

ANNEX VI

Sweden

INTRODUCTION

As part of its mission to compare European public employment services (PES), the mission chose to study the Swedish PES in that it :

- ◆ is based on a national agency, the *Arbetsförmedlingen*, which is present throughout the country through physical agencies, as in France;
- ◆ is part of a logic of strong outsourcing of the main operator's services and the support of job seekers to private service providers;
- ◆ must deal with an unemployment rate in Sweden that is comparable to that of France.

The mission focused its analyses on the Swedish PES through the five central themes of the comparison (coordination of PES actors, diagnosis of the initial situation of jobseekers, support, monitoring of the job search, services to companies), making use of field visits and the study of public documents or documents transmitted by the Danish PES actors.

The field visits in December 2022 lasted a full day in Stockholm. The mission was able to meet with teams from the main PES operator, *Arbetsförmedlingen*, in particular:

- ◆ management teams (international affairs, compensation, support);
- ◆ counsellors and agents for the accompaniment of job seekers.

A total of 11 people were interviewed.

The mission then focused its qualitative and quantitative analyses on:

- ◆ the analysis of internal documents of the *Arbetsförmedlingen* transmitted to the mission;
- ◆ the analysis of public documents of the *Arbetsförmedlingen* dealing in particular with their offers;
- ◆ the study of legal texts, in particular those governing the law applicable to job seekers;
- ◆ a review of the relevant economic and statistical literature in Danish, English and French on the Danish labour market and on the impact of activation measures and the flexicurity model.

This annex is structured in two parts. The first part presents developments in the Danish labor market since the early 2000s and gives an overview of the PES actors. The second part aims to detail the lessons learned from the mission's work on the five work themes mentioned above, highlighting both the strengths and weaknesses of the Swedish PES.

Annex VI

Sweden has an unemployment rate of 7.7 per cent at the end of 2022, as defined by the International Labour Office (ILO). Unemployment insurance, which is not compulsory, is a complex and composite system provided by both the private unemployment funds (*A-kasse*) and the *Alfa* fund. Subject to the conditions of eligibility for unemployment insurance, jobseekers can receive flat-rate benefits from the *A-kasse*. Alternatively, they can apply for a general unemployment benefit from the *Alfa* fund in an amount proportional to the reference income. In both situations, the duration of the benefit does not exceed 300 days.

The Swedish PES is based on a centralized system around a national agency, *Arbetsförmedlingen*, under the supervision of the Swedish Ministry of Employment.

During an initial telephone interview with the job seeker, the Swedish PES makes an initial diagnosis of unemployment. The Swedish PES is unique in that it then segments job seekers into three groups according to their distance from employment. Thus:

- ◆ the job seekers who are closest to employment are placed in a totally dematerialized and autonomous support system;
- ◆ the least autonomous but employable job seekers are entrusted to private providers;
- ◆ Jobseekers who are farthest from employment are taken care of by the *Arbetsförmedlingen*.

Arbetsförmedlingen is characterized by a high degree of outsourcing of its services. In particular, the operator completely outsources the support of the intermediate category of job seekers (the least autonomous but employable groups).

Arbetsförmedlingen employs 11,000 full-time equivalents (FTEs) in 2022, spread across the operator's **112 branches** throughout Sweden. Due to the heavy reliance on private service providers and the fact that the human resources are too large in relation to the populations to be supported, *Arbetsförmedlingen* is considering the possibility of reducing its human resources by one third.

The operator has put in place means of monitoring jobseekers, in particular through monthly activity declarations which allow for the monitoring of jobseekers. Sanctions are provided for job seekers who do not respect their commitments. Because of the strong integration of artificial intelligence in its services, which facilitates the processing of the volume of cases, *Arbetsförmedlingen* has one of the highest sanction rates (frequency of sanctions) of all the countries studied by the mission.

CONTENTS

1. SOCIO-ECONOMIC CONTEXT AND ORGANIZATION OF THE PES: A HIGH UNEMPLOYMENT RATE TO WHICH A SYSTEM COMPOSED OF MULTIPLE ACTORS INTENDS TO PROVIDE A SOLUTION	1
1.1. Socio-economic context: the Swedish labor market is characterized by a paradoxical situation of high labor force participation and high unemployment 1	
1.1.1. <i>A growing demography, mainly driven by a significant recourse to immigration</i>	<i>1</i>
1.1.2. <i>A strong economy mainly driven by the tertiary sector and controlled public finances</i>	<i>1</i>
1.1.3. <i>The Swedish paradox: high activity and unemployment rates</i>	<i>3</i>
1.1.4. <i>Labor law strictly regulates dismissals for employees with more than two years of service in the same company</i>	<i>5</i>
1.1.5. <i>Unemployment compensation is based on several complementary offers to reach a reference level of compensation</i>	<i>6</i>
1.1.6. <i>Jobseekers can benefit from minimum social benefits</i>	<i>10</i>
1.2. Organization of the public employment service (PES): an initially centralized system that the 2019 reform, outsourcing a large part of its activity, has profoundly transformed.....	11
1.2.1. <i>The structure of the PES is very vertical and centralized around two major poles: on the one hand, the political block, consisting of the Ministry of Employment and the Parliament, and on the other hand, the national agency Arbetsförmedlingen.....</i>	<i>11</i>
1.2.2. <i>The Arbetsförmedlingen, the main operator of the PES, has been deeply transformed in 2019.....</i>	<i>12</i>
1.2.3. <i>Regions and municipalities participate in the PES through coordination groups and financial associations.....</i>	<i>15</i>
1.2.4. <i>Arbetsförmedlingen sees itself today as a hub for many labor market actors.....</i>	<i>16</i>
2. STATE OF PLAY ON THE FIVE PRIORITY THEMES OF THE MISSION	17
2.1. Operational coordination of the various PES actors: a highly centralized and integrated system through a common IS	17
2.2. Diagnosis of jobseekers: the initial diagnosis of jobseekers is based on a telephone interview conducted by an <i>Arbetsförmedlingen</i> advisor using artificial intelligence.....	17
2.3. Support for jobseekers: <i>Arbetsförmedlingen</i> only provides online resources for the most independent jobseekers and uses private service providers to support the least independent unemployed	18
2.3.1. <i>Job seeker support is determined by the distance to the job</i>	<i>18</i>
2.3.2. <i>The Arbetsförmedlingen makes extensive use of private service providers, but allows jobseekers to choose a service provider from a predefined list who will be responsible for their support.....</i>	<i>19</i>
2.3.3. <i>The Arbetsförmedlingen monitors and controls the selected private providers.....</i>	<i>20</i>

2.4. Monitoring of job search: sanctions are based on the findings of the monthly activity report that the job seeker is required to submit to the <i>Arbetsförmedlingen</i>	21
2.4.1. <i>In Sweden, job search monitoring is based on the monthly activity report of jobseekers and the reports of counselors and providers</i>	21
2.5. Services for companies: <i>Arbetsförmedlingen</i> sets up a job bank and offers placement services to companies.....	24

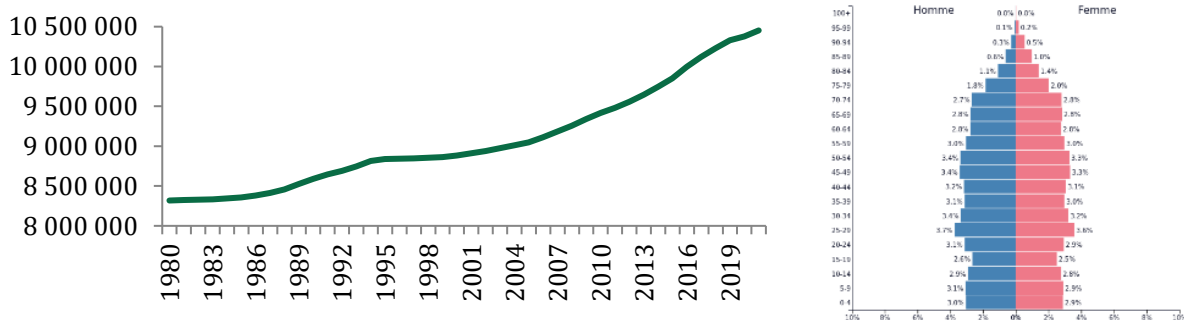
1. Socio-economic context and organization of the PES: a high unemployment rate to which a system composed of multiple actors, intends to provide a solution

1.1. Socio-economic context: the Swedish labor market is characterized by a paradoxical situation where the activity rate and unemployment rate are both high

1.1.1. A growing demography, mainly driven by a significant recourse to immigration

The population of Sweden is 10.3 million, concentrated in the capital region and in the south. The population density is 25 inhabitants per km² (105.9 inhabitants per km² in France).

Chart 1 Growth of the Danish population since 1960 and age pyramid in 2018



Source: SCB, UN.

The Swedish population has grown steadily and continuously since the 1980s (cf. chart 1), driven by a fertility rate of 1.66 children per woman in 2020 (1.79 in France) and significant immigration. According to the OECD, between 2015 and 2020, average annual population growth will reach 1.2 per cent, four times the French average, mainly due to immigration. According to the OECD, immigrants represent 20% of the total population (12.8% in France). Sweden welcomed about 200,000 migrants in 2015 and 2016, and about 50,000 Ukrainian migrants in 2022

1.1.2. A strong economy mainly driven by the tertiary sector and controlled public finances

Historically, Sweden experienced a very serious financial and economic crisis in 1990¹, resulting from a credit boom and an overheated economy, which led to bank failures, a significant decline in GDP, a significant increase in public and private debt and a fourfold increase in unemployment (see below). In response to this crisis, Sweden embarked on a wide-ranging set of structural reforms covering the governance of public finances, liberalization of the economy, reform of the welfare state (especially pensions), but also a reorientation of the country towards a more export-led growth model.

