

Labour market change  
**COVID-19:**  
**Policy responses across Europe**



# COVID-19: Policy responses across Europe



**When citing this report, please use the following wording:**

Eurofound (2020), *COVID-19: Policy responses across Europe*, Publications Office of the European Union, Luxembourg.

---

**Authors:** Tina Weber, John Hurley, Martina Bisello, Christine Aumayr-Pintar, Jorge Cabrita, Stavroula Demetriades, Valentina Patrini, Sara Riso and Oscar Vargas Llave

**Research manager:** Tina Weber

**Research project:** EurWORK quarterly updates

**Provider:** Network of Eurofound Correspondents

**Acknowledgements:** Many thanks to Matthias Rasche who was instrumental in the design and implementation of the COVID-19 EU PolicyWatch database and all the Eurofound colleagues who contributed to information gathering and quality assurance.

---

**Luxembourg:** Publications Office of the European Union

**Print:** ISBN 978-92-897-2090-8      doi:10.2806/246405      TJ-02-20-441-EN-C

**PDF:** ISBN 978-92-897-2091-5      doi:10.2806/927109      TJ-02-20-441-EN-N

This report and any associated materials are available online at <http://eurofound.link/ef20064>

© European Foundation for the Improvement of Living and Working Conditions, 2020

Reproduction is authorised provided the source is acknowledged.

For any use or reproduction of photos or other material that is not under the Eurofound copyright, permission must be sought directly from the copyright holders.

Cover image: © Sam Wordley/Shutterstock

Any queries on copyright must be addressed in writing to: [copyright@eurofound.europa.eu](mailto:copyright@eurofound.europa.eu)

*Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.*

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

**European Foundation for the Improvement of Living and Working Conditions**

**Telephone:** (+353 1) 204 31 00

**Email:** [information@eurofound.europa.eu](mailto:information@eurofound.europa.eu)

**Web:** [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

# Contents

	<b>Executive summary</b>	<b>1</b>
	<b>Introduction</b>	<b>3</b>
<b>1.</b>	<b>Background</b>	<b>5</b>
	Economic fall-out of COVID-19	5
	Sectoral impact	5
	Employment effects	6
<b>2.</b>	<b>Overview of policy responses</b>	<b>9</b>
	EU-level policy responses	9
	National policy responses	10
<b>3.</b>	<b>Ensuring business continuity and support for essential services</b>	<b>17</b>
	Mobilisation of a larger workforce	17
	Remuneration and rewards for workers in essential services	17
	Change of work arrangements	18
	Smoothing frictions or reallocation of workers	19
<b>4.</b>	<b>Supporting businesses to stay afloat</b>	<b>21</b>
	Access to finance	21
	Deferral of payments	21
	Direct subsidies	22
<b>5.</b>	<b>Employment protection and retention</b>	<b>25</b>
	Income support for people in employment: Short-time working	25
<b>6.</b>	<b>Protection of workers at the workplace</b>	<b>31</b>
	Teleworking arrangements and remote working	31
	Occupational health and safety	34
	Well-being of workers	35
<b>7.</b>	<b>Income protection beyond short-time work</b>	<b>37</b>
	Extensions of income support to workers not covered by any kind of protection scheme	37
	Paid sick leave for workers in quarantine or self-isolating	40
	Income support for the unemployed	41
	Support for parents and carers	42
<b>8.</b>	<b>Measures to prevent social hardship</b>	<b>47</b>
	Keeping a safe home	47
	Preventing over-indebtedness	48
	Access to healthcare	48
	Protection of vulnerable groups (beyond employment support)	48
	Provision of services in-kind	49
<b>9.</b>	<b>Conclusions</b>	<b>51</b>
	<b>References</b>	<b>53</b>

# Executive summary

## Introduction

The effect of the COVID-19 pandemic on the lives of individuals and societies, including on the economy and labour markets, is unprecedented. The impact of the global health emergency has placed a growing number of businesses under threat, putting the jobs of more and more workers at risk and impacting the livelihoods of many citizens. Policymakers moved swiftly in an effort to mitigate the social and economic effects on businesses, workers and citizens. Eurofound's COVID-19 EU PolicyWatch database (Eurofound, 2020b) provides information on initiatives introduced to cushion these effects. This report draws on the content of this database of around 500 policy initiatives as of April 2020. It aims to provide an overview of both large-scale government measures and collective agreements impacting on larger groups of workers and sets this into the context of the evolving labour market situation.

## Policy context

At EU level, a package of measures has been adopted aimed at supporting jobs and businesses. This includes the relaxation of EU state aid rules and the application of the full flexibility of EU fiscal rules to allow governments to provide liquidity to the economy to support businesses and jobs. A €540 billion emergency rescue package adopted in April 2020 includes a pan-European Guarantee Fund established by the European Investment Bank, which provides €200 billion in financing for companies (particularly SMEs) and the creation of a new fund of up to €100 billion to support Member States implementing short-time working schemes in an effort to safeguard jobs during the COVID-19 pandemic (known as the SURE<sup>1</sup> initiative). The flexibility of the use of the Structural Funds has also been increased to allow Member States to transfer money between different funds and regions to mitigate the impact of the pandemic.

On 27 May 2020, Commission President Ursula von der Leyen announced plans to borrow €750 billion to support recovery efforts in the EU. This initiative must first be unanimously approved at national level.

## Key findings

- The economic and labour market consequences of the COVID-19 pandemic are likely to be more serious than those of the global financial crisis of 2008–2009, which led to recession in the period 2008–2013. EU GDP growth projections have been revised from +1.5% to -7.5% and the European Commission's Economic Forecast for Spring 2020 predicts a steep rise in EU unemployment levels from 3.7% in 2019 to 9.2% in 2020, with the effects persisting into 2021 (European Commission, 2020a).
- Precise impacts are difficult to predict and depend on the dynamics of the virus spread, the impact of containment measures and the potential accessibility of a vaccine and treatment. Beyond this, the economic and employment effects will greatly depend on the effectiveness of measures introduced to keep businesses afloat and to secure employment and incomes – as well as their sustainability.
- Due to the nature of the health emergency and associated containment measures, the effects on businesses and workers vary from sector to sector, with activities requiring physical proximity and mobility likely to be more significantly affected in the short and medium term (for example, live arts/entertainment, hotels and restaurants, sports and leisure, as well as transport and tourism).
- Evidence is emerging that in addition to those employed in essential services, workers with a higher share of 'teleworkable' tasks are less likely to be at risk of job loss. This could serve to place vulnerable, low-skilled and low-paid workers – a group already severely impacted by economic shocks as previous recessions have shown – at a further disadvantage, as the 'teleworkability' of their jobs tends to be lower.
- Data gathered in the Eurofound *Living, working and COVID-19 survey* and the Commission's spring 2020 Economic Forecast also indicates that the job prospects for younger workers are again more likely to be detrimentally affected by the economic downturn, with the potential of longer-term scarring effect – as evidenced in the aftermath of the global financial crisis of 2008–2009. According to the Eurofound survey, women are also more likely to be negatively impacted as they are more likely to work in the sectors affected by the shut-down.

---

1 SURE stands for 'Support to mitigate Unemployment Risks in an Emergency'.

- The EU and Member States have reacted swiftly, expending significant resources in an effort to mitigate the impact of the pandemic on businesses, workers and citizens. In March–April 2020, the Eurofound COVID-19 EU PolicyWatch database recorded around 300 new and 200 amended legislative and other policy measures seeking to address the economic, labour market and social impact of the coronavirus pandemic.<sup>2</sup>
- The majority of measures recorded (35%) were aimed at supporting businesses to stay afloat, while close to 20% sought to protect incomes (beyond short-time working) and 13% focused on the protection of employment (mostly linked to short-time working).
- Initiatives to support businesses primarily took the form of non-repayable grants targeting the self-employed, micro and small businesses (37%), with deferral of payments and eased access to low cost (state-backed) finance also granted to allow enterprises to overcome the short- to medium-term impact of full or partial closure and loss of revenue and enable them to cover ongoing running costs.
- Around 70% of measures to protect employment were linked to short-time working, with all EU Member States and the UK now offering such schemes, although these remain very different in terms of eligibility, replacement rates offered, duration and funding arrangements. Income replacement rates range between 50–100%, with both low replacement rates and caps clearly significantly impacting incomes during the application of such measures. Although in some cases access has been widened to include additional groups (such as temporary workers), this is not the case for all groups of workers in all countries and eligibility thresholds can also preclude access to support. It remains unclear for how long such schemes will be maintained and remain sustainable, particularly at low cost to the employer, although in some countries application periods have already been extended.
- Another feature of the COVID-19 response was the extension of income support to groups not previously covered (such as the self-employed and workers on temporary contracts), demonstrating the possibility to find (at least temporary) solutions to long-standing policy debates in the face of impending hardship for groups often most directly impacted in the context of economic crisis situations.
- The fact that despite the widespread adoption of income protection measures, many individuals and families suffered dramatic reductions in income is demonstrated by measures introduced to defer rent and mortgage payments.
- The Eurofound *Living, working and COVID-19* survey revealed the stark situation in April 2020: 38% of respondents reported that their financial situation had deteriorated and 47% reported difficulties in making ends meet – a figure rising to 87% among unemployed individuals.<sup>3</sup> Among them, close to 30% were already in arrears in relation to utility bills and 22% were in arrears on rent or mortgage payments, with one-fifth fearing for the stability of their accommodation due to rent arrears. In addition to the extension and easing of access to unemployment benefits, a number of other measures offering financial or in-kind benefits have been introduced. Although many are specifically aimed at groups that faced disadvantage already prior to the pandemic (such as the homeless and low-paid), the speed and dramatic nature of the onset of the crisis meant that initiatives to protect or defer rental or mortgage payments, for example, have become a lifeline for many households whose income dropped dramatically overnight.
- Significant focus was also placed on supporting essential services in the face of increased demand, including measures to mobilise a larger workforce and relocating workers from sectors experiencing declining demand. While some countries offered inducements to workers in these sectors, others moved to suspend labour rights temporarily (such as the right to strike) to overcome what have often been long-standing bottlenecks in labour supply.
- The designation of the crisis as a health emergency also required the implementation of specific measures to support parents in the face of the closure of schools, crèches and other care facilities and to extend access to paid sick leave for workers quarantining or self-isolating. However, most of the recorded measures were explicitly targeted at working parents whose work had not been suspended, or otherwise affected and who are not working from home, leaving the high number of teleworking parents without such support.
- In 54% of the cases where new or amended legislation was drafted, the social partners were neither involved nor consulted. This was higher in countries with traditionally high levels of social partner involvement and in areas where their inputs tend to be greater, such as employment protection and the evolution of short-time working schemes.

<sup>2</sup> The database provides just a snapshot of the main policy measures implemented, with contributors from the Network of Eurofound Correspondents asked to focus on the most significant measures in terms of budget and target group reach.

<sup>3</sup> 10% reported 'great difficulties', 13% 'difficulties' and 24% 'some difficulties' in making ends meet.



# Introduction

The impact of the COVID-19 pandemic on the lives of individuals and societies, including on the economy and labour markets, is unprecedented in modern history. All countries have implemented regulations or recommendations to apply social/physical distancing, impacting first on sectors with direct face-to-face or client contact and gradually forcing other business activities to shut down or reorient their working arrangements, particularly following the declaration of the spread of the novel coronavirus as a global pandemic on 11 March 2020. The speed and severity with which economic consequences have taken hold demonstrate the knock-on effect of the containment measures necessary to control the spread of the virus, with large parts of the economy effectively in hibernation for several months (European Commission, 2020a).

The impact of the global health emergency has placed a growing number of businesses under threat, putting the jobs of more and more workers at risk and impacting the livelihoods of many citizens, particularly financially vulnerable groups already struggling with debt issues. Policymakers – including governments, support institutions, social partners and other social actors – moved swiftly in an effort to mitigate the social and economic effects on businesses, workers and citizens, often taking measures which would have been unthinkable only months ago, or had been under discussion without progress for many years prior to the outbreak of the pandemic.

Eurofound's [COVID-19 EU PolicyWatch database](#) (Eurofound, 2020b) provides information on initiatives introduced to cushion the social and economic effects on businesses, workers and citizens. Drawing on the content of this database of around 500 policy measures, this report sets out to provide an overview of both large-scale government measures and collective agreements impacting on larger groups of workers, framing this in the context of the evolving labour market situation.<sup>4</sup>

It is clear that any attempt to map the economic and employment impact of the COVID-19 pandemic and the associated policy response means shooting at a moving target. At the time of writing, many countries across the globe, including in the European Union, are taking steps towards the gradual re-opening of the economy and public life. The economic, employment and individual toll the pandemic is likely to take in the medium to longer term critically depends on the extent to which the health impact of the resumption of economic and public life can be controlled – including the likelihood of a second wave of the pandemic and the associated potential for the reversal of some of the containment relaxation measures.

Furthermore, this impact also depends on the effectiveness of the policy measures which have been put in place in different countries. As the situation is evolving, new initiatives are being implemented, and existing ones changed or cancelled and replaced at a rapid pace. This report takes a snapshot of the situation as of mid-April 2020. The COVID-19 EU PolicyWatch database will be updated in July and October 2020 to incorporate new policy initiatives, as well as information on the actual uptake of the main measures. An update of the mapping of policy responses adopted by different countries will be included in a forthcoming evaluation report entitled *COVID-19: Some implications for employment and working life* (Eurofound, forthcoming-a). This report will assess in more detail the implementation and effectiveness of some of the key measures adopted to support businesses, safeguard employment and protect citizens from hardship, including short-time working (STW) schemes, measures to support the self-employed and micro businesses, and steps that could be seen as moving towards providing a universal minimum income.

---

<sup>4</sup> A number of company specific measures are also included in the database, but are not elaborated in this report.

# 1 Background

## Economic fall-out of COVID-19

The economic and labour market consequences of the COVID-19 pandemic are predicted to be more serious than those of the 2008–2009 global financial crisis, just over a decade ago. According to ILO modelled estimates, global working hours in the second quarter of 2020 are expected to be 10.5% lower than in the fourth quarter of 2019 (equivalent to 305 million full-time jobs worldwide), with somewhat higher impacts in the major developed economies including the EU (ILO, 2020). EU GDP growth projections for 2020 have been revised from +1.5% to -7.5% in the Commission's latest spring 2020 Economic Forecast, with rather different projections for the severity of the slump and the nature of the subsequent recovery in different countries (European Commission, 2020a).

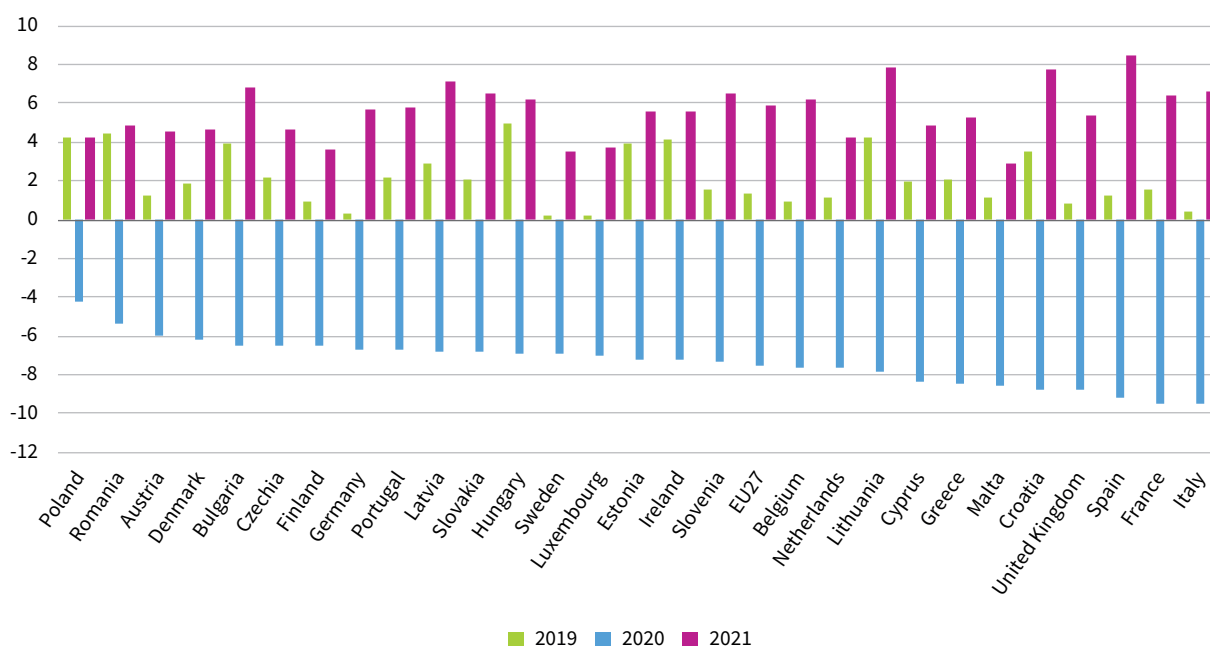
The two large, recent global recessions have been quite different, both in their origins and the rapidity of their economic effects. The current 'global lockdown' is a direct result of state action: the containment measures adopted with varying levels of strictness by national governments to combat the spread of the virus. These have included shutting down places of education, non-essential retail outlets and leisure and hospitality businesses, restrictions or bans on movement within countries and between countries, as well as bans on

social gatherings and other physical distancing measures. These deliberate policy decisions to prioritise public health objectives have been taken in the full knowledge that they would cause significant collateral damage to economic activity. The measures adopted have been instrumental in closing many workplaces, in many cases at short notice, sometimes literally overnight. The 2008–2009 global financial crisis, by comparison, originated in dysfunctions in private markets, principally in the financial sector. These then transmitted to other sectors via the processes of recessionary contraction of credit, demand and business activity over a period measured in years rather than weeks.

## Sectoral impact

The labour market effects of the 2008–2009 global financial crisis were experienced primarily in two capital-intensive sectors, construction and manufacturing, where employment reductions of the order of 10–20% were recorded at EU aggregate level – much higher contractions were recorded in some countries, particularly in construction. Service sectors – which account for over two-thirds of EU employment – were relatively less affected. Because of its specific origins, the current COVID-19 crisis has initially affected

Figure 1: GDP per capita (percentage change on previous year, 2019–2021), EU27 and the UK



Source: European Commission (2020a)



service sectors most, especially those reliant on social gatherings and physical proximity: live arts/entertainment, hotels and restaurants, sports and leisure, and transport, as well as all tourism-related activities (European Commission, 2020b).

The containment regulations have differentiated in the first instance between essential services and sectors (such as agriculture and pharmaceutical production, utilities, transport, health and some forms of retail) and non-essential (such as leisure and hospitality). Non-essential services have been subject to closure and suspension or restriction of all activity, albeit with part exemptions – for example, in relation to restaurant take-away services. Employment in essential services (‘frontline work’) has continued, although subject to physical distancing protocols and the wearing of personal protective equipment (PPE). For some such sectors, notably the retail of basic, everyday products (such as food, cleaning products and toiletries) and online retail, there is evidence of increasing employment to meet heightened demand (displaced from existing high-street retailers or from closed activities such as restaurants).

While the list of sectors considered essential or non-essential follows similar patterns across countries, there are interesting exceptions. This is the case of education, for instance, which is considered essential in Italy, mostly essential in Germany and non-essential in Spain. The difference is moot, however, as each of the containment decrees in Germany, Italy and Spain also refer to the importance of maintaining activity via teleworking in all sectors, whether considered essential or not (European Commission, 2020b). In practice, most education has continued to operate online. Other non-essential but ‘teleworkable’ activities would include most professional service activities (research, advertising, consultancy, legal, and so on). In practice, economic activity and employment has proved resilient in these teleworkable sectors as well as in essential services/production sectors. Together, these two categories are estimated to account for just over half of aggregate EU employment. On the other hand, work has largely ceased in the closed sectors (such as hospitality and leisure). These account for around 10% of EU employment but this rises to 13% and above in countries with sizeable tourist industries (including Greece, Ireland and Spain) (European Commission, 2020b). Many other sectors – notably air transport – while not legally closed have suffered sharp declines in activity due to loss of demand.

## Employment effects

Official survey data on unemployment from household surveys operate at a significant lag and are therefore unable to offer a real-time picture of what is happening in the labour market.<sup>5</sup> This is especially the case given the abruptness of COVID-19 related developments. The most recent Eurostat data (21 May 2020) show EU unemployment rising by a very modest 0.1 percentage points (pp) in March 2020, from 6.5 to 6.6%, though with higher increases for both women (+0.3 pp) and younger workers (+0.4pp) (Eurostat, 2020).<sup>6</sup> The real-time impacts have been many orders of magnitude greater. Administrative data or ad-hoc adjustments to national official surveys provide some evidence.

At the end of April 2020, there were applications for short-time working by over 10.1 million employees in Germany, compared to 3.3 million throughout 2009, the peak crisis year of the global financial crisis (Reuters, 2020). This represents around a quarter of the German workforce. In France, 12.7 million employees were receiving partial activity (*chomage partiel*) payments in mid-May 2020 (DARES, 2020), representing nearly half the workforce. In Ireland, while the official unemployment rate in April 2020 was barely changed at 5.4%, the ‘COVID-adjusted unemployment rate’ was 28.2%, taking account of workers and businesses availing of temporary pandemic unemployment entitlements and wage subsidies.

Some alternative sources based on internet surveys – including the Eurofound *Living, working and COVID-19* survey (Eurofound, 2020d) – have also provided additional, more up-to-date information regarding employment: for example, on the increased incidence of teleworking. This has proved a refuge for many workers, although its advantages have been heavily skewed towards those with higher qualifications and higher earnings (Möhring et al, 2020; Adams-Prassl et al, 2020). Over a third (37%) of the EU workforce are estimated to have started teleworking since the onset of the crisis (Eurofound, 2020d).

