



International
Labour
Organization

Design and targeting of youth employment programmes : what works?

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Content

1. Active Labour Market Policies (ALMPs):
What they can do for youth;
2. Design, targeting approaches and evidence
on what works (employment services,
labour market training and subsidized
employment);
3. Effective targeting mechanisms.

What ALMPs can and cannot do for youth

Active labour market policies (ALMPs) **can**:

- ✓ Redress education and labour market failures and smooth the school-to-work transition process,
- ✓ Prevent extended spells of unemployment or the complete withdrawal from the labour market (especially during an economic downturn), and
- ✓ Promote the entry into a stable employment relationships.

ALMPs **cannot**:

- ✓ Substitute formal education;
- ✓ Create jobs, especially during periods of slack demand

Employment services: types of services and design/1

Labour market information

Key features

- Information on economic sectors, occupations, enterprises offering jobs and education streams to gain the skills required by an occupation;
- A key precondition is LMI reliability and continuous updating (skills anticipation system, occupational outlooks, establishment surveys);

Delivery

- Through group or individual meetings managed by employment service practitioners or school staff, through web-based portals, IT-based applications, but also through printed materials (brochures and leaflets).

Employment services: types of services and design/2

Counselling and guidance services

Key features

- Interviewing, vocational assessment, job search assistance, individual employment planning, specialized career guidance and career services to students;
- Job search assistance (advice, guidance, training of short duration and work tasters) and job placement.

Delivery

- Individual or group meetings, face-to-face or at distance (web-based services). Providers include school teachers, employment service staff,, activists of youth/community-based organizations, peers.

Employment services: targeting

1. Type and “intensity” are modulated on the basis of the barriers that individuals are likely to face in the labour market (identified through profiling or screening mechanisms);
2. Resource-intensive services (i.e. individualized advice, job search assistance, individual employment planning) usually target disadvantaged individuals, benefit recipients or they trigger after a period of unemployment.
3. There can be also specific service lines devoted to certain population groups (jobseekers with disabilities, youth, long-term unemployed, women re-entering the labour market and so on).

What is the impact for youth?

1. Counselling, guidance and job search assistance **are effective for most young people** (if labour demand is strong). They increase the transition rate by 20 per cent and employment duration by 10 per cent;
 2. More **frequent meetings with a caseworker** increases job search intensity and transition rates. **Lower caseloads** (to about half of the international benchmark of 1: 100) increases the probability of youth moving into jobs;
- Job search monitoring and **sanctioning** increases the transition rate to work for youth, but it also push them into **jobs with lower wages and career prospects** . Strong sanctioning may also lead to labour market withdrawal, especially among very disadvantaged youth;

Labour market training: types of programmes and design/1

Second chance

- Remedial education that allows the acquisition of basic and vocational skills (for school or work).

Key features

- Flexible learning modules, open admission policy, different learning methods, flexible time schedule, duration of programme depends on prior knowledge, recognized certification.

Delivery

- Offered by formal education institutions or public and private VET providers. In some instances vocational skills are provided through practical training in enterprises.

Labour market training: types of programmes and design/2

Adult vocational training

Key features

- Provide individuals 15+ with the skills to perform occupational tasks. Duration varies from few week to two years. It usually provides an allowance.
- Responsiveness of skills content to labour market requirements (LMI, employers involvement, core employability skills, recognized qualification) and interaction of in-classroom and workplace training.

Delivery

- Public or private training centres, schools, community-based organization (off-the-job, classroom-based) and/or in enterprises (on-the-job).

Apprenticeship

Key features

- Programmes that blend training (on- or off-the-job) with work. Implemented for specific trades with a minimum period of time spent under the supervision of a mentor or expert worker. Duration varies from country to country, but programme may last up to two years.
- Apprenticeship contract (duration, working hours, wage, social security, certification of competencies).

Delivery

- Public or private training centres, schools and enterprises.

Traineeship

Key features

- Period of work experience (from a few weeks up to 6 months) during which the learner receives training and gains experience in a specific field or career area;
- The trainee is considered a learner or a person who is working on a temporary basis to acquire on-the-job experience relevant to his/her studies and/or need to acquire a first work experience. Can be paid or unpaid, does not usually lead to a formal qualification;
- Organized in enterprises, public or non-profit institutions.