The reforms undertaken, which were largely consensual, have enabled Sweden to build a robust and successful economic model. In 2021, Sweden's GDP per capita will be \$60,101

¹ Trésor-Éco No. 105 - What lessons can be learned from the crisis of the 1990s in Sweden?

Annex VI

compared with \$50,543 in France². Annual economic growth has averaged 2.2% over the period 2000-2021 (1.4% for the EU average)³.

Sweden is in line with other OECD countries with a declining share of agriculture in the economic structure - the agricultural sector employs 9 percent fewer people in 2019 than in 2010, cf. table 1. Sweden has a strong economy based on industry (Volvo, Scania, SKF, Ericsson, AAB, Astra-Zeneca) and services (Vatenfall, Ikea, H&M, Spotify, Securitas), which employ 18% and 80% of the Swedish workforce, respectively (cf. table 1). The country is making a significant effort in research and development, devoting 3.4% of its GDP to it for the year 2020.

Table 1 Distribution of jobs by sector of activity (in thousands) in 2019 in Sweden

Sectors of activity		Volume of jobs (in thousands)	As a % of	Change v. 2010 (in %)
<i>Agriculture, hunting and forestry</i>		86,2	2	-9,0
Industry	<i>Mining and quarrying</i>	9,3	0	8,5
	<i>Manufacturing</i>	513,5	10	-5,7
	<i>Electricity, gas, steam, air cond. supply</i>	30,8	1	32,1
	<i>Water supply, sewerage, waste mgt, remediation</i>	26,2	1	36,5
	<i>Construction</i>	360,5	7	19,3
	<i>Total</i>	940,2	18	4,7
Services	<i>Wholesale, retail trade, vehicle, motorcycle repair</i>	572,6	11	3,5
	<i>Transportation and storage</i>	247,6	5	1,8
	<i>Accommodation and food service activities</i>	164,8	3	7,3
	<i>Information and communication</i>	255,2	5	45,9
	<i>Financial and insurance activities</i>	100,7	2	5,0
	<i>Real estate activities</i>	82,5	2	28,7
	<i>Professional, scientific and technical activities</i>	443,8	9	27,2
	<i>Administrative and support service activities</i>	223,8	4	13,5
	<i>Public administration, defence, social security</i>	366,4	7	35,4
	<i>Education</i>	586,1	11	20,1
	<i>Human health and social work activities</i>	762,6	15	8,9
	<i>Arts, entertainment and recreation</i>	140,4	3	25,5
	<i>Other service activities</i>	129,5	3	12,3
	<i>Total</i>	4 105,1	80	16,3
Total		5 131,6	100	13,4

Source: OECD.

The level of general government debt has been reduced by about half, from 70% of GDP in 1995 to 36.2% in 2021⁴. Inflation is +9.7% in Sweden in September 2022 and the impact of rising energy prices, to which Sweden is highly exposed due to its tertiary and industrial economy, exposes it to a decrease in wages (-3.9% in the first six months of 2022) and growth (GDP decrease of 0.8% in the first quarter of 2022).

²² OECD.

³ Note of October 2022 from the Directorate General of the Treasury on the economic and financial situation of Sweden.

⁴ Direction générale du Trésor, October 2022 note on the economic and financial situation of Sweden.

1.1.3. The Swedish paradox: high activity and unemployment rates

1.1.3.1. Sweden currently has a high unemployment rate of 7.2% in 2022

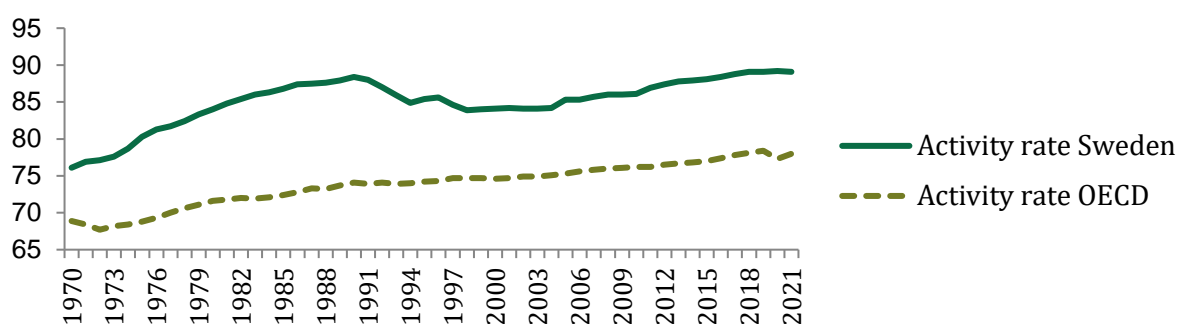
Sweden has a high labor force participation rate of 89.17 percent according to the OECD in 2021 (see Figure 2). graph 2). It is almost equal among the male and female populations.

Table 2 Participation, employment and unemployment rates in the third quarter of 2022 by country

Country	Activity rate	Employment rate	Unemployment rate
France	80,77 %	68,21 %	7,20 %
Sweden	89,17 %	77,40 %	7,21 %

Source: INSEE; Statistics Sweden; OECD.

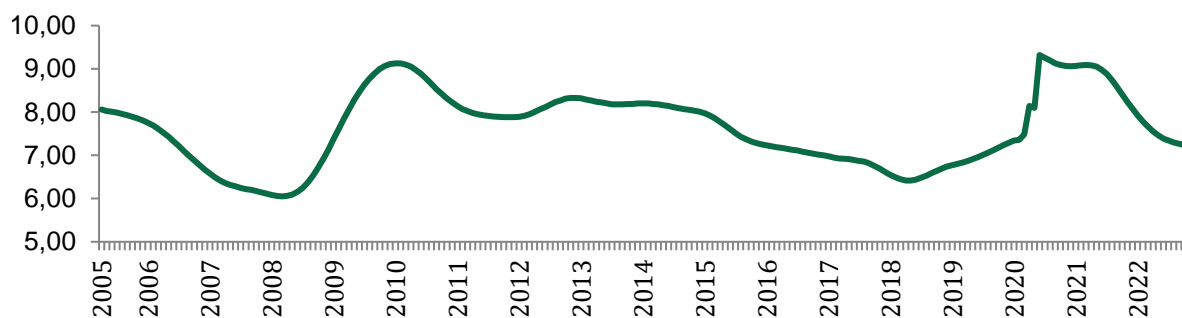
Graph 2 Labour force participation rates since 1970 (%) for Sweden and the OECD average



Source: OECD.

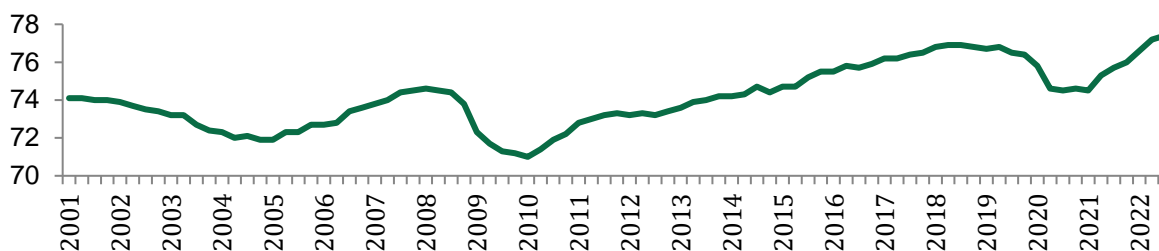
In the early 1990s, the structural unemployment rate was 3 percent. After the deep crisis of 1992, the unemployment rate rose to 11 percent, before stabilizing at between 7 and 8 percent (see chart 3).

Chart 3 Unemployment rate (%) in Sweden since 2005



Source: Statistics Sweden.

Chart 4: Changes in the employment rate (in %) in Sweden since 2005



Source: OECD.

According to the *Arbetsförmedlingen's* accounting of unemployment (cf. box 1), the unemployment rate in Sweden was 6.6 percent in 2022. The unemployment rate was falling before the pandemic despite the influx of many migrants in 2015 and 2016. It increased during the pandemic but has been decreasing since the second half of 2021.

Box 1 Different definitions of unemployment by *Arbetsförmedlingen* and the OECD

The definition of unemployment by *the Arbetsförmedlingen* is more restrictive than the one used by the OECD and *Statistics Sweden*:

- The unemployment statistics of *the Arbetsförmedlingen* are based on the data of registered unemployed persons. The unemployment rate calculated by *the Arbetsförmedlingen* is based on the count of job seekers registered with the *Arbetsförmedlingen* ;
- OECD and *Statistics Sweden* statistics are based on analyses and surveys of the labor force. The OECD and *Statistics Sweden* rely on statistical data from labor force surveys. The calculated unemployment rate includes all jobseekers, whether or not they are registered with *Arbetsförmedlingen*.

Table 3 Unemployment rate in Sweden by definition of unemployment in 2022

Unemployment rate according to <i>Arbetsförmedlingen</i>	Unemployment rate according to OECD and ILO
6,6 %	7,7 %

Source: OECD; *Statistics Sweden*; *Arbetsförmedlingen*.