More broadly, differences in labour market impacts by sector have important distributional consequences. The sectors most affected during the global financial crisis were primarily male-dominated, with a concentration of mid-paying employment. The sectors most affected by COVID-19 closure have been mainly female-dominated, as women tend disproportionately to work in sectors with high levels of social interaction – precisely those

<sup>5</sup> In addition, the key statistical measure of unemployment is ill-adapted to cover the impacts of a crisis where many workers retain an employment relationship while not currently working (on ‘furlough’) and where those who have lost their jobs may not be actively seeking work with so many workplaces inactive.

<sup>6</sup> It is notable that the increase in unemployment in the US was significantly higher (standing at more than 40 million in May 2020 – an unemployment rate of 14.7% compared to 4.4% in March 2020), partly as a result of the focus placed in EU countries on employment retention measures such as short-time working.

most affected by physical distancing measures (Alon et al, 2020). Employment in sectors subject to closure by decree was mainly female (56% versus 46% across all sectors), young (28% versus 18% aged 30 or under across all sectors) and low-paid. It was also more likely to be temporary or self-employed (European Commission, 2020b).

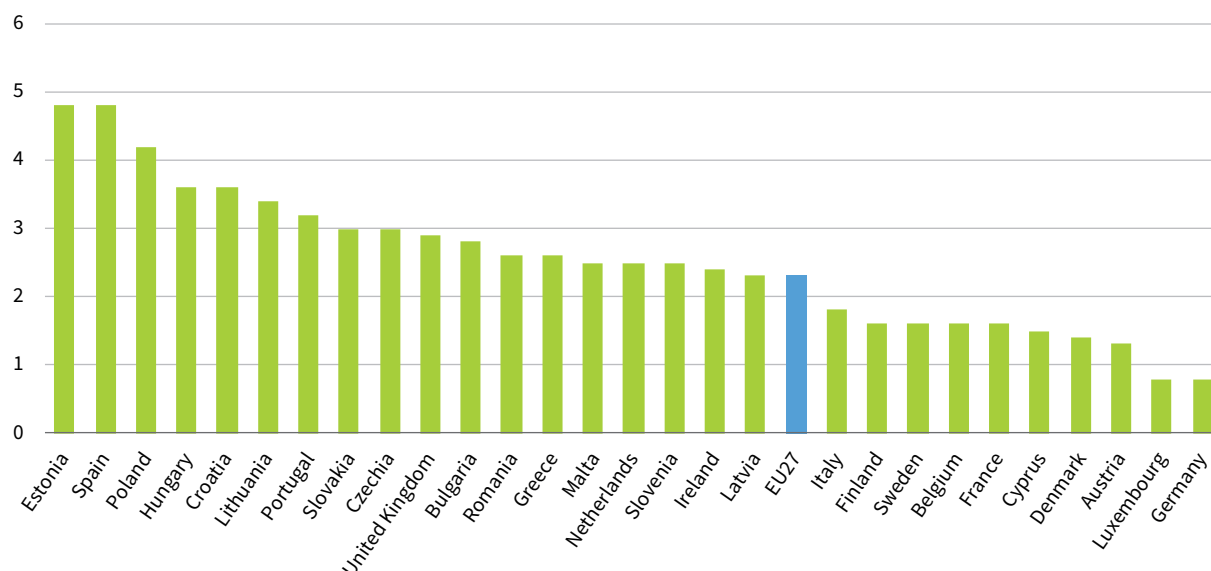
These are all categories where potential buffers of savings and human capital are less able to offer financial protection or labour market alternatives. And many of the employing businesses, notably in restaurants and bars, are small, financially vulnerable and less likely to remain commercially viable in a context of persistent physical distancing restrictions.<sup>7</sup> In recent history, pandemics have tended to increase inequalities (Furceri et al, 2020). Because vulnerable groups are those most exposed to the employment fall-out of COVID-19, this is likely to be even more telling the case in the present pandemic.

The immediate and dramatic nature of the COVID-19 lockdown has as its corollary an optimism that a return to pre-crisis normality will result from successful public health interventions that last – at least in their initial, severe form – a matter of months rather than years.

In this way, the persistent effects on economic activity would be less likely to occur. At the time of writing, there is some evidence of normalisation as virus incidence declines but little clarity on how long some restrictive measures could continue. Much depends on the dynamics of virus spread and containment which can still only be modelled with a large measure of error. In the absence of mass vaccination, there is the prospect of renewed outbreaks. It is very likely that workers in the sectors currently most affected (hospitality and leisure, air travel) will face very uncertain employment prospects in the medium term, as these are also the sectors where any resumption of activity is expected to be partial and tentative, where demand will remain weak and where business failures are most likely as a result. These threats hanging over labour market prospects are reflected in the unemployment projections presented in the Commission's spring 2020 Economic Forecast, which predicts a steep rise in EU unemployment from 3.7% in 2019 to 9.2% in 2020 and lasting effects into 2021, with unemployment predicted to remain at 7.6%.

As was the case in the global financial crisis, young people are also likely to be more significantly impacted (Eurofound, 2020d).

**Figure 2: Projected rise in unemployment, 2020 compared to 2019, EU27 and the UK (pp)**



**Note:** pp stands for percentage points

**Source:** European Commission (2020a)

<sup>7</sup> Even larger-scale businesses in some sectors such as commercial aviation are at considerable risk of bankruptcy, with British Airways announcing that it will cut 12,000 of its staff to reduce costs and SAS warning that it could cut 50% of its workforce (Financial Times, 2020a).

## 2 Overview of policy responses

One feature that the 2008–2009 global financial crisis and the COVID-19 crisis have in common is the huge fiscal response on the part of public authorities, aimed at mitigating the economic and labour market impacts. This has taken a variety of forms: for example, aids to workers via temporary and accelerated unemployment benefits and support to businesses via tax deferrals, credit guarantees and temporary wage subsidies (Eurofound, 2020b; Hale et al, 2020). In Germany, for example, the immediate fiscal boost of COVID-19 measures is estimated to be 10% of 2019 GDP (Anderson et al, 2020) with additional assistance in the form of tax deferrals, liquidity and other guarantees raising this (potentially) to 50% of GDP.

This chapter provides a brief summary of the EU-level policy response, both on the part of the institutions as well as the EU-level social partners, and follows this with an overview of the initiatives taken in the 27 EU Member States, Norway and the UK.

### EU-level policy responses

#### EU-level support measures

In the face of the unfolding COVID-19 crisis, the EU and the Member States have taken action seeking to minimise the impact of the pandemic on businesses, workers and citizens. At EU level, in addition to measures to support national healthcare systems and instituting coordinated research programmes seeking effective treatments for COVID-19 and fostering collaboration in the development of a vaccine, a package of measures has been adopted to bolster jobs and businesses. This includes the relaxation of EU state aid rules and the application of the full flexibility of EU fiscal rules to allow governments to provide liquidity to the economy to support businesses and jobs.

In early April 2020, a €540 billion emergency rescue package was adopted to deal with the consequences of the crisis. This includes a pan-European Guarantee Fund established by the European Investment Bank, which provides €200 billion in financing for companies (particularly small and medium sized enterprises (SMEs)) and the creation of a new fund of up to €100 billion to support Member States implementing short-time working schemes in an effort to safeguard jobs. Known as SURE (Support to mitigate Unemployment Risks in an Emergency), the initiative approved on 19 May 2020 will finance loans on favourable terms to EU countries facing a ‘sudden and severe’ rise in spending on such schemes.<sup>8</sup> The flexibility of the use of the Structural

Funds has also been increased to allow Member States to transfer money between different funds and regions to mitigate the impact of the pandemic. Specific sectoral measures have also been developed, including those supporting the hard-hit tourism sector.

On 27 May 2020, Commission President Ursula von der Leyen announced plans to borrow €750 billion to support recovery efforts in the EU. This initiative must first be unanimously approved at national level.

#### Responses from the social partners

This package of measures has largely been welcomed by the European social partners. In March, BusinessEurope, the European Trade Union Confederation (ETUC), the European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest (CEEP) and SMEunited had issued a statement in support of the Commission’s proposals, calling for their adoption by the European Council of Economic and Finance Ministers. Additionally, a number of unilateral initiatives have been implemented at cross-sectoral level. ETUC’s ‘COVID-Watch’ provides information and briefing notes on relevant policy topics, including on short-time working, rights to sick pay and measures to protect the self-employed (ETUC, 2020). SMEunited delivers dedicated COVID-19 updates to its members on its website, focusing on measures to support SMEs, and has published guides on the availability of EU support instruments (SMEunited, 2020). CEEP, together with its sectoral partners in the health, healthcare, education, broadcasting, railways, public transport and other sectors, launched a platform entitled ‘Services of general interest facing COVID-19’ (CEEP, 2020). BusinessEurope along with the other cross-sectoral social partner organisations, has adopted a number of dedicated position papers looking into measures to ensure a swift economic recovery.

Also at the cross-sectoral level, the European trade union federations EPSU, ETF, IndustriALL, EFBWW, EFFAT and UNI Europa issued a joint recommendation to worker representatives in European Works Councils and in companies under the European Company statute on the role that should be played by these bodies in dealing with the COVID-19 crisis at company level (EPSU, 2020).

Social partners at sectoral level have also been active in preparing joint responses to the crisis, primarily highlighting the impact of the crisis on their sector and recommended policy responses. These are summarised in Table 1.

<sup>8</sup> SURE became operational on 1 June 2020.

**Table 1: Sectoral social partner statements linked to COVID-19 (as of mid-May 2020)**

Sector	Social partners	Key content
Agriculture	EFFAT, GEOPA-COPA	Joint declaration on the protection of seasonal workers
Audio-visual	UNI Europa Media, Entertainment and Arts, Animation in Europe, CEPI, FIA, EuroCinema, FIAPF, Fera, FSE	Need for rapid measures to mitigate the devastating impact of COVID-19 on the sector
Banking	UNI Europa Finance, EBF BCESA, ESBG and EACB	Using the crisis to lay the foundations for responsible and ethical finance sector
Civil aviation	ETF, ECA, ATCEUC, A4D, ACP, ACI Europe, ASA, CANSO	Call on use of travel bans as last resort, protect workers, relax slot allocation rules, among other things
Cleaning	UNI Europa, ECFI	Critical role of the sector in preventing spread of the virus; double bind due to difficult economic situation and health risk for workers
Construction	EFBWW, FIEC	Joint recommendations to counteract the negative impact and consequences of the crisis for the construction industry
Food manufacture	EFFAT, FoodDrink Europe	Guidelines on dealing with COVID-19 at workplace level
Horeca	EFFAT, HOTREC, FoodDrink Europe, Food Services Europe	Emphasise respect for health and hygiene rules and need for urgent support for hard-hit sector
Live performance	UNI-MEI, FIM, FIA, and Pearle*	Measures required to address state of emergency in live performance sector
Postal	UNI-Global Union, UPU	Key role of universal postal service in pandemic; importance of protective equipment and supports for workers in the sector
Printing and publishing	UNI Europa Graphical, Intergraf	Underline the significance of the sector to ensure the provision of accurate information to citizens; emphasise need for support in sector already facing challenges
Private security	UNI Europa, CoESS	Emphasis on ensuring business continuity and protection of workers in the COVID-19 pandemic
Social services	EPSU, Federation of European Social Employers	Risks to care services arising from COVID-19 and the need for national measures and collective agreements to support the sector
Telecommunications	UNI Europa, ETNO	Crucial nature of telecommunications in this crisis and need to protect for workers active in the sector
Temporary agency work	UNI Europa, WEC-Europe	Role of temporary workers during the pandemic and importance of measures for their protection
Wholesale and retail	UNI Europa, EuroCommerce	Importance of workplace protective measures for staff in the sector and acknowledgement of additional efforts during the crisis; need to secure employment and ensure further training
Woodworking	EFBWW, CEI-Bois, EFIC and UEA, EPF, EOS	Need for measures to protect workers during slowdown resulting from the pandemic

Source: European Commission Social Dialogue texts database

## National policy responses

### COVID-19 EU PolicyWatch as a source of information

Eurofound's COVID-19 EU PolicyWatch database focuses on measures implemented to mitigate the impact of the pandemic on businesses, workers and citizens at national level in the 27 EU Member States, Norway and the UK. It does not include public health measures and information on travel and movement restrictions.

Table 2 provides a summary of the measures included in

the database by category, the categories providing a framework for the different measures. At the same time, it is important to recognise that any policy initiative can clearly pursue a variety of goals and have multiple target groups. For instance, measures designed to help businesses to stay afloat also contribute to safeguarding employment, whilst employment protection measures such as short-time working also assist businesses to retain a skilled workforce during a downturn, allowing them to recover more quickly once the crisis situation abates.

Table 2: Categorisation of mitigation measures

Businesses	Workers	Citizens
<b>Ensuring business continuity and support for essential services</b> <ul style="list-style-type: none"><li>• Mobilising a larger workforce</li><li>• Smoothing frictions or reallocation of workers</li><li>• Change of work arrangements</li><li>• Remuneration and rewards for workers in essential services</li></ul>	<b>Protection of workers at the workplace</b> <ul style="list-style-type: none"><li>• Occupational health and safety</li><li>• Teleworking arrangements, remote working</li><li>• Change of working hours or work arrangements*</li><li>• Well-being of workers</li></ul>	<b>Measures to prevent social hardship</b> <ul style="list-style-type: none"><li>• Keeping a safe home</li><li>• Provisions of services in kind</li><li>• Preventing over-indebtedness</li><li>• Access to healthcare</li><li>• Protection of vulnerable groups (beyond employment support)</li></ul>
<b>Reorientation of business activities**</b> <ul style="list-style-type: none"><li>• Change of production/innovation</li><li>• Transfer or redeployment of workers</li><li>• Creation of platforms for businesses aimed at customer</li><li>• Matching/networking</li></ul>	<b>Income protection beyond short-time work</b> <ul style="list-style-type: none"><li>• Support for parents and carers (financial or in-kind)</li><li>• Paid sick leave</li><li>• Income support for unemployed</li><li>• Extensions of income support to workers not covered by any kind of protection scheme</li></ul>	
<b>Supporting businesses to stay afloat</b> <ul style="list-style-type: none"><li>• Access to finance</li><li>• Direct subsidies (full or partial)</li><li>• Deferral of payments</li><li>• Rescue procedures in cases of insolvency or adaptation of insolvency regulation***</li></ul>		
<b>Employment protection and retention</b> <ul style="list-style-type: none"><li>• Income support for people in employment (e.g. short-time work)</li><li>• Changes in dismissal law</li><li>• Working time flexibility</li><li>• Wage flexibility</li><li>• Enhancing employability and training</li></ul>		
<b>Supporting businesses to get back to normal</b> <ul style="list-style-type: none"><li>• Measures to support a gradual relaunch of work</li><li>• Enhancing employability</li></ul>		

**Notes:** \* In the early phase of the pandemic mitigation measures, working time measures (beyond short-time working) were primarily aimed at ensuring the continued availability of essential workers. Hence these measures are presented as part of efforts to support essential services. \*\* Since this report is focused on larger scale policy, initiatives and measures under this heading tend to be developed at company level. For this reason, no separate heading is included on these measures, but key initiatives are summarised in a box under the chapter heading 'Ensuring business continuity and support for essential services'. \*\*\* Due to the low number of initiatives in this area, these measures are not presented separately in this report.

**Source:** Eurofound, COVID-19 EU PolicyWatch database (status April 2020)

Members of the Network of Eurofound Correspondents, who were largely responsible for populating the database, were asked to focus their reporting on the most significant measures adopted (for example in terms of coverage and budget).<sup>9</sup> Reporting, therefore, does not cover all the measures adopted, but provides a good overview of the direction and prioritisation of measures applied.<sup>10</sup>

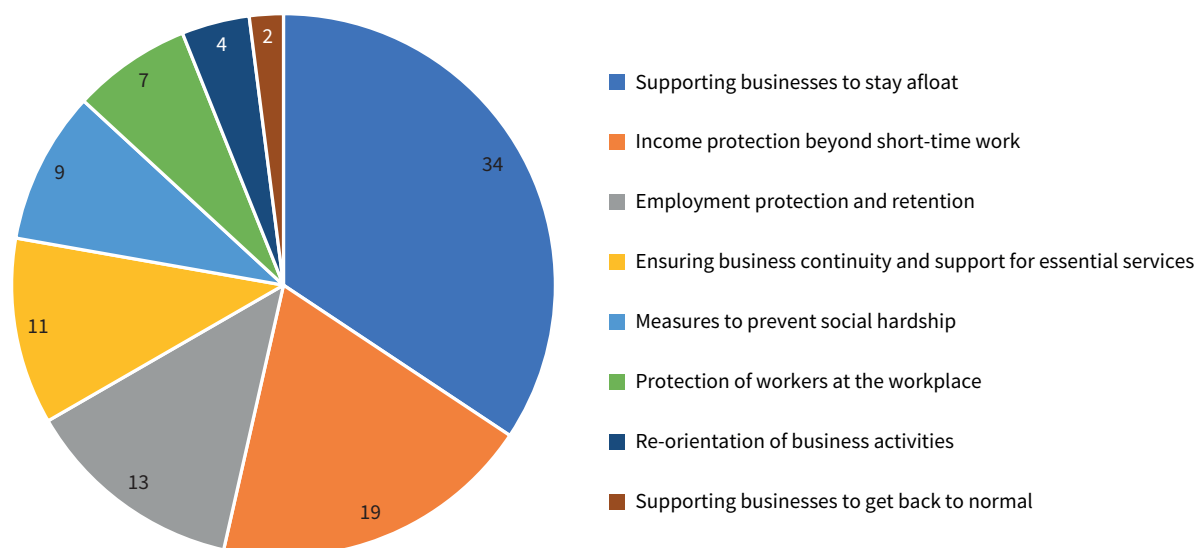
### Focus of the national policy response

The specific nature and urgency of the crisis resulting from the COVID-19 pandemic is reflected in the fact that nearly 60% of the measures reported are entirely new, while the remainder consist of amendments to existing provisions. Bearing in mind the above-mentioned overlap between the goals pursued by different initiatives – and without making

<sup>9</sup> Quality control of the information was carried out by Eurofound staff.

<sup>10</sup> Information provided by the Network of Eurofound Correspondents was also cross-checked for completeness against other sources, including collections of COVID-19 economic and labour market policy responses by the ILO, OECD and European Commission.

Figure 3: Distribution of policy measures in different categories (%)



Source: Eurofound COVID-19 EU PolicyWatch database (status April 2020)

reference to the size of budgetary resources expended – the material gathered in the database shows that close to 35% of the initiatives adopted in the early phase of the evolution of the pandemic, from February to late April 2020, focused on supporting businesses to stay afloat. This was followed by income protection beyond short-time work measures (19% of initiatives) and employment protection and retention measures (13% of initiatives), many of which were related to the implementation of short-time work. Around one-tenth of policy initiatives were designed to ensure business continuity and provide support for essential services (11%) and prevent social hardship (9%) (see Figure 3).

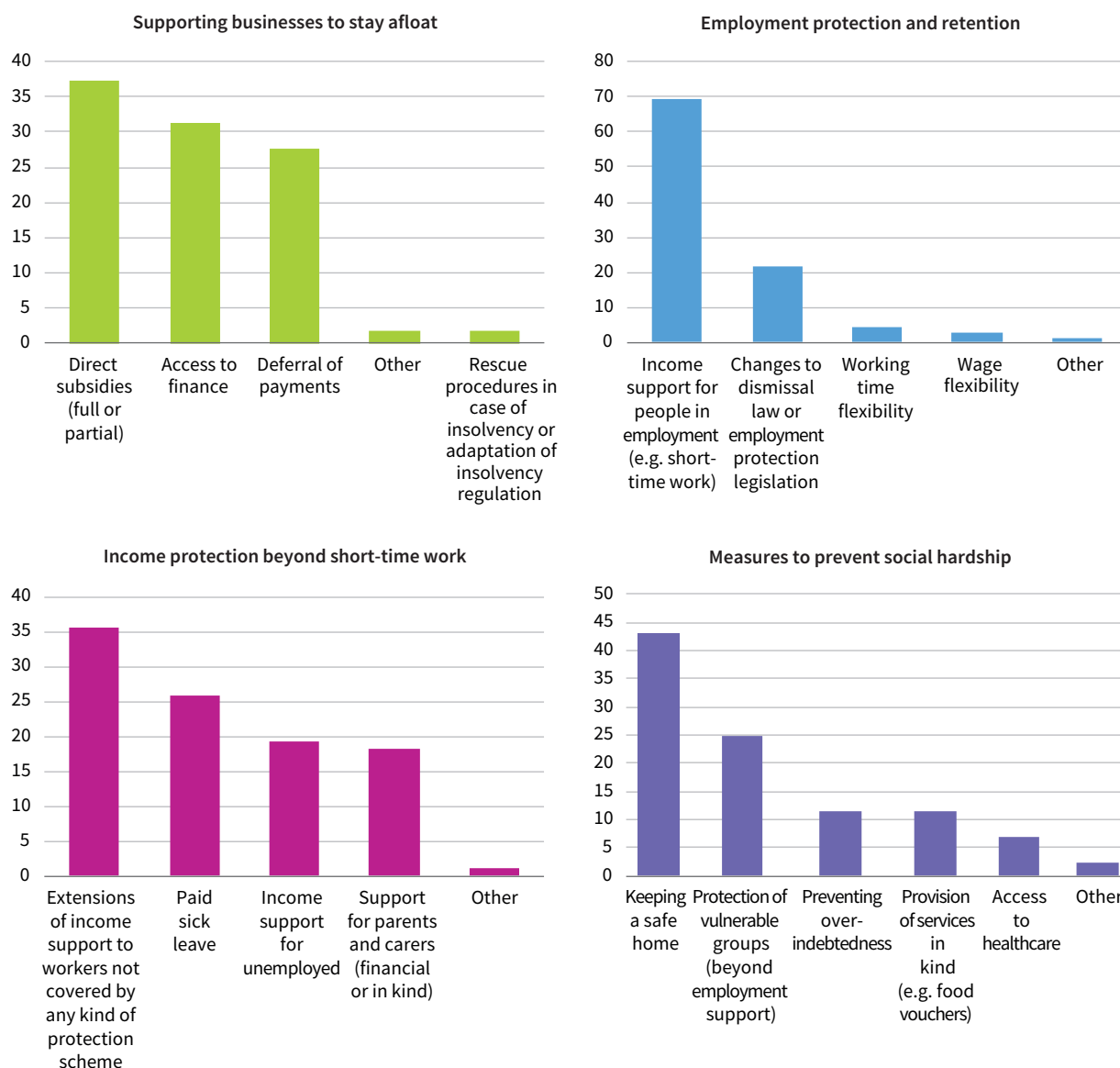
The largest share of the initiatives aimed at keeping businesses afloat took the form of non-repayable grant payments, primarily aimed at the self-employed, micro and small businesses to enable them to continue paying ongoing operating costs (rent, utilities, etc.). This focus serves to highlight the severity of the short-term impact of containment measures and the associated closure (or partial closure) of many businesses. Of almost equal importance beyond such rapid response financial aid initiatives were policies seeking to ensure ongoing access to finance, including through government-backed bank guarantees for business loans at low interest rates, as well as the deferral of financial commitments such as social security contributions, taxes and loan payments.