Delivery

Labour market training: targeting

1. Individual characteristics, motivation and type of barrier faced in the labour market dictate the type of training programme that is more suitable. For instance, early school leavers can benefit from second chance programmes, but also from a mix of off-and on-the job training or apprenticeship;
2. Labour market training should target youth with low qualifications, who have spent some time out of work and/ or who lack work experience. Youth in their twenties seem to benefit more than those in their teens (who benefit more from second chance programmes or a return to regular education).

What is the impact for youth?

1. Most effective way to deliver skills training is to **mix training modalities and include additional support services**. The interaction of in-classroom and workplace training increases the likelihood of positive impact by 30 pp, while adding also employment services increase the probability of positive outcomes by 53 pp.
2. The relation between the **business cycle** and the effectiveness of training is unclear. It appears that the design of training and the skills provided are more important than labour demand;
3. **Duration** of training should be based on the skill/occupational area, the level of skill participants already have and the different components of the training programmes. Too long duration risk locking-in effects.

Employment subsidies: types of programmes and design/1

Wage/hiring subsidies

Key features

- Reduction in social security contribution or payroll tax; tax refund; or direct payment to the employer/worker to cover part or all the labour cost for hiring or maintaining workers;
- They can be of short- (to counteract low productivity signalling) or longer (1-2 years) duration (to allow the acquisition of skills), and usually impose additional conditionality on employers. Also used to transform temporary work into open-ended contracts (dual LM).

Delivery

- Through the PES (caseworker assignment), tax or SS system to private enterprises.

Employment subsidies: targeting

1. As subsidies usually carry significant “deadweight” losses (subsidized workers would have been hired also without the incentive), they are typically targeted to the long-term unemployed, areas/sectors with high unemployment, and groups of workers facing particular barriers in gaining a foothold in the labour market (low-skilled, persons with disabilities, single parents, ex offenders). Too narrow targeting, however, may generate a stigma effect;
2. In two-tiered labour markets, hiring subsidies are often used to increase the transition rate to permanent, open-ended jobs for young people.

What is the impact for youth?

1. Most impact evaluation studies find strong **positive employment and wage effects** of employment subsidies, but deadweight losses and substitution effects (when measured) are large (from 20% to 70%). Well-targeted programmes minimize these negative effects;
2. Subsidies **work better** when they have a **skills training component** (to compensate for the initial lower productivity of young workers).
3. The **generosity** of the subsidy (amount and/or duration) **needs to be adjusted** according to individual characteristics and local circumstances (higher amounts and/or longer duration in poorer regions or for different groups).

Self-employment: design and targeting

Self-employment

- Advice on viable business ventures; training courses on how to establish and manage a small business; non-refundable grants; (refundable) credits; specialized support services (marketing, finance) and mentoring during the start-up period;
- Delivery is usually done through a funnel approach to progressively select those individuals who are really motivated to start their own business venture.
- The effectiveness of these schemes for disadvantaged groups is low.

What is the impact for youth?

1. Self-employment training has a positive impact on business knowledge and practice, but no immediate translation into business set-up and expansion or increased income;
2. Packages that promote business and vocational skills with financing support have the larger impacts. For young women, the largest effects come from providing access to credit;
3. The measures that are more successful build on approaches tailoring support activities to individual needs.

Integrated programmes

- These are comprehensive, multiple-service interventions that mix employment services, skills development, employment creation and work experience programmes to address multiple labour market barriers simultaneously.
- Examples of combined programmes include the US *JobCorps* (employment and earning gains of 9.4% and 12%, respectively), The UK *New Deal for Young People* (increased probability of finding a job by 31.5%) and the Hungarian *Road to the World of Work* (increased probability of employment by 16-17%).

Effective targeting

1. **Correct identification** of the main constraints faced by young people in the labour market (both labour demand and labour supply barriers);
2. Design of **screening/profiling** mechanisms to ensure that those that most need the intervention actually have access to it; and
3. A sound **monitoring and evaluation** system to assure that the key features of the programme actually address the constraints identified.
4. **Continuous adjustment** to ensure that targeting responds to changing labour demand and supply patterns.

QUESTIONS?



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