This situation illustrates well the concepts of the unemployment halo and the difficulty of appreciating the contours and issues of the labor market.

Source: *Statistics of the Arbetsförmedlingen*.

The Swedish situation is therefore paradoxical in that the country has a very high participation rate and relatively high unemployment. For example, the French activity rate is much lower, despite an unemployment rate of a similar level⁵.

The labor market is tight today, despite a still high unemployment rate, which reflects a matching problem, with unemployed people not being qualified or not applying for positions offered by companies. In 2022, 45% of employers reported difficulties in recruiting for unfilled positions⁶. The *Arbetsförmedlingen* thus estimates that 129,240 jobs were vacant in November 2022.

⁵ OECD 2022 data.

⁶ *Statistics Sweden* 's 2022 report on labor shortages by industry in Sweden.

1.1.3.2. Unemployment rate is highest for groups furthest from employment

Unemployment is higher among low-skilled workers and recent immigrants. For example, the employment rate of foreign-born women aged 15-64 is 20 percentage points lower than that of Swedish-born women. In Sweden, unemployment lasts on average 45.8 weeks for immigrants, compared to 35.6 weeks for Swedes.⁷

Table 4 Share of population type in the unemployed and employed population and employed in Sweden in November 2022

Type of population	Unemployed population	Population in employment
Swedish	38,8 %	76,5 %
Immigrants	61,2 %	23,5 %

Source: Statistics Sweden.

It is also high among young people (15-24 years), where it reached 20.1% in October 2022. This is due to the regulation that in case of layoffs, the last hired are the first to be laid off, which favors the oldest workers in the company.

The unemployment rate is lower than the national average in the regions on the periphery of the capital region Stockholm-Uppsala, in contrast to the peripheral region of Copenhagen in the south⁸.

1.1.4. Labor law strictly regulates dismissals for employees with more than two years of service in the same company

The Swedish employment protection system has strict rules on dismissal (see Box 2). box 2). In particular, protection is strongest for employees who have been with the company the longest and who are dismissed. The following apply:

- ◆ a "last in/first out" rule for mass layoffs;
- ◆ a preferential right to be rehired in the same company in the future⁹. Employees who have been made redundant have a right to be rehired in the company that made them redundant: they can make use of this right and be recruited as a matter of priority if a new position is opened. This right is subject to the condition that the dismissed employee must have been working for the company for an effective period of time. For holders of an open-ended contract, they must have worked for more than one year in the last three years. For holders of a fixed-term contract, it is necessary to have worked at least nine months over the last three years.

In cases of dismissal, unemployment benefits are subject to registration with the *Arbetsförmedlingen*. Dismissed persons who are members of a trade union can apply for additional unemployment compensation: the redundancy assistance, *Avgångsersättning* (AGE, see 1.1.5.2). 1.1.5.2).

Box 2 Swedish legislation on the termination of employment contracts

The law¹⁰ governs the law of employment contracts and provides, as in France, for two types of contracts: fixed-term and open-ended employment contracts:

⁷ Statistics Sweden, in November 2022.

⁸ Written response from the International Labour Organization to the mission, January 2023.

⁹ Law 1982:80 of 24/02/1982, article 25.

¹⁰ Law 1982:80 of 24/02/1982, completed by law 2022:836.

Annex VI

- a decision to dismiss must be based by the employer on objective grounds (Law 1982:80, Article 7). These reasons can be: lack of work or circumstances related personally to the employee. The dismissal is not valid if the dismissed person can be placed in another position with the expected skills;
- a dismissal takes effect after a certain notice period. The employer is obliged to send the employee a document with all the conditions and clauses governing the employment relationship. (Law 1982:80, article 6 c) In particular, for contracts of indefinite duration, the employer must inform the employee of the notice periods that apply to his contract. The employer is free to adapt the notice period, but must respect a minimum notice period provided for by law (cf. table 5). **The legislator does not provide for a minimum notice period for employees with less than two years of service in the company;**

**Table 5 Minimum notice periods for dismissal
according to the employee's seniority in the company**

Employee's seniority in the company	Minimum notice period
Between 2 and 4 years old	2 months
Between 4 and 6 years old	3 months
Between 6 and 8 years old	4 months
Between 8 and 10 years old	5 months
More than 10 years	6 months

Source: Law 1982:80, Article 11.

- immediate dismissal can only take place if the employee has seriously failed in his obligations towards the employer. The immediate dismissal must be motivated by elements of which the employer was aware at least 2 months before the decision to dismiss (Law 1982:80, article 18). These principles can then be applied and specified in different ways in different sectors, as industry and inter-industry agreements are frequent in Sweden.

Source: Law 1982:80.

1.1.5. Unemployment compensation is based on several complementary offers to reach a reference level of compensation

Unemployment compensation is particularly complex in Sweden. There are three different types of unemployment benefits:

- ◆ when an active person becomes a job seeker and has taken out basic unemployment insurance and supplementary insurance, both of which are optional and managed by competing unemployment insurance funds;
- ◆ when an individual receiving unemployment insurance is undergoing an active *labor market policy (ALMP)*, such as training or job placement. Unemployment benefits are paid, for the duration of the measure, by the national social insurance fund, which is separate from the unemployment insurance funds;
- ◆ when an individual is not or no longer covered by unemployment insurance, he or she can benefit from minimum social benefits.

1.1.5.1. Unemployment insurance is optional

There are **two basic unemployment insurance schemes**, depending on whether the job seeker is insured with an unemployment insurance fund (*A-Kasse*) or not^{11,12} :

¹¹ Law 1997:238 on unemployment insurance.

¹² Unemployment compensation in Sweden, Unédic, July 2022.

Annex VI

- ◆ **If insured with one of the 24 private A-Kasse** (voluntary membership), **the job seeker receives benefits proportional to previous earnings¹³**;
- ◆ **If the job seeker is not insured with an A-Kasse, he or she receives a lump-sum benefit** for all eligible unemployed persons. This scheme is managed by the Alfa fund.

Box 3 Conditions for joining and remaining in an unemployment insurance scheme

General conditions for receiving unemployment insurance (for both plans):

- be registered with the *Arbetsförmedlingen* ;
- Be available for employment and able to work a minimum of 3 hours per day and 17 hours per week;
- have worked for at least 6 months in the last 12 months (at a minimum of 60 hours per month); or 420 hours over a consecutive 6-month period (at a minimum of 40 hours in each of these months).

Specific conditions attached to each plan:

- **for the voluntary plan:** be a member of an *A-kasse* for at least one year;
- **for the non-contributory scheme: you must** not be a member of an *A-kasse* or have been a member for less than one year. You must also be at least 20 years old, as the assistance is not available to younger people.

These conditions are reassessed by the employment counselor as the job search progresses and the assistance is received.

Source: Arbetsförmedlingen; Law 1997:238 on unemployment insurance.

The duration of the benefit is the same for both schemes: 300 days. Persons with a dependent child under 18 years of age can obtain an additional 150 days of benefit. Unemployment compensation ends when the unemployed person returns to work. **In 2019, the average benefit period was 153 days¹⁴**. A combination of the benefit and income from an activity (part-time or occasional) is possible under certain conditions.

Unemployment benefits range from **€1,415** per month for a person receiving the flat-rate benefit to **€2,526** per month for a person receiving the proportional benefit for the first 100 days, and then €2,110 per month for the next 200 days (see Box 4). box 4).

Box 4 Unemployment benefit amounts

For the compulsory scheme with the non-contributory basic allowance system:

- The allowance is 510 SEK per day (47,19 € per day¹⁵, 1 415 € per month);
- the allowance is 255 SEK per day (23,59 € per day, 707 € per month) for people who have worked part-time (20 hours per week).

For the optional plan with the proportional allowance system:

- the amount corresponds to 80% of the reference income for the first 200 days of compensation and then 70% of the reference income for the last 100 days.
- the reference income is the average daily income over a 12-month period
- the allowance is capped at 910 SEK per day (84.2 € per day, 2,526 € per month) for the first 100 days, then capped at 760 SEK (70.32 € per day, 2,110 € per month) for the next 200 days.

If a new period of compensation is opened, the amount of the allowance may be of two levels, the most favorable rate will be used:

- equal to 80% of the reference income for the work performed, used to open new compensation rights;
- equal to 65% of the reference income used to establish initial rights.

¹³ Law 1997:239 on unemployment funds.

¹⁴ Unédic survey of the PES Network in 2021, Unédic report on unemployment compensation in Sweden.

¹⁵ Exchange rate on November 14, 2022: 0.093 euros for 1 Swedish crown.

Annex VI

Source: Unédic; Association of unemployment funds "Sveriges A-kassor".

Box 5 The financing of unemployment insurance

Unemployment insurance is funded by :

- **State subsidies** (social security contributions are added to the state budget);
- A-kasse **membership fees** for the optional scheme. The membership fees are set annually by law and depend on three parameters: the number of members; the amount of benefits paid; and the number of daily allowances. In 2020, these fees covered about 25% of the total cost of unemployment benefits.

The level of appropriations for 2019, by *Arbetsförmedlingen*, for unemployment insurance is SEK 13.1bn (€1.2bn), or 0.23% of GDP. Of the total social security expenditure in 2021, 8% was spent on non-contributory benefits and allowances in the labor market area (SEK 21 bn, or €1.9 bn), which is 0.37% of GDP.