Around 70% of the employment protection measures adopted focused on short-time work (STW) arrangements. Another significant feature of the policy response to COVID-19 has been the extension of income support measures to groups not previously covered or covered only partially, such as self-employed workers, fixed-term contract workers and those employed on other atypical contracts. The share of the most precarious atypical workers has been growing in the EU over the last decade, making the extension of protection to this group all the more important (Eurofound, 2020c). The prominent role played by the extension and amendment of paid sick leave schemes is linked to the nature of the crisis as a health emergency and was designed to forestall any negative financial consequences for workers having to quarantine or self-isolate. However, despite the widespread adoption of income protection measures, many individuals and families suffered dramatic reductions in income (Eurofound, 2020d), and in a bid to tackle this, measures were introduced to defer rent and mortgage payments.

A quarter of the recorded policies are sector-specific, with such measures focusing primarily on those parts of the economy most affected by containment measures (such as tourism and travel, arts and entertainment). Such initiatives focus on shoring up business liquidity, while other sector-specific measures seek to address the heightened demand for health, care and other essential services by supporting the mobilisation of a larger workforce.



Figure 4: Four main sub-categories of measures adopted (%)



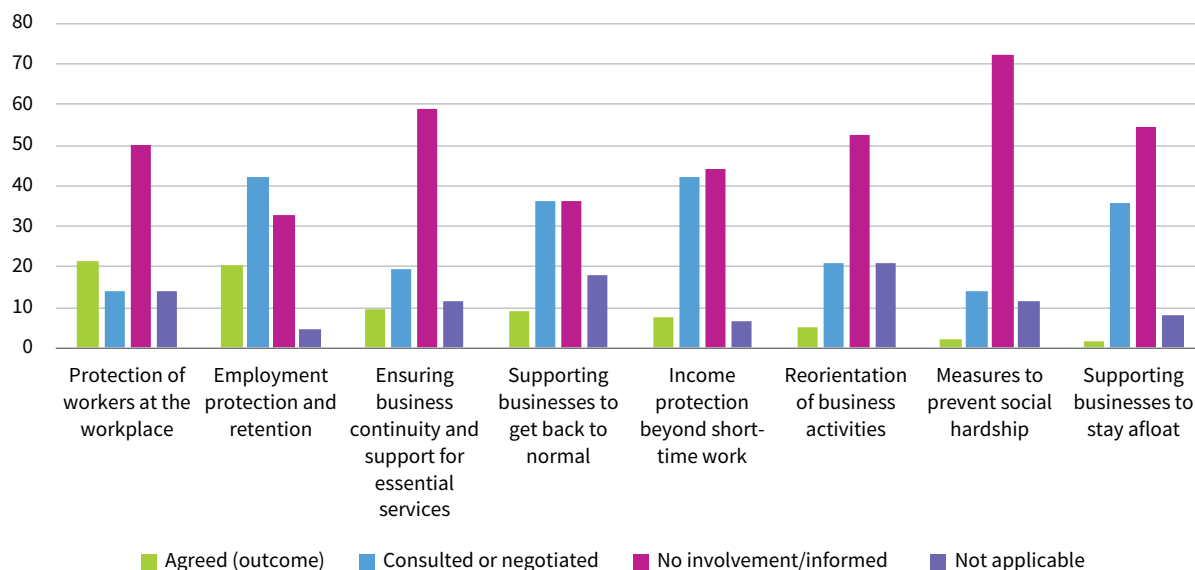
Source: Eurofound COVID-19 EU PolicyWatch database (status April 2020)

### Nature of the national policy response and social partner involvement

Tables 3–5 provide an overview of all the different types of measures and the countries for which initiatives have been reported under the various categories. The vast majority of these actions are implemented in the form of legislation (over 85%), with the remainder being based on collective agreements, other social dialogue agreements, company practices or recommendations. The predominance of legislative initiatives is partly due to the emphasis in the database on the reporting of large packages of support measures adopted. It is therefore not necessarily a reflection of the importance of collective bargaining and tripartite and bipartite dialogue in addressing the impact of the crisis.

Concerning the implementation of STW arrangements, the experience of the global financial crisis has demonstrated that company-level agreements play an important role, especially in countries where works councils or other forms of worker representation play a strong role. While the level and quality of social partner involvement is influenced by historically determined national industrial relations and policymaking structures (Eurofound, 2019), it is striking that over 50% of legislative measures contained in the Eurofound COVID-19 EU PolicyWatch database are reported to have been passed with no agreement or involvement from the social partners (other than being informed) – Figure 5. Indeed, social partners in a number of countries have reported a decline in their involvement as measures are rushed through the legislative processes.

Figure 5: Role of social partners in the development of COVID-19 policy responses (%)



**Note:** In the remaining 9% of legislative initiatives the role of social partners was rated as 'not applicable'.

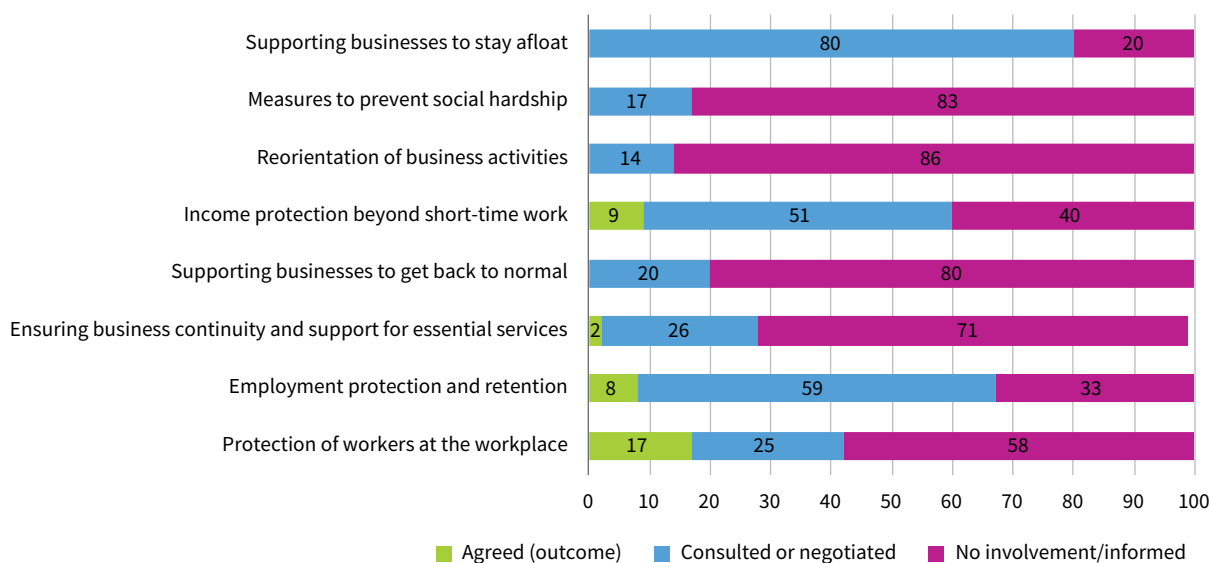
**Source:** Eurofound COVID-19 EU PolicyWatch database (status April 2020)

The highest level of involvement of social partners in terms of reaching agreed outcomes was evident in the design of policies of most direct relevance to them: that is, those targeting the protection of workers at the workplace, followed by employment protection and prevention measures (Figure 6). At present, a low share of agreed action even in these areas (only around 17%) is reported in the database: this may – at least to some extent – be due to the focus placed on large-scale

national measures in this phase of reporting. Perhaps understandably, the lowest level of social partner involvement (of any kind) is linked to measures to prevent social hardship.

A forthcoming report by Eurofound will focus in more detail on the involvement and impact of the social partners in the national COVID-19 emergency response (Eurofound, forthcoming-b).

Figure 6: Involvement of social partners in the development of COVID-19 legislative policy responses, by category (%)



**Source:** Eurofound COVID-19 EU PolicyWatch database (status April 2020)

**Table 3: Overview of measures adopted in different countries to mitigate the impact of COVID-19: Measures for businesses**

Ensuring business continuity and support for essential services				Supporting businesses to stay afloat			
22 countries				29 countries			
Change of work arrangements	Mobilisation of a larger workforce	Remuneration and rewards for workers in essential services	Smoothing frictions or reallocation of workers	Access to finance	Deferral of payments	Direct subsidies (full or partial)	Rescue procedures in case of insolvency or adaptation of insolvency regulation
AT, DK, EL, FI, FR, LU, PL, PT, SI	AT, CY, EL, FI, IE, LU, PT, SE, SI, NO, UK	DE, EL, FR, HU, IT, LT, LU	AT, CZ, DE, DK, EE, ES, FI, PT, SK	AT, BG, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, IT, LT, LU, LV, NL, PT, RO, SE, NO, UK	AT, BE, BG, CY, CZ, DE, DK, EE, EL, ES, FR, HR, HU, IT, LT, LU, LV, MT, NL, PT, RO, SE, SI, SK, NO	AT, BE, CZ, DE, DK, EE, EL, ES, FI, FR, HR, HU, IE, LT, LU, LV, NL, PL, PT, SE, SI, NO, UK	DE, LV, SI

Employment protection and retention				Reorientation of business activities			Supporting businesses to get back to normal		
28 countries				10 countries			6 countries		
Changes to dismissal law or employment protection legislation	Income support for people in employment (e.g. short-time work)	Wage flexibility	Working time flexibility	Change of production/innovation	Creation of platforms for businesses aimed at customers	Matching/networking	Transfer or redeployment of workers	Enhancing employability and training	Measures to support a gradual relaunch of work
EL, ES, FI, IE, IT, LU, PT	All (except NO)	EL, HR	AT, HU, ES	AT, CZ, LU, LV, PT, SK	AT, IE, LT	CZ, HR	EL, SK	DK, EL, LT, PT, SE	AT, PT

**Table 4: Overview of measures adopted in different countries to mitigate the impact of COVID-19: Measures for workers**

Protection of workers at the workplace			
14 countries			
Change of work arrangements	Occupational health and safety	Teleworking arrangements, remote working	Well-being of workers
EL, ES, FR, HU, HR	AT, CY, DK, IT, LT, PT, SI	AT, CY, EL, ES, FR, IT, MT, PT, SK	CY, PT

Income protection beyond short-time work			
28 countries			
Extensions of income support to workers not covered by any kind of protection scheme	Income support for the unemployed	Paid sick leave	Support for parents and carers (financial or in-kind)
AT, BE, BG, CY, DE, DK, EE, EL, ES, FI, HR, IT, LT, LU, NL, PL, PT, RO, SI, NO, UK	AT, BG, DK, EL, ES, FI, FR, IE, MT, PT, SE, SK	CY, DK, EE, EL, ES, IE, IT, LT, MT, PL, PT, SK, SI, NO, UK	AT, BG, CY, CZ, EL, ES, FR, IT, LT, LU, LV, MT, RO, SK, NO

**Table 5: Overview of measures adopted in different countries to mitigate the impact of COVID-19: Measures for citizens**

Measures to prevent social hardship				
17 countries				
Access to healthcare	Keeping a safe home	Preventing over-indebtedness	Protection of vulnerable groups (beyond employment support)	Provision of services in-kind (e.g. food vouchers)
AT, EL	AT, EL, ES, IE, IT, LT, PT, UK	HU, LV, PL, UK	AT, DE, EL, ES, FR, IT, LU, PT, SI	BE, EL, HR, IT

Source: COVID-19 EU PolicyWatch database (status April 2020)

### 3 Ensuring business continuity and support for essential services

The COVID-19 health emergency and associated containment measures led to a distinction between ‘essential’ and non-essential’ services and activities almost overnight. Activities key to sustaining life and security not only required additional labour but also different ways of delivering support, while other functions were shut down unless they were able to adapt to different ways of working or to deliver different outputs. Immediate policy attention was therefore directed towards sustaining and enhancing the delivery of essential services, including through the reallocation of workers from other sectors. During the early phase of the pandemic, measures to ensure business continuity by changing work arrangements primarily involved temporary derogations from working time and leave provisions, in order to ensure the smooth functioning of healthcare provision.

In the context of the COVID-19 pandemic, at least 21 countries in the EU have introduced temporary and exceptional measures to keep essential services functioning during the health emergency and lockdown. The list of essential services invariably features health and social care activities, agriculture, production and distribution of food and other essential goods, utilities, defence and public administration activities. The crisis has served to further highlight the pressing nature of long-standing labour shortages in a number of sectors (such as health and social care), which have traditionally been under-valued and low-paid. Restrictions on the movement of labour have further exacerbated such shortages, including those heavily reliant on the seasonal migration of labour (for example, agriculture).

The COVID-19 outbreak has placed extraordinary pressure on the healthcare sector. Resources have been mobilised both at EU and national levels to prevent the healthcare system from being overwhelmed as the crisis deepened, including a massive effort to engage additional staff. While some initiatives have offered incentives to frontline workers, others have moved to temporarily suspend certain labour rights in the face of the emergency situation.

#### Mobilisation of a larger workforce

Governments have taken a variety of measures to deal with the surge in demand for frontline services and to reinforce in particular the public healthcare system (including the lockdown measures themselves). While

many of these have been voluntary and taken the form of removing barriers to participation, others have been more restrictive in nature.

In Austria, the government extended the duration of its mandatory ‘alternative civilian service’ (a substitute for the national military service) by three months for all those due to finish in March 2020, deploying the young people to assist in healthcare, care and other essential services. In Cyprus, the government imposed a mandatory draft on registered doctors and nurses in order for them to serve in public and private hospitals and carry out the duties as assigned to them by the Health Ministry. Similarly, the Finnish government introduced an obligation on healthcare professionals to work and thereby ensure the functioning of the healthcare system. In order to bolster the response capacity of the healthcare sector, the Slovak government also adopted exceptional measures enabling the transfer of employees and resources between hospitals and social services facilities as needed.

In countries such as Ireland, Norway and the UK, retired healthcare workers have been encouraged to come back into service. With a rallying call ‘Your NHS needs you’, the UK government addressed an appeal to volunteers from civil society to assist in the delivery of essential services, as well as requesting former employees of the national health service to return to work. In both Norway and the UK, changes were made to prevent those responding to the call from being hampered by existing pension regulations.

Many countries, such as Cyprus, Finland, Ireland, Sweden and the UK, have turned to the pool of medical and nursing graduates and students as hospitals struggled to cope with rising demand and growing staff shortages – in some cases allowing them to enter into frontline service prior to the full completion of their training.

#### Remuneration and rewards for workers in essential services

In at least seven Member States, governments have offered exceptional bonuses or approved (temporary) wage increases for health and care workers in recognition of their work during the pandemic. In Lithuania, all healthcare workers in the national health system were granted a temporary pay rise of 60% to 100%, while in other countries frontline workers and

## Social partner agreement on a COVID-19 bonus for workers in the care sector in Germany

In Germany, the public service union Ver.di and care sector employer organisation BVAP have agreed a COVID-19 bonus of €1,500 for staff working in long-term and home care – a sector long struggling to recruit and retain sufficient staff numbers. In 2018, the government had set up an expert commission to address these problems. Industrial relations in the sector in general are poorly developed and a sectoral collective agreement is not in place. Instead, a statutory minimum wage is established by a sectoral minimum wage commission composed of various stakeholders. Against this background, the new sectoral agreement on a COVID-19 bonus for care workers is a novel development.

Source: Eurofound COVID-19 EU PolicyWatch database (DE-2020-27/592)

hospital staff have received exceptional bonuses. In France, the government offered a one-off payment of €1,500 to healthcare workers in departments with COVID-19 patients. Other healthcare personnel received a tax-free one-off €500 bonus and all hospital staff were granted a 50% increase in overtime pay. As part of a package of measures to deal with the pandemic, the Greek government granted a special bonus – amounting to half of the basic monthly salary – to healthcare and civil protection workers.

In France, the ‘purchasing power extraordinary bonus’ targets employees in essential services. Exempt from the payment of social security contributions and taxes, this time-limited bonus ranges from a lump sum of €1,000 to €2,000, depending on whether companies have a voluntary profit-sharing scheme. Many large retailers announced that they would pay the bonus to their employees.

In March, the Italian government offered a one-off payment of €100 to employees (earning a gross yearly wage below €40,000) who were required to work from their workplace – hence increasing their risk of exposure. In Luxembourg, an exceptional bonus was granted to employees who have been redeployed to essential sectors and activities, while in Hungary, employees in R&D positions in COVID-19 related research are the beneficiaries of a wage supplement of 40% of the gross monthly salary (not exceeding €911) for three months.

Linked with the issue of encouraging former staff to return to work, Austria issued a call to re-enter service to former civil servants at an enhanced level of pay.

However, not all incentives and supports to workers in essential services were financial. In order to enable staff with parenting responsibilities working in healthcare and other essential services to work in the context of the closure of crèches and schools, the Norwegian Directorate of Health allowed children of healthcare and frontline service workers to access kindergartens and primary schools, an exception to the general closure order. Similar measures were introduced in Portugal and the UK.

## Change of work arrangements

In contrast to these ‘incentive’ measures, there are also instances of exceptional measures that suspended the labour law entitlements of public servants and other workers in essential services, in order to ensure a sufficient supply of labour during the emergency situation. Relevant temporary derogations in this area relate to provisions on maximum working hours and overtime work, minimum daily rest periods, work on Sundays or public holidays and the right to take leave, which in some cases depart from the requirements of the European Working Time Directive.

Extensions to permissions to work overtime were implemented in Finland, Greece, Portugal and Slovenia. In Finland, employers in critical sectors (including healthcare, social services, rescue services, emergency response centres and police) were permitted to derogate from agreed working hours and no longer had to seek employees’ consent for overtime work during the period of the emergency regulation. Greece removed the obligation for employers to seek permission from the Ministry of Labour when requiring workers to work beyond the maximum permitted overtime limits (while remaining within the daily limits set by the law). Overtime limits were also suspended in Portugal for specific essential services. In Slovenia, public servants could be mobilised to work overtime up to a maximum of 80 hours a month for the duration of the pandemic.

Similarly, the French government’s ordinance regarding urgent measures in matters of paid leave and working hours (No. 2020-323 of 25 March 2020), which had been subject to consultation with the social partners, authorised derogations from the rules on working hours, weekly rest and Sunday rest in sectors considered necessary for the continuity of economic and social life: including agri-food, large-scale distribution, and businesses contributing to the activity of hospitals. Such employers were entitled to reduce the daily rest period from 11 hours to 9, increase the maximum daily working hours from 10 to 12 hours or raise the absolute maximum weekly maximum from the current 48 to 60 hours.

Austria also issued decrees clarifying exceptions to the rules on daily maximum working time, the duration of extended service hours, and so on, provided in the Austrian labour law (Arbeitsruhegesetz, ARG) in situations of immediate danger to human life or health or in the event of an emergency. Any increase in the average weekly working time can only take place with the written approval of the employee. Temporary changes were also implemented to provisions linked to driving and rest periods in Austria and France.

With regard to leave provisions, in Luxembourg, the government identified a series of essential business activities that are vital to the smooth functioning of the country. The businesses concerned can either refuse all applications for leave or cancel leave already approved by the employer.

Measures taken by the Slovak government also entail the suspension of some labour rights of healthcare employees, notably the right to strike or refuse work assignments.

## Smoothing frictions or reallocation of workers

Governments and companies have identified a number of ways to optimise resources during the pandemic, in some cases using online platforms to facilitate job matching. The Irish government has adopted temporary measures for the redeployment of civil servants within the wider public service. A deal has also been reached between unions and the Health Service Executive to allow healthcare staff to be redeployed to private nursing homes.

Other measures have been taken to support the redeployment of workers in the private sector. In Czechia, the chamber of commerce, in cooperation with online job-sharing platform WorkLinks.com, has been facilitating ‘employee sharing’ – regulated in the labour code – to help companies in need of staff to temporarily take on employees from other companies.<sup>11</sup> A portal supporting the matching of labour demand and supply was also launched by the Estonian public employment service, with a view to placing temporarily laid off people in companies with staff shortages. Information on vacancies is also published on a regular basis in Denmark on the portal jobindsats.dk, launched on the initiative of the government.

Additional measures have also been taken to address the labour shortages in sectors classified as essential, in many cases demonstrating national reliance not only on intra-EU mobility, but also on migration from third countries. In Finland, the ‘alien act’ has been amended to allow workers from outside the EU/EEA to work temporarily in essential sectors and roles without having to apply for a new resident permit. Similarly, Austria has dealt with labour shortages in essential services and activities by granting an extension of work permits to third-country nationals already in the country.

