sexual discrimination.

Both the Equal Employment Opportunities for Women and Men Act and the Act on Measures Against Ethnic Discrimination in Working Life contain regulations that oblige the employer to institute measures to actively promote equality and ethnic diversity in working life.

Examples of active measures are adjustments of working conditions made by employers to ensure that they suit all employees, regardless of their ethnic origin or gender, measures to forestall or prevent employees from being subjected to ethnic or sexual harassment, and efforts to ensure that both men and women, and persons with different ethnic origin apply for job vacancies. According to the Equal Employment Opportunities for Women and Men Act, employers are also required to draw up an annual action plan for equal pay and a general plan for efforts to promote equal opportunities.

Positive discrimination is allowed under the Equal Employment Opportunities for Women and Men Act, but not under the other laws.

The application of these laws is monitored by an Ombudsman, as well as by a committee monitoring compliance with the Equal Employment Opportunities for Women and Men Act and another committee dealing with the other laws. The Government appoints the ombudsmen and committees.

Employers who do not observe the prohibitive clauses contained in these laws or who neglect to act after being informed of cases of harassment, may be liable to pay damages. Employers who do not observe the regulations regarding active measures or do not supply the information requested by an Ombudsman may be required to fulfil their obligations under penalty of a fine.

According to the Act Against Discrimination in Working Life Against Persons with Functional Disabilities, the ban also applies to direct discrimination in cases where the employer could create a situation for a person with a functional disability that is similar to that applying to other persons, by taking appropriate supportive steps or making the necessary adjustments.

The four laws against discrimination in working life prohibit an employer from subjecting an employee to reprisals if he has filed a report about discrimination. An employer, who learns that one of his employees considers that another employee has subjected him to harassment, is obliged to investigate these allegations and take measures to prevent such harassment from continuing.

The Government has decided to propose a law banning discrimination against part-time employees and employees with fixed-term contracts. This legislation covers wages and other

recruitment conditions and will be based, in form and content, on current laws against discrimination. The prospective date of entry into force of this act is 1 July 2002.

In 2002 a new legislation on Equal Treatment in Colleges and Universities will also be adopted. Today there is no law banning discrimination due to age, but a working group has been appointed with the aim to examine how the EU directive on this issue is to be implemented. The working group will present its findings 1 July 2002.

### **1.2.2 Safety at Work, etc.**

#### *The Work Environment Act*

The Work Environment Act contains the basic provisions concerning occupational safety and health questions in Sweden. More specifically, the Act includes regulations on how employers and employees should cooperate on work environment matters. Under the terms of the Act, the employers bear the main responsibility for the work environment. Furthermore, the Act stipulates the general requirements, which are to apply to both the physical and psychological work environment. The Swedish Work Environment Authority (*Arbetsmiljöverket*) and, under its supervision and direction, the Work Environment Inspectorate, shall supervise the observance of this Act and the instructions issued pursuant to the same.

#### *The Working Hours Act*

The normal period of work may be up to 40 hours per week. Workers may not normally perform more than 48 hours' overtime during a four-week period and not more than 200 hours' overtime per year. The Act also includes regulations relating to, inter alia, night work and rest periods.

Employees in managerial posts or equivalent positions, employees who are entitled to determine their working hours at their own discretion, and certain other categories are not covered by this act.

### **1.2.3 Codetermination**

#### *Act on Board Representation for Employees in the Private Sector*

This Act applies to limited companies, banks, mortgage institutions, insurance companies and economic associations. The employees enjoy representation by two representatives on the boards of directors of companies with at least 25 employees. In companies with at least 1,000 employees, three representatives may be appointed. The employee representatives are appointed in a given order by those local trade unions, which are parties to collective agreements.

As a general rule, the provisions of other Acts and statutes concerning board members and their deputies shall also apply to employee representatives and their deputies.

Similar provisions apply to the public sector.

#### *Act on Codetermination at the Workplace*

The Act contains regulations relating to the right of association, the right to negotiation, the right to information, to collective agreements, to the union right of veto in particular cases and to the right for trade unions to reach a temporary decision in the event of disputes regarding the interpretation of an agreement.

This law regulates the scope of the obligation to maintain peaceful industrial relations, as well as the respective parties' obligation to seek to prevent or end illegal industrial action.

The Act also defines the role of the mediating institution and its leeway for taking action in negotiations for collective agreements and in cases of imminent or ongoing industrial action.

### **1.2.4 Leave of Absence Law**

A number of acts govern employees' rights to leave of absence for various reasons.

*Act on Study Leave*

Under this law, employees are entitled, after a certain qualifying period, to take a leave of absence to undergo training (on an unpaid basis, however). No qualifying period is required for training that is concerned primarily with trade union issues or activities.

The employer is entitled to postpone leave of absence for a specified period. Disputes about the right to take leave of absence at certain times may ultimately be settled by a court. When handing down its verdict, the court shall take due consideration of an employer's wishes and the interest he has in the activities of his enterprise continuing without serious disruption.

*Act on the Right to Swedish Language Instruction for Immigrants*

An employee who is accepted for Swedish language instruction for immigrants under Sweden's Education Act is entitled to take leave of absence from his job to receive such instruction.

*Act on the Right to Conduct Business Activities*

Under this Act, an employer has the right, after a certain qualifying period, to take full-time leave of absence from his post for a maximum of six months in order to conduct business activities either on his own account or via a legal entity.

However, the employee's activities may not compete with those of his employer, and the leave of absence may not seriously disrupt the employer's activities.

*Act on the Right to Leave of Absence for Urgent Family Reasons*

Under this act, an employee is entitled to take leave of absence (without pay) from his post for urgent family reasons connected to illness or accident and which make the employee's presence absolutely necessary.

## 2. Labour Market Organisations and Processes

### 2.1 The Organisations

The degree of organisation is very high in Sweden. Approximately 85 per cent of all employees are members of trade unions. On the employee side, the Swedish Trade Union Confederation (*LO*) is dominant. *LO* have contacts with the Social Democratic Party, but they are two independent organisations however with common goals and common viewpoints on most questions. Most of the blue-collar workers in Sweden are members of the *LO*. At the white-collar level, the Swedish Confederation of Professional Employees (*TCO*) is the largest organisation. *TCO* is independent in party-political terms. The Swedish Confederation of Professional Associations (*SACO*) primarily represents graduate professionals and others with comparable qualification. *SACO* is also not bound by any party-political ties. Apart from these three primary employee organisations, there are a few minor organisations.

There is also a high degree of organisation on the employer side. In the private sector, the Confederation of Swedish Enterprise (*Svenskt Näringsliv*) is the dominant employer organisation. In the public sector, collective agreements are negotiated by the Swedish Agency for Government Employers (*Arbetsgivarverket*). At the local level, there are two large employer organisations, the Swedish Federation of County Councils (*Landstingsförbundet*) and the Swedish Association of Local Authorities (*Kommunförbundet*).

There is no legislation regulating the internal affairs of labour market organisations. Those matters are regulated by the organisations themselves through their own rules of association. The application of these rules in a specific case can be examined in court.

### 2.2 Rights for Employee Organisations which are Subject to Collective Agreements

A trade union which has entered into a collective agreement acquires a privileged position, as laid down in the Act on Codetermination at the Workplace and the Act on the Position of a Trade Union Representative at the Workplace. Under the terms of the latter Act, trade union representatives may perform work on behalf of the trade union relating to conditions at the workplace during working hours.

The law also includes special regulations that protect important trade union representatives and their jobs and working conditions in events of shortage of work, both during and after their trade union mandates.

### 2.3 Industrial Action

If the parties are unable to reach agreement in collective bargaining negotiations, they are entitled to take industrial action. Members of the labour market who are not reciprocally bound by a collective bargaining agreement can, generally, participate in a stoppage of work (lockout or strike), blockade, boycott or other industrial action against one another. There are, nevertheless, certain restrictions concerning the right to take industrial action.

The right to sympathy actions is extensive. Even organisations which are bound by collective agreements are entitled – despite the fact that such organisations are generally subject to an embargo on strikes, lockouts and other industrial actions – to take sympathy industrial action in order to support another organisation engaged in lawful industrial action.

The members of the labour market have themselves limited their right to take industrial action through provisions contained in the relevant agreements which are intended to prevent labour conflicts from having a disruptive influence on socially important functions.

Ultimately, the parliament is empowered, by passing specific legislation in individual cases, to interrupt a labour conflict that may have serious consequences from a societal point of view.

## **2.4 Collective Agreements**

A collective agreement is legally binding both for the signatory parties and for the members of the signatory organisations. It has a mandatory binding effect that takes priority over private agreements. Breach of a collective agreement will result in liability to pay damages to the other party. Damages can be awarded even if no economic loss can be established.

Once a collective agreement has been concluded, the right of the parties and their members to take industrial action is, in principle, forfeited. Industrial action may not be taken for the purpose of achieving amendments to the agreement. Employees may not strike or take other industrial action without the permission of their trade union. In the event that this embargo is breached, the employees are subject to liability to pay limited damages to the employer.

At a workplace where the employees are bound by a collective agreement, that agreement applies directly, by law, to the relationship between the employer and those employees who are members of the trade union which is party to the agreement. In practice, however, the terms and conditions of the collective agreement are commonly applied to all the employees. This is usually a result of the fact that the collective agreement obliges the employer not to apply other terms and conditions of employment to employees not covered by the agreement.

## **2.5 Wage Setting and the National Mediation Office**

There are no minimum wages regulated by Swedish law, as wage issues are the responsibility of the parties on the labour market. Collective agreements generally include rules concerning minimum wages, and these rules are usually applied to employees who are not members of a trade union as well. The current trend is towards decentralized and individualized wage agreements. The parties to collective agreements can use the services of the National Mediation Office, which is intended to act as an mediator in industrial disputes and promote an orderly wage-setting process, as well as to help to devise legal provisions comprising the framework within which the parties on the labour market interact.