The new government is proposing a strengthening of the activation credits paid to companies, encouraging a return to employment: the 2023 budget bill provides for an investment of SEK 5.8 billion in 2023¹⁶ to maintain the level of compensation increased during the 2020 pandemic. The government plans to maintain the planned relaxations in the waiting period and the length of time a person must work to qualify for unemployment insurance until December 31, 2023.

Source: Unédic; Arbetsförmedlingen's 2022 report on unemployment insurance in Sweden.

1.1.5.2. The supplementary unemployment insurance schemes depend on membership in a trade union

Swedes can take out **two types of supplementary unemployment insurance**, which increase the level of the unemployment benefit replacement rate:

- ◆ **Avgångsersättning (AGE) severance pay**, which applies to employees covered by a collective agreement. About 80% of Swedish employees work in companies covered by collective agreements.¹⁷ This compensation is administered by three organizations called "Employment Security Councils": TRR for companies; TSL for industries and TSN for civil servants. These three councils are financed by contributions from affiliated employers, at a rate of 0.3% of the uncapped payroll. The amounts of the allowance paid vary by council. **The amount of the EGA is capped at 70% of the beneficiary's pre-unemployment salary;**
- ◆ **Inkomstförsäkring income insurance**, also known as union compensation. In Sweden, trade unions and unemployment insurance funds are not always the same thing (see Box 6). Some unions offer an additional benefit to their members, *Inkomstförsäkring* ("income insurance"). **With this supplement, the amount of compensation can be up to 80 percent of the uncapped reference wage.** About 55-60% of employees are eligible for this benefit.

Box 6 Unionization and the evolution of the unionization rate in Sweden

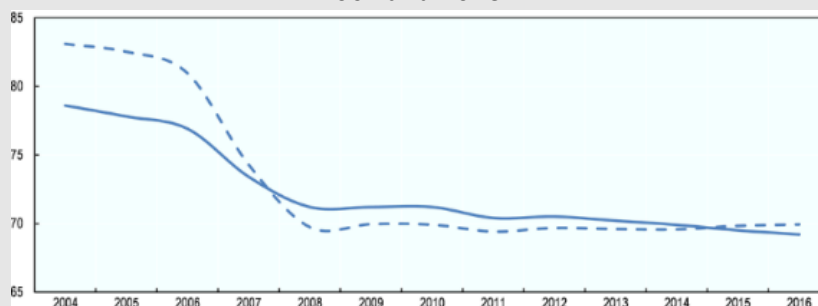
There are 25 trade unions in Sweden affiliated to three confederations. Most unemployment funds are affiliated to a union. The unionization rate in Sweden is 74% for managers and 61% for workers (according to the OECD).

Some unions propose a system of unemployment compensation with its own unemployment fund.

¹⁶ <https://www.regeringen.se/pressmeddelanden/2022/11/bibehallen-niva-i-a-kassan/>

¹⁷ <https://www.unionen.se/rad-och-stod/avgångsersättning-age>

Chart 5 Changes in unionization and unemployment insurance membership rates between 2004 and 2016¹⁸

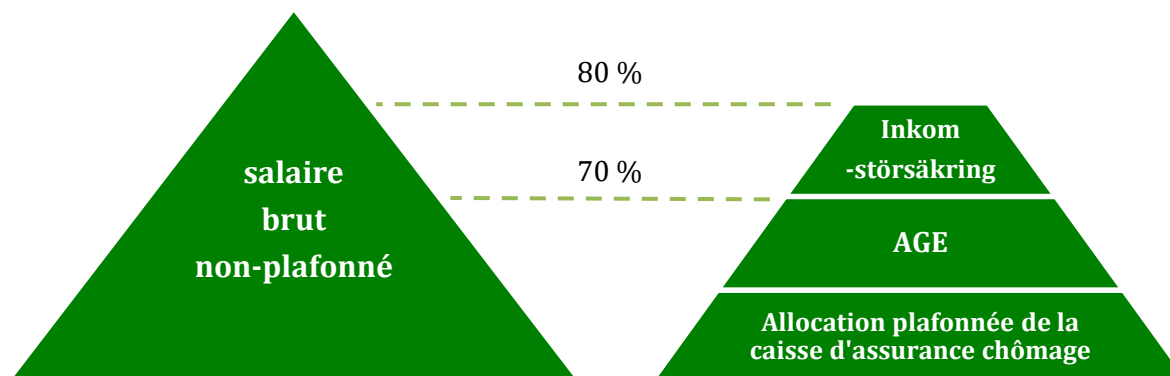


Source: OECD¹⁹

The latest developments in Sweden show that union membership fell by more than 10 per cent between 2004 and 2008. Initially lower than the unionization rate, the unemployment fund membership rate has fallen less and is now at the same level as the unionization rate.

Source: OECD, Mission.

Chart 6: Representation of basic and supplementary replacement income in Sweden



Source: Unédic, 2022 report on unemployment insurance in Sweden.

Reading note: The amount of the unemployment benefit is 80% of the gross wage with a ceiling. This amount is reached by the accumulation of three kinds of payments: the payment from the unemployment fund, the payment from the AGE and then the payment from the trade union. The two payments (AGE and Inkomstförsäkring) complete the compensation of an unemployed person, whose benefits from the unemployment fund are capped.

1.1.5.3. Unemployment benefits for jobseekers who are undergoing an active job search measure (ALMP) are paid directly by the national social insurance fund

When an individual receiving unemployment insurance follows an unemployment activation measure (an *active labour market policy (ALMP)* in the international literature), such as training or work experience, unemployment benefits are paid, for the duration of the measure, by the national social insurance fund, which is distinct from the unemployment insurance funds²⁰. This distinction then has consequences for the sanctioning procedure.

¹⁸ The solid curve represents the unionization rate and the other curve the rate of use of unemployment funds. In Sweden, there is no automatic relationship between the union and the unemployment fund. Some unions have their own unemployment funds.

¹⁹ <https://www.oecd-ilibrary.org/sites/9789264306943-11-en/index.html?itemId=/content/component/9789264306943-11-en>

²⁰ Arbetsförmedlingen, presentation to the mission, Thursday 1 December 2022.

Annex VI

Of the 338,000 job seekers registered in the second quarter of 2022, 55% are receiving unemployment insurance and active measures, and therefore have their benefits paid by the national social insurance fund.

Table 6 Distribution of different types of job seekers of 338,000 registered job seekers (Q2 2022)

Type of job seekers	% of job seekers registered at the Arbetsförmedlingen
Unemployment insured in ALMD	55 %
Unemployment insured not ALMD	34 %
Remaining PES enrollees	11 %

Source: Arbetsförmedlingen, presentation to the mission, Thursday 1^{er} December 2022.

1.1.6. Job seekers can benefit from social minima

1.1.6.1. Minimum income

Ekonomiskt bistånd ("financial assistance")²¹ is a temporary allowance paid by the municipality for anyone who cannot afford to support themselves. The municipality's social services determine eligibility for this assistance, which requires monthly justification from the applicant.

The amount is 4,250 SEK (390 €) for a single adult and 6,950 SEK (638 €) for a couple. A supplement is added per number of children at home, which depends on the age of the child (from 2,200 SEK (€220) for a child under one year old to 4,070 SEK (€374) for a 19-20 year old).

These allocations represent SEK 15 billion for the municipalities in 2021, or €1.35 billion, i.e. **0.25% of Swedish GDP**.

1.1.6.2. Housing aids

Housing subsidies are paid by the Swedish Social Insurance Agency, Försäkringskassan²².

A single person without children under the age of 29 is entitled to a housing allowance from the National Social Security Fund. The conditions are: a gross annual income of less than SEK 86,720 (€ 7,956 or less than € 663 per month) and a rent of more than SEK 1,800 (€ 165).

Families with children can receive a monthly housing allowance²³ with a maximum of SEK 3,400 (€312) per month if they have one child living at home, SEK 4,200 (€386) if they have two or more children living at home and SEK 5,200 (€477) if they have three or more children living at home.

²¹ <https://www.socialstyrelsen.se/kunskapsstod-och-regler/omraden/ekonomiskt-bistand/>

²² <https://www.forsakringskassan.se/privatperson/arbetssokande/bostadsbidrag>

²³ <https://www.forsakringskassan.se/privatperson/foralder/bostadsbidrag-till-barnfamiljer>

1.2. Organization of the public employment service (PES): an initially centralized system that the 2019 reform, outsourcing much of its activity, has profoundly transformed

1.2.1. The structure of the PES is very vertical and centralized around two major poles: on the one hand, the political block, composed of the Ministry of Employment and the Parliament, and on the other hand, the national agency *Arbetsförmedlingen*

Swedish employment policy is centralized (cf. chart 7 and box 9). The ministry and parliament set the direction of the PES, and *Arbetsförmedlingen*, the national public operator, implements employment policy. The social partners and local authorities have only a limited role²⁴.

Parliament, on the proposal of the Swedish Ministry of Employment (*Arbetsmarknadsdepartementet*), defines the terms and conditions of unemployment compensation, the job search assistance measures, as well as the main orientations of the agency in charge of its implementation: the *Arbetsförmedlingen*.

The Swedish Public Employment Service is defined in the Act 2007:1030 and amended by Ordinance 2022:811 of 7 June 2022.