In the agriculture sector, specific measures have been taken to ensure the flow of food supplies. The government in Spain extended work permits for third-country nationals during the state of emergency and allow those temporarily laid off to continue receiving unemployment benefits if they take up work in agriculture. The Austrian Chambers of Agriculture, together with the Federal Ministry of Agriculture, Regions and Tourism and the Austrian Federal Economic Chamber, launched an online labour matching platform for this sector. The initiative has, however received mixed reactions, with farmers calling on the government to be allowed to fly in seasonal workers as was the case in Germany.

Networks of sectoral stakeholders and individual companies have attempted to overcome issues posed by skill shortages in some sectors and occupations and the ‘over-supply’ of staff unable to perform their work in other sectors through the temporary transfer of employees. Emergency legislation passed in Greece in March 2020 allowed businesses severely affected by the pandemic or temporarily closed by government decision to transfer staff from a group business to a business of the same group not affected by such closures, following a respective company-level agreement. Group entities that are implementing such measures are required to maintain the same total headcount as prior to the transfer. In the same vein, in Slovakia, the transfer of redundant employees from hotels and restaurants to the food industry was agreed between the Association of Hotels and Restaurants and the Food Chamber. In this case, the sending employer (hotel and restaurant employers) and the user employer (food industry) transfer employees through temporary work assignments in line with labour law provisions. In Germany, a staff exchange agreement was signed by discount retailer Aldi and fast-food chain McDonald’s. Under this partnership, McDonald’s employees are redeployed to Aldi as required on a temporary basis.

11 See description of the employee sharing scheme in Eurofound’s support instruments database: <https://www.eurofound.europa.eu/observatories/emcc/erm/support-instrument/employee-sharing>



## Reorientation of business activities to ensure continuity

To address the impact of COVID-19, some businesses were able to reorient their activities, in some cases by shifting production to provide goods in higher demand as a result of the pandemic. Others moved their businesses online, with financing and practical support from the government.

A number of distilleries or other manufacturers using alcohol in the production of disinfectants have adapted their production to deliver hand sanitisers. Government measures, such as the reduction of excise duty (up to 90%) for alcohol producers, were intended to support local manufacturers in Latvia to produce much-needed disinfectant for public and private use. In Austria, companies producing snow canons, snow blowers and mobile nebulisers adapted their use for cleaning and disinfecting large surfaces, such as train stations, production halls or in nursing homes. Furthermore, several textile manufacturers contributed to the fight against the virus by producing personal protective equipment. For instance, a Slovakian textile and garment manufacturer adapted their production to manufacture protective face masks after signing a contract with the government for the delivery of 650,000 face masks. The business association of Leiria Region (Associação Empresarial da Região de Leiria – Nerlei) in Portugal launched a challenge coordinated by the Polytechnic of Leiria to encourage companies to produce safety goggles for distribution free of charge to healthcare providers, police, security and prison services in the district of Leiria. Ten companies, mostly from the moulds and plastics sectors, cooperated to produce 6,000 safety goggles. In Latvia, in the spirit of ‘tech for good’, volunteers from the start-up community and civil society (non-for-profit organisations) joined forces to find solutions to the COVID-19 challenge. A first virtual hackathon was organised in March 2020 in a matter of hours. The winner, Shield48, in consultation with the specialists at Pauls Stradins Clinical University Hospital, designed prototypes of face shields. The company delivered 20,000 face shields to almost 400 customers in Latvia and exported nearly 1,000 to another four countries between March and April 2020.

Across Europe, government support for e-business and exports were among the measures introduced to assist companies to reorientate activities and avail of a wider customer base. Producers not accustomed to e-business platforms and exporters facing supply chain disruptions were given an opportunity to expand their knowledge base in this area through such financial supports. Companies in Ireland availed of the retailers’ fund launched by the government with a view to initiate e-commerce activities during the time of the physical closure of businesses for those struggling with traditional retail activities. Enterprise Lithuania also assisted SMEs to transfer business online. Exporters in Czechia faced with supply chain disruptions were given government support in the form of information (for instance, webinars and practical information), facilitation through their embassies in the supply chain countries, finding partners and providing expertise. Similarly, in Ireland, the National Digital Strategy provided a platform to launch the ‘trading online voucher scheme’ for small companies (up to 10 employees) to trade more online, boost sales and reach new markets. A maximum amount of €2,500 would be provided through Local Enterprise Offices with co-funding of 10% from businesses. The voucher can be used towards website development, building new apps for customers and subscriptions to low-cost online retail platform solutions, to help companies quickly establish a retailing presence online.

Start-ups were not always the focus of support programmes during the pandemic and often it is hard for them to switch business activities while they are at an early stage of development. The ‘StartupsVsCovid19’ programme introduced by Luxembourg’s Ministry of the Economy, in collaboration with Luxinnovation invited start-ups to submit innovative project proposals that target the pandemic.

## 4 Supporting businesses to stay afloat

In an effort to mitigate the severe consequences of the pandemic on the economy, the majority of government measures have focused on safeguarding the survival of companies impacted by the crisis in the short term. This has included a wide range of measures to help businesses to stay afloat through various financial supports, particularly where they have been affected by full or partial shut-down.

Such temporary emergency measures essentially fall into three main categories:

- Access to finance through (government-backed) loan guarantees and liquidity on preferential terms.
- Deferral of loan, tax and social security payments.
- Provision of grants or cancellations of existing loans, tax or social security liabilities.

### Access to finance

As shown in Table 3 (p. 15), the majority of countries have adopted measures to provide enhanced access to liquidity for a wide range of businesses. This can involve direct government backing for business loans or the allocation of government funds to commercial banks to ensure and encourage continued lending to qualifying businesses. Such state guarantees range from 50% to 100%, but are most frequently in the region of 80% of total loan capital. While the schemes are mainly aimed at SMEs and micro enterprises, in Bulgaria, Denmark, Estonia, Germany, Greece, Italy, the Netherlands and Norway there is also support for mid-caps<sup>12</sup> and larger enterprises. Specific sectoral support measures are also in place for the agriculture and forestry sectors in Croatia and the Netherlands, the tourism and creative industries in Austria and Croatia and civil aviation in Norway. Acknowledging the impact of the crisis on global trade, governments in Denmark and Spain have specifically targeted businesses with a large export share.

To prevent the curtailment of business innovation during the pandemic, Bulgaria and Germany have also instituted schemes specifically aimed at start-ups and young innovative companies.

In general, the supports available tend to offer short term (up to one year) loans at very favourable interest rates (below 1%) or at zero-rated interest, particularly for small and micro companies hardest hit by lock-down measures. Longer term and larger loans often attract somewhat higher interest rates (up to 4%), but in some cases allow for extended deferral periods. In terms of loan purpose and amount, most are intended to cover wage and other operating costs; in a number of cases, the total loan amounts are limited to 25% of 2019 turnover (or double the previous year's wage costs).

A number of eligibility criteria are generally applied, such as the company's ability to demonstrate its financial health prior to the outbreak of COVID-19 and the absence of outstanding liabilities in terms of tax or social insurance payments.

Many schemes initially envisaged limited timescales for applications, although some have subsequently been extended as the impact of the crisis continued to be felt.

### Deferral of payments

The majority of countries have implemented legislation providing for the deferral of various tax and social security liabilities for companies significantly impacted by a loss of income due to COVID-19. In Austria and Belgium, such measures primarily targeted the self-employed, whereas in Cyprus, Italy, Lithuania, Slovenia, Spain and the UK, the self-employed are among a broader list of target groups for such relief measures.

Table 6 briefly summarises the types of liabilities being deferred in different countries (usually for the period of emergency measures).

<sup>12</sup> Mid-cap is the term given to companies with a market capitalisation (value) of between USD 2 billion and USD 10 billion (€1.8–€8.9 billion at 15 June 2020) (Investopedia definition).

**Table 6: National-level measures to allow for the deferral of payments of various business liabilities**

Social security contributions	Tax liabilities	VAT payments	Loan payments	Other fees and contributions
AT, BE, EE, EL, ES, IT, MT, PT, SE, SK, SI	BG, CY, DE, DK, EE, EL, ES, HR, IT, LT, LV, MT, NL, PT, SE, UK	CY, EE, EL, HR, UK	CY, ES, HU, IT, LU, MT, NL, RO	HR

Source: Eurofound COVID-19 EU PolicyWatch database (status April 2020)

## Direct subsidies

While the dramatic and sudden loss of income has certainly posed existential challenges to many small and micro businesses, it has also impacted on large companies facing ongoing operating costs, such as rent and utilities. To come to the rescue of enterprises that have been acutely affected by the complete temporary cessation of business (and those with dramatic drops in income) in the short term, several countries (around 20 Member States and Norway) introduced non-repayable grant schemes. As briefly summarised in the table below, these grants largely deliver lump sum supports allowing businesses and self-employed individuals to cover their fixed business expenses for a limited period

of time. Some are specifically targeted at businesses affected by mandatory closure (such as in Belgium, Greece and Hungary), while others support companies with a loss of income related to a specific share of turnover in the same month of the previous year (for example, in Austria, France, Poland and Norway). Certain sectors (such as tourism) are supported by grant measures in Belgium, Croatia, Estonia, France, Slovenia and Norway). While they may constitute a lifeline for many businesses, such eligibility criteria inevitably mean that some enterprises cannot access support. Although these measures have been largely welcomed, such restrictions and the time lag in the realisation of payments under such schemes have been among the main points of contention.

**Table 7: Grant payments introduced in certain countries to support businesses with fixed costs**

Country	Target group affected by impact of COVID-19	Nature of support	Level of support (in €)
Austria	Companies with turnover loss of at least 40%	Subsidy to cover rent, insurance premiums, licence costs, utility bills, entrepreneur's salary, loss of goods	Depending on scale of turnover loss, between 25-75% compensation
	SMEs with fewer than 50 employees and turnover of less than €10 million	Grant for fixed costs for a three-month period	25% of fixed costs up to €25,000
Belgium	Companies affected by mandatory closure	Grant to compensate for losses due to inactivity	€4,000 for period up to 5 April and €160 per day subsequently
	Companies in events sector, paramedical professions, food and drink shops, painters and plumbers, farmers	Compensation premium for lost trade (one-off grant)	€3,000
	SMEs with cashflow problems	One-off grant	€5,000
	Companies affected by mandatory closure	One-off grant	€4,000
Croatia	Members of chambers	Suspension of fees	100%
	Tourism sector	Suspension of tax payment for monumental annuity, write-off of renters' income tax liability	100%
Czechia	Self-employed workers	One-off grant	€900
Germany	Freelancers, micro entrepreneurs (up to 10 employees)	Emergency aid (one-off grant)	€9,000–15,000
	Companies and self-employed	Adjustment of pre-payment of tax	No data
Denmark	All companies impacted by COVID-19	Compensation for fixed expenses	100% of fixed expenses
	All companies impacted by COVID-19	Reimbursement for sickness benefit	100%

Country	Target group affected by impact of COVID-19	Nature of support	Level of support (in €)
Estonia	Solo self-employed	Social tax paid by state	100%
	Shipping companies	Reimbursement of waterway charges	100%
Greece	Companies affected by mandatory closure	Exemption from rental costs	40% reduction
	All companies impacted by COVID-19	Acceleration of income tax and VAT refunds	100%
	Companies affected by mandatory closure	Reduction of tax liabilities	25% reduction
	All companies impacted by COVID-19	VAT reduction	Reduction from 24% to 6%
Finland	Micro businesses	One-off grant for fixed costs	80% of costs covered
	Private sector companies	Temporary deduction in pension contributions	100%
France	Closed businesses or with losses of more than 50%	Solidarity fund for small companies (one-off grant)	€1,500
	All companies impacted by COVID-19	Help with utility bills	No data
	Tourism sector	One-off grant	€5,000
Hungary	Tourism, catering, entertainment, etc.	Reduced tax on labour	Only minimum tax payable
	Companies in affected sectors	Exemption from social insurance tax	100%
	Companies affected by mandatory closure	Protection from rent increase and rental contract termination	Not applicable
Ireland	Companies with more than 10 FTEs	One-off grant to develop financial plan	€ 5,000
	SMEs (fewer than 50 employees)	One-off grant to develop short and long-term strategies to deal with pandemic	€2,500
Latvia	Self-employed	Idle time allowance	up to €700
	All companies impacted by COVID-19	Cancellation of advance payments of personal income tax	100%
	All companies impacted by COVID-19	Refund of overpayment of VAT	100%
Lithuania	SMEs	Reimbursement of interest payments and financial leasing payments	100%
Luxembourg	Micro businesses and self-employed	Emergency one-off grant	€5,000
	Self-employed	Refund of staff and rental costs	100%
Netherlands	Entrepreneurs in affected sectors	One-off grant	€4,000
Poland	Micro companies with at least 25% drop in business	One-off grant	No data
	SMEs with at least 25% drop in sales	One-off grant	No data
	Large companies	One-off grant	No data
Portugal	All companies impacted by COVID-19	Temporary exemption from social security contributions	100%
Slovenia	All companies impacted by COVID-19	Temporary exemption from payment pension and disability contributions	100%
	Agriculture	Compensation for damage to business	No data
Spain	All companies impacted by COVID-19	Temporary exemption from social security contributions	100%

Country	Target group affected by impact of COVID-19	Nature of support	Level of support (in €)
Sweden	All companies impacted by COVID-19	Temporary exemption from social security contributions	100%
	Vulnerable sectors	Rent support	No data
Norway	Airlines	Temporary cancellation of air passenger tax	100%
	All with at least 30% drop in business	One-off grant to cover unavoidable fixed costs	€890
	Agriculture	One-off grant to cover exploration of new market opportunities	100%

Source: Eurofound COVID-19 EU PolicyWatch database (status April 2020)

## 5 Employment protection and retention

Measures to keep businesses afloat by assisting with day-to-day operating costs were complemented in all countries with initiatives seeking to limit the impact of the pandemic on employment and incomes. A particular emphasis of the COVID-19 response in the EU, compared, for example, to that in the US, has been on preserving the employment relationship using the model of the German short-time work (*Kurzarbeit*) scheme. A consequence of this EU policy focus has been that job loss in the initial phase of the crisis in the EU has been less dramatic than that observed in the US (Financial Times, 2020b). In addition, extraordinary efforts have been made during the crisis to protect the incomes of groups previously unable to access such support (such as atypical workers and the self-employed) – in many cases overcoming (at least temporarily) long-held concerns and objections against the extension of social and income protections to such groups. Another specific focus during the COVID-19 health emergency has been on stabilising the incomes of those directly affected by the virus: who are either sick, in self-isolation due to (potential) exposure or in quarantine. Finally, for workers impacted by unemployment in the short term, access to such benefits was eased in a number of countries, particularly for those with insufficient contribution records.

### Income support for people in employment: Short-time work

The experience of the global financial crisis has shown the importance of continued attachment of workers to the labour market, allowing firms to retain skills, expertise and labour. Maintaining this attachment allows affected organisations to begin the path towards recovery more smoothly as restrictions are eased and demand grows (Eurofound, 2020c). One assessment of the German *Kurzarbeit* scheme found that it preserved around 580,000 jobs in the years of the 2008–2009 global financial crisis (Hijzen and Martin, 2013).

Eurofound (2010) has categorised such employment support measures into two types which share a common feature: workers are paid for more labour than

they supply during the period of operation of such measures. These types are:

- STW schemes, where working time is reduced, but the employees are still working on an ongoing basis in the company, helping to stabilise employment and support workers' incomes
- temporary lay-offs, where workers do not work at all for a period, but their employment contract is maintained and they receive a certain level of income

Developments of and amendments to such schemes implemented in response to the COVID-19 crisis have demonstrated a degree of convergence between these approaches, with some STW schemes allowing working time to fall to zero for a period of time. Both approaches are commonly referred to under the broad heading of STW schemes and therefore this term will be used here.

### Expansion and amendment of STW schemes

The use of such schemes to preserve jobs in companies experiencing a temporary drop in demand received strong backing from the European Commission. On 2 April 2020, Commission President Ursula von der Leyen announced the creation of a new fund of up to €100 billion to support Member States implementing short-time work schemes in an effort to safeguard jobs during the COVID-19 pandemic. Known as SURE (Support to mitigate Unemployment Risks in an Emergency), the initiative finances loans on favourable terms to EU countries facing a 'sudden and severe' rise in spending on such schemes and is 'designed to show EU solidarity with hard hit Member States and workers' (including the self-employed).

Testament to the fact that STW schemes played an important role in the previous crisis, all EU Member States now operate some form of STW scheme. A number of countries, particularly in central and eastern Europe, developed such schemes during the 2008–2009 global financial crisis, while others have been implementing schemes in the context of the COVID-19 pandemic. As shown in Figure 7, in nine Member States (Bulgaria, Estonia,<sup>13</sup> Hungary, Ireland, Latvia, Malta, the Netherlands, Poland and Sweden) and the UK these are

13 In Estonia, the employer's to reduce working time and salaries during periods of economic difficulty was in place prior to the COVID-19 crisis; however, as the payment of a subsidy is a new element, the scheme is classified as new for the purposes of this report.



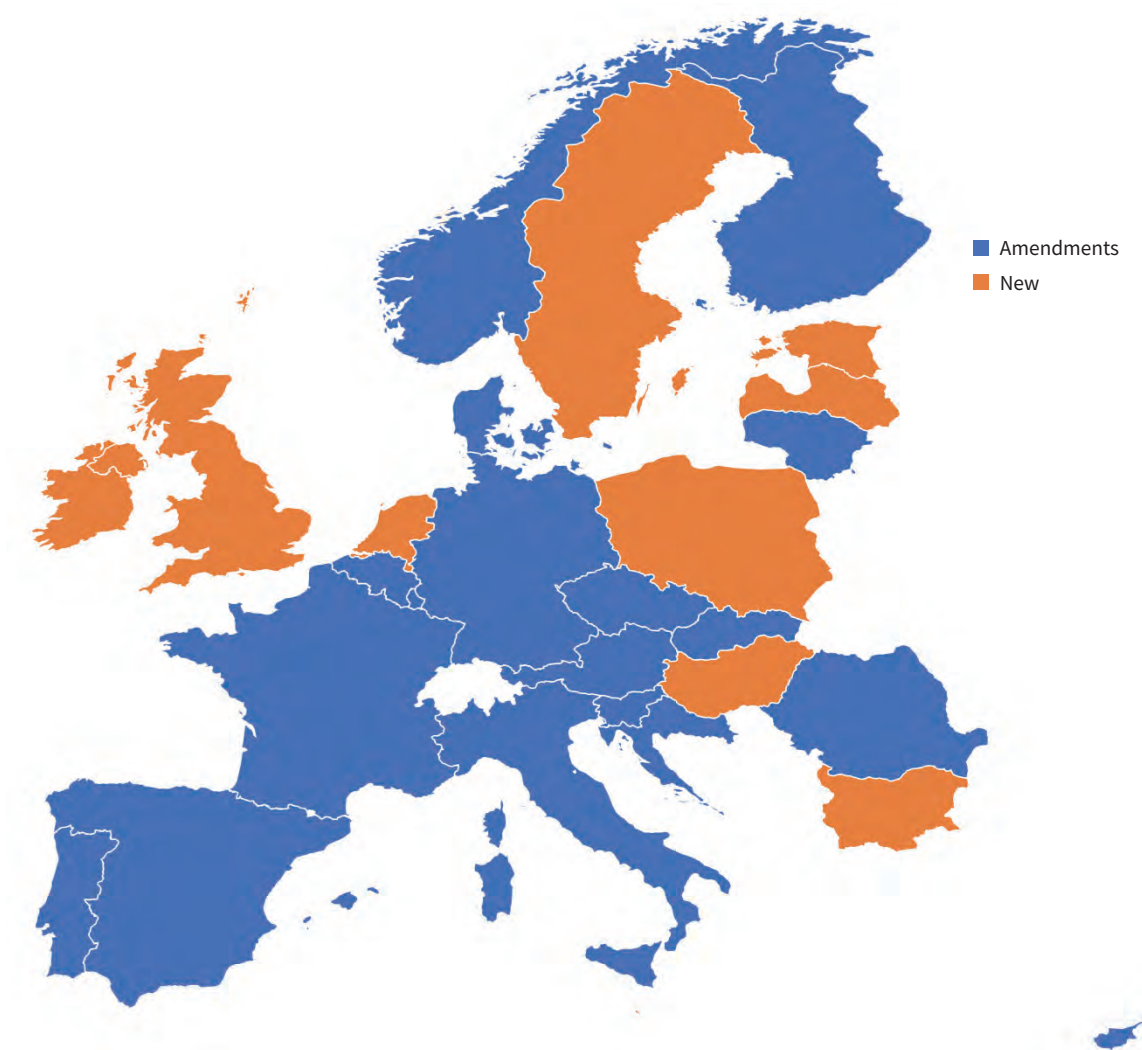
entirely new, whereas the remaining countries have adapted existing schemes to better meet the specific requirements linked to the COVID-19 crisis.

Amendments to existing schemes primarily aim to ease access, broaden eligibility and increase state funding. For example, Austria has amended the rules of the existing scheme to allow for working hours to (temporarily) fall to zero, while on the other hand also allowing for overtime to be carried out. The employers' share of social security contributions is also covered by the state during the COVID-19 crisis. Similarly, in Germany, an extension to the *Kurzarbeit* regime provides for the Public Employment Service to cover employer social insurance contributions. It makes STW accessible to businesses experiencing a 10% drop in demand (previously 30%).

In France, the contribution paid by the state no longer takes the form of a lump sum but is proportional to workers' remuneration.