The Mediation Office assigns mediators in the event of disputes between employers and employees who conduct negotiations on wages and general hiring conditions. The mediators are under the obligation to keep abreast of the macroeconomic situation. Their task is to ensure that the parties reach an agreement that will keep the industrial peace. However, this may not be done at any price. Mediators are also obliged to encourage the respective parties to conclude agreements that are consistent with orderly wage setting. Orderly wage setting is characterized by a combination of positive real-wage setting and an increase in the overall level of employment, whilst maintaining competitiveness. This must be done by making sure that the costs of developing productivity do not rise any more than the costs in the countries with which Sweden competes. Every effort must also be made to ensure that the manner in which wages are determined does not result in labour market conflicts that damage third parties. Total wage increases must not jeopardise the annual inflation target of 2 per cent (plus or minus one percentage point) established by the Swedish Parliament. The Mediation Office promotes this objective by holding ongoing talks with the parties on the labour market, as well by holding seminars and publishing statistics and analyses of how wages are determined.

The Mediation Office can designate mediators at the request of the parties involved in the dispute. On the basis of the Act on Codetermination in Working Life (1976:580), the Mediation Office has the option of designating mediators in the absence of any such request. This can be done if the parties have announced a conflict and the Mediation Office considers that mediators can bring about a positive resolution of the conflict. Organisations that have concluded agreements regarding the negotiating process (see below) and registered this with the Mediation Office are exempt from this provision. At the mediators' request, the Mediation Office can postpone legally announced industrial action once during each mediation assignment, for a period of 14 days. The intention behind this provision is to give mediators more time to resolve a conflict before it breaks out. In such cases, the Mediation Office must also be of the opinion that the mediators will have a good chance of resolving the dispute. The party initiating industrial action must give notice of his

intention at least seven working days in advance. This notice must be delivered to both the opposing party and the Mediation Office.

In recent years, the social partners have taken a clearer responsibility for wage determination by reaching a consensus on various types of agreements on the negotiating process. These agreements concern the timetables for negotiations, rules governing the appointment of mediators and their authority, and rules for terminating agreements. One of the purposes of these agreements is to make it easier for the parties to reach wage agreements before the previous agreement runs out and thus maintain industrial peace. Such agreements are found in industry, in the state sector, at the municipal and county council levels, as well as among salaried employees in the retail trade. Sectors that are not included are the transport and building industries, the financial markets, and a large number of people involved in the retail trade.

## **2.6 The Labour Court**

Cases involving employer and employee organisations that conclude collective agreements and cases involving employers having concluded collective agreements independently are tried directly and finally by the Labour Court. The Labour Court is situated in Stockholm. Its members include representatives of the major organisations of employers and employees.

Other labour disputes, e.g. when an individual employee is involved in a legal dispute without the support of his organisation or when a collective agreement has not been concluded, are first tried by a district court. An appeal against the decision of the district court can then be lodged with the Labour Court, which is the supreme instance for cases of this kind.

There is no right of appeal against the decisions of the Labour Court.

# Labour Market Policy

## 1. Employment Policy

### 1.1 Labour Market Policy

Labour market policy is an important and integral part of Sweden's economic policy and, as also in the four-pillar structure of the European employment guidelines, the need for an interaction between different areas of policy, in order to increase growth and employment is emphasised. Economic policy aims at supporting and prolonging economic growth. Enterprise policy, labour market policy and educational policy also have an important role in promoting growth and employment. A well-functioning labour market, stable public finances and low inflation rate are prerequisites for high economic growth and full employment.

The objective for labour market policy is an efficient labour market with full employment and high economic growth. In order to achieve this objective, the task of labour market policy is to:

- Contribute to an efficient matching process with short vacancy and search times,
- Increase the skills and knowledge of the unemployed,
- Ensure that unemployment insurance facilitates and stimulates adjustment in the labour market and,
- Support those who find it most difficult to find work.

An efficient labour market facilitates the balance between an individual's labour supply and society's labour demand. In this way employment can be increased and unemployment reduced without the occurrence of inflationary bottlenecks. Labour market and working-life policies play an important role when stimulating labour supply, counteracting exclusion from working life, and create fundamentals for flexibility, security, participation and gender equality in the labour market.

Labour market policy also has a distributive purpose. Among other things, this means that persons who, for various reasons, have difficulties in competing in the labour market must have access to supportive measures, which will offset or reduce the impediments to their obtaining and keeping a job.

Swedish labour market policy is based on the principle of activation and skills enhancement (*arbets- och kompetenslinjen*). This means that active measures for giving the unemployed individual a job, training, work experience or access to other forms of vocational preparation take priority over passive handouts of unemployment benefits. In order to better meet the needs of the twenty-first century, labour market policy has been re-organised with an increased focus on enabling growth.

One important element in the implementation of this employment strategy is the obligation on the unemployed person to remain at the disposal of the labour market. Labour market programmes must be designed so as not to immobilise labour and delay entry into the regular labour market. Another element is the Unemployment Benefit, which is connected to an obligation to accept a suitable job or programme when it is offered.

#### *Long-term employment targets*

In the Statement of Government Policy in 1996, the Swedish Government announced that Sweden was going to halve open unemployment by 2000 to 4 per cent. The goal of halving open unemployment was achieved at the end of 2000. In the Budget Bill for 1999, the unemployment target was supplemented with a target for employment. The employment target is that 80 per cent of the population aged between 20 and 64 shall be in regular employment by 2004.

By increasing employment, the need for benefits and other social security allowances can be decreased. A high level of employment is also necessary in the light of the future demographic development, which will mean that the number of elderly people will increase at the same time as there will be fewer people of working age. An increased employment ratio will thus be necessary in order to cope with the financing of health care, social services and pensions.

#### *Long-term unemployment*

Labour market policy puts great emphasis on the prevention or reduction of long-term unemployment. This is done by giving priority to those who are long-term unemployed or run a high risk of becoming long-term unemployed due to their weak position in the labour market. Young jobseekers and immigrants with little or no work experience often have difficulties in entering the labour market. Other groups with problems are occupationally handicapped and older persons who have only had a brief formal education.

The Government has set targets for the highest acceptable rate of long term unemployed and long-term registered at the Public Employment Service. For the young people the aim is that no youngster should be unemployed for more than 100 days. The Unemployment Insurance has been reformed and the requirements on the efficiency of the labour market programmes have increased. A labour market measure called “the Activity Guarantee” has been introduced in August 2000 with the aim of putting an end to the vicious circle between labour market measures and unemployment benefit. For the long-term unemployed an extended recruitment incentive has also been developed.

#### *Public Employment Service (PES)*

The main instruments of labour market policy for facilitating the balance between supply and demand are placement and vocational guidance. Sweden has a free, Public Employment Service (PES) which is legally obliged to provide comprehensive information on vacancies. Private job centres have been allowed to operate since 1 July 1993. The sector of temporary work businesses (TBWs) and staffing services (SSs) has expanded quite rapidly since the public monopoly was abolished in 1993 and is still growing.

### **1.2 Economic Policy**

The general objective of economic policy is full employment and increased prosperity through good, sustainable economic growth. The economic policy in Sweden is founded on the idea that sound public finances and stable prices are the basis for a high and sustainable growth and employment. The financial situation with a surplus in the state budget has led to increased confidence, low interest rates and low inflation.

The focus now is on the employment target that 80 per cent of the population aged 20-64 shall be in regular employment in 2004.

In spite of the economic slowdown in general, the number of people in work has risen substantially in the past year, the number of people employed increased by 80,000 last year. The international economic trend is uncertain and the Government is monitoring the labour market situation on an ongoing basis and is prepared to intervene if this should prove necessary.

#### *Fiscal policy*

The Government has made a successful consolidation of the public finances during the last years. The fiscal balance has shifted from a deficit of over 12 per cent in 1993 to a surplus of 3.8 per cent of GDP in 2000. The target today is to establish a long-term budget surplus of 2 per cent of GDP over the business cycle and thus gain greater freedom in policies to increase employment and reduce unemployment.

### **1.3 Education Policy and Lifelong Learning**

Education policy is also an important part of the Government's efforts to increase employment and reduce unemployment. The goal of education policy is that Sweden shall be a leading knowledge-based nation characterised by high quality and lifelong learning for growth and social justice. The fact that education is free, and that there is a well-developed system of study allowance, means that many have the financial opportunities to study. The role of central Government is to create the pre-requisites for a multi-faceted learning and a structure for lifelong learning. The tuition of the individual must be based on the actual level of knowledge, regardless of whether knowledge is obtained from studying or from experience.

Education policy constitutes one of the most important instruments for lifelong learning and has a bearing for the formal educational system, liberal adult education and the system of study allowance. Within the framework of labour market policy, education is supported in the form of labour market training.

The reform of the Swedish upper secondary school that was initiated in the early 1990s has meant, among other things, an increased element of general subjects in vocational programmes, and thereby an increased breadth in courses that aim at a transition to the labour market.

A broad range of courses is offered in municipal adult education and liberal adult education. The Government's aim is that all people should have the opportunity to increase their knowledge and develop their skills with a view to promoting personal development, democracy, equal opportunities, economic growth, employment and a fair distribution. The Swedish system, where higher education largely consists of single subject courses, reinforces the opportunities to i.e. return to higher education at all stages in life. Life-long learning is also facilitated by the fact that university courses are often being offered at quarter and half speed, during evenings and at weekends.

#### **1.4 Industry and Business Policy**

A number of initiatives have also been carried out in the field of industrial policy with a view to increasing growth and employment. In spring 2001, the Government presented a number of proposals to increase skills and accessibility to the new information technology. The work of the Government is focused on stimulating the business climate and creating good conditions for the establishment of new businesses and opportunities for existing businesses to expand. It is therefore important to promote efficiency improvements in the financial markets, a simplification of rules and administration – especially for SMEs, better information, transfer of skills and knowledge, and making competition efficient.

#### **1.5 Social Policy**

The design of the welfare system is also important to achieve high employment. Since our social security systems are designed in accordance with the principle of activation and skill enhancement, they contribute inter alia to a high level of employment. Good availability of childcare is also important for the ability to increase employment. The new old age pension system also promotes employment since the whole life income affects the pension.

The Government is currently introducing one of the most extensive reforms ever made in the childcare sector. A voluntary maximum charge (*Max Taxa*) by local authorities for pre-school and child care was introduced 1 January 2002. The children of persons on parental leave have been guaranteed a place in pre-school since this date. The children of unemployed persons have had the same right since 1 July 2001. Free attendance of pre-school for all children aged four or five will be introduced 1 January 2003. In addition, SEK 500 million has been earmarked for quality-improvement measures by local authorities that take part in the maximum charge scheme.