Box 7 Definition of PES in Swedish law

<p style="text-align: center;"><i>Article 1</i></p> <p>The Public Employment Service is responsible for the public employment service and its labor market policy activities.</p>
<p style="text-align: center;"><i>Article 2</i></p> <p>The Public Employment Service strives to improve the functioning of the labor market by:</p> <ul style="list-style-type: none">▪ Effectively bringing together job seekers and job seekers;▪ giving priority to people who are far from the labour market;▪ contribute to a sustainable increase in employment over the long term.
<p style="text-align: center;"><i>Article 3</i></p> <p>The activity of the Public Employment Service aims at :</p> <ul style="list-style-type: none">▪ it is carried out in an efficient, uniform and legally secure manner,▪ job seekers and employers have access to an equivalent service across the country,▪ it is adapted to the different conditions and needs of the different regions of the country,▪ it leads to increased geographical and professional mobility of job seekers,▪ it is adapted to the individual's situation,▪ it does not distort the conditions of competition in the labor market,▪ it does not contribute to the displacement of jobs, unless this can be justified by labor market policy; and▪ it promotes diversity and gender equality and combats employment discrimination and gender segregation in the labor market. Executive Order (2015:138).

Source: Law 2007:1030.

The Ministry of Employment oversees the work of the *Arbetsförmedlingen* by setting the general guidelines for the PES²⁵ (see Box 8). box 8).

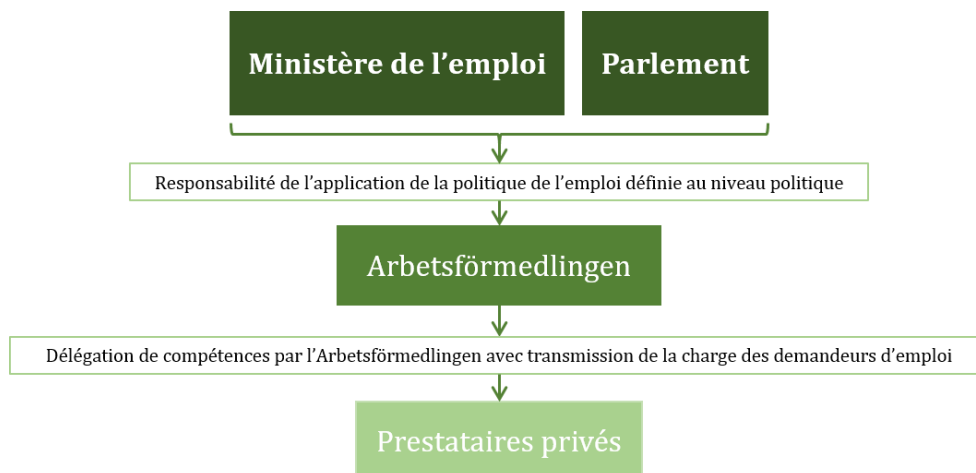
²⁴ Law 2007:1030.

²⁵ SFS 2022:593, which essentially reiterates that the Ministry of Employment is hierarchically superior to the *Arbetsförmedlingen*.

Annex VI

In 2019, a profound reform of the *Arbetsförmedlingen* led to outsource a large part of its activities to private providers.

Chart 7 PES governance structure in Sweden



Source: Mission.

Box 8 Structure and organization of the Swedish Ministry of Employment

- The Minister is assisted by two secretariats (legal and operational support) and five units (labor market, labor law and environment, equality, human rights and equality, European and international affairs).
- Of the 5,000 agents available to the government at the central level, distributed among 12 ministerial divisions, the Ministry of Employment has 158 agents (10^{ème} position), compared to the 10,000 agents of the employment agency.

Source: <https://www.regeringen.se/sveriges-regering/arbetsmarknadsdepartementet/>

1.2.2. *Arbetsförmedlingen*, the main operator of the PES, has been deeply transformed in 2019

1.2.2.1. *The Arbetsförmedlingen is the sole operator of the PES*

***Arbetsförmedlingen* is the main public operator of the Swedish PES.** It was established in 2007, by law 2007:1030. Before 2008, the PES was highly decentralized (see Box 9). box 9). The *Arbetsförmedlingen* is under the responsibility of the Ministry of Employment (cf. chart 7), the operator is administered by a board of directors and a management team (cf. box 10).

Box 9 Box 9: A highly decentralized organization previously at *Arbetsförmedlingen*

Prior to 2008 and the 2007 reform (Act 2007:1030), each of Sweden's 21 counties had a regional employment board, headed by a Swedish Labour Market Board (the AMS), responsible for managing employment policies.

Each commission was a member of the Swedish Labour Market Agency (AMV), a Swedish supervisory authority for the PES, established in 1947. The AMV was the structure that combined the AMS and the regional boards. The *Arbetsförmedlingen* takes over the competences of the AMV and the AMS.

Source: Arbetsförmedlingen, Mission.

The law assigns five tasks to the *Arbetsförmedlingen*²⁶, which are:

²⁶ The tasks of the *Arbetsförmedlingen* are detailed in the law 2007:1030.

Annex VI

- ◆ Administering unemployment insurance and social assistance, ensuring that it functions as a transitional insurance;
- ◆ organize and carry out the accompaniment of job seekers, manage the services offered to job seekers and monitor the job search of the unemployed;
- ◆ manage the service to the companies and manage the service providers;
- ◆ The *Arbetsförmedlingen* ensures that the actors of the PES are well coordinated and that the IT systems function properly;
- ◆ evaluate the effectiveness of employment policies and produce statistics.

The agency has a centralized structure and **112 branches** throughout the country, divided into **seven regional divisions**²⁷. 88 of these branches are permanent offices, and 24 are offices to which the *Arbetsförmedlingen* teams visit regularly. The 120 *Statens Servicecenters*, which are located close to the France Service houses, provide Swedes with first-level information about the PES.

Box 10 Governance of the *Arbetsförmedlingen*

Arbetsförmedlingen, as the main PES operator, is under the direction of the Swedish Ministry of Employment. The operator has two levels of governance:

- the managing director of the *Arbetsförmedlingen* is appointed by the ministry. The general manager organizes the management team by appointing its leading members;
- *Arbetsförmedlingen* has a decision-making body. The members of the board of directors are appointed by the Minister of Employment and take strategic decisions concerning the main operator. Today, the board of directors is composed of company managers, *Arbetsförmedlingen* executives and elected politicians²⁸.

Source: Arbetsförmedlingen.

1.2.2.2. In 2019, a profound reform of the PES led to a 30% reduction in the number of employees of the *Arbetsförmedlingen* and the outsourcing of a large part of the support of job seekers

Following the 2018 parliamentary elections, which saw the progression of the center-right liberal party, it was decided to liberalize the support of job seekers.

The activity of the *Arbetsförmedlingen* has been concentrated on the monitoring, analysis and macroeconomic steering of the labor market; the proper functioning of the labor market and the good coordination of the actors of this market; the implementation of common tools. Contacts with the public have been reduced to the management of digital tools, the first telephone interview, and the accompaniment of the public in greatest difficulty. The support of the other publics was entrusted to private service providers. The selection and monitoring of these service providers has become an important activity of *Arbetsförmedlingen*.

The number of employees at *Arbetsförmedlingen* fell from 16,000 to 11,000 in three years, including 4,500 departures in one year as part of the largest redundancy plan in the country's modern history.

²⁷ Law 222:593 on the regional division of certain administrative authorities.

²⁸ *Arbetsförmedlingen*'s board of directors has nine members as of January 2023. Of these members, three are politicians, two are from *Arbetsförmedlingen* (the operator's managing director and the director of legal affairs), one is from the Swedish senior administration (director of the national debt), two are business leaders and one is a professor.

Annex VI

The role of private providers is therefore very important. The *Arbetsförmedlingen* has developed extensive procedures for monitoring their activity, and their funding is based on the results obtained. These results are based on the number of jobseekers placed and the distance to employment of these jobseekers. The funding has three parts:

- ◆ funding per unemployed person and for each period of unemployment registration;
- ◆ funding based on the performance of the provider, paid in three installments after the unemployed person returns to work, with the last payment being made 12 months after the person leaves the support program if he or she is still employed;
- ◆ additional specific support for jobseekers who require more intensive support (e.g. language courses).

1.2.2.3. The budgetary means of the PES

The *Arbetsförmedlingen* receives a letter of regulation from the Ministry of Employment detailing the main objectives of the PES for the coming year. In order to achieve these objectives, and based on the budgetary data of the previous years, the operator has to draw up a budget and financing proposal²⁹. The budget proposed by *Arbetsförmedlingen* must be approved by the Swedish Parliament.

Arbetsförmedlingen presents an annual budget of SEK 75.91 bn³⁰ (€6.75 bn³¹) in 2020. This budget is down 20.00% from 2018 and now represents about 0.12% of Sweden's GDP. Benefit expenditures accounted for 55.10% of *Arbetsförmedlingen*'s expenditures in 2020, while active labor market policy costs accounted for 9.59% of *Arbetsförmedlingen*'s total expenditures in 2020³².

Arbetsförmedlingen is characterized by a high use of training: trainings were prescribed to 42.9 percent of job seekers in the last four weeks of 2016³³. The mission was able to obtain more information about *Arbetsförmedlingen*'s means and expenditures to pay for training services and to use private providers (cf. table 7).

Table 7 Budgets for training and use of private providers in *Arbetsförmedlingen*

Type of expenses	Budgets
Training budget	<ul style="list-style-type: none"> ▪ vocational training: SEK 1,282 million (€114 million) in 2021 and SEK 967 million (€86 million) in 2022; ▪ other training: SEK 671 million (€60 million) in 2021 and SEK 477 million (€42 million) in 2022.
Budget of private providers	<ul style="list-style-type: none"> ▪ coaching and support services: SEK 3,206 million (€285 million) in 2021 and SEK 2,575 million (€229 million) in 2022; ▪ training: SEK 473 million (€42 million) in 2021 and SEK 411 million (€37 million) in 2022.