Finland also cut the cost to employers of introducing STW schemes by reducing the social partners' negotiating period related to the implementation of such measures (from up to six weeks to five days). This is an indirect effect resulting from the fact that unemployment insurance funds (rather than the employer) assume a share of wage costs once the use of STW is agreed. Romania and Slovenia also increased the level of reimbursement borne by the state. Italy and Luxembourg have simplified application procedures, among other things.

Figure 7: New or amended STW schemes to tackle COVID-19, EU27, Norway and the UK



Source: Eurofound COVID-19 EU PolicyWatch database (status April 2020)

These and the other adaptations detailed below are temporary, with specific timescales set in some countries (with possibilities for extension), while others opted to keep the timescale of application open given the unpredictable nature of the evolution of the pandemic.

### Different types of STW schemes

STW schemes (whether existing or newly developed) differ from country to country in a number of important ways: this can affect accessibility and the potentially beneficial impact of the measures on job retention and the prevention of financial hardship. Such differences crucially relate to:

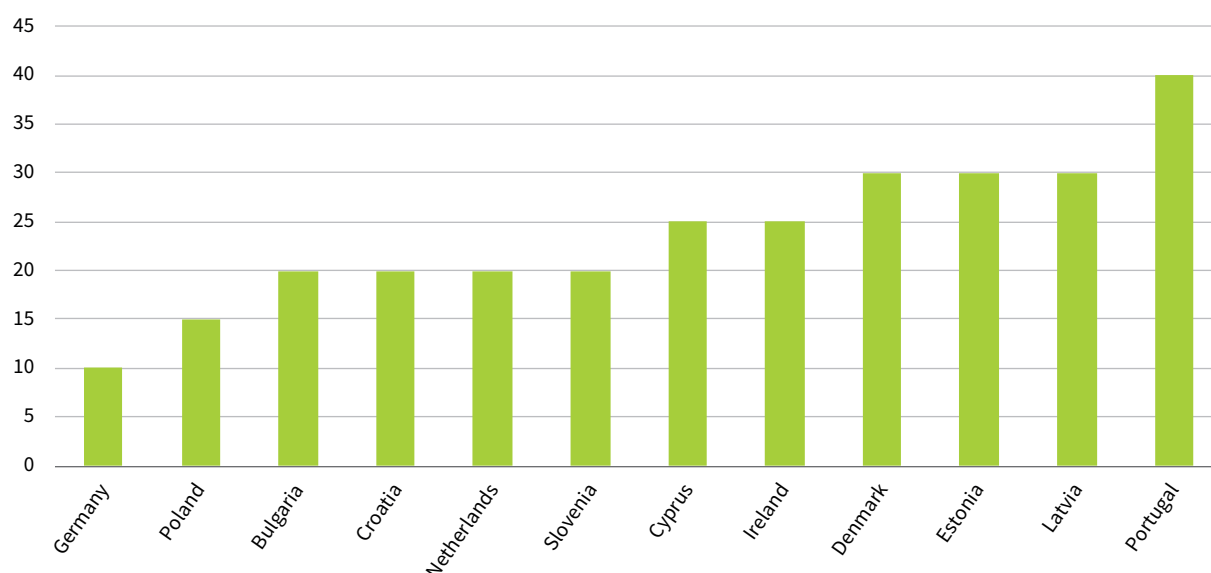
- eligibility (in terms of circumstances which trigger access to such schemes; the firms and workers covered)
- replacement rate
- duration of access

In a number of countries (such as Austria, Belgium, Slovakia and Slovenia), access to STW schemes is limited to the private sector. As indicated above, the COVID-19 emergency also led to some sectoral restrictions being removed (for example, limitation to the tourism sector in Cyprus). Although STW schemes

had been increasingly opened up to atypical workers already during the 2008–2009 global financial crisis, France has included additional groups of atypical workers (such as part-time, working from home, apprentices, *forfait jours*<sup>14</sup>). Belgium has specifically opened its scheme up to white-collar workers. Croatia has implemented a scheme specifically supporting permanent seasonal workers. In addition to these criteria, extra ‘thresholds’ for access have also been put in place in a number of Member States. These relate to the gravity of the impact on several factors, such as demand, turnover, invoicing and workforce requirements. With regard to this, some countries distinguish between sectors impacted by restrictive measures forcing the cessation of activity, which qualify automatically for access to STW schemes, and other businesses that have been significantly economically impacted (but not required to shut down). Figure 8 depicts the large differences in thresholds in countries where these are in place.

In countries operating working time banking systems (for example, Austria, Germany and Hungary), the possibilities of such schemes to vary working hours must be fully utilised before access to STW schemes is granted.

**Figure 8: Crisis impact thresholds (as % share of turnover) for access to STW allowance schemes**

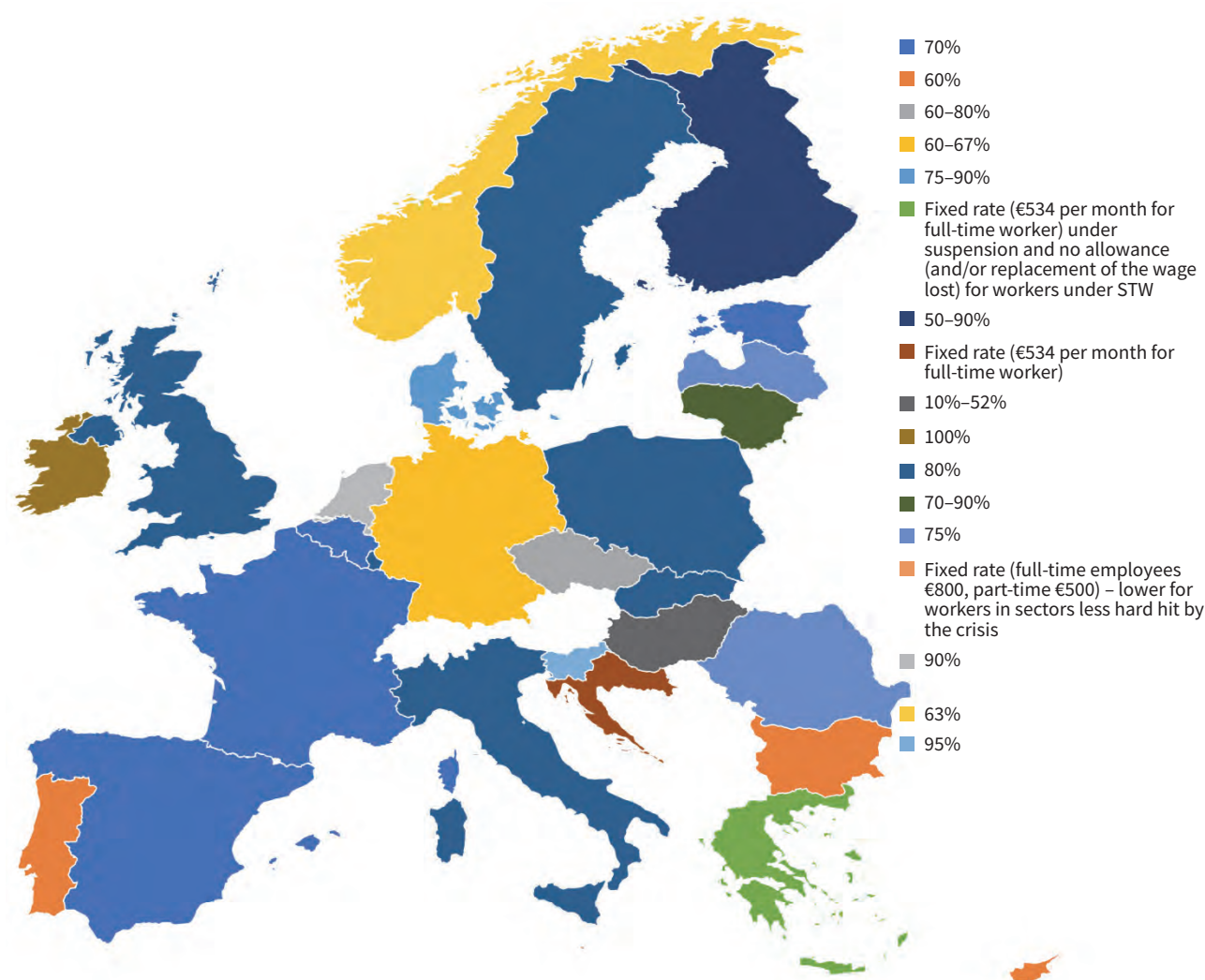


**Note:** In all countries mentioned, these thresholds relate to reductions in demand, turnover or invoicing (usually compared to a similar period in the previous year). In Denmark, the threshold relates to the share of workforce an employer would otherwise have to dismiss.

**Source:** Eurofound, COVID-19 EU PolicyWatch database (status April 2020)

<sup>14</sup> The *forfait jours* is a special arrangement whereby working time is calculated in days performed in a given year rather than working hours. This arrangement is provided in the individual employment contract for managerial staff who are able to organise their own work schedule.

Figure 9: Replacement rate of STW allowance as a percentage of previous wage, EU27, Norway and the UK



**Notes:** Allowances are capped in Belgium, Estonia, Latvia, Luxembourg, Romania, Slovakia and the UK. Replacement rates often increased to between 90–100% in Denmark, France and Germany.

**Source:** Eurofound COVID-19 EU PolicyWatch database (status April 2020)

The wage replacement rate of the STW allowance also differs significantly from country to country, with an important bearing on the ability of workers and their families to make ends meet. Figure 9 provides an overview of the level of the STW allowance paid as a share of previous income. This demonstrates that the replacement rate ranges from 100% in Austria, Denmark and Ireland to 60% in Cyprus and Bulgaria. Fixed rates payments are applied in Croatia and Malta.

Collective agreements play a significant role in increasing the replacement rate paid to the worker. This is particularly true in countries with a strong tradition of collective bargaining such as Austria, France, Denmark, Germany and Sweden.

The application of replacement rate caps plays an important role and where these are low in relation to

the maximum gross wage, this can significantly affect the amount of take-home allowance (ETUI, 2020; Guipponi and Landais, 2020).

Duration of access to STW allowances also varies significantly during the COVID-19 crisis, although it must be recalled that these aspects remain uncertain at this stage in many countries, as most retain the possibility to extend access if the linked emergency measures persist (for example in Cyprus, Czechia, Latvia, Romania and Slovakia). While in many countries, the initial duration of payments of the allowance is around 3–4 months (such as in Austria, Belgium, Bulgaria, Croatia, Ireland, Lithuania, Luxembourg, the Netherlands, Poland and the UK), extensions are explicitly possible in Austria, Italy, the Netherlands and Poland. Initial duration of access is longer in Finland (13 months), France and Germany (12 months), Spain and Sweden (6 months).

Funding mechanisms for STW also vary from country to country, with many of the new schemes and amendments linked to COVID-19 reducing the liabilities faced by employers (and increasing the cost to the state) in an effort to encourage enterprises to use the schemes rather than resorting to redundancies.

### Take-up of STW benefits

While the number of workers participating in STW schemes is constantly evolving, ETUI (2020) places this number at around 50 million at the end of April 2020 – around a quarter of workers in the countries for which data are available. The proportion of workers drawing (or having applied for) STW benefits varies: from over 45% in France and Italy to over 30% in Austria, Belgium, Croatia, Ireland, Luxembourg, Slovenia and. Between 20–30% of workers fell into this category in the Netherlands, the UK, Spain and Germany, with lower numbers in Bulgaria, Czechia, Denmark, Finland, Portugal, Poland, Romania, Sweden and Slovakia (ETUI, 2020). The share of workers accessing STW benefits is a function both of the nature of containment measures implemented in different countries, the level of economic and labour market impact and the accessibility and attractiveness of these schemes.

### Future considerations

While it is unquestionable that STW can play a significant role in safeguarding employment and incomes during economic crises, the extent to which such schemes are able to forestall redundancies in the longer term will depend on the duration of the impact of the pandemic and the ability and willingness of Member States to continue funding such schemes – as well as the extent to which some of the costs will eventually be shifted to employers (for example, in the UK, it is expected that from August, employers may have to contribute 40% to the cost of the furlough scheme).

In most countries, access to STW allowances precludes dismissals during the period of their application. In some countries, such as Austria, Bulgaria, Cyprus, France, Hungary, Lithuania and Slovakia, protection against dismissal extends beyond the period during which the employees receive STW allowance (ETUI, 2020). A number of countries have implemented changes to dismissal regulations in connection with the use of STW, while in others such (temporary) amendments are more broadly applicable, as summarised in the box below.

A debate around the period for which STW schemes should remain in place erupted as the immediate and severe impact of the 2008–2009 crisis abated, with some observers arguing that – particularly for certain sectors and occupations, as well as businesses – the existence of such schemes might subsidise jobs which would have been unviable in the long term, hence preventing the transfer of human resources to more future-oriented sectors and occupations (Hijzen and Martin, 2013; Cahuc, 2019). Similar concerns about the impact of such schemes on preventing the transfer of workers to sectors experiencing shortages during the COVID-19 crisis have already emerged in some countries.

Another question raised during the global financial crisis is the extent to which STW can effectively be combined with training to utilise the ‘downtime’ to enhance human capital and employability (Eurofound, 2010). Even where such a proposal is made possible or foreseen, implementation often proved difficult for a number of reasons, such as challenges in predicting the duration of the crisis, the lack of accessible and suitable training facilities and the lack of planning of training requirements. With the expansion of digital training content (relevant particularly in the context of COVID-19), it will be interesting to study to what extent training was a feature of STW implementation in the

### Changes to dismissal regulations

For the period of the emergency measures, Greece, Italy and Spain moved to suspend the possibility of economically motivated dismissals (or to impose higher penalties where such dismissals are nonetheless carried out).

Ireland barred employees receiving STW benefits from claiming redundancy payments (this was previously possible after a period of more than four weeks).

In Finland, the timespan during which an employer has to offer re-employment to an employee temporarily laid off has been extended from four to nine months in all cases of dismissals carried out due to financial and production-related reasons which have taken place during a time when the relevant temporary provisions were in force.

Portugal has suspended the possibility to terminate employment contracts in the national health service, either on the initiative of the employer or worker without special permission.

*Source: Eurofound COVID-19 EU PolicyWatch database*

current crisis. While training options were already open in a number of countries (such as Austria and Germany), Denmark and Portugal have also implemented specific provisions during this crisis. In Denmark, the social partners were asked to develop industry-specific vocational education and training (VET) distance learning plans for workers whose working hours have declined or ceased. Employers receive up to 100% of the wage costs for workers following such training, which should be future-oriented. In Portugal, employers making use of STW can apply for support for the development of an extraordinary training plan.

Finally, it will be crucial to assess the impact of the structure of different STW schemes, not only on accessibility but also on the prevention of financial hardship for affected workers and their families. An assessment of the contribution of the SURE programmes will also form an important element of future evaluations. These aspects will be explored in more detail in Eurofound's report, *COVID-19: Some implications for employment and working life* (Eurofound, forthcoming-a).



## 6 Protection of workers at the workplace

Ensuring the health and safety of workers (as well as wider society) has proved critical in the pandemic situation and it has been one of the main triggers for the government containment measures implemented in most countries. Occupational safety and health (OSH) concerns also lay behind the business continuity measures applied at organisational level in sectors not fully shut down by government decree and for those returning to work following the easing of lockdown measures. COVID-19 is classified as a biological agent. The minimum legal requirements to contain the spread of viruses such as COVID-19 in the workplace are established at EU level by the Biological Agents Directive (2000/54/EC).<sup>15</sup>

In the sectors and occupations where this proved possible, organisations turned to teleworking as a way of ensuring continuity of service provision and the preservation of jobs. In many of the essential services, including those relying on close client contact, other protocols and measures had to be developed to protect workers in the workplace. In both working environment models (teleworking and workplace-based work), the circumstances of the COVID-19 pandemic contributed to additional stress factors, requiring greater emphasis to be placed on initiatives to support not only workers' physical but also mental well-being.

The first section briefly presents the available evidence on factors influencing the approach taken to safeguard the occupational safety and health of workers during the COVID-19 pandemic. It provides evidence regarding the scale of teleworking and outlines the measures taken by governments and other actors to enable effective teleworking, as well as approaches to limit the challenges arising from home-based working: such as the blurring of boundaries between work and private life and in some cases the intensification of work.

Measures aimed to ensure safe work practices at the workplace and initiatives to support worker well-being are presented in subsequent sections.

### Teleworking arrangements and remote working

The introduction and expansion of the use of teleworking has proved a practical response to the challenges posed by containment measures. Various efforts have been made to estimate the extent of teleworking in the immediate aftermath of confinement measures, when mobility was severely restricted and countless workplaces were shut.

#### Estimating the level of teleworking during the COVID-19 pandemic

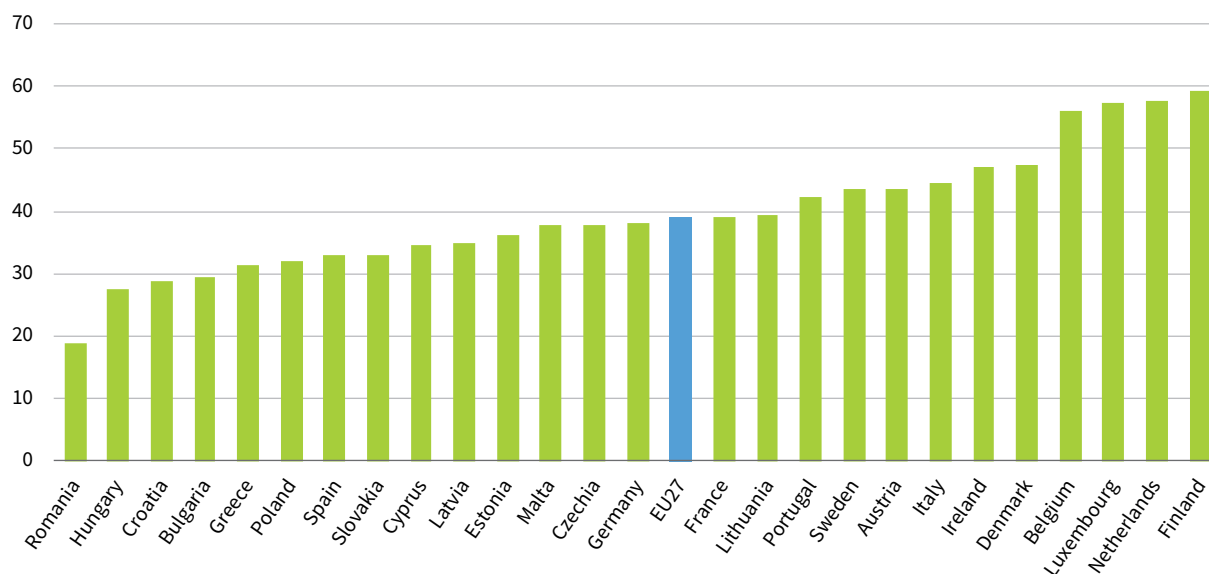
A number of ad-hoc, real-time surveys have been carried out to estimate the extent of **teleworking**. These sources make good an obvious weakness of official household or periodical surveys in extraordinary times such as the present – the time lag between data collection and publication.<sup>16</sup> EU-LFS quarterly data are only published 3–4 months after the end of the quarter in question. It will be mid-summer 2020 at the earliest before the beginnings of the employment impacts of the crisis are evident in the EU-LFS.

Key sources in this area are the Eurofound *Living, working and COVID-19* survey (covering the EU27, Norway and the UK; see Eurofound, 2020d); the Mannheim Corona survey (for Germany; see Möhring et al, 2020), the COVID inequality survey (covering the UK, USA and Germany; see Adams-Prassl et al, 2020), and the survey of the Federal Reserve Board carried out in April 2020 in the USA (Federal Reserve Board, 2020). Each of these surveys has been mobilised quickly, in real time and online, either using an existing panel of respondents and with a claim to representativeness in the countries covered (Mannheim, University of Oxford, Federal Reserve Board), or using an open online survey with post-stratification weights (Eurofound).

15 See also the resources provided by the European Agency for Safety and Health at Work (EU-OSHA): <https://osha.europa.eu/en/themes/covid-19-resources-workplace>

16 For example, the European Working Conditions Survey (EWCS) is a five-yearly survey. By unlucky timing, the COVID-19 crisis interrupted data collection of the seventh wave (2020) after around a quarter of the survey responses had been completed.



**Figure 10: Employees who have started teleworking due to COVID-19, EU27 (%)**

**Note:** No data for Slovenia.

**Source:** Eurofound *Living, working and COVID-19* survey

The Mannheim survey and the work by Adams-Prassl et al include a greater focus on teleworkability, with the former finding a higher incidence of teleworking in the sectors of IT and communication (59%), energy supply (54%), education (48%) and real estate (46%). Sectors with the lowest levels of teleworking were water supply and waste, health, hospitality and agriculture. Adams-Prassl et al investigate the impact of the share of teleworkable tasks on the likelihood of job loss and find a low share of such tasks to be an important predictor of job loss.