#### **1.6 Gender Equality and Integration**

The Government considers certain societal issues to be so important that they should be a matter of concern for the entire public administration, and that work in these areas should permeate all

areas of politics. This applies, for example, to gender equality and the integration of immigrants. These priorities are i.e. expressed in the civil service regulations, the chief document determining how state authorities should go about their duties.

Labour legislation prohibiting discrimination and ombudsmen's monitoring of the application of these laws form the basis for the Government's efforts to prevent and counteract discrimination and promote equal rights and opportunities in working life, as mentioned in the part on laws against discrimination in working life.

#### *Special Initiatives to Promote Equality Between Men and Women*

Considerations of equality between men and women must permeate all Government policy. With regard to labour policy, this is reflected in Ordinance on Labour Market Programmes (2000:628), which states that a chief concern of the National Labour Market Board (AMS) is to counteract a labour market that is segregated due to gender and to contribute in other ways to greater equality between men and women. The AMS must also issue reports on an ongoing basis covering the progress made with regard to matters of equality between men and women.

For a number of years, the AMS has also had special assignments and/or funding related to efforts to break up gender segregation in the labour market.

The Mediation Office has been charged with monitoring and analysing differences between men's and women's wages. It has a particular responsibility to gather statistics in this area.

#### *Special Initiatives to Encourage the Integration of Immigrants*

The general policy is to be based on the ethnic and cultural diversity of society. Labour market policy in general should therefore attend to needs that may be specific to immigrants. The ordinance on Labour Market Programmes (2000:628) states, in a manner analogous to that regarding the issue of equality between men and women, that a major objective of AMS activities is to encourage diversity in working life.

The work done by State-run job centres is clearly geared towards individual service and flexibility. This is particularly important in contacts with immigrants, many of whom arrive in Sweden with vastly different backgrounds and experience. With respect to labour market policy programmes this takes the form of general assistance and is tailored to the special needs of the long-term unemployed and those with few qualifications, but it naturally also benefits people born outside the country to a relatively large extent.

However, the strong emphasis on the importance of these general measures for immigrants does not rule out the possibility that special priorities and labour market policies directed at this group may prove necessary. There are a number of special regulations designed to address the particular needs of immigrants. For instance, instruction in the Swedish language can be provided to immigrants in the form of labour market training. The same applies, under certain conditions, to some regular training programmes. There are also special opportunities for immigrants in the areas of on-the-job training and start-up grants.

Special economic priorities are frequently set in this area, the AMS as well has a special duty to take steps to counteract discrimination in the area of the PES' activities.

### **1.7 Work Organisation and Work Life Balance**

The work organisation and achieving work life balance is an important part of the work environment and the Swedish research on issues in this field is quite extensive.

The Work Environment Act defines the framework for provisions issued by the Work Environment Authority. These provisions contain more detailed stipulations and obligations with reference to the working environment. For example, they may concern risks of particular kinds, mental and physical loads, dangerous substances or machinery. The provisions are worked out in collaboration with the social partners.

In the Work Environment Act it is stated i.e. that techniques, work organisation and work content shall be designed in order not to subject the employee for physical or mental stress that might cause ill-health or accidents. At that shall also forms of payment and working time be considered. Tightly controlled work shall be avoided or restricted. Possibilities for variation, social contacts and cooperation within the work as well as consistency between the different tasks shall be aimed at.

The Swedish Government presented in 2001 a comprehensive action programme on increase the health in working life called "The 11-point Programme for Better Health in Working Life". The issues are of vital importance for the promotion of growth and employment and the intention with this initiative is to gather both ongoing and new initiatives in a cohesive action plan that contributes to better health in working life. The work on this action plan will be carried out in close cooperation with the social partners, e.g. in three-party talks, and thus the programme should be seen as a part of a dynamic process rather than a ready-made package. These talks can focus among others; on the work organisation, the employees possibilities to influence his or her work situation, leadership at the work places, and older workers' potential in working life.

More information about work environment issues can be found on the Swedish Work Environment Authority's website: [www.av.se](http://www.av.se)

## **2. The European Employment Strategy**

Subsequent to the Treaty of Amsterdam, when a new title on employment was introduced, it was agreed at the summit in Luxembourg in November 1997 that the European Employment Strategy should be built on thematic priorities, grouped in four pillars and divided in Employment Guidelines. Every year, measures based on these Guidelines are presented in National Action Plans for Employment (NAPs) by the Member States, the NAPs will be analysed by the Commission and the Council, and the results are presented in a Joint Employment Report (JER). Upon the findings of the JER conclusions are drawn about reshaping the Guidelines and giving Recommendations to individual Member States on their employment policies.

### **2.1 Sweden's National Action Plan for Employment 2001**

The objective of labour market policy is a smoothly functioning labour market with full employment and positive economic growth. Sweden's NAP for 2001 stresses that the most effective employment policy is the one that stimulates growth and employment, at the same time as it counteracts unemployment, by enhancing the skills and level of knowledge of the labour force.

The Employment Guidelines are divided into four pillars, as an expression of the conviction that different areas of policy must cooperate if growth and employment are to be stimulated. Business policy, labour market policy and education policy all play an important role. Economic policy also plays an important role, as stable Government finances and low inflation are prerequisites for achieving high growth and a high level of employment.

Swedish labour market policy is based on the principles of activation and skills enhancement. This means that if no work is available, an unemployed person should be offered appropriate education or on-the-job training that could lead to employment, rather than passive cash hand-outs of unemployment benefits. Doing this means cultivating all the human resources that can be mobilized in a society where no one is excluded from working life. In order to better meet the needs of the 21<sup>st</sup> century, labour market policy has been reorganised to focus more on generating growth.

Sweden's NAP for 2001 places special emphasis on a review of measures adopted in response to the Council's recommendations made to Sweden regarding taxes, gender segregation in the labour market and incentive structures in the tax and subsidies systems. The main points in Sweden's reply to the recommendations are the following:

- Taxes have been lowered with special emphasis on low and middle-income earners. Wage earners are compensated for a quarter of their national insurance contributions. For 2001, compensation was expanded to the equivalent of half the mandatory pension contribution.
- The ceiling for paying state income tax was raised. The objective is that the percentage of gainfully employed wage earners who are required to pay tax should approach 15%, coming down to 16% in 2001 compared with 19% in 1999.
- A number of measures were authorised in 2000 and 2001 to boost the incentive to take gainful employment. The most important measures are the Activity Guarantee, change in the rules regarding unemployment insurance, and a reduction in the marginal effects of greater job opportunities, such as the introduction of a ceiling on childcare fees and the general pre-school reform.
- One of the main tasks of labour market policy is to counteract gender segregation on the labour market and contribute to greater equality between men and women in other respects. As a direct consequence of the Commission's recommendations, the AMS was assigned special responsibility by the Government to break up gender segregation on the labour market and special "dividing funds" were assigned to the AMS for various projects concerned with greater gender equality.

The social partners play an important role in implementing the Employment Guidelines. As part of the work on the action plan, a number of consultations was held between the Government and the parties on the labour market, the intention being to bolster the partners' participation in this process. One of the innovations in 2001 was the submission of a joint proposal by the social partners concerning ways of implementing the Guidelines that apply particularly to the partners.

Since the European Employment Strategy is multi-annual in scope, also the NAP for 2001 included a follow-up on measures presented in previous NAPs, as well as listed all the measures taken.

### **3. The European Social Fund**

The present Objective 3 programme (2000-2006) has at its disposal a total of approx. EUR 2.8 billion. The EU will contribute a total of EUR 748 million. The European Commission approved the Swedish programme in September 2000.

In Sweden, the European Social Fund grant corresponds to a relatively small proportion of resources, on average 2-3 per cent of the national labour market policy resources.

#### *Previous programme period 1995-1999*

Objective 3 was oriented to promoting young people's entry into the labour market, combating long-term unemployed and supporting persons that are in danger of being excluded from the labour market. Experience shows that the implementation of the programme, in comparison with the ordinary labour market policy measures, has been especially good in terms of: the increased diversity of players, improved adoption to individuals, several holistic solutions and the creation of new networks.

Objective 4 in the programme period 1995-1999 was aimed at skills development of employees, primarily in small and medium-sized enterprises and in the medical and care sector. The programme has been oriented to changing the work organisation in order to strengthen the competitiveness of employees and companies. The programme has been assessed in evaluations as having made considerable advances, one reason being the two-step implementation model. The model, which presupposes a high degree of participation by employees, involves the company, as a first step conducting an analysis of the skills needs in the company and drawing up an action plan. In a second step, the actual skills development will be

carried out. Another important reason for the good result is the very active and smooth running partnership within the programme, at both national and regional level.

#### *Programme period 2000-2006*

Prior to the present programme period, an analysis of the labour market situation in Sweden showed increased needs for knowledge and skills. In working life there are also increasing requirements for not only work organisations with a high level of adaptability, but also for the ability of the labour market to adjust. The fundamental strategy for the new Objective 3 in Sweden is, against this background, to strengthen the individuals' status on the labour market primarily through skills development of both the unemployed and those in employment.

The programme is divided into priorities:

1. Development of skills amongst the employed
  - Support for activity and skills-development analysis
  - General stimulus for skills development amongst the employed
2. Increased employability and entrepreneurial spirit
  - Job rotation
  - Increased employability and entrepreneurial spirit
3. Integration, diversity and equality
  - Integration and diversity
  - Initiatives to promote equality
4. Local development
  - Local project support

## **4. Studies in the Field of Labour Market Policy**

### **4.1 The Office of Labour Market Policy Evaluation (IFAU)**

The Office of Labour Market Policy Evaluation (*IFAU*) was established in July 1997 and is an authority under the Swedish Ministry of Industry, Employment and Communications. According to the regulation with instruction (1996:1426, changed 2001:138) IFAU will promote, support and accomplish research on the effects of labour market policies, study the functioning of the labour market, and evaluate the effects on the labour market of measures in the education system. IFAU presents more than 30 reports and working papers every year, more information about the current studies can be found on the homepage [www.ifau.se](http://www.ifau.se).

### **4.2 Other Studies**

#### *Overhaul of Labour Law*

At the request of the Government, the National Institute for Working Life (*Arbetslivsinstitutet*) is conducting a thorough overhaul of labour law rules and regulations. The purpose of this endeavour is to ensure that labour legislation meets demands for security and influence for employees in a flexible and efficient labour market.

A report on the project will be submitted by 31 October 2002 at the latest.