Source: Information provided to the mission by the *Arbetsförmedlingen* on January 13, 2023.

Note for the reader: The exchange rate on January 13, 2023, of 1 SEK for 0.089 €.

²⁹ Regulation 2000:605 and 2000:606.

³⁰ Report of the *Arbetsförmedlingen* on its budget for the year 2020 and its forecast for the years 2021 to 2024.

³¹ Exchange rate on January 17, 2023 of 0.089 euros for 1 Swedish crown.

³² Report of the *Arbetsförmedlingen* on its budget for the year 2020 and its forecast for the years 2021 to 2024.

³³ OECD, CEDEFOP.

1.2.2.4. The human resources of the PES

In 2021, *Arbetsförmedlingen* has an annual workforce of 10,240 employees³⁴.

Table 8 Total staff of the *Arbetsförmedlingen* by year

Year	2017	2018	2019	2020	2021
Annual headcount	13 243	12 726	10 705	8 671	10 240
Average employees	14 554	14 064	12 257	10 735	11 087

Source: Annual report 2021 of the Arbetsförmedlingen.

The *Arbetsförmedlingen* cost forecast report³⁵ shows that the *Arbetsförmedlingen* intends to lay off about one third of the PES employees. Taking into account the transfer of competences for activation, job search support and training of job seekers to private service providers, this would mean a redundancy of about 4,500 FTEs.

1.2.3. Regions and municipalities participate in the PES through coordination groups and financial associations

The law provides for participation and cooperation between the *Arbetsförmedlingen* and the regions and municipalities³⁶. This cooperation takes place in financial matters and in the contribution to the activation efforts of job seekers. An area of cooperation is planned and managed by associations of all these institutions (*Arbetsförmedlingen*, regions, municipalities and the Social Insurance Agency, *Försäkringskassan*)³⁷.

These funding coordination associations have six missions defined by law (see Box 11). box 11). The missions can be summarized as follows: organizing dialogue, setting goals, allocating funds, and conducting an impact evaluation.

The funds invested by these coordinating associations are aimed at developing and improving training opportunities for the retraining of job seekers (see Box 11). box 11). The existence of these associations is not compulsory and they are complementary to the work done by *Arbetsförmedlingen*. The Swedish Social Insurance Agency, the regions and the municipalities finance its services. This overlapping of competences appears to be an additional complexity of the Swedish system.

Box 11 Definition of PES cooperation by law

Law 2007:1030, Article 14

For the same purpose, *Arbetsförmedlingen* must cooperate with *Försäkringskassan* (social insurance), municipalities and regions in accordance with the Act (2003:1210) on the financial coordination of rehabilitation measures. Decree (2019:1063).

Law 2003:1310, Article 2

Financial coordination actions are targeted to individuals requiring coordinated rehabilitation efforts and are intended to achieve or improve their ability to engage in gainful employment.

Law 2003:1310, Article 5

Försäkringskassan will contribute half of the funds to the financial coordination. The participating region(s) contribute one quarter of the funds and the participating municipality(ies) one quarter.

Law 2003:1210, Article 7

³⁴ Annual report 2021 of the *Arbetsförmedlingen*

³⁵ *Arbetsförmedlingen* cost forecast report for the years 2019-2022.

³⁶ Law 2007:1030, article 14.

³⁷ Act 2003:1210 and Act 2019:914; there is no general association.

Annex VI

The task of a coordination group is to !

- 1. Decide on the objectives and directions of financial coordination;
- 2. Supporting cooperation among stakeholders;
- 3. To finance the activities referred to in Article 2 which are the joint responsibility of the cooperating parties;
- 4. Decide on the use of funds available for financial coordination;
- 5. Monitoring and evaluation of rehabilitation measures;
- 6. to prepare the annual budget and accounts for the financial coordination.

Source: Law 2007:1030.

1.2.4. Today, Arbetsförmedlingen sees itself as a hub for many players in the labor market

The Swedish system is more complex than the other models studied in that:

- ◆ **Unemployment benefits are the responsibility of many actors** (*A-Kasse, Alfa Kasse, National Social Insurance Fund, municipalities*);
- ◆ **The outsourcing of jobseeker support** has increased the number of actors involved in the organization of the PES in Sweden;
- ◆ **The municipalities have competences related to education**, which partly overlap with some of the competences of the *Arbetsförmedlingen*.

In this context, *Arbetsförmedlingen* sees itself as a *hub* at the center of the many actors that can intervene in the labor market (see chart 8). This situation is all the more difficult for the mission to understand since it was not able to visit any local agencies or meet with private service providers during its visit to Stockholm, and only had discussions with the *Arbetsförmedlingen*'s central administration teams.

Chart 8 Presentation of the different PES stakeholders



Source: Arbetsförmedlingen, presentation to the mission, Thursday 1^{er} December 2022.

2. State of play on the five priority themes of the mission

2.1. Operational coordination of the different actors of the PES : a highly centralized and integrated system through a common IS

Sweden has implemented an interconnection of the information systems of 90% of the municipalities and major national agencies, called SSBTEK.

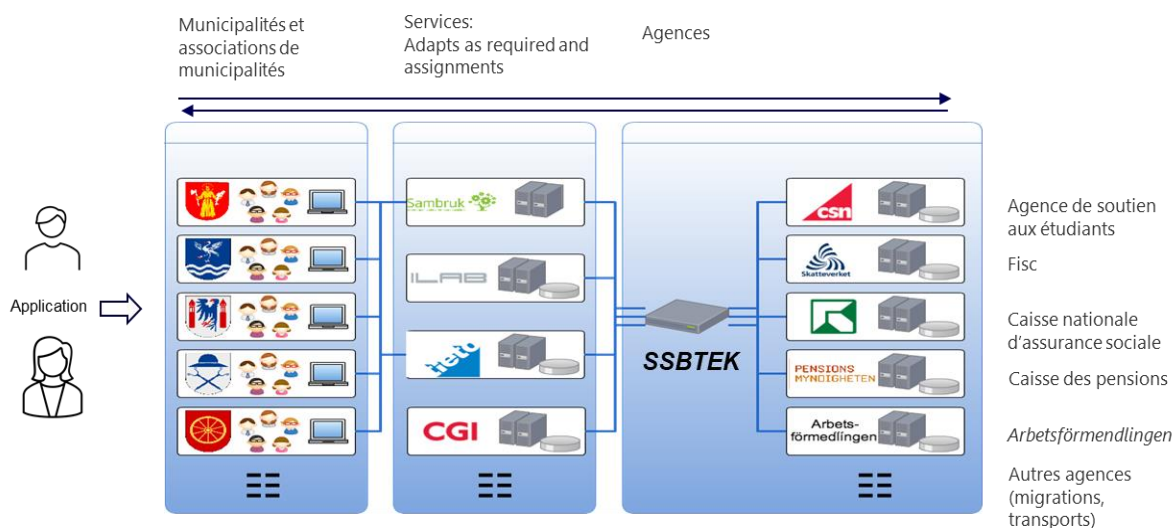
Box 12 SSBTEK, an integrated information system

SSBTEK is a platform for information exchange between agencies, municipalities and governmental organizations. The system provides an overview of all benefits paid to recipients by several actors. SSBTEK is managed by *Försäkringskassan*.

This information exchange platform only concerns information about financial benefits paid to beneficiaries. The information provided by the *Arbetsförmedlingen* on the SSBTEK platform may only concern financial information (law 2001:453).

Source: Försäkringskassan.

Chart 9 SSBTEK information system



Source: Arbetsförmedlingen, presentation to the mission, Thursday 1^{er} December 2022.

2.2. Diagnosis of jobseekers: the initial diagnosis of jobseekers is based on a telephone interview conducted by an *Arbetsförmedlingen* advisor using artificial intelligence

The job seeker must register on the *Arbetsförmedlingen* website to receive unemployment benefit. The registration gives the job seeker an identification number that allows him/her to apply for unemployment benefit at the unemployment fund.

The *Arbetsförmedlingen* bases the initial diagnosis on a telephone interview (cf. box 13), **supported by artificial intelligence.** This digital assessment tool is based on personal data provided by the job seeker at the time of registration. Automatic profiling is based on personal

Annex VI

data (personal information, field and level of qualification, skills and personal experience) and professional data (previous professional experience)³⁸.

With this telephone interview, the *Arbetsförmedlingen* assesses the job seeker's distance to employment and determines whether he or she is independent or vulnerable. The initial diagnosis determines the support of the job seeker in his or her search for work.

If the jobseeker is certain to find a job within the next three months, the *Arbetsförmedlingen* automatically generates a personal return-to-work plan (see Box 14) and places the jobseeker in an autonomous support modality.

Box 13 The planning meeting, the first interview of the *Arbetsförmedlingen* with the job seeker

The objective of the first interview is to organize the unemployed person's job search and to place them in activation programs. The counselor will propose activities to the unemployed person.

For this first interview, the job seeker is not received in an *Arbetsförmedlingen* branch office. The first contact is made by telephone.

The planning meeting is divided into four parts: the competences; the position sought; the support that the *Arbetsförmedlingen* will provide to the jobseeker and the definition of the structure of the support.