In terms of the incidence of telework, the following information draws primarily on the results of the Eurofound *Living, working and COVID-19* survey, an online survey initiated in April 2020 which received nearly 62,000 completed responses in the EU Member States in a first round.<sup>17</sup>

Over a third (39%) of employees currently working in the EU started to work from home following the pandemic, compared to 20% who indicated working from home at least ‘several times a month’ pre-COVID-19. Those who started working from home during the pandemic are mainly employees who had

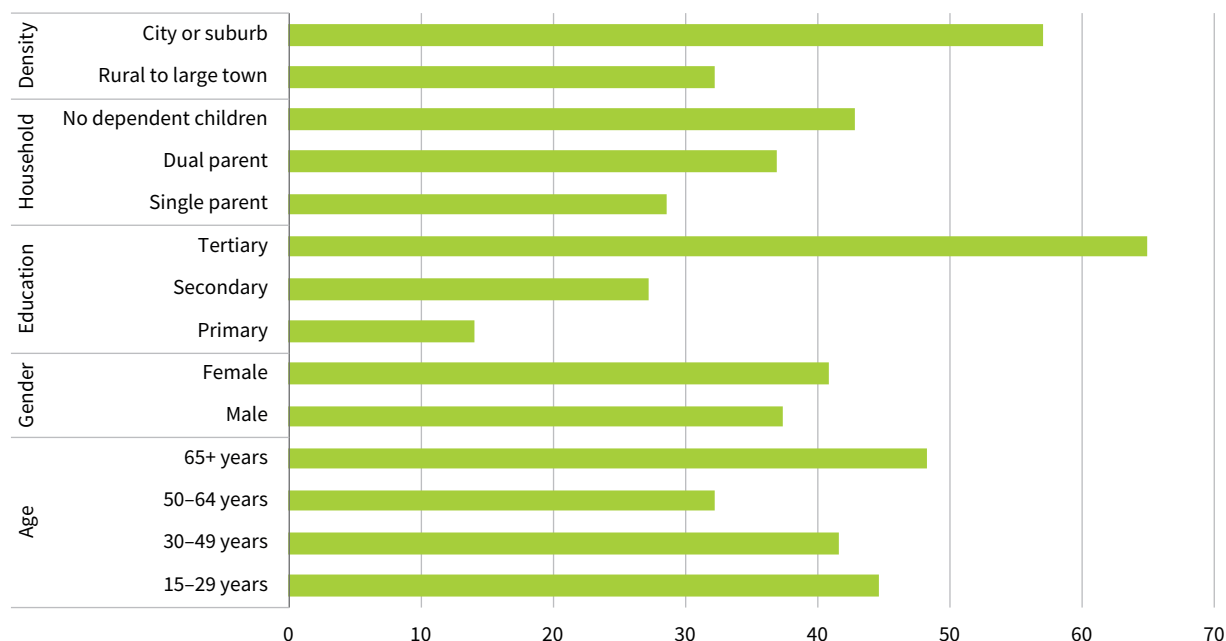
regular previous teleworking experience (50%), with 25% having no previous teleworking experience.

The share of those currently teleworking was over 30% in all but four Member States. Nonetheless, the range of incidence between countries was wide (from 18% in Romania to 59% in Finland). The highest proportions of workers who started working from home were in the Nordic and Benelux countries, reflecting findings from the EWCS and EU Labour Force Survey (EU-LFS) on the relatively high incidence of teleworking pre-COVID-19 in these countries (Figure 10).

Women were slightly more likely to report having started teleworking during the crisis than men (41% versus 37%) while pre-COVID-19 teleworking incidence was higher among men (21% versus 18%, teleworking at least several times per month). There was a U-shaped pattern by age for teleworking since COVID-19: younger (15–29) and older workers (65+) were more likely to report teleworking (Figure 11). The biggest rise in incidence was among younger workers, supporting a narrative that COVID-19 has equalised access and neutralised at least provisionally the status-related dimension of access to teleworking.

<sup>17</sup> Fieldwork for this phase was carried out between 9–30 April 2020.

Figure 11: Profile of employees teleworking for the first time post-COVID-19, EU27 (%)



Note: No data for Slovenia.

Source: Eurofound Living, working and COVID-19 survey

Employees with tertiary degrees and those resident in cities or city suburbs were much more likely to telework than others during COVID-19. These were the strongest correlates of teleworking incidence. If household type (using a very basic categorisation – see Figure 11) is considered, it was – surprisingly perhaps – employees without dependent children who were more likely to report working from home since COVID-19 than those with dependent children.

The significantly higher numbers of individuals in teleworking arrangements during the pandemic reflects the regulation and/or guidance in many countries stipulating that teleworking should be used wherever possible in all but essential services for the period of the emergency. The database provides examples of such regulations from Austria, Cyprus, France, Greece, Italy, Portugal, Spain and Slovakia (with similar measures also introduced in other countries), each providing different levels of conditions and nuances. While the Greek regulation sets out that the employer can unilaterally impose teleworking without the worker's consent, the French and Portuguese measures state that teleworking is mandatory for only for posts where it is feasible.

In Austria, Portugal and Spain somewhat looser wording is used, giving priority to teleworking where possible. The Slovak regulation emphasises teleworking by mutual consent. This form of work is generally to be applied in all sectors where possible (with the exception of essential services). Only in Cyprus are the provisions limited to public servants.

Specific mention of OSH-related provisions is made in the regulations in Austria and Spain. In Austria, the provisions state that accidents at work are also accidents that occur at the place of residence of the insured person (home office) in a temporal and causal connection with the employment that forms the basis of the insurance. This applies retroactively to all accidents that have occurred in the home office since 8 March 2020. Accidents on the way to or from the home office are also covered. In Spain, it is stated that under the exceptional circumstances the obligation to carry out the risk assessment is to be fulfilled through a self-evaluation carried out voluntarily by the worker. In Slovakia, while the worker is operating from home, the employment relationship is not subject to the provisions regarding weekly working hours, daily and weekly rest time (though provisions on maximum number of working hours still apply). No wage supplements are paid to the employee for overtime and night work and for working on Saturdays and Sundays, unless the employee and the employer agree otherwise.

The French law provides for the payment of an allowance to compensate the worker for costs arising from teleworking (such as the increase in utility costs). The potential costs of implementing teleworking are also taken into account in regional measures in Austria and Malta, where provisions are made to compensate employers and self-employed individuals for necessary investments in ICT and other equipment linked to home working (up to a maximum by teleworker or by enterprise).

## Amendments to ‘smart working’ regulations in Italy

Already prior to the pandemic, flexible work practices aimed at improving the reconciliation of work and family life through the use of ICT (referred to as ‘smart working’) have been introduced in Italy (*lavoro agile* – first regulated by law 81 of 22 May 2017). The law stipulates that smart working is put in place by an individual agreement between the employer and the worker and offers another way to perform ordinary work. Smart working is intended to improve competitiveness and facilitate work–life balance. Work partly takes place on the company’s premises and partly outside, with no constraints in terms of place of work or working time (within the limits of maximum working time set by legislation and collective agreements). The law establishes that employers must give priority to requests made by mothers of small children and parents of disabled children. The individual agreement signed by the employer and the smart worker defines how the work must be performed, regulates rest periods, and specifies the technical and organisational measures that will ensure the worker can disconnect from work devices.

According to the Smart Working Observatory, which was established as part of the Digital Innovation Observatories of the School of Management of the Politecnico di Milano, there were some 480,000 smart workers in Italy in 2018 (around 13% of the workforce). Currently, only around 5% of company agreements cover smart working arrangements.

In order to cope with the COVID-19 pandemic, Article 4 of the Prime Minister’s Decree of 1 March 2020 authorised the adoption of the smart working regime without the employer reaching individual agreement with the employee, as required by the law in normal circumstances, but respecting the principles of Law No. 81 of 2017. During the emergency period, therefore, the right to disconnect was regulated by criteria unilaterally set by the employer.

The situation of cross-border workers is addressed in Luxembourg, which has a high share of such workers and where fiscal arrangements with various neighbouring countries normally place limits on the number of days an individual can work from their home country. In the context of the pandemic, these requirements have been largely suspended, allowing cross-border workers to work from home in their own countries for the period of the emergency legislation.

In an increasingly digitalised environment, the challenges linked to an ‘always-on culture’ for workers – and particularly those performing telework and ICT-based mobile work – have been well documented (Eurofound and ILO, 2017; Eurofound 2020e). It is recognised that in an environment where teleworking is significantly more common (and is likely to remain so), these concerns will probably escalate. In the Eurofound *Living, working and COVID-19* survey, over one in four workers (27%) who started working from home as a result of the pandemic states that they work in their free time to meet the demands of work (at least every other day). This raises questions regarding work intensity and workload – and also brings to the fore the question of how to ensure a ‘right to disconnect’ from digital devices and not be penalised for refusing to respond to work-related emails and calls outside working hours.

At present, only four EU countries (Belgium, France, Italy and Spain) have some legislative provisions in place on the right to disconnect: these generally have

to be implemented by collective or individual agreement. Legislative proposals regarding this issue have also been tabled in the Netherlands and Portugal without further progress to date. The increase in teleworking resulting from the pandemic has brought the debate to the forefront, for example, in Germany, where the Minister of Labour recently indicated his intention to publish legislation on teleworking by the autumn. It remains unclear whether this will include provisions on the ‘right to disconnect’.<sup>18</sup>

## Occupational health and safety

The 13 measures from eight countries captured under this heading provide a mere snapshot of approaches implemented in many Member States and sectors in their efforts to contain the spread of the virus between workers – and the general public – in workplaces considered essential and remaining open for business, particularly in the early phases of the pandemic. The practical nature of these measures – adopted either by governments (such as in Cyprus, Lithuania and Portugal) or the social partners (such as in Austria, France and Italy) – is indicative of the types of initiatives which are likely to become more and more common for ‘back to work’ protocols in many workplaces (see also guidelines developed by EU-OSHA (2020) and the overview of measures by sector documented on its OSHWiki website).<sup>19</sup>

<sup>18</sup> A report focusing on the right to disconnect is due to be published by Eurofound in the autumn of 2020 (Eurofound, forthcoming-c).

<sup>19</sup> [http://oshwiki.eu/wiki/Main\\_Page](http://oshwiki.eu/wiki/Main_Page)

A number of measures (for example, in Austria, Italy and Slovenia) take a broad, cross-sectoral approach to controlling the spread of the virus, and include recommendations on the following:

- teleworking for workers where this is possible
- social/physical distancing in workplaces (measures to ensure respect for the two-metre distance)
- the limitation of workers and/or clients in a workspace at any given time
- posting of signs indicating distancing requirements
- regular cleaning of surfaces
- availability of hand sanitisers
- safe waste collection
- wearing of personal protective equipment (PPE) where required
- the erection of physical barriers between staff and staff and clients where required
- protection of vulnerable groups of workers (for example, by preventing – where possible – direct exposure to clients and customers for pregnant women, older workers or those with pre-existing conditions which put them at greater risk of COVID-19)
- clear protocols for workers displaying symptoms (requirements to self-isolate and inform the employer)

Approaches to be developed at individual workplace level must be informed by a rigorous process of risk assessment, with tailored prevention measures taken in response to risks identified (in line with EU and national legislation).

Other legislative provisions and guidance documents focus on specific sectors that continued to fully or partially operate during the pandemic. These include construction (for example, in Austria or France), public transport (for example, in Portugal), retail (for example, in Austria) and healthcare (for example, in Cyprus). In the latter sector, as well as in the broader care sector, the issue of the shortage of PPE equipment has been highlighted as a particular concern in many countries. Approaches towards the common procurement of such equipment have been developed at EU level in an attempt to help address some of these issues.

Not least in this context, it is notable that the Danish government has specifically recognised the COVID-19 infection as a work-related illness where exposure occurs in the workplace.

In France, a number of examples have been reported of work being suspended (for example, in Amazon warehouses and at Renault in Le Havre) over the lack of consultation with trade unions and the alleged failure to implement sufficient workforce protection measures in the context of the pandemic (see Planet Labor, 2020).

## Well-being of workers

The pandemic and associated lockdown measures have impacted on the mental health of individuals across the EU. According to the findings of the Eurofound *Living, working and COVID-19* survey, average mental well-being was relatively low at 59 (in the 2016 European Quality of Life Survey, it was measured at 64), with relatively small differences between countries (Eurofound, 2020d).<sup>20</sup>

A very limited number of national (governmental) initiatives have been reported that were designed to support psychological and emotional well-being during the COVID-19 pandemic. One such initiative taken by the government of Cyprus addresses primarily the needs of persons infected with COVID-19 who have a medical history of mental health issues. As an additional service, it addresses the needs of patients' relatives, individuals in self-isolation and other psychologically vulnerable groups. It also operates an online and telephone service, 12 hours per day, 7 days per week.

In Portugal, the government initiated a psychological counselling line through a partnership between the Shared Services of the Ministry of Health (*Serviços Partilhados do Ministério da Saúde*), the Calouste Gulbenkian Foundation and the Order of Portuguese Psychologists (*Ordem dos Psicólogos Portugueses*). The line is staffed by 63 newly recruited psychologists who offer counselling to health professionals, civil protection and security forces, as well as to the general public.

Other physical and psychological support measures have also been taken at individual employer level (see, for example, JLL, 2020).

20 Based on a WHO-5 index of mental well-being, measured on a scale of 0 to 100.

## 7 Income protection beyond short-time work

While the use of short-time work allowances has become increasingly common during the global financial crisis – and was expanded in response to COVID-19 – the measures reported in this chapter are in many ways more specific to the pandemic response. This includes the extension of income protection to groups not previously covered in order to prevent financial hardship, as well as initiatives around the extension of sick leave and family leave schemes to account for both the requirements around self-isolation/quarantine and the challenges linked to the closure of schools and crèches.

### Extensions of income support to workers not covered by any kind of protection scheme

While STW schemes have been implemented, adapted and extended to provide a degree of employment and income security (in the short to medium term), similar protection was previously largely inaccessible to freelancers, solo-self-employed and other self-employed groups – as well as workers on temporary contracts – placing them at particular risk of economic shocks (OECD, 2020). The lack of income protection for these target groups is linked to a range of factors including the lack of – or more limited – access to social protection systems;<sup>21</sup> an inability to bargain collectively to ensure greater levels of protection or more limited levels of organisation (Eurofound, 2020c) and a lack of provision of what might be described as universal minimum income schemes.

The need to address some of these issues has been under discussion at national and European level for a number of years, with only limited progress (such as the Council Recommendation on Access to Social Protection for workers and the self-employed).

The extent to which individuals in this target group have been impacted by the restrictions imposed to combat the COVID-19 pandemic (for example, self-employed tradesmen and self-employed and micro companies in the leisure and hospitality sector) has led many Member States to institute income protection measures which previously appeared to be impossible to instigate. In

recent months, 19 Member States as well as Norway and the UK have introduced measures covering the solo self-employed (Finland, Germany, Luxembourg and Poland), freelancers (Bulgaria, Estonia, Greece, Norway, Poland and Spain) and the self-employed (Austria, Belgium, Cyprus, Denmark, Greece, Italy, Lithuania, the Netherlands, Norway, Portugal, Romania, Slovenia and the UK). Countries like Austria, Bulgaria, Croatia, Denmark, Estonia and Italy have specifically included artists and individuals working in the creative industries who have been particularly impacted by the closure of venues and cancellation of events and creative productions. Spain has introduced a specific scheme to protect registered domestic workers whose services have wholly or partly stopped as a result of the pandemic, while Croatia has targeted additional support to protect the income of ‘permanent seasonal workers’.

As shown in Table 9, the eligibility criteria to access such income support is often linked to a number of conditions. Finland and Luxembourg limit access to self-employed workers who are affiliated to the social insurance system; and at least one of the schemes in Austria, Denmark, Slovenia and Spain restricts access to those with a specified loss in the share of turnover (ranging from 75% in one Spanish scheme to 30% in Denmark). While most countries determine that this income reduction should be measured against a range of previous months (or the same month in the previous year), the Slovenian scheme requires a proven loss on income in March 2020 compared to February of the same year – an approach which has been criticised on account of the variation of incomes from self-employment in different months. Furthermore, Denmark, Finland, Luxembourg and Poland set either maximum or minimum income thresholds, below or above which access to the scheme is not permitted.

The income protection schemes for the self-employed and other groups not previously protected also distinguish themselves from the STW schemes discussed above in the fact that they are more likely to offer a relatively low level of income protection – in many countries at or even below the level of the national minimum wage (for example, in Croatia, Estonia, Germany, Poland or Spain). In a number of

21 This is often due to the fact that there is no compulsory contribution requirement to such schemes or no possibility to contribute.

## Specific challenges facing undeclared workers

While the scheme for domestic workers in Spain is the only initiative recorded specifically granting access to support to this target group, it is limited to registered domestic workers. This highlights another issue of particular concern during the COVID-19 crisis, which relates to the position of undeclared workers. By their very nature (being unregistered and not contributing to social insurance schemes), such workers are excluded from all the income supports mentioned and often also fail to claim other hardship supports for fear of detection (particularly in the case of illegal migrants). They are also more likely to work in agriculture and household services – sectors which are significantly affected by the crisis. This means that their exposure to potential hardship is more significant or – alternatively – they continue to work in situations which place them at greater risk of exposure to COVID-19 in a context where many of them will not have access to healthcare systems.

other countries, the payments are not linked to previous income but are offered at a fixed rate which can fall significantly short of previous incomes (Belgium, Bulgaria, Finland, Italy, Netherlands, Portugal and Slovenia). In Denmark, Norway and the UK, the payments are capped, also impacting on actual replacement rates. At least one of the schemes in Austria, Bulgaria, Greece and Luxembourg consists of a one-off grant rather than an ongoing income.

Payment of the benefits tends to be limited to the duration of the emergency situation or is otherwise limited to a period of three months, with only Croatia, Estonia and Portugal providing for the ongoing

availability of this support six months after the emergency declaration. This assumes a rapid return to ‘business as usual’ – which is arguably unlikely to be the case in many sectors.

The early indications are therefore that while this extension of support to groups not previously covered has been welcomed, the level of protection offered has in some cases been limited and there is scant indication that there are intentions to retain such schemes in the medium to longer term. This and other issues around the effectiveness of such schemes will be explored in more detail in the report to be published by Eurofound in late 2020 (Eurofound, forthcoming-b).

**Table 8: Income support measures for the self-employed, solo self-employed and other groups not previously covered**

Country	Target group	Eligibility	Level of support	Duration
Austria	Self-employed and micro companies (up to 10 employees)	Phase 1: Applications up to 17 April for self-employed who can show they can no longer cover the running costs, are affected by a ban on entry or have had a drop in sales of at least 50%. Phase 2 (applications from 20 April) open to self-employed and micro companies	Phase 1: Payment of €500 if income was below €6,000 and €1,000 for income over €6,000. No grant for those with income over €33,812 in previous year. Phase 2: depending on income loss, up to €2,000 per month for up to three months	Phase 1: up to 17 April; Phase 2: applications open until December 2020; maximum duration of payment: three months
	Artists	Artists affected by venue closures and event cancellations	City of Vienna fund: one-off payment of up to €3,000; Artists' Social Insurance Fund (KSVF): maximum of €6,000 over three months	Three months
	Entrepreneurs	Must have management or permanent establishment in Austria; have fixed costs from activities in Austria; be economically healthy prior to COVID-19; loss of turnover of over 40%; take all reasonable measures to achieve sales	Up to €2,000 per month	15 April–31 December
Belgium	Self-employed	Federal government has imposed interruption of the activity in whole or in part; no official interruption of activity but interruption for at least seven consecutive days due to self-isolation, lack of materials, etc.	€1,290 for individuals without family responsibilities and €1,615 for those with families	Two months (March and April)



Country	Target group	Eligibility	Level of support	Duration
Bulgaria	Artists and freelancers	Artists affected by venue closures and event cancellations with incomes of less than €500 in the previous year	€500 maximum	Maximum three months
Croatia	Permanent seasonal workers	Workers classified as permanent seasonal workers	100% of minimum wage in first three months; 50% of minimum wage in second three months	Six months
	Artists	Artists prevented from performing due to COVID-19	Between €217 and €433	Three months
Cyprus	Self-employed	Self-employed who have fully or partially suspended their operations due to COVID-19	60% of previous earnings	Three months
	Contract workers and self-employed	Educators running afternoon and evening programmes	100% of previous earnings	12 March–12 June
Denmark	Self-employed	30% loss of revenue, maximum 10 FTE, turnover of at least DKK 10,000	75% of revenue loss (capped)	Three months
	Artists	Artists affected by social distancing restrictions with an income of between €13,400–107,000 per year	75% of income	Three months
Estonia	Freelancers in creative industries	Those affected by COVID-19	National minimum wage	Income can be claimed during emergency measures and six months afterwards
Finland	Entrepreneurs	Full-time employment ended or income from entrepreneurial activities between €1,090 per month; income reduction is due to COVID-19	€168 per week	16 March–30 June
	Solo self-employed	Registered solo self-employed with income no less than €20,000 per year; impacted by COVID-19	€2,000 one-off grant	Period open for claims 16 March–31 August
Germany	Solo self-employed	Non-means tested for solo self-employed affected by crisis	At level of basic income support ( <i>Sozialhilfe</i> )	23 March–30 June
Greece	Freelancers, self-employed and solo self-employed	Affected by COVID-19	€600 for period 15 March–30 April; social security covered by state (one-off payment)	15 March–31 May
Italy	Artists, self-employed and seasonal workers	Paid to persons not eligible for other wage guarantee funds	€600 per month	Temporary
Lithuania	Self-employed	Registered as self-employed for at least three months; forced to cease activity and not working under contract of employment; no outstanding debt to state budget; not bankrupt	€257 per month	19 March–27 April
Luxembourg	Solo self-employed	Self-employed affiliated to social security system; income not exceeding 2.5 times the social minimum wage; difficulties due to COVID-19	One-off grant of €2,500	Open for applications 8 April–25 June
Netherlands	Self-employed	Self-employed for at least 1,225 hours per year or 23.5 hours per week; active prior to COVID-19	€1,050 for a single person and 1,500 for a couple	Temporary
Poland	Solo self-employed and freelancers	Persons whose income exceeds the average pay multiplied by three are not eligible	80% of national minimum wage; self-employed with income below 50% of minimum wage receive total income	One month
Portugal	Self-employed	Cessation of activity due to restrictions or 40% reduction in income	Between €438 and 635 per month	One month extendable to six months

Country	Target group	Eligibility	Level of support	Duration
Romania	Self-employed and freelancers	Self-employed and freelancers not covered by any social protection mechanism and losing income due to COVID-19	75% average gross wage	During state of emergency
Slovenia	Self-employed	Have to show 25% lower income in March compared to February and 50% lower in April and May than February (support to be returned if income in 2020 exceeds 80% of income in same period of 2019)	€50 for March and €700 for April and May	13 March–31 May
Spain	Self-employed and freelancers	Those active in sectors where activities have ceased; in other sectors, those who have had their income reduced by 75%	Level of unemployment benefit (around 70% of previous salary)	During state of emergency
	Domestic workers	Those registered as domestic employees whose services have stopped wholly or partially	Level of cross-industry minimum wage (€950)	During state of emergency
	Temporary contract workers	Workers whose fixed-term contract expired at least two months after the entry into force of the emergency and with no contributions to access another benefit	Around €420	During state of emergency
Norway	Self-employed and freelancers	Self-employed and freelancers who lost all or part of their income due to COVID-19	80% of income (capped)	Temporary
	Apprentices	Apprentices who lost their apprenticeship	100% of previous apprenticeship income	Temporary
UK	Self-employed	Self-employed whose activity has been restricted due to containment measures	80% (capped)	Three months

Source: Eurofound COVID-19 EU PolicyWatch database (status April 2020)

## Paid sick leave for workers in quarantine or self-isolating

In contrast to previous economic downturns, the nature of this crisis as a health emergency has meant that access to paid sick leave plays an important role: it not only safeguards incomes but also helps to manage the workplace impact and transmission of the pandemic by ensuring that affected workers can quarantine or self-isolate (thus protecting other workers and the wider public). It also ensures that those suffering from COVID-19 can take the required time to recuperate and individuals in at-risk groups who are unable to work from home can maintain a secure income stream.