### *Studies on Personal Integrity in Working Life*

The Government has decided to appoint a special investigator to examine the need for new legislation or other actions to be taken with regards to strengthening the protection against intrusion on the right to privacy in working life. The task for the investigator is foremost to review questions on drug tests and other medical check-ups as well as questions on the use of personal computers, e-mail and the Internet at work. In addition, the investigator shall deal with other questions that may arise during the investigation where the protection of the personal integrity may be found to be at risk. The need of protection of job-applicants shall be given particular attention. The examination is to be completed by 28 February 2002.

### *Unemployment Insurance*

The report from a working group set up in February 1999 has led to changes in unemployment insurance from 5 February 2001 and 1 July 2001.

A working group in the Ministry of Industry, Employment and Communications has reviewed the organisation of monitoring the application of the unemployment insurance in the Unemployment Insurance Funds as well as in the Employment Service. The group presented a report in December 2001, which after circulation for comments will underlie a Government bill in the spring 2002.

Another working group, also appointed by the Ministry, has reviewed the conditions for the Unemployment Insurance Funds to administer the payment of the allowance paid to those participating in a labour market programme or in the Activity Guarantee<sup>2</sup>. Today the payment of the allowance Activity Support granted to the participants is administered by the Social Insurance Office. The report of the working group was presented in December 2001 and will, after circulation for comments, also underlie a Government bill in the spring 2002.

### *Older Workers*

The current trend towards more people taking early retirement will subject both the national economy and the welfare system to increasing pressure. Older people, regardless of their age, must be judged on the basis of their abilities and capacity, rather than on the basis of attitudes and preconceived ideas about what older people want and are capable of doing. Consequently, there is a need to discuss changing the regulations, conditions and attitudes in the long term. To do this, the Swedish parliament has appointed a committee whose main mandate is to prepare the way for the long-term development of policy regarding the aged. Analyses will be performed and proposals drawn up bearing in mind older people's situation in society in 2005 and beyond. The committee's report will therefore be titled "*SENIOR 2005 – Äldrepolitik för framtiden*" (SENIOR 2005 - Policy on the Aged for the Future). The report is intended to identify, highlight and influence the circumstances that make being old to have a negative effect on individuals' possibilities to participate and develop in working life. The committee's conclusions will be presented in a final report in May 2003.

### *Working Time*

In the spring of 2001, the Government appointed a parliamentary committee to review legislation that regulates working hours, leave of absence and other forms of absence from work (directive 2000:97). The social partners are represented on the committee.

The committee is required to submit proposals for new regulations that will give individual employees greater influence over the organisation of their working time while still ensuring good flexibility in production. Current regulations will be examined with a view to simplifying them, especially in order to facilitate application by smaller firms. The committee will also examine

---

<sup>2</sup> Activity Guarantee is an employment policy programme designed for long term unemployed people who need significant help with their job search or training. Whilst in the Guarantee the participants receive the allowance Activity Support, which is equivalent to Unemployment Benefit.

various ways of shortening working time and submit proposals on their potential implementation, as well as examining the implementation of the EC directive on working time. The committee will submit an interim report 1 June 2002, and a final report 1 March 2003.

#### *Against Discrimination*

The Government has appointed a special committee to submit proposals on how the EC directive on equal treatment between persons irrespective of race or ethnic origin and the EC directive on equal treatment in employment and occupation can be implemented in Sweden. The committee has to report on its assignment by 30 April 2002 at the latest. The Government also decided to appoint a parliamentary committee, which it assigned, among other things, to consider common legislation against discrimination that covers all or most of the grounds for discrimination and all or most areas of society. The committee is due to report on its assignment on 1 December 2004 at the latest.

#### *People with Disabilities*

In December 2001 the National Office of Labour Market Policy Evaluation (IFAU) presented a study on the labour market situation for people with disabilities. The study provides an up-dated report from a rapidly changing policy field and presents a review of labour market policies, strategies and statistics in 11 OECD countries. The study also provides new knowledge about the labour force participation and employment rates for people with disabilities in 21 countries and shows that there are big differences in the labour market policy for people with disabilities between countries.

# MEASURES

## 1. Financial Aid to the Unemployed

### 1.1 Unemployment Insurance (*Arbetslöshetsförsäkring*)

#### *Aim*

To compensate insured workers and self-employed persons, who are unemployed and members of an Unemployment Insurance Fund (receive the income-related unemployment benefit). To provide an income compensation for employees and self employed persons who are unemployed, but not members of any Unemployment Insurance Fund, or who have been members less than 12 months or who fulfil the student's requirements (receive the Basic Amount).

#### *Legal basis*

The Unemployment Insurance Act of 1997, and the Unemployment Insurance Ordinance of 1997.

#### *Content*

Unemployment insurance is financed mainly out of national taxation revenue. To receive unemployment benefit, while partly or completely unemployed, there are some requirements that must be fulfilled:

1. The *General Requirement*; to be able to work at least three hours every workday with an average of at least 17 hours per week, to be prepared to accept suitable work when offered, to be registered with the PES and to actively seek a suitable job.
2. The *Work Requirement*; to have been gainfully employed or self employed for at least six months and at least 70 hours during each of these months, or to have been gainfully employed for at least 450 hours during a continuous time period of six months and have worked at least 45 hours each of these months – all in a continuous period of 12 months. Or the *Student's Requirements*; to have finished full time studies of at least a school year and reached an age of 20 years.
3. The *Membership Requirement*; to be a member of an Unemployment Insurance Fund for at least 12 months.

When fulfilling all three requirements the applicant is entitled to income-related unemployment benefit. When fulfilling the general requirements and the work requirements or students requirements the applicant is entitled to the Basic Amount.

The benefit period is up to 300 days and compensation is payable for up to five days per calendar week. If the benefit period expires and the applicant still fulfils the necessary requirements, he or she is entitled to a new period of up to 300 days of benefit. There are corresponding rules for a new period for the Basic Amount.

If the period of benefit expires and the applicant does not meet the conditions for a new period, the existing period can be extended once, for an additional 300 days in circumstances where the PES considers that the labour market measure Activity Guarantee<sup>3</sup> should not be offered to the job seeker. If the job seeker is considered to take part in the Activity Guarantee the participant will receive the allowance Activity Support which to its amount is equivalent to unemployment benefit.

---

<sup>3</sup> Activity Guarantee is an employment policy programme designed for long term unemployed people who need significant help with their job search or training. During their time in Activity Guarantee the participants receive an allowance equivalent to Unemployment Benefit.

The income related compensation rate may not exceed 80 per cent of the previous income to a certain level, which today is SEK 18,700, but which will be changed as of 1 July 2002 to SEK 20,100 . The maximum unemployment benefit, which can be receive is SEK 580 per day up to five days a week (SEK 680 during the first 100 days of a period of 300 days), this will be changed 1 July 2002 when the income-related benefit will be increased to SEK 680 per day (SEK 730 the first 100 days). The Basic Amount is today SEK 270 per day up to five days a week, this will also be increased to SEK 320 per day as of 1 July 2002.

#### *Financial resources*

The Unemployment Insurance System is mainly financed out of national taxation revenue, by employer (payroll taxes) and employee contributions. Deficits are made up by Government subsidies. In the fiscal year of 2002, expenditure will be approximately SEK 24,001 million. The employee contributions will be SEK 2,7 million.

#### *Institutional support*

38 Unemployment Insurance Funds, most of them closely linked to the trade unions, administer the Unemployment Benefit. From 1 January 1998 a new fund has begun to operate.

The PES has an important monitoring function in the unemployment insurance system. The PES is entrusted with the task to evaluate whether an applicant for unemployment benefit is willing and able to accept a job or a labour market policy measure. If an unemployed person refuses a job offer, the PES shall notify the Unemployment Insurance Fund. This control is essential to the legitimacy of the unemployment insurance system.

#### *Duration*

Ongoing.

Unemployment Insurance		
Year	Total number of beneficiaries	Total expenditure, SEK million
1992	563,539	24,071
1993	770,201	36,634
1994	848,084	36,286
1995	823,438	36,067
1996	817,335	35,200
1997	825,112	35,864
1998*)	862,450	32,641
1999*)	789,632	30,900
2000*)	696,183	27,872

\* 1998, 1999, 2000 including the Basic Amount

Cash Labour Market Assistance (replaced by the Basic Amount since 1998)		
Year	Total number of beneficiaries	Total expenditure, SEK million
1992	119,706	1,420
1993	144,099	1,939
1994	136,442	2,116
1995	136,751	2,839
1996	132,153	2,055
1997	-	1,589

## **1.2 Activity Support (*Aktivitetsstöd*)**

### *Aim*

To provide training grants as an income and incentive for persons to take part in certain kinds of labour market policy programmes.

### *Legal basis*

The Activity Support Ordinance (1996:1100).

### *Contents*

Persons taking part in labour market policy schemes, such as employment training, vocational rehabilitation and training schemes of various kinds, receive an allowance called Activity Support. The amount is the same as the unemployment benefit, i.e. up to SEK 580 (SEK 680 the first 100 days), if the person is entitled to income related unemployment benefit. The rate is SEK 270 daily for persons entitled to the Basic Amount. These compensation rates will go up as of 1 July 2002. The income-related unemployment benefit will be increased to SEK 680 per day (SEK 730 the first 100 days), and the Basic Amount will be increased to SEK 320 per day. For those without any entitlement the amount to receive is SEK 183 daily, this will be increased to SEK 223 from 1 January 2003 t

### *Financial resources*

The Activity Support allowance is financed out of Government funds.

### *Institutional support*

The Activity Support allowance payments are administered by the Social Insurance Offices.

### *Duration*

Ongoing.

### *Effects*

Are shown for each labour market programme.

### 1.3 Special Training Allowance (*Särskilt utbildningsbidrag – UBS*)

#### *Aim*

To provide study allowances mostly for unemployed persons wishing to improve their job prospects by studying.

#### *Legal basis*

Special Training Allowance Ordinance of 1996.

#### *Contents*

Persons turning at least 21 and at most 55 in the year when commencing studies are eligible for special training allowance. Special training allowance can be awarded for studies at compulsory school level and upper-secondary (high school) level.

This special training allowance is a grant. It corresponds to the daily unemployment benefit rate for a person entitled to such compensation. The grant ranges from SEK 5,940 to SEK 15,950 before taxes for full time studies.

#### *Financial resources*

Special training allowance is financed entirely out of Government funds.