In order to carry out the initial diagnosis, the employment counselor relies on the job seeker's skills, previous positions held, his or her CV, and the unemployed person's wishes and motivations. The job seeker is encouraged to work on his or her CV and professional project before the meeting.

The unemployed person can apply for the non-contributory unemployment insurance scheme if he or she is not affiliated with an unemployment fund. The employment counselor will examine this application and the financial situation of the job seeker during this first interview.

Source: *Arbetsförmedlingen* (<https://arbetsformedlingen.se/for-arbetssokande/arbetslos---vad-hander-nu/infor-planeringssamtalet>).

2.3. Support for job seekers: *Arbetsförmedlingen* only provides online resources for the most independent job seekers and uses private service providers to support the least independent unemployed

2.3.1. The job seeker's support is determined by his or her distance from the job

Following the initial diagnosis carried out during the first telephone interview (see Box 13) box 13), job seeker support can therefore take three forms:

- ◆ if the job seeker is sufficiently autonomous and has prospects of returning to work within three months, the **job seeker is left on his own**. Job seekers will be able to rely on the digital tools of the *Arbetsförmedlingen* ;
- ◆ if the job seeker is less autonomous and has limited prospects of returning to work within three months or needs to specify his or her return-to-work project, **the job seeker is referred to a private service provider who will be responsible for accompanying him or her**. In this case, the job seeker will use the *KROM* application to choose his private service provider (see 2.3.2);
- ◆ If the job seeker is particularly vulnerable or too far away from the labor market, **he or she is supported by the *Arbetsförmedlingen***. The mission has no further information on the support provided to these groups.

³⁸ <https://arbetsformedlingen.se/om-webbplatsen/juridisk-information/bedomning-och-profilering>

Following the diagnosis, these support methods and the job search objectives are defined in a personal plan for returning to work, which the job seeker must follow. All jobseekers have a personal plan for returning to work, regardless of their distance from the job (see box 14).

Box 14 The Personal Return to Work Plan for Job Seekers

The first interview leads to the definition of a personal plan for returning to work. This plan is accessible via the unemployed person's profile on the *Arbetsförmedlingen* website.

This plan establishes the steps to be followed: the activities to be carried out; the objectives of return to employment and the desired professional projects.

The personal plan is updated with the monthly statements of the job seeker. It contains all the information about the discussions with the *Arbetsförmedlingen* counselors.

Source: Arbetsförmedlingen.

Jobseekers can change their support modality. Depending on the ability to return to work and the development of the jobseeker's personal situation, the *Arbetsförmedlingen* can change the support modality of an unemployed person (e.g. from independent support to outsourced support).

If the jobseeker is sure to find a job within the next three months, *Arbetsförmedlingen* automatically generates a personal plan for returning to work (see box 14) and places the jobseeker in an autonomous support mode. In particular, for those who are considered to be the most autonomous, *Arbetsförmedlingen* offers digital resources and video-conference interview slots with an advisor from the operator. These people are required to declare their activity in the monthly activity report (see 2.4.1 and box 16).

2.3.2. The *Arbetsförmedlingen* makes extensive use of private service providers, but allows jobseekers to choose a service provider from a predefined list to support them

The jobseeker chooses the private provider who will be responsible for his or her support from a list of providers offered by the *KROM* system. All people placed by *Arbetsförmedlingen* in outsourced support use the *KROM* platform. Today, this tool only concerns 21%³⁹ of job seekers in Sweden.

The *KROM* system (cf. box 15) is a digital platform that uses artificial intelligence to match a job seeker with private providers. The artificial intelligence of the *KROM* system provides job seekers with a list of private providers tailored to their initial diagnosis. Job seekers freely choose a private provider from the list compiled by *Arbetsförmedlingen*'s artificial intelligence.

Box 15 The *KROM* platform

KROM is a platform run by *Arbetsförmedlingen* that connects job seekers with private support providers. Approximately 70,000 jobseekers are registered on this platform, which is about 21% of the jobseekers registered with *Arbetsförmedlingen* in 2022.

The *KROM* platform uses artificial intelligence to form groups of job seekers and match them with private providers.

During the first telephone interview, *Arbetsförmedlingen* uses artificial intelligence to assess the jobseekers' distance to employment. The *Arbetsförmedlingen* completely refers the low-skilled but not vulnerable public to a support organized by a private provider. The number of jobseekers who will be placed in outsourced support is divided into three categories (cf. table 9) according to their probability of returning to work as calculated by the AI. Each job seeker is thus affiliated with a "*KROM Track*".

³⁹ Elements transmitted by the International Labour Organization in January 2022.

Annex VI

Table 9 Division into three numbers of jobseekers for whom the <i>Arbetsförmedlingen</i> uses outsourced support			
KROM Track	The distance to employment of these job seekers	Share of staff in total staff to outsourced support	Approximation of the total number of beneficiaries
A	Closest to employment	18 %	12 600
B	People in the middle of the road	38 %	26 600
C	Those furthest from employment	44 %	30 800

Source: Presentation of the Arbetsförmedlingen to the mission.

Note: Of the 70,000 placed by Arbetsförmedlingen in an outsourced support program, 12,600 are judged to be close to employment, 26,600 have intermediate difficulties, and 30,800 are judged to be further from employment.

Arbetsförmedlingen establishes a list of private providers for each "KROM Track". The job seeker chooses a private provider from the list of his program. To assist the job seeker in his choice, the KROM platform provides:

- A description of the provider and the services it offers;
- an overview of its results and performance with a rating (a gradation from one to four stars).

Source: Presentation of the Arbetsförmedlingen to the mission.

In particular, the *Arbetsförmedlingen* uses private service providers for three tasks:

- ◆ for the training of job seekers ;
- ◆ for coaching and intensive follow-up of job seekers;
- ◆ for the placement of job seekers in subsidized employment and internships.

2.3.3. The *Arbetsförmedlingen* monitors and controls the selected private providers

***Arbetsförmedlingen* draws up nationwide service contracts with private companies specializing in coaching and training.** These national contracts are adapted by the local *Arbetsförmedlingen* offices and the service providers to the needs of the jobseekers. *Arbetsförmedlingen* organizes a regional consultation with private service providers.

In addition to the services provided to job seekers, private service providers have certain obligations towards the *Arbetsförmedlingen* :

- ◆ Private providers must submit a **monthly report** to the *Arbetsförmedlingen* on their activities in general and in particular with each supported job seeker;
- ◆ if a jobseeker returns to work or leaves the services of the private provider, the company must submit a **final report on** the provider's activities with the unemployed person, the former jobseeker's past and future needs, and recommendations to the *Arbetsförmedlingen* on what follow-up it should do.

***Arbetsförmedlingen* has opted for a performance-based model of management and financing of private providers.** The performance of private providers is assessed on the basis of :

- ◆ performance indicators, such as the number of beneficiaries, the characteristics of the jobseekers supported, the range of offers proposed, the frequency of contacts. For example, the KROM platform uses 30 performance indicators to rate providers;
- ◆ surveys of job seekers that attest to the quality of the services provided.

The *Arbetsförmedlingen* has a composite financing of private providers: with a fixed part and a high variable part (cf. table 10). The aim is to give private providers an incentive to get job seekers out of unemployment as quickly as possible.

Table 10: *Arbetsförmedlingen's* fee schedule for payment to providers

Track	Fixed payment (per day)	Variable payment	Efficiency bonus
A	4,89 €	1 804,7 €	646,1 €
B	5,55 € or 6,68 €.	2,223.2 € or 2,881.5	725,1 € or 880,2 €.
C	7,99 €	3 369,6 €	1 056,1 €

Source: Presentation of the Arbetsförmedlingen to the mission.

Note: Exchange rate of 1 USD for 0.94 €; the Arbetsförmedlingen considers the support by the provider to be successful if the job seeker works or studies continuously for a period of at least four months.

2.4. Monitoring of the job search: the sanctions are based on the findings of the monthly activity report that the job seeker must provide to the *Arbetsförmedlingen*

2.4.1. In Sweden, job search monitoring is based on the monthly activity report of jobseekers, and reports from counselors and providers

Whether or not job seekers are left on their own, they must honor the commitments in their support plan and remain available and active in their job search. Jobseekers must submit a monthly activity report⁴⁰ (see box 16). 300,000 activity reports are sent to *Arbetsförmedlingen* each month, 97 percent of which are in digital format⁴¹.

Referrals can be made by counselors and private providers.

The analysis and control of these reports and alerts have recently been nationalized and industrialized. Algorithms (cf. box 17) analyze all the activity reports and then transmit the simplest cases directly to the decision-makers for sanctions (see *below*) and to specialized teams for more complex cases.

Box 16 The mandatory monthly activity report for job seekers

Jobseekers must provide the *Arbetsförmedlingen* with a monthly activity report on their job search. This activity report is binding for all jobseekers, regardless of the distance to the job or the category of support chosen.

The monthly activity report must be turned in by the job seeker between 1^{er} and 14^{ème} day of the month. The unemployed person must report the progress of his or her job search by stating:

- the jobs he/she applied for during the period;
- internships, professional training and studies completed during the period;
- the number of interviews or contacts with the *Arbetsförmedlingen* ;
- updates related to CV, situation and personal initiatives.

Job seekers should not mention their medical situation in this activity report. However, unemployed persons may attach to this activity report any documents they deem useful for understanding their situation. These documents will be consulted and processed by the job counsellors of the *Arbetsförmedlingen*.