While most countries already provide workers with financial compensation during sick leave (OECD, 2020), access to such compensation can be limited for individuals with an insufficient contribution record or without access to such insurance-based systems (or where such insurance is not mandatory). This is a thorny issue for temporary workers, other atypical and casual workers and the self-employed. Close to 10% of part-time temporary and 5% of full-time temporary workers and around 40% of self-employed individuals in Europe currently lack access to sickness benefits (Eurofound, 2020d; European Commission, 2017; European Commission, 2018). Furthermore, some countries do not provide immediate access to such compensation payments, but impose a waiting period,

which could discourage workers experiencing COVID-19 symptoms from self-isolating.

During the pandemic, the cost of sick pay can also be a difficult issue for employers, particularly where they are responsible for covering a full or partial wage payment, at least over the initial period of sick leave.

At least 13 Member States, Norway and the UK have adopted new measures facilitating access to paid sick leave in the current crisis. These measures can broadly be categorised into four different types:

- measures aimed at individuals required to quarantine or self-isolate
- measures aimed at protecting vulnerable groups at particular risk of COVID-19
- measures to reduce the cost to employers of providing sickness benefit
- extending access to benefits (to additional groups or for longer periods)

Cyprus, Ireland, Lithuania, Malta, Portugal and the UK are among the countries that introduced specific measures to support those having to self-isolate, while Italy and Romania made specific provisions for workers in quarantine who are unable to work from home.

The Irish scheme provides an enhanced sickness payment for self-isolating workers and those undergoing treatment for COVID-19 (a payment of €350 per week compared to usual the €203). The Lithuanian

scheme (funded by the employer for the first two days and subsequently by the state) offers a replacement rate of 62% of the average wage. Lithuania also offers an increased sickness benefit of 78% of the average wage to healthcare and other workers infected with COVID-19 in the performance of their work. In Portugal, workers and insured self-employed workers are entitled to a full income compensation for the two weeks of self-isolation. The UK has waived the waiting period for access to statutory sick pay.

The measures implemented in Italy for workers in quarantine aim to ensure that the period of sick benefit payment does not count towards the maximum period for which this benefit can be received. Malta has provided for full wage compensation for quarantined workers, while at the same time granting employers a lump sum of €350 per affected worker. In Romania, workers in quarantine are entitled to 75% of their previous salary under the new measures.

The Cypriot scheme also aims to offer protection to vulnerable groups at particular risk of COVID-19 and those aged 63–65 not in receipt of a pension. They are entitled to a benefit of 60% of previous income while the emergency measures remain in place.

Specific compensation schemes for vulnerable groups have also been implemented in Malta: holders of a European Disability Card and individuals with conditions placing them at particular risk of the virus are entitled to a weekly lump sum payment for the entire period they are advised to remain at home. Greece offers full wage compensation to such vulnerable groups during the period they must remain at home if they are unable to telework.

Denmark, Estonia, Sweden, Norway and the UK have implemented measures reducing employers' liability for the payment of sickness benefits for a period constrained by special emergency measures linked to the pandemic.

## Income support for the unemployed

Unemployment is expected to rise sharply as a result of the COVID-19 crisis and subsequent severe slow-down of the economy. As indicated above, it is difficult to gauge the scale of this increase, particularly since some STW measures are funded through unemployment insurance funds and claims data can be misleading. Unemployment insurance is a key element of the social welfare systems of all Member States.

In an effort to protect the incomes of unemployed persons, Member States have reacted to the COVID-19

crisis by making unemployment insurance more generous, with important cross-country differences. This adds to the pre-existing diversity in terms of amount and duration of unemployment benefits, also deriving from reforms undertaken since the global financial crisis, and affecting their coverage, accessibility, duration and effectiveness. Recent reforms mostly affected the schemes' coverage and effectiveness. Belgium, Denmark, Finland, France, Malta and Spain broadened the coverage by extending the benefits to more types of employment (for example, self-employment and non-standard contracts). Others reduced the generosity of the schemes, introducing more stringent eligibility conditions (France), reducing the duration of the benefits (Latvia) or incentivising part-time work and access to training for the unemployed (Finland) (European Commission, 2020c).

The 17 examples, identified in 12 countries – Austria, Bulgaria, Denmark, Finland, France, Greece, Ireland, Malta, Portugal, Slovakia, Spain and Sweden – consist of legislation or other national statutory regulations. In most cases, they modify existing unemployment insurance measures (Eurofound, 2020b).

## Easing conditions for accessing or maintaining unemployment benefits

Some measures eased the requirements for unemployment benefit eligibility. In some countries, this applies across the board, whereas in others, specific provisions are made for individuals active in sectors particularly hard hit by the crisis. The minimum working period in Finland has been reduced from 26 to 13 weeks worked during the past 28 months for dismissed jobseekers – who worked at least one week since March 2020 and do not meet the original requirement. In France, intermittent workers<sup>22</sup> and cultural sector employees who cannot work (and hence acquire rights to unemployment benefits) or who lose their rights during the lock-down period are protected by an exemption to the related eligibility calculations. The enforcement of more restrictive access to unemployment benefits has been postponed as well. Spain ensures access to unemployment benefits to employees who have suffered a suspension or reduction of work due to the COVID-19 crisis, even if they do not have the contribution record usually required to access those benefits. The benefits will be provided as long as the suspension or temporary reduction of work is in place. In Sweden, the 'temporary reinforcement of unemployment insurance' has also led to relaxed requirements (length of accumulated work and membership of the unemployment insurance fund), enabling recipients to receive financial support.

22 Intermittent work is a form of employment often related to an individual project, specific task or seasonally occurring job.

## Temporary reinforcement of unemployment insurance in Sweden

With this temporary measure (13 April 2020 to 3 January 2021), the Swedish government set out to adapt the unemployment insurance by increasing the levels of coverage and overall protection. Key changes include making the eligibility criteria more generous and raising both minimum and maximum pay-out levels.

Dimension	Eligibility criteria	Criteria under new measure
<b>Length of membership in the unemployment insurance fund</b>	At least 12 months in order to be eligible for pay-outs	Every month of membership during March–December will count as four months, making it possible to become eligible in only three months
<b>Work accrued</b>	At least 50% worked during the past six months	This minimum limit has been lowered to allow a larger number of part-time workers to become eligible
<b>Highest and lowest pay-outs</b>	Minimum and maximum pay-out levels: SEK 365 (€34.50) per day and SEK 20,000 (€1,891) per month respectively	Minimum and maximum pay-out levels raised to SEK 510 (€48.20) per day and SEK 26,400 (€2,496) per month respectively
<b>Initial qualifying days</b>	Six days	This has been removed

Source: Eurofound COVID-19 EU PolicyWatch database (SE-2020-16/557)

With a focus on continuing the benefits, Denmark has implemented a three-month suspension of existing requirements for long-term unemployment benefit holders, linked to active job search and minimum hours worked. In Bulgaria, people receiving unemployment or social assistance benefits can earn additional income from seasonal agricultural work without losing their state support entitlement. As mentioned in Chapter 3, the regulations regarding availability to work have also been relaxed in a number of countries for those volunteering for essential service provision.

### Extension of the duration of the benefits

Several Member States have provided for the extension of unemployment benefits for recipients who may lose their rights during the crisis period, either for a specific duration – Greece (two additional months after expiry); Portugal (until the end of June 2020); Slovakia (one month, up to a maximum of seven months) – or until the end of the crisis (Austria and France), ensuring that the additional compensation will not reduce any future entitlements (France).

In Finland, cancellation of the unemployment allowance deductible period has been introduced for those temporarily laid off, extending the period beneficiaries can receive earnings-related unemployment allowance rather than the less generous payments that normally apply after the period of earnings-related payments has expired. In addition, Finland, Ireland and Sweden have temporarily waived the waiting period for the payment of the unemployment benefits to start. In Spain, the Public Employment Services will extend the unemployment benefit to workers whose entitlement ended during the period of reduced economic activity and mobility, with

recipients not required to submit an application for renewal.

### Increase of the financial support provided

Additional financial support in the form of new assistance payments or increased amounts has been granted in several countries to employees whose work has been suspended because of COVID-19. In Ireland, this 'pandemic unemployment payment' amounts to €350 per week. In Malta, the 'additional unemployed benefit' is provided as an extra support to recipients of other unemployment benefits, while all previous benefits are maintained.

The procedures for applying for unemployment benefits have been simplified in some countries, taking into account the rules on social distancing. Austria has implemented a system of online applications, with no need for a personal interview.

### Support for parents and carers

As a key public health policy measure introduced to limit the spread of the coronavirus, nearly all EU Member States (as well as Norway and the UK) have closed crèches, kindergartens and schools, either fully or partially, with skeleton provision put in place to care at a minimum for the children of essential workers. In addition to the closure of these care facilities, governments issued recommendations against or prohibitions on children being under the care of grandparents, as the latter belong to the COVID-19 risk group. This put further pressure on working parents and carers to combine their work and care obligations. Several countries have therefore reacted by adapting the existing parental leave or special childcare schemes;

or have introduced benefits or rights to request leave or reduced working hours to account for the unforeseen requirement to care for children at home and oversee their school work.

Due to the policy attention which the topic of ‘work–life balance for working parents and carers’ has received over the past few years in the context of the

implementation of the EU directive (2019/1158) and related non-legislative action, many Member States had already promoted and extended their family leave and benefit schemes in recent years, either applying existing benefits (such as in Finland) or adapting them (on a temporary basis) to the pandemic situation.<sup>23</sup>

**Table 9: Support measures and benefits for working parents and carers**

Country	Type of support measure	Rate of compensation
<b>Partially subsidised special leave entitlements</b>		
<b>Austria</b>	Subsidised care time for working parents and carers.	Full salary: ⅓ paid by state, ⅔ by employer.
<b>Greece</b>	Special purpose leave for working parents. Minimum of four days: 1 regular and 3 ‘special purpose’. The regular leave days are deducted from annual leave.	Full salary: ⅓ paid by state, ⅔ by employer.
<b>Portugal</b>	Justified absences from work for parents who are employees during the period of closure of schools and social care services for early childhood or disability.  This applies in cases where the employee cares for a child or other dependent person aged under 12 or, regardless of age, having a disability or chronic illness.	⅔ of the basic remuneration, paid by the employer but borne in equal parts by the employer and by the social security authority. Top limit of three minimum wages and bottom limit of one minimum wage.
<b>Romania</b>	Paid leave for one parent.	Full pay. Net value paid by employer but can be reclaimed from the Guarantee Fund. Income tax and social security contributions continue to be paid by employer.
<b>Family leave entitlements compensated by the state (but usually with benefit of less than 100% of regular pay)</b>		
<b>Cyprus</b>	Special paid childcare leave.	For eligible parents (single parents in parentheses), the compensation rate is 60% (70%) of the first €1,000 and 40% (50%) of the other €1,000. The maximum amount of the allowance is €1,000 (€1,200) per month.
<b>France</b>	Paid care leave under the sick leave scheme, cannot be combined with paid leave. Eligibility criteria extended.	Approximately €45 per day.
<b>Italy</b>	Leave and allowance for workers with care obligations: 15 days’ parental leave and 12 additional days of paid monthly leave for the months of March and April.	50% of remuneration or ‘usual’ remuneration for self-employed.
<b>Lithuania</b>	Compensation for employees looking after children or disabled persons: up to 60 days or when the quarantine scheme ends.	65.9% of the recipient’s compensated wage from the first day on.
<b>Luxembourg</b>	Leave for family reasons due to the epidemic. Rules somewhat tightened: it may only be taken if no other childcare option is available in the household. The days taken during the pandemic do not affect the overall balance of leave entitlements available.	Full pay.
<b>Malta</b>	New parent benefit.	€166.15 per week for parents working full time and €103.85 per week for parents working part time. In addition, their social security contributions are paid. Individuals can continue to receive other benefits without deductions, such as the ‘in-work benefit’ and ‘tapering of benefits’.
<b>Poland</b>	Care allowance for parents forced to stay home to mind (pre-)school children.	80% of gross wages or, for self-employed, of average monthly gross revenue.
<b>Norway</b>	Number of available care days (referred to as ‘sick child days’) doubled from 10 to 20 per calendar year (for up to two children); or from 15 to 30 days for three children or more.	Approximately €780 per month.

<sup>23</sup> For an overview of existing family leave entitlements (maternity, paternity and parental leave), see Eurofound’s [working life country profiles](#), section on ‘individual employment rights’.

Country	Type of support measure	Rate of compensation
<b>Extra top-up of benefits for parents</b>		
Bulgaria	Additional childcare allowance for parents taking unpaid leave.	BGN 375 (approximately €200). One-time assistance.
Czechia	Care allowance for home-schooling for 9 to 16 calendar days (parents/single parents).	CZK 424 per day (€15.41) or CZK 14,000 (€510) per month.
Latvia	Additional payment for children for recipients in support for idle time.	€50 per month.
Italy	Babysitting voucher (as alternative to parental leave), to pay for (officially declared) babysitting services.	€600 (or €1,000 for healthcare workers).
<b>Right to request reduction in working hours</b>		
Belgium	Working parents can more flexibly request a reduction of working hours (either 20% or 50% of full-time) as parental leave, and will receive a lump sum benefit, to compensate for the loss of earnings. Parents who wish to reduce their working time by 100% can avail of the regular parental leave schemes.	The flat-rate benefit is 25% higher than the benefit for the traditional parental leave: for example, €149.60 for a 20% reduction as compared to €119.68 for the traditional parental leave for employed parents. For the self-employed, a 100% reduction is compensated by €532.24 a month, or €875 if a single parent.
Spain	Reduction of work day up to 100% for carers.	Unpaid.
<b>Other benefits for parents and carers</b>		
Luxembourg	Family care leave for family support, to care for a disabled adult or an elderly dependent during the time of closure of care facilities.	Full pay.
Slovakia	Parents or other carers who have to mind a sick child or dependent, in particular also when the child has been ordered to quarantine or self-isolate.	Estimated average daily amount of €15.80. Estimated duration of 101 days per recipient.

Source: Eurofound COVID-19 EU PolicyWatch database (status April 2020)

Despite some important differences, most of the measures recorded were explicitly targeted at parents whose work had not been suspended, or otherwise affected and who are not working from home. Indeed, in most cases, access to the schemes for parents whose jobs allow them to telework was explicitly ruled out: this was the case in Austria, Cyprus, France, Lithuania, Luxembourg, Malta and Romania.

Some countries (among them Belgium, Czechia, Italy, Greece and Luxembourg) included restrictions based on the income status of the individual parent (or the household), to rule out ‘double income support’ (for example, when one parent was already on a short-time work scheme or unemployed); the aim was to target particularly vulnerable parents having no form of income support and with an immediate need for childcare. The adapted schemes tend to be additional and do not affect the regular parental leave entitlements or can also be availed of if the latter have

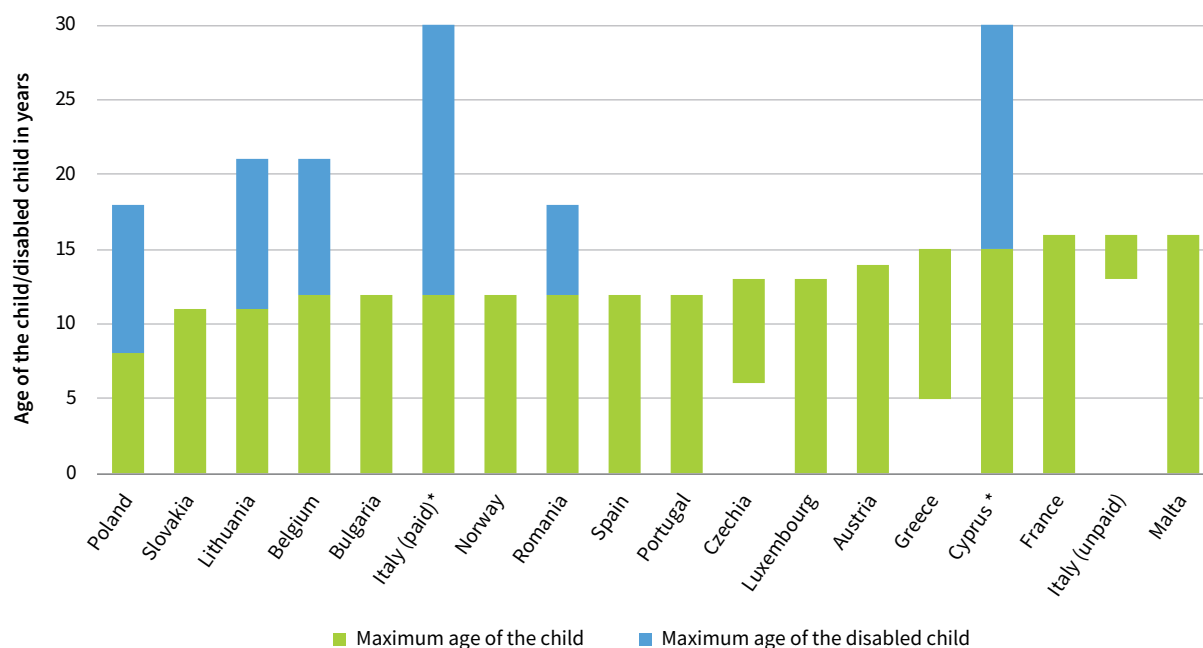
been exhausted already. Some of them (such as in Austria, Belgium and Cyprus) also provide compensation rates or benefits that are higher than the regular parental leave schemes.

The eligibility in terms of the child’s age varies, but the average upper age limit across the measures recorded is 13 years. There are higher upper age limits (where these exist) for parents or carers of disabled children. Only few countries (such as Austria, Luxembourg and Spain) have extended the support or right to those caring for others, such as elderly dependents. Slovakia has introduced a ‘nursing benefit’, which is explicitly linked to caring for a dependent or relatives with a medical condition or who has to quarantine or self-isolate. Lithuania also granted the right to obtain benefits for grandparents.

Figure 12 provides an overview of the children’s age limits by country, during which the leave or benefit can be obtained.



Figure 12: Age limit of the child/disabled child for eligibility to obtain leave and/or benefits



**Note:** \*Italy and Cyprus: There is no age limit on requesting leave for a disabled child.

**Source:** Eurofound COVID-19 EU PolicyWatch database (status April 2020)

Most of the reported measures are implemented in the form of special or additional parental leave days, with several taking the form of additional or complementary income support.

Most countries issued the right for parents or carers to paid leave (either fully or partially), but in the majority of cases subsidised by the state, either directly or to be reclaimed by the employer: Austria, Belgium, Cyprus, France, Greece, Italy, Luxembourg, Malta, Romania and Norway.

In addition to the right to request (partially paid) parental leave, Italy also introduced the option for parents to obtain babysitting vouchers of €600 (or €1,000 for health professionals with care obligations), to subsidise part of the costs for a babysitter in a regular employment relationship.

In Bulgaria, Czechia and Latvia, the COVID-19 support for parents comes in the form of an additional allowance for children when parents obtain a benefit for idle time, are on unpaid leave, or for parents when home-schooling their children. Spain, finally, granted the right to working parents or carers to have their working hours reduced by up to 100% (unpaid).

Norway has doubled the amount of available leave days for parents (which they can resort to when caring for a sick child or when replacing a sick carer) for the duration of the full calendar year. While most of these measures are limited to the duration of closure of care facilities and schools, in some cases a specific date has been issued (but might be subject to prolongation).

In most cases the newly introduced or amended support schemes are broader in terms of being available to other groups of workers beyond employees (in particular the self-employed). In a few countries, they are somewhat less comprehensive in scope, being available only to employees (in private and public sector: Greece), with less generous provisions being available for self-employed and domestic workers (Portugal), for private sector employees (Cyprus, Malta and Romania) or they are a 'last resort' benefit (top-ups) for parents on unpaid leave or obtaining idle time benefit (Bulgaria and Latvia).

## 8 Measures to prevent social hardship

The health and economic fallout from the pandemic have further increased the vulnerability of groups already at a disadvantage. This includes disabled individuals and those with long-term health conditions, workers on low pay and precarious contracts, unemployed people, those affected by homelessness and certain migrant groups.

However, the broad economic impact of the pandemic has also placed at risk livelihoods which previously appeared secure. This led to an increased need for financial support to those having suffered a drastic income reduction and job loss, are at risk of poverty and exposed to over-indebtedness. The situation is exacerbated by the fact that the normal functioning of some social services was undermined due to social distancing measures

Many Member States reacted by launching emergency measures to prevent and address social hardship resulting from the financial impact of COVID-19. In 15 countries, initiatives were identified with regard to access to healthcare, keeping a safe home, preventing over-indebtedness, and protecting specific vulnerable groups. The majority of these measures apply on a temporary basis.