#### *Institutional support*

Special training allowance payments are administered by the Swedish National Board of Student Aid (CSN).

#### *Duration*

A new kind of training allowance will be introduced in 2003, the design of the new allowance will be decided upon in 2002.

#### *Effects*

Year	Total number of beneficiaries	Total expenditure, SEK million
1998*	32,641	860
1999	113,236	5,119
2000	71,150	2,957
2001	50,469	2,637

## **1.4 Relocation Grants (*Flyttningsbidrag*)**

### *Aim*

To enhance mobility in the labour market by helping jobseekers to take up a job in a different community or region in the country.

### *Legal Basis*

Travel Allowance and Relocation Grants Ordinance of 1999 (1999:594).

### *Contents*

Different kinds of assistance such as grants to cover removal or travel costs in connection with job search and starting a new job. Weekly travel allowance in connection with starting a new job can be granted for a 6-month period on a trial basis from 1 January 2001.

### *Financial resources*

Relocation grants are financed out of the budget of the Labour Market Administration and thus entirely from Government funds

### *Institutional support*

The Public Employment Service administers relocation grants.

## 1.5 Wage Guarantees (*Lönegaranti*)

### *Aim*

To compensate employees for the loss of salaries/wages in the event of their employer going bankrupt.

### *Legal basis*

Statutory Wage Guarantee Act of 1992.

### *Contents*

In the event of an employer being declared bankrupt and his assets being insufficient to cover the employees' salaries and wages, the state answers for payments under the terms of the Wage Guarantee Act. These payments can cover claims for the three months immediately preceding the petition for bankruptcy and for the period of notice of dismissal (maximum six months).

The total claims payable is limited to a maximum of SEK 100,000.

### *Financial resources*

The Wage Guarantee is financed by employer contributions (payroll taxes). Expenditure in 2000 amounted to SEK 973 million.

### *Institutional support*

The trustees in bankruptcy cases decide whether a claim against estates in bankruptcy shall be paid in accordance with the Guarantee. The County Administration Boards (*Länsstyrelsen*) administer the payments.

### *Duration*

Ongoing.

### *Effects*

Year	Total number of beneficiaries*	Total expenditure, SEK million
1997	56,013	1,992
1998	22,419	1,055
1999	35,381	954
2000	36,027	973
2001 (6 months)	19,219	606

\* Number of employees affected by bankruptcy.

## **2. Training, Retraining and Occupational Mobility Measures**

### **2.1 Individual Action Plan (*Individuell handlingsplan*)**

#### *Aim*

To shorten periods of unemployment by targeted efforts made by the job seekers and the PES.

#### *Legal Basis*

Ordinance 2000:628 on Labour Market Policy Programmes.

#### *Contents*

The PES, together with the job seekers, are to formulate individual action plans detailing applicants' obligations and planned activities. The action plan must contain a clear description of the responsibility of the job seeker and the responsibility of the PES. The individual action plan is to be established within three months.

#### *Financial resources*

Financed out of the budget of the Labour Market Administration, and thus out of Government funds.

#### *Institutional support*

The Public Employment Service administers the Individual Action Plans.

#### *Duration*

Ongoing

#### *Effects*

Almost everyone in the target group has an Individual Action Plan.

## **2.2 Activity Guarantee (*Aktivitetsgarantin*)**

### *Aim*

To give long-term unemployed people, who need extensive help in getting a job, better opportunities by taking part in a full-time programme. The labour market programme continues until the participant has had a job for six months, started an education within the regular school system or for other reasons chooses to leave the programme.

### *Legal basis*

The Labour Market Policy Programmes Act (2000:625), the Labour Market Policy Programmes Ordinance (2000:634) and the Activity Support Ordinance (1996:1100).

### *Target groups*

People over 20 years of age who have been – or run the risk of being – long-term registered (more than 24 months) at the Public Employment Service (PES).

### *Contents*

The participants in the measure Activity Guarantee have access to all labour market policy programmes available at the PES. The programmes are planned according to the job action plan, agreed upon by the job seeker and the PES.

The basis of the contents of the Activity Guarantee is job-search and job-search training. The training is carried out in groups consisting of 10-15 job seekers. Another basis is close co-operation between the PES and local authorities, Government authorities and social partners to increase the number of job-opportunities.

### *Effects*

Since the start of the programme in August 2000, 50,000 participants have been registered in the Activity Guarantee. In 2001 the number of participants were 32,000 as a monthly average – 13,799 women and 17,774 men. After six months' participation in the Guarantee 25 per cent have got a job, 3 per cent have started education and 9 per cent have left the Activity Guarantee for other reasons.

### *Financial resources*

The Activity Guarantee is financed out of the budget of the Labour Market Administration. The participants receive the allowance Activity Support, which is equivalent to Unemployment Benefit.

When there is an agreement between the PES and a co-operating organisation, the organisation can get a maximum of SEK 150 per participant and day to cover expenses.

### *Duration*

Ongoing.

### *Institutional support*

The Public Employment Service administers the programme Activity Guarantee.

## 2.3 Employment Training (*Arbetsmarknadsutbildning*)

### *Aim*

The aim of employment training/vocational training is to promote both occupational and geographical mobility and thus labour market adjustments, to prevent bottlenecks in the labour market and to facilitate processes of structural change in the economy. Employment training helps to limit unemployment during a downturn in the economy and to promote labour recruitment during an upturn. It also counteracts the gender segregation in the labour market, by means of inducing men and woman to make untraditional educational and vocational choices. Another aim is to strengthen the position of disadvantaged groups in the labour market.

### *Legal basis*

The Labour Market Policy Programmes Act (2000:625), the Labour Market Policy Programmes Ordinance (2000:634), and the Activity Support Ordinance (1996:1100).

### *Contents*

The Labour Market Administration provides vocational training spanning virtually all occupational fields and all levels, ranging from preparatory courses and general theoretical training to, in some cases, courses at university level. Courses vary in duration from a few weeks to several months, with an average duration of about four months. Vocational training is free of charge and the participants receive the allowance Activity Support (equivalent to Unemployment Benefit).

### *Financial resources*

Employment training is financed from the Labour Market Administration budget and thus entirely from Government funds.

### *Institutional support*

Employment training courses are mainly purchased by the County Labour Boards and/or the Employment Service from both private and public institutions and firms. About 40 per cent of the courses purchased are acquired by the Employment Training Group (AMU-Group) and take place at special Employment Training Centres. Facilities of the regular education system can also be used.

### *Duration*

Ongoing.

### *Effects*

In 1998 the target was introduced that 70 per cent of the participants in employment training should obtain work within 90 days of completing the training. The proportion receiving work has improved since then, and in the fourth quarter of 2000, an average of 60 per cent were in employment.

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1995/96*	45,624	23,241	22,383	12,414
1997	36,932	18,901	18,031	6,178
1998	41,899	22,147	19,752	7,234
1999	44,955	22,406	22,549	8,296
2000	30,599	15,251	15,308	5,546
2001	28,377	14,340	14,037	5,761

\* From July 1995 to December 1996 (18 months).

## 2.4 On-the-Job Training (*Utbildning för anställda*)

### *Aim*

The employer is responsible for the training of the company's employees. However, given certain circumstances, the Government may subsidise training for the employed. The purpose is to stimulate training of employees with a labour market policy reason and during the training period offer a job seeker to fill in for the employee.

### *Legal basis*

On-the-job Training Grants Ordinance (626:2001).

### *Contents*

State grants are payable, under certain circumstances, to employers for employment training for existing employees and for the hiring of registered unemployed. During the training period the employer must provide a registered unemployed person with a job, unless the training aims at strengthening the skills of the employed in times of redundancies. The state grant paid to the individual company covers the actual cost of the training course, up to a maximum of SEK 55,200 for each employee for a period of two years.

### *Financial resources*

On-the-job training is financed out of the budget of the Labour Market Administration and thus entirely from Government funds.

### *Institutional support*

The PES administers payments of the on-the-job training grants. The employer chooses the training provider independently.

### *Duration*

Ongoing.

### *Effects*

Year	Average number of beneficiaries	Total expenditure, SEK million
1995/96*	1,200	392
1997	775	163
1998	1,040	225
1999	957	328
2000		238

- From July 1995 to December 1996 (18 months).

## 2.5 Advanced Vocational Education (*Kvalificerad Yrkesutbildning*)

### *Aim*

Advanced Vocational Education (AVE) is a new form of post-secondary training based on a combination of theory and practical application. The courses are based on close cooperation between enterprises and various course providers (higher education, upper secondary schools, municipal adult education and companies). The courses can be given in any occupational area, but are intended to correspond to demands in the labour market. The courses are accessible both to people just finishing upper secondary school and those already gainfully employed who wish to develop their skills within a defined area.

### *Legal basis*

Advanced Vocational Education Act (2001:239) and Advanced Vocational Education Ordinance (2001:1131).

### *Contents*

The AVE is post-secondary, in the sense that completed upper secondary education or equivalent knowledge is required for eligibility. The aim is that the courses should combine a practical orientation with in-depth theoretical knowledge, ranging from upper secondary to university level. One third of the AVE is carried out as on-the-job training at a workplace.

### *Financial resources*

AVE is financed from the education administration budget and thus from Government funds. Study assistance can be granted if the person meets the requirements. Study assistance consists of two components, a study grant and a study loan, and the study grant is financed from Government funds.

### *Institutional support*

During the period 1996-2001, Advanced Vocational Education was carried out in Sweden as a pilot project, but from 2002 it is part of the regular educational system. The National Agency of Advanced Vocational Education will administrate and supervise the AVE on the national level.

### *Duration*

Ongoing from 2002.

### *Effects*

Evaluation of the pilot project shows that 75% of the participants were employed six months after completing their studies.

Year	Average number of beneficiaries	Total expenditure, SEK million
2002*	12,500	740

\*Estimate

## **2.6 Jobseeker Activities (*Jobb-sökaraktiviteter – JSA*)**

### *Aim*

To teach successful methods of job search and to activate jobseekers.

### *Legal Basis*

The Labour Market Policy Programmes Ordinance (2000:634), the Labour Market Policy Programmes Act (2000:625) and the Activity Support Ordinance (1996:1100).

### *Contents*

The content and design of these activities vary from one PES-office to another, ranging from short-term courses lasting for a few days to "Job Clubs" in which unemployed persons, under supervision, look for jobs on a full-time basis.