Approximately 300,000 activity reports are submitted monthly to *Arbetsförmedlingen* by job seekers, 97% of which are submitted digitally only.

Source: Presentation of the Arbetsförmedlingen to the mission.

⁴⁰ In a message sent to the mission on January 13, 2023, the *Arbetsförmedlingen* states that the most self-sufficient jobseekers are not required to fill out and send to the operator a monthly activity report. Only the most self-sufficient jobseekers who receive unemployment insurance or social assistance are required to complete and send the monthly activity report.

⁴¹ *Arbetsförmedlingen*, presentation to the mission, Thursday 1 December 2022.

Box 17 A Digital Sanctioning Mechanism

Arbetsförmedlingen uses artificial intelligence for the application of sanctions. Jobseekers have to submit their activity report within fixed deadlines. If an unemployed person does not submit his or her activity report on time, a sanction is automatically issued. A notification is automatically sent to the job counsellor who must review the job seeker's case.

For jobseekers in more difficult situations and for those who have provided additional information to the *Arbetsförmedlingen*, the sanction is not automatic and the case is managed "manually".

Approximately 50% of the cases are reviewed manually per month by the *Arbetsförmedlingen*.

Source: 2020 Report on Automatic Sanctions of the Arbetsförmedlingen.

2.4.1.1. Reasons for sanctioning

Job seekers can be sanctioned for three reasons⁴² (see table 11).

Table 11 Reasons for Sanctions for Job Seekers

Reason for sanction	Details of the reason for the sanction
Causes its own unemployment	<ul style="list-style-type: none"> ▪ dropping out of an activation program or job without good reason ; ▪ push an employer to cancel a training course, force the employer to terminate employment.
Voluntarily extends his unemployment	<ul style="list-style-type: none"> ▪ refusal of a proposed job; ▪ absence from interviews ; ▪ refusal of an activation program.
Does not manage their job search well and does not make enough effort to find a job	<ul style="list-style-type: none"> ▪ not participating in the definition of his or her return-to-work plan ; ▪ not submitting the activity report on time; ▪ Not having contacted or visited a private provider in time; ▪ do not apply for a job offered by a counselor; ▪ not applying for enough positions in relation to its objectives (statement made in the activity report); ▪ not participate in the proposed ALMP measures.

Source: Arbetsförmedlingen.

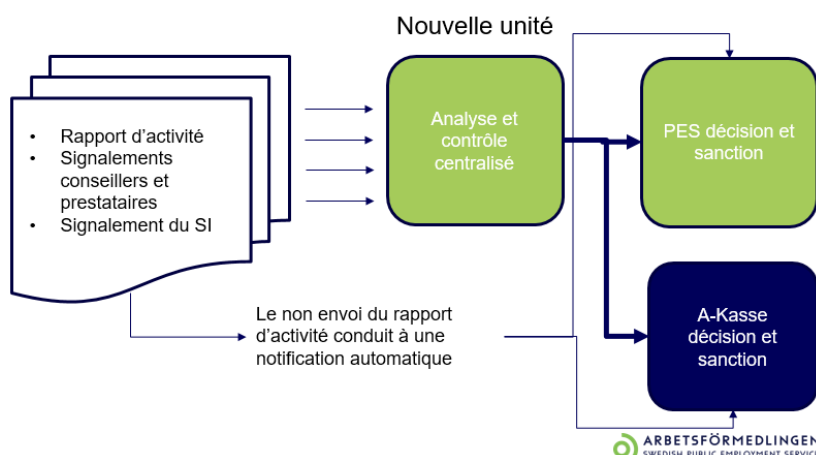
2.4.1.2. Investigation of sanctions

Sanctions are assessed differently depending on the status of the job seeker (cf. chart 10) :

- ◆ If the applicant is covered by unemployment insurance and is following an active measure to return to work (the benefit is therefore paid by the national social insurance fund, see *above* unemployment compensation), **the Arbetsförmedlingen alone decides** on the sanctions to be taken;
- ◆ If the job seeker is covered by unemployment insurance and does not follow an active measure to return to work, **the Arbetsförmedlingen informs the unemployment fund, which then decides on sanctions;**
- ◆ If the job seeker is not covered by unemployment insurance, he cannot be sanctioned by the *Arbetsförmedlingen*. If the job seeker is covered by the *Ekonomik Bistand* (see *above*), the municipality has access to the PES information system and can find out whether the job seeker regularly sends his or her activity report to the *Arbetsförmedlingen*. However, it does not have access to the content of the activity reports.

⁴² *Arbetsförmedlingen*, presentation to the mission, Thursday 1 December 2022.

Chart 10 Organization of control and sanctions



Source: Arbetsförmedlingen, presentation to the mission, Thursday, 1 December 2022.

The centralization of sanctions has made it possible to standardize the processing of alerts throughout the country, to drastically reduce the number of failures to transmit alerts to sanction decision-makers (from 20% to 0.4% before and after centralization), and to increase the number of sanctions (see below).

2.4.1.3. The sanctions

The sanctions follow an ascending system, as described in the table below (cf. table 12).

Table 12 Sanctions for job seekers by reason for sanction and status of the job seeker (insured or not by an unemployment fund)

Sanction by ED type and reason by warning	Poor job search management ⁴³		Extension of unemployment		If the ED causes unemployment	
	Allowance paid by an unemployment insurance fund	Allowance paid by the National Social Insurance Fund	Allowance paid by an unemployment insurance fund	Allowance paid by the National Social Insurance Fund	Allowance paid by an unemployment insurance fund	Allowance paid by the National Social Insurance Fund
1st	Simple warning		5 days		45 days	No rights
2nd	1 day		10 days		45 days	No rights
3rd	5 days		45 days		End of rights	No rights
4th	10 days		45 days	45 days + reduction in fees	No rights	No rights
5th	End of rights	45 days + reduction in fees	End of rights	More rights	No rights	No rights

Source: <https://arbetsformedlingen.se/for-arbetssokande/arbetslos---vad-hander-nu/villkor-nar-du-har-ersattning-fran-a-kassan>; <https://arbetsformedlingen.se/for-arbetssokande/extra-stod/ersattning-och-franvaro/villkor-for-din-ersattning-i-program>; Law 2021:27.

⁴³ Poor job search management includes poor or insufficient effort in the job search.

Annex VI

Note: This table presents the sanctions for the three identified reasons for sanction. The sanctions differ according to the status of the unemployed person: whether or not the job seeker is a member of an unemployment insurance fund. The sanctions are graduated and increase according to the number of warnings. The days indicate the duration of the suspension of unemployment compensation rights.

A total of 681,000 sanctions were issued in 2021. The mission has details of the sanctions for ALMP applicants, whose cases are managed by the *Arbetsförmedlingen*, who were subject to 302,000 of the total sanctions (cf. table 13) :

- ◆ 53% for not sending their activity report;
- ◆ 24% for not having applied to enough offers;
- ◆ 15% for not participating in ALMP measures.

An interesting point highlighted by *Arbetsförmedlingen* during the mission's visit was the incentive nature of this system, and particularly the activity report, which led to an **increase in the number of monthly applications per job seeker between 2018 and 2021, from 4/month to 6.8/month**. It should be noted, however, that these numbers are declarative.

Table 13 Sanction Statistics (2021)

Actions	Number	Comments
Notifications to A-Kasse	901 000	40% manually 60% automatically
Sanction A-Kasse	340 000*	
PES Notifications	593 000	64% manually 36% automatically
PES Sanctions	302 000	53% for not sending their activity report 24% for not having applied to enough offers 15% for not participating in ALMP measures
Activity reports sent per month	341 000	Average per month
Monthly applications per job seeker	6.8/month	4/month in 2018

Source: Arbetsförmedlingen, presentation to the mission, Thursday, 1 December 2022.

2.5. Business services : *Arbetsförmedlingen* sets up a job bank and offers placement services to companies

Arbetsförmedlingen offers a range of services to companies, which the mission did not have the opportunity to observe. However, a presentation was made to the mission during its visit to Stockholm

On a national level, the *Arbetsförmedlingen* offers:

- ◆ **a job platform "Platsbanken"**⁴⁴ . All Swedish or European companies employing in Sweden⁴⁵ can place job offers on this platform. An artificial intelligence validates the advertisement but the *Arbetsförmedlingen* can refuse an advertisement or contact the company to request a modification of the published offer;
- ◆ **candidate pre-selection and job preparation services;**
- ◆ **the signing of national agreements with certain industries**, notably mining, transport and agriculture, to set up suitable procedures for finding jobseekers interested in these sectors, which often have strong geographical mobility constraints;

⁴⁴ <https://arbetsformedlingen.se/for-arbetsgivare/rekrytera/annonsera-i-platsbanken/annonseringsvillkor>.

⁴⁵ Companies whose registered office is located outside the European Union cannot place ads.

Annex VI

- ◆ **a strong international activity to bring in foreign workers in the most sought-after skilled occupations** (doctors, veterinarians, teachers, engineers), supported by 30 *European Employment Service* (EURES) advisors and 6 *targeted mobility scheme* (TMS) administrators.

At the local level, according to the mission's interlocutors, there are no specialized "business" agents. Instead, "employment" advisors are the link to the companies. The *Arbetsförmedlingen* had at one time separated the two functions, but returned to the principle of mixed advisors, judging this organization to be more efficient. **According to oral information gathered by the mission during its field visit,** there are **600** of these **mixed advisors**.