### Keeping a safe home

The Eurofound *Living, working and COVID-19* survey found that particularly among the unemployed, the fear of being evicted due to the inability to meet rent or mortgage payments is significant, with one in five unemployed individuals voicing such concerns. Over 22% among this group are already in arrears on their rent and mortgage payments.

Austria, Greece, Ireland, Lithuania, Portugal, Spain and the UK have implemented actions to alleviate difficulties related to keeping a safe home deriving from COVID-19-related income losses. These include measures to protect renters and mortgage holders and to ensure the continuity of utility supplies (water, electricity, gas).

### Stabilisation of rental contracts and the deferral of rent and mortgage payments

Some of the measures implemented in this area allow for the extension of fixed-term residential rental contracts. In Austria, rental agreements expiring between 30 March and 1 July may be extended until the end of 2020. In Spain, rental contract extensions may be applied at a tenant's request, for a maximum of six months. In Ireland, notices of termination received by

renters prior to the COVID-emergency period are frozen for the duration of that period. Landlords in Austria cannot terminate the lease due to payment arrears deriving from financial problems caused by the pandemic.

Other measures impose a statutory deferral of evictions to prevent homelessness (for example, in Austria, Portugal, Spain and the UK). In Portugal, the suspension of evictions and of the expiration of lease contracts applies to both residential and non-residential contracts.

Protection also takes the form of a ban on rent increases. In Ireland, this applies during the three-month emergency period. Those struggling to pay rent are advised to contact their landlords and try to agree a reduced amount for the duration of the situation.

Various countries have allowed for rent arrears and a freeze on mortgage payments for those financially impacted by COVID-19. Eligibility for and the duration of such measures vary: three months in Lithuania and the UK; one month in Spain for the payment of first home mortgages (for families who suffered income or job losses). Spain and Ireland (among others) have promoted special access to finance for the payment of rental debts. Spain launched a series of guarantees with full coverage by the state, so that banking entities can offer transitory financial aid with favourable repayment terms. Such aid must be spent on rent payments for a maximum of six months. Moreover, Spain has set up a programme to grant direct aid to tenants who cannot pay their rent in the short term. In Ireland, a means-tested social welfare rental support benefit is available. Such pre-existing rent support schemes for the unemployed or low income earners have also increasingly been used to prevent individuals from defaulting in rent payments in other countries.

### Protection of the supply of household utilities

Another line of support focuses on guaranteeing the provision of household utilities (water, electricity, etc.) to consumers whose incomes have been impacted by COVID-19. In the Eurofound *Living, working and COVID-19* survey, 28% of unemployed individuals reported being in arrears on their utility bills.

In Spain, legislation temporarily prohibits suppliers of electricity, natural gas and water to suspend supply. The Austrian government recommended that energy suppliers do not impose energy shutdowns when payment difficulties arise.

## Housing allowance and housing programmes

Housing support has been made available to particularly vulnerable groups placed at greater risk by the crisis. Greek legislation temporarily provides for people who were former beneficiaries of the ‘Housing and work for the homeless’ programme, and who are thereby entitled to housing allowance, if they submit a relevant electronic application. The Municipality of Athens opened a new shelter for homeless people. Staffed by doctors, care workers, nurses, social workers and psychologists, the shelter has the capacity to host up to 400 people, and contains personal hygiene facilities and internet.

The WHO reported an increase in incidents of domestic violence during the crisis (Euronews, 2020). In Spain, a new programme provides an immediate housing solution for people who are victims of gender-based violence, evicted from their home, homeless or have other vulnerabilities. Spain also launched a programme to increase the social housing stock to enable especially vulnerable groups to have access to shelter during the crisis. Also targeting this group, Austria strengthened protection for victims of domestic violence by increasing assistance (more resources for the existing 24-hour helpline and a new professional online ‘help chat’ in several languages); providing advice for women at risk of violence (online and through brochures); and raising awareness through the new ‘Safe at home’ campaign to help women who have violent partners.

## Preventing over-indebtedness

The COVID-19 crisis comes at a time when many vulnerable groups in Europe were already exposed to debt and arrears. In 2016, 14% of people (then EU28) reported not being able to make scheduled payments related to rent or mortgages, consumer credit, loans from family or friends, or utility or telephone bills. If those with difficulty making ends meet – but without any arrears – are included, 21% risk being over-indebted (Eurofound, 2020a). In order to provide relief for borrowers who suffered loss of income and were unable to repay debts as a result of COVID-19, some countries launched debt moratorium measures to allow for additional time for repayments in order to prevent over-indebtedness. In Austria, a lender’s claims for repayment of capital or of interest on loan agreements with consumers and micro enterprises, entered into before 15 March and due between April and June 2020, can be deferred for three months if the borrower has lost income due to COVID-19. In Hungary, every commercial loan, mortgage or other loan contract signed before 18 March 2020 will see a freeze on repayments of loan, capital and related fees until at least the end of 2020. The length of time for loan repayment will be extended by the period of the freeze.

Latvia has modified the deadlines and terms for debt repayments by providing the debtor with additional time to fulfil obligations.

Another approach used to prevent indebtedness is tax relief. The UK established a hardship fund (approximately €557 million) to provide council tax relief to those most affected by COVID-19. The funding will go to local authorities to enable them to reduce the 2020–2021 council tax bills of working age people receiving Local Council Tax Support. Councils can also use the funding to further support vulnerable people through arrangements such as local welfare schemes.

## Access to healthcare

The pandemic has posed enormous challenges for health services, not only because of conditions linked to COVID-19, but also in maintaining ongoing healthcare requirements despite the limitations imposed by social distancing. Austria and Greece were among the first countries to launch a system of e-prescriptions, to avert physical contact between doctors and patients. These systems allow an individual to apply online or by phone, receive the e-prescription and collect the medications – in some cases the pharmacy can arrange home delivery. In Austria, the measure is mainly intended for people with long-term medication and is complemented with actions such as the suspension of the authorisation requirement for many medications, free-of-charge ambulance transport and the possibility to provide sickness reports to doctors by telephone.

Austria also launched a ‘COVID €100 million special fund for 24-hour nursing care’ to ensure the continuation of long-term care, which was put at risk because of travel bans (over 98% of carers are from abroad, mainly Romania and Slovakia) or due to capacity problems for care provided by a family member or in care homes when relatives or staff are sick or in quarantine.

## Protection of vulnerable groups (beyond employment support)

### Support to families

In Austria and Germany, the (pre-existing) family funds to address child poverty have been temporarily increased, helping households suffering a loss in income. In Austria, this consists of a one-off grant, whose amount depends on previous income. In Germany, the provision of the means-tested benefit will be assessed based on parental income over the last month, rather than six months, to take account of dramatic income drops since the pandemic started. Spain has expanded support to families in terms of allocation of items (to ensure coverage of basic needs and guarantee sufficient income) and care support (conciliation measures for low-income families needing to attend work).

In Hungary, students in higher and adult education may take out an interest-free loan to offset their living expenses during the pandemic, up to 31 December 2020.

### Support to specific vulnerable groups

Other measures provide support to specific vulnerable groups. Some consist of general financial assistance. In Slovenia, for example, the ‘one-time solidarity allowance’ provides low-income retirees and unemployed disabled persons with a one-off financial bonus calculated on the basis of their monthly income. Aid is also offered, in lower amounts, to recipients of social benefit, students and large families. To support vulnerable persons whose entitlements to social rights allowances were due to stop from 12 March or be subject to a new assessment, allowances were extended until the end of the confinement period.

In Portugal, new legislation ensures foreign citizens with pending processes at the Foreigners and Borders Service are in a situation of regular permanence in the national territory from the date when the state of national emergency was declared. These pending processes cover requests for entry and permanent residence, as well as requests for asylum, refugee or subsidiary protection. The documents proving the request made are to be considered valid by all public services (such as access to the National Health Service, social benefits, healthcare, etc.).

## Provision of services in-kind

Some countries have implemented services in-kind to provide direct support to people in a situation of economic and social difficulty.

Several interventions touch upon food needs. In Italy, €400 million was allocated to the municipalities to provide immediate solidarity with citizens via the direct provision of food and staple products or vouchers for their purchase. Similarly, Greece has strengthened the municipal structures of social policy and solidarity by boosting the ‘Help at Home’ programme (food, medication health services, and psychological support) to meet increased needs. A total of €12 million has been granted to provide meals to citizens in need. In Belgium, the social partners are recommending the government extends the validity of meal vouchers, as the COVID-19 crisis makes it more difficult to pay with them.

Other measures provide direct services to people who are alone or without support. Alongside the ‘Help at Home’ programme, the municipality of Athens launched ‘Help at Home plus’ to address residents facing diseases and medical emergencies, elderly people who cannot receive family support, and people who are alone. Another example is the new services provided by Croatian Post to elderly citizens, such as the free delivery of pensions at home.

## 9 Conclusions

The economic and labour market consequences of the COVID-19 outbreak are expected to dwarf those of the 2008–2009 global financial crisis. At the time of writing (May 2020), the widespread use of short-time work across the EU and the time lag in the availability of comparable employment data mean that the impact of the pandemic on unemployment rates remains difficult to gauge accurately.

According to ILO modelling, global working hours in the second quarter of 2020 are expected to be 10.5% lower than in the fourth quarter of 2019. The European Commission's spring 2020 Economic Forecast projects a steep rise in EU unemployment from 3.7% in 2019 to 9.2% in 2020, alongside a decline in EU GDP growth projections from +1.5% to -7.5% (European Commission, 2020a). Precise impacts in the medium and longer term are difficult to predict and depend on the dynamics of the virus spread, the impact of containment and the potential accessibility of a vaccine.

The difference in predicted GDP and employment consequences for Member States and variations in their ability to deal with the financial fall-out from COVID-19 poses significant challenges for EU convergence. This will need to be addressed if a decline in support for the EU, as demonstrated by the declining trust in EU institutions reported in the Eurofound *Living, working and COVID-19* survey, is to be contained.

Nuances in labour market impacts by sector – a key feature of this crisis – have important distributional consequences. Employment in sectors subject to closure by decree was mainly female, young and low-paid. It was also more likely to be temporary or self-employed. In this context, the evidence around the make-up of the workforce with more teleworkable tasks gives cause for concern, since this share is higher among more educated, higher paid workers, further exacerbating the impact of the crisis on already vulnerable groups of workers.

In addition to the fiscal capabilities of different Member States to fund relief measures and the role played by the European Union in supporting countries most affected, the economic, employment and distributional consequences of the crisis will ultimately also depend on the duration of the crisis and the effectiveness of measures introduced to keep businesses afloat and to secure employment and incomes – as well as their sustainability.

While some lessons can be learned from other economic shocks, it is also important to bear in mind the differences between – for instance – the global financial

crisis and the COVID-19 pandemic in terms of the origins, speed of sectoral economic impact.

For example, a significant share of the direct subsidy measures aimed at keeping businesses afloat are targeted at enterprises that were closed by legislation during the most intensive phase of the lock-down and those that suffered a very dramatic decline in income as a result of travel restrictions and social distancing measures. These have largely been small and micro businesses, many of which were weakly capitalised and operating with a more casual workforce. Such businesses employ two-thirds of the workforce and are traditionally the main source of job creation. It remains to be seen whether the support measures provided are sufficient to allow such undertakings to survive post lock-down, with demand unlikely to immediately bounce back to pre-COVID-19 times as social distancing measures remain in place and consumer confidence remains low. As the situation evolves and STW schemes remain in place for longer, one key question is whether the enforced 'downtime' could be effectively used to enhance skill levels through the provisions of training. During the global financial crisis, such efforts often failed for a number of reasons, such as the lack of planning around skills requirements, the lack of availability of suitable tailored training and uncertainty around the length of time available to deliver such courses. While some of these challenges potentially still exist, the increasing use of online learning and other digital tools over the past decade may provide new opportunities. Both in this context, as well as with regard to active labour market policy measures for those affected by unemployment as a result of the crisis, the importance of bearing in mind the requirements of the European Green Deal and national future low carbon strategies should be considered when developing training content.

The labour market impact of the pandemic on already vulnerable groups also raises the question of the extent to which the measures implemented have been sufficiently tailored to support this target group. While some countries expanded their STW schemes and other benefit systems to cover atypical groups of workers, this is not the case across the board. Nonetheless, the evidence presented in this report demonstrates that the COVID-19 crisis has led Member States to adopt a wide range of measures to support the incomes of groups which would either previously have been unthinkable or has been the subject of policy debate for many years without significant progress. This is particularly true of the expansion of income support schemes to



self-employment and precarious workers such as those on fixed-term contracts. Whether such measures provide tentative steps towards a universal minimum income remains to be seen, particularly as most of the legislative initiatives are currently time limited.

This raises the question of what the post-COVID-19 world will look like – the ‘new normal’. Certainly, the measures and guidance adopted around the return to work provides an indication of the new OSH challenges and limitations within which business will continue to operate at the very least until an effective vaccine and treatment have been found and rolled out. It is evident that such requirements are likely to have financial and operational implications which will be significant in many sectors. It seems likely that for tasks where this is possible, continued use will be made of teleworking – even if not at as high or intensive a level as is currently the case. This raises the question of whether existing labour and OSH legislation remains fit for purpose to regulate the challenges which can arise from such work arrangements whilst maximising its benefits for workers and employers. In this context, a forthcoming report by Eurofound will discuss the increasing emphasis placed on regulating not only telework itself, but also the ‘right to disconnect’ from digital devices in a scenario when the boundaries between workplace and private sphere are becoming increasingly blurred (Eurofound, forthcoming-c).

In the broader context of the discussion on minimum wages, the gender pay gap and labour shortages, it is

also worth picking up on another area where lessons might be learned from the pandemic and this relates to the placing into sharp focus of the question of ‘essential services’. Many of the tasks which proved essential during the pandemic have tended to be considered low-skilled and/or be low-paid and undervalued (and often female-dominated). Although some countries have acknowledged the value of these services to society by offering financial incentives (and other in-kind benefits) to workers on the front line, these are – in most cases – temporary. Furthermore, while in most of these cases, the suspension of workers’ rights applied to many occupations in the essential services are time-limited to the pandemic crisis situation, the changes allowing for derogations to working time rules in Hungary, for example, are open-ended, emphasising the need for worker representative organisations to stay alert to the threat of the emergency situations being used to roll back labour standards. Similarly, when viewed in light of the shortage of personal protective equipment experienced by health and social care staff in many countries and the additional physical, psychological and emotional demands placed on workers in these and other essential services, these suspensions of labour rights – while understandable at a time of national emergency – nonetheless give some cause for concern.

In conclusion, the COVID-19 pandemic has posed unprecedented challenges, and required policymakers to adopt innovative solutions, including implementing lessons learned from previous economic downturns.



# References

Eurofound publications are available at [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

Adams-Prassl, A., Boneva, T., Golin, M. and Rauh, C. (2020), *Inequality in the impact of the Coronavirus shock: Evidence from real time surveys*, IZA, DP No. 13183, April 2020.

Alon, T., Doepke, M., Olmstead-Rumsey, J. and Tertilt, M. (2020), *The impact of COVID-19 on gender equality*, National Bureau of Economic Research (NBER), Working Paper 26947, April, Washington DC.

Anderson, J., Bergamini, E., Brekelmans, S., Cameron, A., Darvas, Z., Dominguez Jimenez, M. and Midoes, C. (2020), 'The fiscal response to the economic fallout from the coronavirus', Bruegel, Policy Brief, May 2020.

Bergamini, E. (2020), 'How COVID-19 is laying bare inequality' Bruegel, blog post, 31 March.

Cahuc, P. (2019), 'Short-time work compensation schemes and employment', IZA World of Labour, May, pp. 1–11.

CEEP (2020), *Services of general interest facing COVID-19*, web page, available at <https://www.ceep.eu/sgis-facing-covid-19/>

Chen, S., Igan, D., Pierri, N. and Presbitero, A. (2020), 'The economic impact of Covid-19 in Europe and the US: Outbreaks and individual behaviour matter a great deal, non-pharmaceutical interventions matter less', Vox CEPR Policy Portal, 11 May.

DARES (2020), *Situation sur le marché du travail durant la crise sanitaire*, Weekly update, 19 May, Paris.

EPSU (2020), *Joint European trade union federations' recommendations to help anticipate and manage the impact of COVID-19*, web page, available at <https://www.epsu.org/article/joint-european-trade-union-federations-recommendations-help-anticipate-and-manage-impact>

ETUC (2020), *COVID-19 Watch // ETUC Briefing notes*, web page, available at <https://www.etuc.org/en/publication/covid-19-watch-etuc-briefing-notes>

ETUI (2020), *Ensuring fair short-time work: A European overview*, ETUI Policy Brief no. 7, 2020, Brussels.

EU-OSHA (2020), *COVID-19: Back to the workplace: Adapting workplaces and protecting workers*, European Guides series, 24 April.

Eurofound (2010), *Extending flexicurity: The potential of short-time working schemes: ERM Report 2010*, Publications Office of the European Union, Luxembourg.

Eurofound (2020a), *Addressing household over-indebtedness*, Publications Office of the European Union, Luxembourg.

Eurofound (2020b), *COVID-19 EU Policywatch* (online database), available at <https://www.eurofound.europa.eu/data/covid-19-eu-policywatch>

Eurofound (2020c), *Labour market change: Trends and policy approaches towards flexibilisation, Challenges and prospects in the EU series*, Publications Office of the European Union, Luxembourg.

Eurofound (2020d), *Living, working and COVID-19: First findings – April 2020*, Dublin.

Eurofound (2020e), *Telework and ICT-based mobile work: Flexible working in the digital age*, Publications Office of the European Union, Luxembourg.

Eurofound (forthcoming-a), *COVID-19: Some implications for employment and working life*, Publications Office of the European Union, Luxembourg.

Eurofound (forthcoming-b), *Involvement of social partners in the adoption of COVID-19 policy measures and the elaboration of National Reform Programmes*, Publications Office of the European Union, Luxembourg.

Eurofound (forthcoming-c), *Right to disconnect in the EU*, Publications Office of the European Union, Luxembourg.

Eurofound and ILO (International Labour Office) (2017), *Working anytime, anywhere: The effects on the world of work*, Publications Office of the European Union, Luxembourg and International Labour Office, Geneva.

Euronews (2020), 'WHO "deeply troubled" by spike in domestic violence in locked down Europe', 7 May.

European Commission (2017), *Access to social protection for people working on non-standard contracts and as self-employed in Europe: A study of national policies 2017*, Brussels.

European Commission (2018), *Access to social protection for all forms of employment: Assessing the options for a possible EU initiative*, Publications Office of the European Union, Luxembourg.

European Commission (2020a), *Spring 2020 Economic Forecast*, available at [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_799](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_799)

European Commission (2020b), *The COVID confinement measures and EU labour markets*, Joint Research Centre technical report, Publications Office of the European Union, Luxembourg.

European Commission (2020c), *Joint employment report 2020*, Publications Office of the European Union, Luxembourg.

Eurostat (2020), 'March 2020 – Euro area unemployment at 7.4%', Eurostat News Release 75/2020.

Federal Reserve Board (2020), *Report on the economic well-being of US households in 2019, featuring supplemental data from April 2020*, Washington D.C..

Financial Times (2020a), 'British Airways to cut up to 12,000 jobs as aviation outlook darkens', 29 April.

Financial Times (2020b), 'Why the jobless surge is greater in the US than in Europe', 17 May.

Furceri, D., P Loungani, J., Ostry, D., and Pizzuto, P. (2020), 'Will Covid-19 affect inequality? Evidence from past pandemics', *Covid Economics* 12, pp. 138-57.

Guipponi, G. and Landais, C. (2020), 'Building effective short-time work schemes for the COVID-19 crisis', Vox CEPR Policy Portal, 1 April.

Guyot, K. and Sawhill, I. (2020), 'Telecommuting will likely continue long after the pandemic', Brookings Institution web post.

Hale, T., Webster, S., Petherick, A., Phillips, T., and Kira, B. (2020), *Oxford COVID-19 government response tracker*, Blavatnik School of Government, University of Oxford.

Hijzen, A. and Martin, S. (2013), 'The role of short-time work schemes during the global financial crisis and early recovery: A cross-country analysis', *IZA Journal of Labor Policy*, Vol. 2, No. 1, pp. 1–31.

ILO (2020), *ILO Monitor: COVID-19 and the world of work*, 3rd edition, 29 April 2020, International Labour Office, Geneva.

JLL (2020), 'How companies are supporting employees during COVID-19', Jones Lang LaSalle Ireland, 25 May.

Möhring, K., Naumann, E., Reifenscheid, M., Blom, A.G., Wenz, A., Rettig, T., Lehrer, R., Krieger, U., Juhl, S., Friedel, S., Fikel, M., Cornesse, C. (2020), *Die Mannheimer Corona-Studie: Schwerpunktbericht zur Erwerbstätigkeit in Deutschland*, Mannheim Corona Survey, Focus report: Employment in Germany, University of Mannheim.

OECD (2020), *Supporting livelihoods during the COVID-19 crisis: closing the gaps in safety nets*, Paris.

Planet Labor (2020), 'France: another court order to halt resumption of activity due to failure to sufficiently involve staff representatives', no. 11919, 11 May.

Reich, R., *The Guardian* (2020), 'Covid-19 pandemic shines a light on a new kind of class divide and its inequalities', 26 April.

Reuters (2020), 'Use of short-time work scheme varies widely across German economy', Business news, 5 May.

SMEunited (2020), European Financial Instruments for SMEs, available at <https://smeunited.eu/admin/storage/smeunited/200518-eufinancialinstruments.pdf>