The purpose of the Job Seeker Activities (JSA) is to teach the participants the technique of filling in applications and contacting employers about job openings. The activities may also include simulation of job interviews, etc. Participation involves active job search during the course. The participants take part in JSA until they have found work or have been referred to some kind of labour market policy programme.

### *Financial resources*

The JSA are financed out of the budget of the Labour Market Administration and thus entirely from Government funds.

### *Institutional support*

JSA is administered by the Public Employment Service.

### *Duration*

Ongoing.

## 2.7 Work Experience (*Arbetspraktik*)

### *Aim*

To strengthen the individual person's job prospects by vocational training, vocational practice or work experience at a workplace.

### *Legal Basis*

The Labour Market Policy Programmes Act (2000:625), The Labour Market Policy Programmes Ordinance (2000:634), and the Activity Support Ordinance (1996:1100).

### *Contents*

Unemployed persons over 20 years of age can be referred to the programme Work Experience. Exceptions can be made of young persons with disabilities and persons receiving income related compensation from an Unemployment Insurance Fund. Work Experience can last up to six months (extended only in special cases) and be organised by private or public sector employers and also by non-profit organisations.

During the Work Experience period, the trainee is obliged to take part in follow-up interviews, job seeking activities or counselling when required by the PES. The trainee should be supervised and receive training and instructions on how the work is to be done.

### *Financial resources*

During the Work Experience the allowance Activity Support is paid. Trainees who are entitled to compensation from an Unemployment Insurance Fund receive SEK 270 per day; those not qualifying for this compensation receive SEK 183 per day.

The provider of the Work Experience pays the State a funding contribution of SEK 3,000 per month. If the provider is the State, a municipality or a county council, the funding contribution is SEK 1,000 per month. For disabled persons, immigrants, and certain other categories of participants the employer must not make this funding contribution.

### *Institutional support*

The Public Employment Service (PES) administers the Work Experience.

### *Effects*

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1999	22,497	12,685	9,811	2,392
2000	25,747	14,491	11,256	2,949
2001	21,253	11,833	9,421	2,724

## **2.8 Career Break (*Friår*)**

### *Aim*

The Career Break is from 1 February 2002 being pursued as an experiment in Sweden, and is carried out in 12 pilot municipalities, with the purpose to study the effect of a Career Break system. By studying the effects in these municipalities conclusions can hopefully be drawn as to what effects could be expected if the system was to be made permanent and cover all of Sweden.

Three areas, which are especially interesting to study, are:

- Possible positive health effects on employees taking a Career Break.
- Effects on the unemployed who fill-in for the employees on Career Breaks.
- Economic effects on state and municipal levels.

### *Legal Basis*

The Career Break Ordinance (2001:1300) and the Activity Support Ordinance (1996:1100).

### *Contents*

A person employed in one of the twelve municipalities involved in the experiment may, under certain circumstances, can apply for a Career Break for a period of three to twelve months. The employer's permission is required. The employer is obligated to hire an unemployed person as a substitute for the person on Career Break.

The person on Career Break receives reduced allowance Activity Support of up to 85% of the Unemployment Benefit the person would be entitled to if he or she were unemployed. The person on Career Break is not allowed to work for his or her employer or to take other employment during the Career Break, but is allowed to start and run his or her own business.

### *Financial resources*

The Career Break pilot project is financed by the State and SEK 65 million per annum has been allocated to the Career Break for the trial period 2001-2004.

### *Duration*

The trial period is from 1 February 2002 to 31 December 2004.

### *Institutional support*

The PES-office makes the decisions regarding requests for a Career Break. The allowance Activity Support, which is received during the Career Break, is administered by the Social Insurance Offices.

## 2.9 Computer Centres/Activity Centres (*Datortek/Aktivitetscenter*)

### *Aim*

The purpose of the Computer Centres is to improve opportunities for unemployed people to avail themselves of the possibilities created by the development of information technology. Better knowledge of IT can enhance their chances in the labour market.

### *Legal basis*

The Labour Market Policy Programmes Act (2000:625), The Labour Market Policy Programmes Ordinance (2000:634), and the Activity Support Ordinance (1996:1100).

### *Contents*

Computer Centres were introduced in all municipalities in Sweden 1 July 1995. At the start the participants were supposed to be between 20 and 24 years old, but from 1 July 1996 unemployed of all ages can attend the centres. The Computer Centres consist of computer workstations and the participants are given 12 weeks' basic training in the use of modern software for word-processing, spreadsheet work, database management, etc. From the year 2000 participants can spend up to six months in a centre if needed. Computer Centre activities are combined with various types of labour market activities such as job seeking activities and project work of different kinds. The participants receive the allowance Activity Support during their participation.

### *Financial resources*

The Computer Centres are partly financed out of the budget of the Labour Market Administration, and partly by the municipalities.

### *Institutional support*

The Computer Centres are organised in co-operation between the Labour Market Administration and municipalities where the municipalities assume the administrative responsibility. The activities are decided by special agreements.

### *Duration*

Started 1 July 1995. Ongoing.

### *Effects*

In 2001 the average duration time in the Computer Centre was almost three months. In 2000, 25 per cent of the Computer Centre participants had regular jobs within 90 days after the participation.

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1996	11,897	5,690	6,207	835
1997	13,961	6,115	7,846	1,218
1998	11,521	5,205	6,315	1,143
1999	7,328	3,310	4,019	839
2000	5,665	2,541	3,124	735
2001	4,889	2,162	2,727	773

### 3. Job Creation Measures

#### 3.1 Recruitment Incentive (*Anställningstöd*)

##### *Aim*

To facilitate the recruitment of unemployed persons by giving employers a tax-reduction for wage/salary costs. The main target group is the long-term unemployed.

##### *Legal Basis*

The Recruitment Incentive Ordinance (1997:1275) and the Act of Tax-Reduction for Recruitment Incentive (1999:591).

##### *Contents*

Recruitment incentive was introduced in 1998 replacing the previous programmes of relief work, recruitment subsidy and temporary trainee replacement schemes. From October 1999 the incentive is given as a tax-reduction to the employer and not, as previously, as a subsidy.

There are four different kinds of recruitment incentives: General Recruitment Incentive, two kinds of Extended Recruitment Incentive and Special Recruitment Incentive:

1. *General Recruitment Incentive* can be given after six months of continuous unemployment for a maximum period of six months. The General Recruitment Incentive amounts to a maximum of 50 per cent of the total wage costs – limited to SEK 350 per day. The employee must have been registered at the PES for the previous twelve months and be at least 20 years old.
2. *Extended Recruitment Incentive* can be given after 24 months of continuous unemployment for no longer than 24 months. This incentive amounts for the first six months to a maximum of 75 per cent of the total wage costs – limited to SEK 525 per day. The following 18 months it amounts to a maximum of 25 per cent of the total wage costs – limited to SEK 175 per day. The employee must have been registered with the PES for the previous 24 months and be at least 20 years old.
3. There is also another kind of *Extended Recruitment Incentive*, which is given after 48 months of continuous unemployment with a maximum of 75 per cent of the wage costs for the first 12 months and a maximum of 50 per cent during the remaining 12 months.
4. *Special Recruitment Incentive* is connected with the labour market measure Activity Guarantee. Those employers who employ people who have taken part in the Guarantee for three months, and have been unemployed for 24 months and reached the age of 57 years can receive a maximum of 75 per cent of the wage costs for 24 months.

##### *Effects*

In 2001 the average number of persons employed with some kind of recruitment incentive were 18,100 – of whom 11,618 were men and 6,511 were women.

##### *Financial resources*

The employer who is granted recruitment incentive is given a tax-reduction, which will effect the final amount of tax to be paid each year. The total expenditure on the recruitment incentives in 2001 amounted to SEK 1,403 million.

##### *Institutional support*

The PES administers recruitment incentives.

### 3.2 Start-Up Grants (*Stöd till start av näringsverksamhet*)

#### *Aim*

The aim is to promote job-creation in the form of self-employment and business start-ups as an alternative to unemployment.

#### *Legal basis*

The Labour Market Policy Programmes Act (2000:625), the Labour Market Policy Programmes Ordinance (2000:634), and the Activity Support Ordinance (1996:1100).

#### *Contents*

Jobless people wishing to start their own businesses can obtain financial support, a so-called Start-up grant, from the PES. The grant is intended to help cover living costs during the start-up phase.

Start-up grants are payable to people aged at least 20 years who are registered with the PES as unemployed. A start-up grant can be provided for up to six months if the business venture concerned is expected to return an adequate profit and provide the jobless individual with permanent employment. The grant can, in special circumstances, be extended for a further six months. Start-up grants are payable at the same rate as training allowance. Disabled persons who are entitled to start-up grants for the disabled can combine them with this grant.

#### *Financial resources*

The start-up grants are financed out of Government funds.

#### *Institutional support*

The PES administers the start-up grants.

#### *Effects*

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1996	10,268	6,610	3,658	1,241
1997	12,280	7,139	5,141	1,375
1998	12,514	6,539	5,975	1,482
1999	10,813	5,895	4,918	1,364
2000	8,537	4,979	3,559	1,076
2001	6,900	4,095	2,805	929

## 4. Measures for Special Categories of Workers

### 4.1 Municipal Youth Programme – age under 20 (*Kommunala ungdomsprogrammet*)

#### *Aim*

To give the municipalities integrated responsibility for young persons, so as to create wider opportunities for designing, together with the young persons themselves, measures which can lead to employment in the regular labour market.

#### *Legal basis*

The Labour Market Policy Programmes Act (2000:625) and the Labour Market Policy Programmes Ordinance (2000:634).

#### *Contents*

The law enables the municipalities, by agreement with the State, to assume integral responsibility for jobless youngsters until they turn 20. Previously, it was the duty of municipalities to offer three years' upper-secondary schooling to the youngsters under 20.

Each municipality has the option of signing an agreement with the State on municipal follow-up responsibility. All municipalities in Sweden have signed such an agreement. The activities prepare young persons for entrance into the labour market or into regular education. The municipalities must adapt the activities to local conditions, in consultation with local enterprise.

The municipalities are entitled to compensation from the state for the activities, subject to the existence of the agreement. Young people taking part in this programme are entitled to payment. The municipalities decide the rate of payment, but it must be sufficient to provide an incentive for training or work.

#### *Financial resources*

The Municipal Youth Programme is state funded.

#### *Institutional support*

Through the agreement, the municipalities incur the main responsibility for jobless youngsters under 20. The activities, however, can be planned jointly with the County Labour Board and the PES, the social partners, local enterprises, etc.

#### *Duration*

The Act entered into force on 1 October 1995.

#### *Effects*

In 2001 the average duration time in the Municipal Youth programme was around four months.

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1996	12,589	5,225	7,364	336
1997	14,158	5,698	8,460	420
1998	12,176	5,045	7,131	348
1999	7,309	3,226	4,083	244

2000	4,582	2,079	2,503	156
2001	3,726	1,803	1,924	112

## 4.2 Youth Guarantee – age 20-24 (*Ungdomsgaranti 20-24 år*)

### *Aim*

The Youth Guarantee is intended to improve the individual youngster's possibilities of commencing employment or education, to help her or him to become self-supporting either immediately or in the long term, and to make young persons less independent on social allowance.

### *Legal basis*

The Labour Market Policy Programmes Act (2000:625) and the Labour Market Policy Programmes Ordinance (2000:634).

### *Contents*

The Youth Guarantee enables municipalities to offer unemployed persons, aged 20-24, a stimulating full time activity during 12 months. The responsibility of municipalities should be based on agreements with the County Labour Board (*Lan*).

To be able to participate in the programme, the applicant must be registered with the PES. During the first 90 days of unemployment the PES surveys the situation of applicant, while providing regular service e.g. job seeker activities and vocational guidance. If no suitable employment, education or labour market policy programme have been offered within 90 days, the responsibility for the young person passes on to the municipality. The Youth Guarantee is to be offered within ten days and may last for 12 months. The Youth Guarantee is based on an Individual Action Plan and contains various types of skills enrichment, e.g. increase of the basic knowledge within certain topics or education layered with job experience.

### *Financial resources*

The State compensates the municipality at a rate of SEK 150 per day and youngster for expenditure caused by the programme. The municipality can put up funding for activation when it finds this appropriate as a means guaranteeing quality. Youngsters participating in the programme receive a training allowance corresponding to unemployment benefit, a so called development allowance of SEK 1,967 monthly or alternatively social allowance.

### *Institutional support*

Through the agreement, the municipalities incur the main responsibility for jobless youngsters aged 20-24. The activities, however, can be planned jointly with the County Labour Board (*Lan*) and the PES, and are adjusted to local conditions and carried out in close co-operation with the local trade and industry, schools, educational programme associations or non-profit organisations.

### *Duration*

The Act entered into force 1 January 1998.

### *Effects*

During the fiscal year 2000, the Youth Guarantee was practiced in 175 of 289 municipalities (more than 60%). In 2001 the average duration time in the programme was four months.

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1998	2,846	1,597	1,249	117
1999	5,555	3,071	2,484	422
2000	4,685	2,633	2,052	362

0				
200	4,279	2,415	1,863	348
1				

### **4.3 Interpraktik Scholarship (*Interpraktik*)**

#### *Aim*

The Interpraktik Scholarship is a labour market programme, which gives young unemployed people the opportunity to get valuable work experience and improve their competence abroad as a step into permanent employment.

#### *Legal basis*

The Interpraktik Scholarship Ordinances (1997:581), (1997:1289), (1998:575), and (2000:139).

#### *Contents*

The practice can provide new experiences, better language skills and a deeper understanding of other cultures. The applicant should arrange a placement on his/her own in a country outside Sweden. The placement should be carried out according to the intentions of the scholarship i.e. the tasks should be meaningful and educational. The placement can be within companies, organisations (also non-profit ones), institutions, the public sector or even as voluntary work in developing countries.

The scholarship can be awarded to young people 20-30 years old who have been unemployed during a long period of time. The PES evaluates if the applicant fulfils the criteria of long-term unemployment and age. The scholarship is awarded for a maximum period of 6 months.

#### *Financial resources*

The Interpraktik Scholarship is financed out of public funds. The scholarship covers travelling costs to and from Sweden/country of placement, full coverage insurance and basic living costs. The size of the scholarship varies depending on the cost of living in the country of practice. There is no obligation for the arranger to give the trainee any financial contributions.

#### *Institutional support*

The scholarship is administered by the national agency the International Programme Office for Education and Training (*Internationella Programkontoret*).

#### *Duration*

Started in October 1997.

#### *Effects*

In 2000 the budget for the programme amounted to SEK 44.3 million. From the start in October 1997 until December 1999 the beneficiaries of the scholarship were almost 1,800 long-term unemployed young people. About 57% of them were women. According to an evaluation 76% of those awarded the scholarship either received work or began studying after the Interpraktik Scholarship.

#### 4.4 Wage Subsidies (*Lönebidrag*)

##### *Aim*

To facilitate the entry of people with disabilities into regular employment.

##### *Legal Basis*

The Labour Market Policy Programmes Act (2000:625), and the Occupationally Disabled Persons (Special Measures) Ordinance (2000:630)

##### *Contents*

Wage subsidies are paid to employers hiring jobseekers who are physically, mentally, and intellectually or socio-medically disabled. The duration of wage subsidies is as a maximum four years with the possibility of extension. The wage paid is in accordance with collective agreements. The subsidies compensate for the reduction in work capacity caused by a disability. The subsidies are flexible and may amount to 80 per cent of a monthly wage of SEK 13,700; and in addition the corresponding payroll taxes and certain collective insurances. For persons with severe disabilities the subsidy may cover 100 per cent of the wage costs. The rate of the subsidy is agreed on between the employer, employee, trade union representative and the PES.

##### *Financial resources*

Wage subsidies are financed out of public funds.

##### *Institutional support*

The Public Employment Service administers wage subsidies.

##### *Duration*

Ongoing.

##### *Effects*

Year	Average number of employees	Men	Women	Total expenditure, SEK million
1995/96*	47,400	-	-	8,200
1997	45,651	27,506	18,146	5,200
1998	49,031	29,752	19,279	5,400
1999	50,077	30,412	19,665	5,800
2000	48,540	29,553	18,987	5,300
2001	51,099	31,213	19,886	5,400

\* From July 1995 to December 1996 (18 months).

#### 4.5 Sheltered Employment (*Offentligt skyddat arbete, Samhall AB*)

##### *Aim*

To offer employment, with the state-owned company Samhall Corporation AB, to persons with disabilities who are unable to find work in the regular labour market. In addition, Sheltered Public Employment (*Offentligt Skyddat Arbete – OSA*) is organised, mainly by municipal authorities. OSA serves the dual labour market policy aim of safeguarding the entitlement of disabled people to paid work and providing rehabilitation opportunities with a view to the disabled person ultimately finding work in the regular labour market.

##### *Legal Basis*

The Labour Market Policy Programmes Act (2000:625), the Occupationally Disabled Persons (Special Measures) Ordinance (2000:630), the Articles of Association (*bolagsordning*) for Samhall Corporation AB and the contract between the state and Samhall Corporation AB.

##### *Contents*

Samhall AB's operating concept is to provide meaningful and vocational employment for persons with occupational disabilities wherever the need exists. This is accomplished through the production of goods and services. Job opportunities at Samhall AB are at the disposal of the PES, which also assists Samhall AB employees in transferring to the regular labour market. At least 40 per cent of Samhall AB's recruitment must involve severely disabled persons (mentally disabled, persons with mental retardations and persons with more than one disability).

Sheltered Public Employment (OSA) consists of state grants paid to public employers hiring jobseekers who suffer from socio-medical impairments or other severe disabilities and who have not been in contact with working life previously or for a long time. The grant is flexible and can amount to 100 per cent of a monthly wage costs at a maximum of SEK 13,700 plus corresponding payroll taxes and certain collective insurances. The wage paid is based on normal collective wage agreements.

##### *Financial Resources*

Sheltered employment, at Samhall AB and OSA in the public sector, is financed out of public funds.

##### *Institutional support*

Samhall AB is a state-owned joint-stock company with approximately 800 units in 300 locations nationwide. OSA is administered by the PES.

##### *Effects*

One important yardstick of activities for Samhall AB is the number of transitions from employment at Samhall AB to employment in the regular labour market, with or without wage support. The number of transitions in 2000 was 1,252 (corresponding to 4.9 per cent of the disabled employees), as compared to 1,016 (3.9 per cent) in 1999 and 1,074 (4.1 per cent) in 1998.

##### *Samhall*

Year	Average number of employees	Men	Women	Total expenditure, SEK million
1996	28,067	15,053	13,014	6,800*
1997	26,447	14,186	12,261	4,400
1998	26,878	14,445	12,433	4,560
1999	27,014	14,588	12,426	4,620
2000	26,643	14,440	12,203	4,620

2001	25,328	13,749	11,579	4,620
------	--------	--------	--------	-------

\* From July 1995 to December 1996 (18 months).

*Sheltered Public Employment - OSA:*

Year	Average number of employees	Men	Women	Total expenditure, SEK million
1995/96*	5,300	-	-	900
1997	5,462	4,433	1,029	600
1998	5,943	4,709	1,235	700
1999	5,758	4,544	1,214	700
2000	5,276	4,153	1,124	640
2001	5,675	4,409	1,266	650

\* From July 1995 to December 1996 (18 months).

#### 4.6 Employment Service Rehabilitation (*Af-Rehab*)

##### *Aim*

Help the jobseekers to find, obtain and keep a job in the regular labour market by providing vocational guidance and rehabilitation to individuals who need more support than the PES has the possibility to provide.

##### *Legal Basis*

Ordinance on Labour Market Policy Programmes (2000:634).

##### *Contents*

Employment Service Rehabilitation provides vocational guidance and rehabilitation for jobseekers who need more support than the PES can provide. The need for extra support may be due to occupational indecision, limited work capacity on account of a disability or other adjustment problems and special difficulties encountered in the labour market.

Job testing is an important part of the activities of Employment Service Rehabilitation. This can be conducted both at an Employment Service Rehabilitation Institute and at external workplaces in all sectors of the labour market. The participants receive a training allowance (equivalent to the Unemployment Benefit they are entitled to). Each Employment Service Rehabilitation Institute has several professional categories at hand, e.g. employment consultants, psychologists and social consultants. The jobseekers also have access to nurses and physiotherapists. Some of the institutes have specialist resources and expertise for individuals with particular disabilities, e.g. visual impairments or mobility disabilities. 80 per cent of those who were given Employment Service Rehabilitation in 2001 were disabled persons.

##### *Financial resources*

The Employment Service Rehabilitation as well as the training allowance is financed out of Government funds.

##### *Duration*

Ongoing.

##### *Effects*

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1995/96*	6,204	3,153	3,051	698
1997	6,940	3,590	3,350	470
1998	8,054	4,184	3,870	567
1999	7,087	3,690	3,397	579
2000	7,022	3,694	3,328	557
2001	5,845	3,112	2,733	524

The figures include the labour market measure Special Introductory and Follow-Up Support (SIUS).

\* From July 1995 to December 1996 (18 months).

#### 4.7 Temporary Public Employment for Older People (OTA)

##### *Aim*

The purpose of the Temporary Public Employment programme (*Offentligt Tillfälligt Arbete –OTA*) is to enable older long-term unemployed persons to work for a period longer than six months and to improve quality in the public sector.

##### *Legal basis*

The Temporary Public Employment for Older People Act of 1996 and the Temporary Public Employment for Older People Ordinance of 1999.

##### *Contents*

People older than 55 years who have been registered at the PES for two years or more and who are entitled to unemployment benefit can receive a temporary employment within the public sector through this programme.

The participants receive a training allowance and a supplement of SEK 45 per day.

##### *Financial resources*

The training allowances are financed out of Government funds.

##### *Institutional support*

The PES administers the programme OTA. The training allowance payments are administered by the Unemployment Insurance Funds for those entitled to unemployment benefit, otherwise by the Social Insurance Offices.

##### *Duration*

OTA was planned to end in December 1998, but the Swedish Parliament has decided to extend this programme until the end of year 2000 for people who has been taking part in it since before 1999. The programme will be extended for people who are at least 62 years old; they will be able to participate in the programme until they reach the age of 65.

Year	Average number of beneficiaries	Men	Women	Total expenditure, SEK million
1997	5,351	2,846	2,504	631
1998	7,741	4,123	3,619	986
1999	7,780	4,088	3,692	1,110
2000	5,553	2,934	2,619	-
2001	96	57	39	-

#### 4.8 Other Support for People with Disabilities

##### **Special Introductory and Follow-Up Support** (*Särskilt introduktions-och uppföljningsstöd – SIUS*)

Supported employment is a well-known method used to make it possible for severely disabled persons to find and keep a job. In Sweden this is also used in a labour market programme called Special Introductory and Follow-Up Support (SIUS). The purpose of SIUS is to provide special supportive arrangements previous to the hiring of an occupationally handicapped jobseeker. A SIUS consultant maps out the job seeker's qualifications and wishes before finding suitable work places. The consultant also assists in initiation and training at the work place, which could mean working together with the jobseeker at the duties concerned. The programme is aimed primarily at the psychologically and intellectually impaired, and is successively scaled down during the benefit period. SIUS is not supposed to continue for more than six months. During the introductory period the participant receives the allowance Activity Support.

##### **Start-Up Grant for Disabled Persons** (*Särskilt stöd vid start av näringsverksamhet*)

A disabled person who has a good business concept might be eligible for a business grant. The conditions for the grant are that the business has an expected, reasonable future and that the income of the business is expected to make a considerable contribution to the person's living expenses. In 2000 the grant is at most SEK 60,000.

##### **Other**

The PES can also give occupationally disabled persons support for supportive devices and an individual adaptation of workplaces and work aids. The purpose is to enable occupationally disabled persons to, e.g. obtain employment, start up a business, and take part in a labour market programme. The support can amount to SEK 50,000.

Worth mentioning are:

- Special arrangements at the workplace.
- Special technical aids.
- Grants for a work assistant.

Support designed for persons with disabilities, is also available for participants in all labour market policy programmes if this support can facilitate their possibility of entering the labour market.

## 5. Other Measures

The National Labour Market Administration (AMV) also has funds for so-called *Projects concerned with labour market policy*. Starting in 2001, these will replace projects formerly conducted under the heading *Non-traditional programmes*. The intention is to make the objectives of these projects clear, improve on their follow-up and strengthen the links to labour market policy objectives. The projects are geared towards efforts motivated by labour market requirements, but which are not covered by regular activities.

# INFORMATION AND RESEARCH

## 1.1 Statistics Sweden (SCB)

SCB is a Government authority, which collects, compiles, analyses and publishes public national statistics relating to various aspects of social and economic life. Statistics on the labour force include people in work and the unemployed, hours worked, statistics on numbers of employees statistics gainfully employed, and also forecasting. SCB can as well provide extensive commissioned services if paid for by the users/customers.

Labour market statistics published by the SCB are:

- Labour Force Survey (*Arbetskraftsundersökning – AKU*);
- Yearly employment statistics;
- Wages, salaries and employment in the different sectors of the economy;
- Statistics relating to the work environment and occupational injuries (accidents at work etc).

More information about SCB and its statistics can be found on the website: [www.scb.se](http://www.scb.se).

## 1.2 The National Labour Market Administration (AMV)

Labour market policy measures are continuously followed up and evaluated within the National Labour Market Administration (*AMV*). Sweden's national administration practises management by objectives and results, which means that activities are governed by overall objectives defined by the Government and the Parliament, instead of by detailed regulations and directives. Advanced, systematic monitoring of results is a very important part of management by objectives and results. Every month, a large number of result indicators are compiled and distributed inside and outside the AMV. These are developed by the National Labour Market Board (*AMS*), the central administrative authority for labour market affairs. For more information: [www.ams.se](http://www.ams.se)

Among other things, the result indicators form the basis of the quarterly reviews that the Ministry produces together with the AMS in order to follow up the progress of activities. The result indicators are supplemented by random sample surveys, statistics from Statistics Sweden (*SCB*) and other analyses and follow-up studies initiated both by the AMV and the Government.

## 1.3 The Office of Labour Market Policy Evaluation (IFAU)

The Office of Labour Market Policy Evaluation (*IFAU*) was established in 1997 and is an authority under the Swedish Ministry of Industry, Employment and Communications. IFAU's task is to promote, support and accomplish research on the effects of labour market policies, study the functioning of the labour market, and evaluate the effects on the labour market of measures in the education system.

The Swedish Cabinet Office and the Ministries finance IFAU, which is lead by a director-general. The board consists of a chairman, the director-general and eight other members. Among other things the task of the board is to decide upon grants to external researchers. Tied to the authority is a reference group, which includes both employers' and employees' confederations. Also ministries and authorities are represented.

In addition to the research activity IFAU will spread the knowledge of the evaluation research via seminars, courses and conferences. IFAU will also construct a library of the evaluation research data collection and make data easily available for researchers within the country. More information about IFAU and its research is available on the Internet: [www.ifau.se](http://www.ifau.se)

## 1.4 National Institute for Working Life (ALI)

The National Institute for Working Life (*Arbetslivsinstitutet – ALI*) is a national centre of knowledge for issues related to working life. The centre conducts research and development on all facets of working life on a mandate from the Ministry for Industry, Employment and Communications. The Institute collaborates with labour market parties, the industry, universities and colleges, international organisations and other interested parties.

The Institute has offices all over Sweden. Research and development is divided into three main fields: labour market, work organisation, and work environment.

The objectives of labour market and working life policy include:

- Reduction of long-term unemployment and exclusion from the labour market.
- Achievement of equal opportunities between women and men at work and in the community.
- Each individual employee shall have a working life that counteracts poor health and provides stimulation and development.

More information about the Institute for Working Life and its activities can be found on the website: [www.niwl.se](http://www.niwl.se).

### **1.5 The National Mediation Office (Medlingsinstitutet)**

The social partners have the main responsibility for setting wages. They are assisted by the National Mediation Office (*Medlingsinstitutet*) which serves as a mediator in disputes between employers and employees during negotiations, and also promotes orderly wage setting. The Mediation Office seeks to do this by holding ongoing talks with the social partners and by organising seminars and publishing statistics and analyses on wage setting. The Mediation Office was set up in 2000 and is located in Stockholm. More information can be found in part 2.5 “Wage setting and the National Mediation Office” and on the website: [www.mi.se](http://www.mi.se).

### **1.6 Other**

Research in the fields of labour market affairs and labour market policy plays an important role in many of Sweden's universities. This research is partly funded from special labour market policy research programmes and through other commissions from Ministries and national authorities.

The Swedish National Audit Office (RRV), which is the Government authority for administrative auditing, undertakes evaluation studies in the field of labour market policy and elsewhere, both on the Government's behalf and on its own initiative.

## Appendix 1: Abbreviations

AB	Incorporated, Inc. <i>Aktiebolag</i>
Af	Public Employment Service <i>Arbetsförmedlingen</i>
AgV	Swedish Agency for Government Employers <i>Arbetsgivarverket</i>
ALI	National Institute for Working Life <i>Arbetslivsinstitutet</i>
AMS	National Labour Market Board <i>Arbetsmarknadsstyrelsen</i>
AMU	Employment Training Group <i>AMU-gruppen AB</i>
AMV	National Labour Market Administration <i>Arbetsmarknadsverket</i>
AVE	Advanced Vocational Education <i>Kvalificerad Yrkesutbildning (KY)</i>
CSN	Swedish National Board of Student Aid <i>Centrala Studiestödsnämnden</i>
IFAU	Office of Labour Market Policy Evaluation <i>Institutet för Arbetsmarknadspolitisk Utvärdering</i>
ILO	International Labour Organisation
JSA	Jobseeker Activities <i>Jobb-sökar-aktiviteter</i>
JämO	Equal Opportunities Ombudsman <i>Jämställdhetsombudsmannen</i>
Lan	County Labour Board <i>Länsarbetsnämnden</i>
LO	Swedish Trade Union Confederation <i>Landsorganisationen i Sverige</i>
OSA	Sheltered public employment <i>Skyddat arbete hos offentliga arbetsgivare</i>
OTA	Temporary public employment <i>Offentligt tillfälligt arbete</i>
PES	Public Employment Service <i>Arbetsförmedlingen</i>
RRV	Swedish National Audit Office <i>Riksrevisionsverket</i>
SACO	Swedish Confederation of Professional Associations <i>Sveriges Akademikers Centralorganisation</i>
SCB	Statistics Sweden <i>Statistiska centralbyrån</i>
SIUS	Special Introductory and Follow-Up Support <i>Särskilt Introduktions- och Uppföljningsstöd</i>
TCO	Confederation of Professional Employees

*Tjänstemännens centralorganisation*